

EXTRACTS OF THE MINUTES OF THE 23RD MEETING OF THE AUDIT COMMITTEE (AC) HELD ON FRIDAY, 12TH APRIL 2024 IN THE AMONOO NEIZER CONFERENCE ROOM

Present

Prof. Kwame Adom-Frimpong, IAA Rep.	-	Chairman
Mr. Ransford Agyei, IAA Rep.	-	Member
Mr. Osei Owusu-Ansah ICAG	-	Member
Mr. Suleiman Zechariah Yeboah, Council Rep.	-	Member
Mr. Yaw Owusu-Asamoah, Deputy Registrar	-	Secretary

Co-opted Members

Prof (Mrs.) Rita A. Dickson, Vice-Chancellor
Mr. Johnson Owusu, Ag. Finance Officer
Mr. Moses Tsiquaye, Internal Auditor

Absent with Apology

Mr. A. K Boateng, Registrar

In Attendance

Mr. Kennedy Obiri-Yeboah, Senior Accountant
Dr. Charles Nsiah, Incoming Finance Officer

Extract of the minutes of the 13th meeting of the KNUST Audit Committee is culled for your attention, please.

“External Auditor’s Report on the Financial Statements of the Africa Centres of Excellence Projects for the Year Ending 31st December 2023:

Mr. Robert Donaldy, a senior partner of Donaldy Associates, presented a report on the financial statements of the following Africa Centres of Excellence Projects.

- ❖ Africa Centres of Excellence Project on KNUST Engineering Education Project (KEEP)
- ❖ Africa Centres of Excellence Project on Regional Transport Research and Education Centre, Kumasi (TRECK – KNUST)
- ❖ Africa Centres of Excellence Project on Regional Water and Environmental Sanitation Centre, Kumasi (RWESCK – KNUST)

He said that the financial statements of these projects comprise the following:

- Statement of Financial Position as of 31st December 2023
- Statement of Financial Performance for the year ending 31st December 2023
- Statement of Changes in equity for the year ending 31st December 2023, and
- Statement of Cash flows for the year ending 31st December 2023

Mr. Donaldy indicated that the financial audit was conducted in accordance with International Standards on Auditing (ISAs) and that their responsibility was to ensure that the financial statements were free from material misstatements. In addition, he said that the report also took into consideration the appropriateness of the accounting policies made by the entities as well as the overall presentation, structure and content of the financial statements.

According to Mr. Donaldy, the auditors' opinion was that the financial statements gave a true and fair view of the financial position of the Africa Centres of Excellence (ACE) – RWESCK, KEEP and TRECK Projects as of 31st December 2023. He also said the financial performance, changes in equity and their cash flows were in accordance with International Public Sector Accounting Standards (IPSAS) and in the manner required by the project agreement.

In conclusion, he said apart from a few challenges which cut across the three centres, which he was of firm believe that they could not override the positives. Consequently, he was of the view that the Management Letter and the Auditors' Opinion were in agreement.

Challenges

ACE-RWESCK

i) Sustainability

The audit revealed that the project which was supposed to end on 30th December 2024 has been extended to June 2025. Beyond this date, the project financiers would no longer finance the operations of the Centre. The audit revealed that there were no arrangements put in place about short-term, medium and long-term programmes to ensure the sustainability of the Centre.

Recommendation

The Centre Management as a matter of urgency to review its operational activities to design long-term programmes and identify strategies and opportunities to generate enough funds to sustain the Centre financially beyond June 2025.

ii) Achievement of Disbursement Link Indicators (DLI) 5.3 and 7.5

The audit revealed that the Centre was yet to carry out the activities under DLI 5.3 and DLI 7.5 relating to Entrepreneurship and Institutional Impact. The Centre would earn US\$303,803 for implementing these activities. Since the inception of the project, the Centre has not carried out activities relating to these DLIs.

Recommendation

Management should start the implementation of the DLI 5.3 and DLI 7.5 activities in order to earn US\$303,803.

iii) Late Statutory Payment

The audit revealed that statutory payments to Social Security and National Insurance Trust (SSNIT), United Smart Fund Scheme (USFS) and Ghana Revenue Authority (GRA) were not paid on time which resulted in the payment of penalties that could have been avoided.

Recommendation

Management should ensure timely payment of statutory deductions to avoid being penalised by the relevant Authorities.

