



**Kwame Nkrumah
University of Science
and Technology, Kumasi**

INTERNAL AUDIT DEPARTMENT

KNUST/IA/C/27

July 12, 2023

The Project Lead
TRECK
KNUST

INTERNAL AUDIT REPORT ON TRECK

We have completed our audit of Regional Transport Research and Education Centre, Kumasi (TRECK) for the year ending December 31, 2022, and present our report for your consideration.

A handwritten signature in blue ink, appearing to read 'MOSES TSIQUAYE', is positioned above the name of the internal auditor.

**MOSES TSIQUAYE
(INTERNAL AUDITOR)**

cc: Provost, COE
College Finance Officer



Internal Audit Report

on

TRECK

(July 2023)



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The Project Lead
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We have completed our audit of Regional Transport Research and Education Centre, Kumasi (TRECK) for the year ending December 31, 2022, and present our report for your consideration.

The audit forms part of the Timeliness and Quality of Fiduciary Management requirement of the ACE programme as specified in the Project Document. Our audit included but not limited to achievement of the Disbursement Link Indicators (DLIs) and the application of relevant policies, laws and procedures used in the recording of financial transactions. Our audit also considered the existence of internal controls to ensure that funds received from the World Bank have been accounted for properly.

We would be pleased to discuss further matters raised in the report or to provide additional information that may arise.

MOSES TSIQUAYE
(INTERNAL AUDITOR)

cc: Provost, COE
College Finance Officer

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1.0 Executive Summary

We have completed the audit of the activities of Regional Transport Research and Education Centre, Kumasi (TRECK) at the College of Engineering. The scope of the audit was the financial year ending December 31, 2022. The audit covered both the financial and non-financial activities of the Centre. As a donor funded Project, much attention is given to the achievements of the Disbursement Linked Indicators (DLIs) as these are linked to monetary inflows.

Below is the summary of receipts and payments as at 31st December, 2022

Details	Amount US\$
Opening balance	1,862,761.44
Receipts	
Inflows from World Bank	782,438.70
	2,645,200.14
Less: Payments	
Transfer to Cedi account	1,090,000
Other payments	291,382.91
	1,381,382.91
Closing Cash Balance as at 31.12.2022	1,263,817.23

NB: Details of the above in both foreign and local currencies can be found in **appendices 1 & 2.**

Below is a summary of our audit findings.

1. The construction of 2-storey building which was supposed to be completed on May 10, 2023 is 54% complete.
2. The overall achievement of the institutional impact was very low and needs improvement (i.e. DLI#7).

2.0 Introduction

The KNUST Regional Transport Research and Education Centre, Kumasi (TRECK) has been established as one of the Africa Centres of Excellence (ACE) for Development Impact, an initiative of the World Bank in collaboration with Participating countries to undertake applied research with industry, train high calibre manpower at the postgraduate (MSc/PhD) level, run demand-driven short courses and undertake technology transfer for the transport sector in the region. The total grant for the project by the World Bank is SDR4,545,274.99 (equivalent to US\$6.3 million). The project is a 5-year term starting from January 2019 to December 2023.

KNUST Vision 2020 – 2024 - Theme 7 "Resource Generation and Management" Objective 7.5.6 "Hunt for projects that support the inclusion of foreign students training" is in line with the Project.

The Centre has a Project team in place that is responsible for the day-to-day running of its operations, but many of the routine tasks are handled by the Project Director, Accountant and Manager. There exists management team who meets once every month to take decisions for the Centre. We can confirm that all decisions were acted upon which is commendable. The Project requires two sets of Boards to be established. The Centre has in place a 12-member International Scientific Advisory Board (ISAB) with oversight responsibility, and a 11-member Sectoral Advisory Board (SAB).

The University's Accounting Policies and Procedures Manual, the Public Financial Management Act, 2016 (Act 921), the Public Procurement Act, 2003 (Act 663) as amended with (Act 914) serves as a guide for the preparation of financial transactions. The Panacea software is used for processing of financial transactions including the preparation of financial statement.

Included in the report is a follow up of both internal and external audit issues raised to ensure actions are taken on the recommendations given.

