



# **Internal Audit Report**

on

Activities of RWESCK

As at December 2017

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
INTERNAL AUDIT DEPARTMENT

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Our Ref: .....

March 29, 2018

Your Ref: .....

Date .....

**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 2017. 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

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### 1.0 Executive Summary

We have completed the review of activities of the Regional Water and Environmental Sanitation Center, Kumasi (RWESCK) for the year ended December 31, 2017, and submit for your perusal the following:

- ✓ The Centre is on course with the training of students. Three years into the programme:
  - 46 students have been enrolled on the PhD exceeding the target of 40 students.
  - 122 out of 140 MSc students have also been enrolled
  - 363 out of 800 targeted students have benefited from the Short courses
- ✓ A total amount of US\$367,280.69 was paid on behalf of students in respect to tuition fees and other costs such as stipends.
- ✓ The Centre is also putting up its building. In the year under review, US\$272,691.43 was spent on the building.
- ✓ Two vehicles were acquired and other equipment were also acquired. Details can be found on the Cedi Accounts.

The table below shows the receipts and payments for the year:

DETAILS	AMOUNT (\$)
Opening Balance	2,182,824.70
Receipts**	2,853,904.43
Interest Earned on Accounts	31,811.59
<b>Total Amount Available</b>	<b>5,068,540.72</b>
<b>Payments</b>	
Transfer to Cedi Accounts	1,450,000.00
Dollar Payment	294,026.03
<b>Total Payments</b>	<b>1,744,026.03</b>
<b>Cash Book Balance as at December 31, 2017</b>	<b>3,324,514.69</b>

\*\* Note, the receipts were from four sources: \$2,799,980.00 from the World Bank and \$52,287.40 from other Donors, which include:

	US\$
✓ Ministry of Basic Education, Gambia	37,791.81
✓ NEPAD	4,590.00
✓ TU DELFT	9,905.59

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 \$128,300.82. Therefore the bank statement showed \$3,452,815.45; the cheques were subsequently cleared in 2018.

Audit issues identified were not risky to warrant any major action. The Procurement rules were followed in the purchase of goods and services except that:

- ✓ 13 paid vouchers were not authorised by the Provost of the College as per their approval processes established for the Project.
- ✓ Some of the payments were wrongly posted to different account headings. For example, servicing of a vehicles which should have been posted to Governance & Administration was wrongly sent to Learning, Teaching and Environment

## 2.0 Introduction

This is our third 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, training PhD and MSc students.

We observed that all procedures pertaining to spending and receipts were in line with the University's Accounting Manual. All the necessary documentations were found on file. Two staff work on the project as Manager and Accountant respectively.

The audit was conducted with the following objectives in mind:

- ✓ Identification of the project document and the budget lines therein
- ✓ Confirmation that procedures were followed for the 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.

### Relevant Information

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

- ✓ The construction of an ultra-modern Regional Water and Sanitation Centre to serve as permanent offices for the Centre was in progress. The cost of the building is estimated at GH¢11,944,651.70. A total of GH¢4,662,123.29 had already been spent on the building as at the end of the year. The current phase is 83.24% complete as per the contractors progress report as at 11<sup>th</sup> December 2017. The total amount spent on the building this year was GH¢1,574,229.52
- ✓ Various equipment which will be used in the new building has already been procured waiting installation. The equipment have been verified and cost GH¢674,537.04. The items have been recorded in the asset register but yet to be labelled because they have not been installed.
- ✓ Other assets acquired during the year amounted to GH¢845,094.69. Significant amongst the purchases were the 2 vehicles i.e. the Coaster Bus and Land Cruiser amounting to GH¢825,609.69. Refer to **appendix 2** for details.

- ✓ In 2015, 20 PhD and 28 MSc students were enrolled. In 2016 the figures rose to 30 PhD, 109 MSc and 192 students attended the short courses organised by the Center. 2017 also saw an increase in the number as follows, 46 PhD, 122 MSc and 363 students participated in the short course. It is important to highlight that the project has two more years to run and the target of 800 participants for short courses is achievable.
- ✓ 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 except the 2 issues stated in the report.

