



# **Internal Audit Report**

on

Activities of RWESCK

December 2016

<b>Content</b>	<b>Page #</b>
Executive Summary	2
Introduction	3
Relevant Information	5
Audit Findings	6
Conclusion	8
Appendix	9

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**THE CENTER LEADER  
ACE RWESCK  
KNUST**

**Internal Audit Report on KNUST/RWESCK Project**

We have conducted the audit review on the Regional Water and Environmental Sanitation Center, Kumasi (RWESCK) for the period ending December 2016. Set out in the following pages are our observations and recommendations.

Our audit work took into account the review and testing of accounting procedures and internal controls. We also performed substantive procedures on transactions.

We would be pleased to discuss further the matters raised or to supply any additional information that you may require.

Yours faithfully

**Daniel Bart Plange  
(Internal Auditor)**

cc  
Vice Chancellor

**1.0 Executive Summary**

We have completed the second review of activities of the Regional Water and Environmental Sanitation Center, Kumasi (RWESCK) and submit the following report:

- ✓ The Centre is on course with the training of students. Two years into the programme:
  - 30 out of 40 PhD students have been enrolled.
  - 109 out of 140 MSc students have also been enrolled
  - 192 out of 800 targeted students have benefited from the Short courses
- ✓ A total amount of US\$398,894.82 was paid on behalf of students in respect to tuition fees and other costs such as stipends.
- ✓ The Center is also putting up its building and so far, a little over US\$750,000 have been spent.

The table below shows the receipts and payments for the year

Details	Amount (\$)
Opening Balance	715,200.65
Receipts**	2,999,394.63
Interest earned on Accounts	9,249.36
<b>Amount Available</b>	<b>3,723,844.64</b>
<b>Payments</b>	
Transfer to Cedi Accounts	1,365,000.00
Dollar Payment	371,735.44
<b>Total Payments</b>	<b>1,736,735.44</b>
<b>Cash Book Balance as at December 31, 2016</b>	<b>1,987,109.20</b>

1. Refer to the **appendix 1** for expenditures of amount transferred to the Cedi Accounts
2. Unpresented cheques as at the end of the year was \$195,715.50. Therefore the bank statement showed \$2,182,824.70, the cheques were subsequently cleared in 2017.
3. \*\* Note, the receipts were from two sources: \$2,906,980 from the World Bank and \$92,414.63 from other Donors, which include:

	US\$
✓ Ministry of Basic Education, Gambia	36,759.13
✓ DANIDA Fellowship Center	32,666.77
✓ SINAH SAHR	22,988.73

Audit issues that were identified were not very risky so as to warrant any major action. They including:

- ✓ Delay in the preparation of Bank reconciliation statements which has been discussed with the Accountant for it to be prepared monthly instead of half yearly
- ✓ We also observed that with the exception of tables and chairs for classrooms, none of the assets acquired have been labelled.



## **2.0 Introduction**

This is our second review of the Regional Water and Environmental Sanitation Center, Kumasi (RWESCK). Our understanding is that the project was set up as a Center of Excellence in Water and Environmental Sanitation. One of the activities is to train Nine Hundred and eighty (980) students over a 4 year period. This is made up of 40 PhD, 140 MSc and 800 short courses students.

The necessary accounting books have been opened and all transactions recorded. The University's Accounting Manual is being used to serve as a guide for recording transactions. We observed that all procedures pertaining to spending and receipts were in line with the University's Accounting Manual.

An office has been established and the centre has equipped it with the necessary furniture and fittings to serve as the project office. Two personnel have also been employed as Project Manager and Accountant respectively. All the necessary documentations were found on file. Standard procedures were followed to recruit the two staff.

The activities of the project were being guided by the University's Policies and procedures. The review covered basically the following:

- ✓ Identification of the project document and the budget lines therein
- ✓ Confirmation that procedures were followed for the opening and operation of the various accounts; foreign and local currency account
- ✓ Confirmation of the total amount received
- ✓ Confirmation of the procedures for withdrawals from the accounts
- ✓ Review of whether expenditures made were according to the project budget lines and were properly authorized.
- ✓ Confirmation of the balances in the accounts as at the time of audit
- ✓ Where assets have been purchased, confirmation of their existence and condition

We also confirmed whether structures have been put in place to run the project. For example, human resource, office accommodation and other resources.

### 3.0 Relevant Information

The following are relevant information which came up during the audit.

- ✓ The Centre has started the construction of an ultra-modern Regional Water and Sanitation Centre that will serve as permanent offices for the Centre. The cost of the building is estimated at GH¢11,944,651.70. Over GH¢3 million had already been spend as at the end of the year. Meanwhile, decent temporary accommodation have been provided for the manager and other staff on the project.
- ✓ Other assets acquired during the year amounted to GH¢843,698.92. Significant among them were laboratory equipment and glassware amounting to GH¢771,119.09. Refer to **appendix 2** for details.
- ✓ In 2015, 20 PhD and 28 MSc students were enrolled. In 2016 the figures have risen to 30 PhD and 109 MSc students. In the area of short courses, 192 students have also participated. The Centre has spent about \$398,894.82 on its enrolled students as at 31<sup>st</sup> December 2016.
- ✓ It was observed during the audit that the Centre took a major decision to change its banker with the approval from the World Bank. To that effect, all balances in the Dollar and the Cedi accounts were transferred from HFC Bank – KNUST Branch to UNIBANK -KNUST Branch;
- ✓ Necessary procedures were followed to make all purchases. All Statutory payments were made and nothing came to our attention to suggest that the project has flouted any rule.