3.0 Methodology and Scope

The period for the audit covered the financial year ending December 31, 2022. The audit forms part of the Centres fiduciary requirement to the World Bank.

In performing the audit, the following were undertaken:

- ✓ Conducted entrance meeting with the Centre Project team to gain understanding of the current happenings.
- ✓ Inquired of the significant changes that had occurred since the last audit with respect to the management structure and the project.
- ✓ Obtained the necessary documents pertaining to the project to acquaint ourselves with the status of progress in the DLI's.
- ✓ Visited the Centre's Website to ascertain information pertinent to the Centre.

In developing the audit programme for the assignment, we also considered the following possible risks:

- ✓ Some DLIs may be missed out leading to non-disbursement of project funds.
- ✓ Procurement laws may not have been completely followed.
- ✓ Expenditures may not be approved by the spending officer.
- ✓ Expenditures made may not be according to the project budget lines.
- ✓ Bank reconciliation statements prepared may not be reviewed, with irregular transactions causing disagreement of cash book balance with the bank balance.
- ✓ Assets acquired may not be labelled which may lead to a possible loss.
- ✓ Timelines may not be allocated to the implementation of the Management meeting decisions.

The possible risks identified above were factored into the audit programme to ensure that correct control measures existed to mitigate them. This involves assessing the operating internal controls to ensure they are working.

Draft report with issues raised were discussed with the Project management and their responses were incorporated into the final report to the College Provost.

4.0 Analysis of Disbursement Linked Indicators (DLIs)

The DLIs are the deliverables set for the ACE Centres. The achievements of these deliverables would enable the World Bank to transfer/remit funds to the Centre. We therefore assessed each DLI to determine the level of achievement and where possible the status of progress made. Where there is significant delay in achievement, we highlighted them for the attention of management.

4.0.1 DLI #1 Institutional Readiness.

This basically seeks to measure the readiness of the project to take off. Under this, both Basic and Full readiness had been achieved in the first year of the programme in 2019.

4.0.2 DLI #2 Development Impact of ACE Centre

This involves an independent, external evaluation of the development impact of the ACE Centre. This category looks at the impact the activities of the Centre has on people, society, country as a whole and the sub-region. After the evaluation was done by the World Bank, the Centre achieved 50% as a deliverable. This was confirmed by us in the World Bank Evaluation Report dated March 30, 2023.

4.0.3 DLI #3 Quantity of Students with Focus on Gender & Regionalisation,

This looks at the number of new PhD and master's students enrolled onto the programme as well as professional short courses run by the Centre. The target for the PhD, master's students and Short Courses were 47, 95 and 290 respectively. However, actual enrolment stood at 41 for PhD, 106 for master's Students and 198 for Short Courses representing 87%, 105.6% and 62% respectively. In terms of funding, the World Bank had assessed the Centre to have achieved 92% each for PhD and master's students and 88% for Short Courses.

4.0.4 DLI #4 Quality of Education and Research

The above comprises of three (3) deliverables as follows:

i. Programme Accreditation (National & International, GAP Assessment)

± National accreditation

The Centre management had submitted all the needed documents to the Ghana Tertiary Education Commission (GTEC) for accreditation. A team from GTEC visited the Centre for inspection. The Centre is now waiting for a certificate from GTEC. Under this, the Centre had achieved 0% as a deliverable according to the World Bank Evaluation Report dated March 30, 2023.

± International accreditation

This had not been achieved in the year. The Centre had already sent an assessment report to a consultant who is yet to visit the facility with experts to finalise the accreditation of programmes.

± GAP Assessment

A contract for the GAP Assessment was awarded in July 2021 to a consultant, Professor Samuel P. Ofori from the Gambia University of Science, Engineering and Technology. The Centre management received the final GAP Assessment Report on 28th March, 2023.

The availability of the Gap Assessment adds to the credibility of the postgraduate programmes being run at the Centre.