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**3.0 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 Unauthorised Payment Vouchers</b></p> <p>As part of the monitoring policy of the University, payment vouchers for the project were to be approved by the Provost of the College before they were paid.</p> <p>During the audit it was evident that about 13 transactions valued GHC16,595.26 were not approved by the Provost of the College. Various reasons were given for the non-compliance and has been noted.</p> <p><b>Implication</b></p> <p>An infraction of the University's financial rules and procedures</p>	<p>We would entreat the Project Accountant to ensure that all financial procedures are followed to the latter</p>	<p style="text-align: center;"><b>Medium</b></p>
<p><b>Project Manager's Response</b></p> <p><i>Noted for compliance</i></p>	<p><b>Responsibility</b></p> <p>Project Accountant</p>	<p><b>Expected Completion Date</b></p> <p>April 30, 2018</p>



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Observation	Recommendation	High/Medium/ Low Risk															
<p><b>4.2 Wrong Posting of Transaction</b></p> <p>Even though the Project have specified the accounts heading to be used to classify transaction, there were few transactions which were wrongly posted. For example:</p> <table border="1" data-bbox="620 1086 868 2110"> <thead> <tr> <th>Transaction</th> <th>Required Posting</th> <th>Actual Positing</th> </tr> </thead> <tbody> <tr> <td>Servicing of Vehicle</td> <td>Governance &amp; Admin</td> <td>Teaching &amp; Environment</td> </tr> <tr> <td>Research Cost</td> <td>Regional Research</td> <td>Regional Training</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p><b>Implication</b> It can affect management decision making, because the information would be misleading.</p>	Transaction	Required Posting	Actual Positing	Servicing of Vehicle	Governance & Admin	Teaching & Environment	Research Cost	Regional Research	Regional Training							<p>The schedule officer should maintain the project classification.</p>	<p><b>Low</b></p>
Transaction	Required Posting	Actual Positing															
Servicing of Vehicle	Governance & Admin	Teaching & Environment															
Research Cost	Regional Research	Regional Training															
<p><b>Project Manager's Response</b></p>	<p><b>Responsibility</b> Project Accountant</p>	<p><b>Expected Completion Date</b> Immediate</p>															
<p><i>Noted</i></p>																	

#### **4.0 Conclusion**

The activities of the Centre were well managed especially when it comes to the deliverables. Exceeding the PhD target by 15% and achieving 87% enrolment in the MSc Programme 3 years into the programme, is a significant achievement.

We have no doubt in our minds that the target for the Short courses would also be achieved before the end of the project.

# **Appendix**

**Regional Water and Environmental Sanitation Center Kumasi (RWESCK)**  
**Cedi Transactions for the Year Ending**  
**December 31, 2017**

DETAILS	AMOUNT
	GHC
<b>Receipts</b>	
Opening Balance	114,624.19
Transfers from Dollar Accounts (\$1,450,000.00)	6,218,500.00
<b>Total Amount Available</b>	<b>6,333,124.19</b>
<b>Payments</b>	
REGIONAL CAPACITY TRAINING	1,576,478.52
LEARNING & TEACHING ENVIRONMENT	3,227,260.73
REGIONAL RESEARCH CAPACITY TRAINING	539,273.24
ACADEMIC PARTNERSHIP	123,434.30
INDUSTRIAL PARTNERSHIP	241,889.95
GOVERNANCE ADMINISTRATION	352,507.13
CENTER VISIBILITY	13,066.81
<b>TOTAL PAYMENTS</b>	<b>6,073,910.68</b>
CLOSING BALANCE (CASH BOOK)	<b>259,213.51</b>

**Note**

1. The Closing balance in the cash book agreed with the Bank Statement

2. The following assets are part of the Learning & Teaching Environment Cost

	GHC
Building Construction	1,574,229.52
Toyota Coaster Bus	335,520.00
Toyota Landcruiser	490,089.69
Spectra Precision Laser	9,579.00
Weighing Scale	4,606.00
Echochip	5,300.00

**2,419,324.21**

**Regional Water and Environmental Sanitation Center Kumasi (RWESCK)**  
**Dollar Transactions for the Year Ending**  
**December 31, 2017**

DETAILS	AMOUNT
	(\$)
Opening Balance	2,182,824.70
Receipts	2,853,904.43
Interest Earned on Accounts	31,811.59
<b>Total Amount Available</b>	<b>5,068,540.72</b>
<b>Payments</b>	
Transfer to Cedi Accounts	1,450,000.00
Regional Capacity Training	175,347.57
Academic Partnership	62,337.39
Industrial Partnership	24,024.10
Governance & Administration	25,838.44
Center Visibility	6,478.53
<b>Total Payments</b>	<b>1,744,026.03</b>
<i>Cash Book Balance as at December 31, 2017</i>	<i>3,324,514.69</i>