**4.0 Audit Findings**

There were no major adverse findings during the review except these two minor ones

Observation	Recommendation	High/Medium/ Low Risk
<p><b>4.1 None Labelling of Assets</b></p> <p>Our audit revealed that with the exception of 100 number of Lecture tables and chairs, none of the other assets acquired by the Centre have been labelled or numbered. Even though the Accountants has allocated numbers to each of the items in his excel asset register, the numbers were yet to be written on the items</p> <p><b>Implication</b></p> <p>None labelling of assets make it difficult to trace any of them when they are mixed up with other assets or found outside the premises.</p>	<p>We recommend that the Center Manager ensure that all the assets are appropriately labelled to reflect what belongs to the Center</p>	<p><b>Medium</b></p>
Project Manager's Response	Responsibility	Expected Completion Date
<p><i>Labelling had started but the person in-charge went on leave so the process came to a halt for a while. She has resumed and the process would continue as soon as possible</i></p>	<p>Project Manager</p>	<p><i>April 30, 2017</i></p>



<b>Observation</b>	<b>Recommendation</b>	<b>High/Medium/ Low Risk</b>
<p><b>4.2 Preparation of Bank Reconciliation Statement</b></p> <p>The preparation of the Bank Reconciliation statement is very important to monitor bank balances. At the time of our Audit, the Bank Reconciliation Statement for the three accounts although prepared to date, were not prepared on monthly basis as is done in normal accounting practise, but rather, prepared in bulk ( January 2016 to December, 2016)</p> <p><b>Implication</b> Bank reconciliation statements are prepared to ensures that any error committed by the bank by deducting unauthorized withdrawals from the accounts could be seen and corrected on time. If we put it together and prepare it once in a year, errors from the banks may not be detected and corrected on time</p>	<p>The Accountant should revert to the monthly preparation of Bank reconciliation statement</p>	<b>Medium</b>
<b>Project Manager's Response</b>	<b>Responsibility</b>	<b>Expected Completion Date</b>
<p><i>Bank reconciliation statement were prepared on monthly basis. I believe the information given to you, which was just one statement, gave the impression that the statements were prepared semi-annually. Monthly reconciliation statement would subsequently be made available.</i></p>	Project Accountant	<i>Immediate</i>

**5.0 Conclusion**

The activities of the Center were well managed especially when it comes to the deliverables. Achieving 75% and 78% enrolment in PhD and MSc respectively, half way into the programme, is a significant achievement.

We believe the running of short courses could also be improved when the permanent building for the Center is completed.

**Appendix 1 – Financial Transaction in Cedis**

<b>Details</b>	<b>Amounts GH¢</b>
<b>Receipts</b>	
Opening Balance	15,009.61
Transfer from Dollar Accounts (\$1,356,000)	5,359,800.00
<b>Total Amount Available</b>	<b>5,374,809.61</b>
<b>Payments</b>	
Learning & Teaching Environment	3,243,351.49
Regional Capacity Training	1,419,494.37
Governance & Administration	304,703.16
Regional Research Capacity Building	151,689.00
Industrial Partnership	127,865.40
Academic Partnership	11,641.34
Center Visibility	1,440.66
	<b>5,260,185.42</b>
<b>Closing Balance (Cash Book)</b>	<b>114,624.19</b>

**Notes**

- ✓ The transfers were made were made in eight tranches and at different cedi to dollar exchange rate
- ✓ The closing balance agrees with the bank balance
- ✓ Expenditures were made according to budget lines
- ✓ Procurement rules were followed in the purchase of goods and services



**Appendix 2 – Assets List**

ASSETS	QUANTITY	AMOUNT GH¢	CONDITION	LOCATION
EPOSON PROJECTOR	1	2,585.00	GOOD	COE RM31
CLASS UPS 850 VA	1	499.00	GOOD	WASCAL
DELL OPTIPLEX 3020 INTEL I3	1	2,499.72	GOOD	WASCAL
HP LASERJET PRO 400 PRINTER	1	1,499.00	GOOD	WASCAL
MIDEA TABLETOPFRIDGE HS-121L(N)	1	999.00	GOOD	WASCAL
HP LASERJET PRINTER PRO MFP M177	1	1,900.00	GOOD	COE RM31
LENOVO INTEL CORE I5 LAPTOP	1	2,450.00	GOOD	COE ADMIN
CLASS UPS 850 VA	1	499.00	GOOD	COE RM31
DELL OPTIPLEX 3020 INTEL I3	1	2,499.00	GOOD	COLLEGE
PULL UP BANNER	1	1,042.11	GOOD	WASCAL
AIR CONDITIONERS	2	4,798.00	GOOD	RTEP
DIGITAL WEIGHING SCALE	2	4,200.00	GOOD	COE RM31
SAMSUNG FRIDGE	1	3,350.00	GOOD	COE EQE LAB
TOSHIBA LAPTOP	1	3,760.00	GOOD	COE RM31
LECTURE TABLES AND CHAIRS	100	40,000.00	GOOD	RTEP
LABORATORY GLASSWARE		68,995.35	GOOD	STEVEN PARIS
LABORATORY EQUIPMENT		702,123.74	GOOD	STEVEN PARIS
CENTER BUILDING		3,087,893.77	WIP	KNUST
<b>TOTAL</b>		<b>3,931,592.69</b>		