We commend Management of the Centre for ensuring that the Gap Assessment report was completed within the project period.

ii. Research Publications

The Centre is expected to make 50 publications in the year under consideration. As at the time of reporting, 35 publications had been made indicating 70% achievement of the deliverable. This was confirmed in the World Bank Evaluation Report dated March 30, 2023.

achievement of the deliverable. This was confirmed in the World Bank Evaluation Report dated March 30, 2023.

iii. Teaching and Research Infrastructure (building and laboratories)

We obtained a site progress report for the construction of 2-storey building for TRECK. The building was supposed to have been completed by 10th May, 2023. As at 9th March, 2023, the report from the Directorate of Works and Physical Development, KNUST stated that the building was 54% complete.

The World Bank Evaluation Report stated that the Centre had achieved 50% in terms of funding. We advise the Centre management to liaise with the contractor to speed up work on the building.

4.0.5 DLI #5 Relevance of Education and Research through externally generated revenue.

This has three (3) components as follows:

i. Generate external revenue

This is to generate revenue externally to support the Centre's activities. The Centre had achieved this deliverable. As a result, the total allocation of US\$1,344,551 was received in 2022.

ii. Student's internship

The target to be achieved in 2022 was 40 students. However, 32 students undertook their internship in the year 2022 indicating an achievement of 80%. In terms of funding, the World Bank had assessed the Centre to have achieved 51% for students internship.

iii. Entrepreneurship

The Centre was to assist its trained students to register and operate a business in the transport industry. The Centre is collaborating with the KNUST Business Incubator and CARISCA to speed up on this DLI. A curriculum has been drafted and it is currently undergoing review for implementation. Under this, the Centre

4.0.6 DLI #6 Timeliness and quality of fiduciary management

Under this, the Centre is expected to ensure timely fiduciary reporting, namely: a functioning Internal Audit Unit, Audit Committee and transparency of ACE expenditure.

Internal audit report for 2022 has been submitted to the Centre management. The Audit Committee has been functioning and evidence of minutes are available.

It is important to state that, the Centre Management complied with the Public Procurement Act, 2003 (Act 663) as amend (Act 914) in all its procurement activities in the year 2022.

4.0.7 DLI #7 Institutional Impact

This target seeks to involve the University in the ACE project and primarily covers five (5) areas.

- i. Openness and competitive selection of heads of institution.
- ii. University-wide regionalisation strategy.
- iii. Universities' international accreditation.
- iv. PASET Regional Benchmarking Participation.
- v. Institutional impact.

The following is worth noting:

- ✓ At the time of reporting, only openness and competitive selection of institutional leaders had been fully achieved.
- ✓ With regards to the University-wide regionalisation strategy, a committee was set up to draw a strategy to attract staff and students from the West Africa subregion. Initial draft has been sent to the Association of African Universities (AAU) and the World Bank for comments. The International Programmes Office (IPO) will champion the Regional Strategy.
- ✓ For international accreditation, the Centre has taken accreditation from AQAS Consultants and has done initial evaluation and assessment. What is remaining is the preparation for site visit which will come off June 29, 2023.
- ✓ PASET Regional Benchmarking Participation seeks to benchmark the University's systems i.e. IT/IS Technologies with the best systems across the

world. There are two stages involved and as part of the process, two staff are to be hired to augment the Data Analysis section of UITS. This is in progress.

- ✓ Institutional impact. There has not been any significant progress in this area. Management needs to improve in this aspect. We have included this in the audit findings.

5.0 Audit Findings

5.0.1 DLI #4 Teaching and Learning Infrastructure

Condition

The construction of 2-storey building for TRECK as part of the Infrastructure deliverable was supposed to be complete by 10th May, 2023. As at 9th March, 2023 the building was assessed by the Directorate of Works and Development Office to be 54% completed. We understand the contractor has written for extension of time to July 10, 2023.

Implications

The 2-storey building was not ready for use as at May 10, 2023 for teaching and learning.

Recommendation

- ✓ Management should liaise with the Directorate of works & Physical Development to ensure whatever request the Contractor has put forward regarding an extension of time is resolved, to enable the completion of the outstanding work.