ACE-KEEP

i) Unpresented Cheques

The audit reviewed the year-end Bank Reconciliation Statements and noted that three cheques amounting US\$1,576 issued for payments of goods and services had gone stale and had not been presented to the bank by the recipients for payment.

Recommendation

Management should ensure that cheques issued but not presented to the banks after six (6) months from the date of issue are cancelled or reversed from the books.

ii) Assets Identification

The audit noted that a total number of sixty-two (62) assets amounting to US\$173,314.40 the Centre procure during the year were yet to be embossed with the Centre's unique identification numbers.

Recommendation

Management should ensure that all movable assets acquired are marked and number to identify ownership of the assets and to halt possible pilferage.

Management responded that all the assets have now been marked. The AC tasked the IA to check and report.

ACE-TRECK

i) Sustainability

The audit revealed that the project which was supposed to end on 30th December 2024 has been extended to June 2025. Beyond this date, the project financiers would no longer finance the operations of the Centre. The audit noted that there were no arrangements put in place about short-term, medium and long-term programmes to ensure the sustainability of the Centre. The few short-term income-generating activities of the Centre which involved Bus and Laboratory equipment hiring and fees from short courses may not be enough to sustain the Centre in the long term.

Recommendation

The Centre Management as a matter of urgency to review its operational activities to design long-term programmes and identify strategies and opportunities to generate enough funds to sustain the Centre financially beyond June 2025.

ii) Achievement of Disbursement Link Indicators (DLI) 4.1 and 5.3

The audit revealed that the Centre was yet to carry out the activities under DLI 4.1 and DLI 5.3 relating to Entrepreneurship and Institutional Impact. The Centre has not earned the income from IDA amounting to US\$708,887 although the Centre organised training activities for Entrepreneurship during the year.

Recommendation

Management should speed up the implementation of the activities in line with DLI 4.1 and DLI 5.3 in order to earn US\$708,887 to support the project.

iii) Student Stipends

The audit review that master's and PhD students who were paid quarterly stipends during the year did not acknowledge receipt.

Recommendation

Management should ensure that payee of stipends sign against their names on the payment list after they have received the money.

Management in explanation said that students who are still in school would be called upon to sign against their names while supervisors of students who have completed and left would be made to validate for them.

4.2 PROCUREMENT AUDIT REPORT AS AT DECEMBER 2022

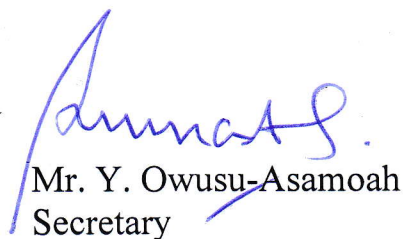
The procurement audit report for the year ending 31st December 2023 with respect to the three projects - RWESCK, KEEP and TRECK - was presented by the external auditors. The audit found the overall procurement performance satisfactory and much improvement performance in 2023 compared to 2022 of all the centres. However, the audit noted some control weaknesses which cut across the three centres.

- i) The use of the same panel for both Tender Opening Proceedings and Evaluation of Tenders and the conduct of proceedings of both processes together at the College level.
- ii) Regular supervision and monitoring of the Centre's procurement activities by the main Procurement Office and facilitation of training programmes for management members of the Centre.
- iii) KEEP continued with the usage of Pro-forma Invoices instead of Standard Tender Document.

Recommendation

- i) Tender Opening and Evaluation Panels at the College level should be separate panels and should be in compliance with Sections 16 and 53 of the Procurement Regulation, 2022 (L.I. 2466) as well as Sections 4.12 and 4.14 of the Public Procurement Manual.
- ii) The University Procurement should strengthen its supervision and monitoring role of the Centre and also facilitate training programmes in procurement to management members of the Centre to improve capacity.
- iii) The CoE Procurement Unit should use Standard Tender Document (STD) issued by the Public Procurement Authority for Centre's procurement processes instead of using three pro-forma invoices from suppliers and all purchases of the Centre must be subjected to the statutory requirements of Act 663 as amended.

After the presentation, Mr. Osei Owusu-Ansah moved for the adoption of the external auditor's report and was seconded by Mr. Ransford Agyei. The Chairman commended the External Auditors for the good work done”.



Mr. Y. Owusu-Asamoah
Secretary

KNUST AUDIT COMMITTEE