Response from TRECK Management

This recommendation is well noted. Management will liaise with the Directorate of Works and Physical Development to ensure the timely completion of the building.

5.0.2 DLI #7 Institutional Impact

Condition

We observed that apart from the Openness and Competitive selection of Institutional leaders, the other four (4) deliverables remain unachieved. They are as follows:

- ⬇ University Wide Regionalisation Strategy
- ⬇ Institutional Accreditation
- ⬇ PASET Regional Benchmarking Participation
- ⬇ Institutional Impact - At the time of the audit, a draft regionalisation strategy had been prepared and was yet to receive approval from the Vice-Chancellor.

Implication

The University stands to lose US\$278,487 funding allocation at the end of 2023.

Recommendation

- ✓ Management should vigorously follow up with the relevant committees and stakeholders working on this aspect of the deliverable to ensure it is achieved.

Response from TRECK Management

This recommendation is noted for compliance. The Centre will monitor progress and provide the needed support to facilitate the work of the Committee.

6.0 Conclusion

The activities of the Centre have been well managed especially when it comes to the achievement of the deliverables. Even though COVID19 impacted on the activities of the Centre, much has been done to bridge the gap in achieving the overall performance of the DLIs.

For those activities that are still in progress, we would urge management to put in the needed effort to ensure they are fully achieved. Example is the institutional impact (DLI#7). On the construction of the building, as part of DLI#4, we recommend that management should liaise with the contractor to ensure the remaining work is completed by 10th July 2023 as requested by the contractor.

We also commend the Centre for the completion of the GAP Assessment of the postgraduate programme as well as the compliance with the procurement procedures as enshrined in the Public Procurement Act, 2003 (Act 663) as amended (Act 914).

Appendices

APPENDIX 1: SUMMARY OF RECEIPTS AND PAYMENTS	
TRECK	
Details	Amount US\$
Opening balance	1,862,761.44
Receipts	
transfer from world bank – 2022 Remittances	782,438.70
	2,645,200.14
Less: Payments	
Transfer to cedi account	1,090,000.00
School fees	159,405.82
Student hostel expenses	34,440.00
Research & publication	33,303.18
Foreign travels	23,472.81
Local travels	19,770.00
Internship expenses	9,000.00
Short courses	4,595.65
Bank charges	2,921.94
Conferences and seminars	2,863.00
Membership subscription	1,587.92
Exchange rate differences	22.59
Total payment	1,381,382.91
Closing cash balance as at 31 December, 2022	1,263,817.23

APPENDIX 2: ANALYSIS OF CEDI TRANSACTIONS IN THE CASH BOOK	
TRECK	
Details	Amount GH¢
Opening Balance	50,434.68
Transfers Received	9,695,791.40
	9,746,226.08
Payments	
Building expenses	3,799,115.68
Motor vehicles	951,159.74
Foreign travel and subsistence	533,017.21
Stipend to students	530,158.82
Direct postgraduate training cost	434,824.37
Research & publication expenses	282,319.44
Students accomodation expenses	266,285.25
Staff remuneration	231,905.25
Internship allowance	167,656.08
Workshop/seminar and conference	147,193.53
Computer equipment	127,044.87
GRA (withholding taxes)	115,925.48
Short courses	112,897.88
Vehicles maintenance expenses	90,831.64
Audit fees	63,699.48
Local travel expenses	63,189.63
IT expenses	61,129.47
Meals & entertainment	53,967.14
Equipment, fixtures & fittings	53,446.29
Consultancy-GAP Assessment	46,676.85
Call credit/internet data	39,982.75
Fuel and lubricants	39,938.84
Office expenses	38,950.77
Meeting allowance	23,779.00
SAB meeting expenses	19,062.00
Repairs and maintenance of equipment.	15,903.48
Admission expenses	12,747.96
Students medical expenses	12,125.68
Printing and stationery	8,078.90
Bank charges	7,714.26
Membership subscription	5,874.96
Publicity and advertisement	5,325.86
Cleaning and sanitation	4,860.00
Library expenses	3,150.00
Total Payments	8,369,938.56
Closing cash balance as at 31.12.2022	1,376,287.52