



KNUST/IA/C/27

May 30, 2025

The Project Lead
RWESCK
KNUST

INTERNAL AUDIT REPORT ON RWESCK

We have completed the audit of the Regional Water and Environmental Sanitation, Kumasi (RWESCK) for the year ended December 31, 2024, and present our report for your consideration.

MOSES TSIQUAYE
(INTERNAL AUDITOR)

cc: Vice Chancellor
Provost, COE
Finance Officer
College Finance Officer



Internal Audit Report

on

RWESCK

(May 2025)

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1.0 Executive Summary

We have completed the audit of the activities of World Bank Centres of Excellence (ACE) Impact Project at the College of Engineering capped Regional Water and Environmental Sanitation Centre, Kumasi (RWESCK) and we submit our report for your consideration. The scope of the audit was the financial year ending December 31, 2024.

The initial project which was for a 5-year period ended in December 2023, however, it was extended to June 30, 2025. As the project winds up, we looked at measures undertaken by the Centre to sustain the project. In addition, we looked at the achievement of the milestones of the Disbursement-Linked Indicators (DLIs), which attracts the needed funding from the World Bank.

Below is the summary of inflows from the World Bank and the related payments for the period.

Summary of Receipts and Payments for the year ended December 31, 2024.

| Receipts | Amount US\$ |
|---|-------------------|
| Opening balance as at 01.01.2024 | 19,279.78 |
| Inflows from World Bank | 472,581.82 |
| Transfers from IGF | 10,000.00 |
| Total Receipts | 501,861.60 |
| | |
| Payments | |
| Transfers to Cedi Account | 461,000.00 |
| Other expenses | 26,117.81 |
| Bank charges | 1,739.29 |
| Total Payments | 488,857.10 |
| | |
| Closing Balance as at 31.12.2024 | 13,004.50 |

Note:

Details of both Ghana Cedis and United States Dollars can be found in **appendices 1 & 2**.

Summary of significant audit findings and recommendations

a) Audit Findings

1. Not achieving the Institutional Impact as a deliverable represent a significant loss to the University.

2. The University stands to lose an amount of US\$201,909.00 for not being able to achieve some of the deliverables as the project ends on June 30, 2025.

b) Recommendations

1. Management should vigorously follow up with the relevant Committees and stakeholders working on this deliverable to ensure that the milestones have been fully achieved and submitted for review.
2. We advise the Centre management to intensify their effort towards the achievement of the DLIs to ensure they fully achieve it within the stipulated time period.

2.0 Introduction and background

The Regional Water and Environmental Sanitation Centre, Kumasi (RWESCK) has been established as one of the Africa Centres of Excellence (ACE) for Development Impact, an initiative of the World Bank to address the shortage of high-level skills and applied research in Ghana and the sub-region. The ACE Impact is the second phase of the Africa Centres of Excellence Project, an initiative of the World Bank in Collaboration with Participating countries.

Its primary objective is to deliver high quality postgraduate programmes, conduct and disseminate international calibre applied research focused on addressing priority developmental challenges related to industrialisation, energy and digital development. The project has a budget of US\$5,474,992.95 for a five-year duration (i.e. 2019-2023). There has been an extension of the ACE programme by One and Half years ending June 30, 2025. However, the Centre has an extensive sustainability plan to ensure continuous operations of the Centre.

- 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.

Management and board

- There is a Management/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.
- The project implementation allows for two (2) sets of boards to be established. An 11-member International Scientific Advisory Board with oversight responsibility, and a 9-member Industrial Advisory Board to promote industry partnership. The two (2) boards are in place which meet regularly, and minutes of meetings were assessed and reviewed.

The University's Accounting Policies and Procedures Manual, the Public Financial Management Act, 2016 (Act 921), the Public Procurement Act, 2003 (Act 663) serve as a guide for the preparation of financial transactions. The Panacea software is used for the preparation of financial statements.

All the issues identified during the audit that bother on significant internal control deficiencies have been discussed with the Centre Management and their responses have been incorporated in the report.

3.0 Methodology and Scope

The period of the audit covered the financial year ending December 31, 2024. The audit forms part of the Centre's fiduciary requirement to the World Bank.

In performing the audit, the following were undertaken:

- ✓ Conducted entrance meeting with the Centre's 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, governance and risk management of the project.
- ✓ Obtained the necessary documents pertaining to the project to acquaint ourselves with the status of progress of the DLIs.
- ✓ Visited the Centre's Website to ascertain information pertinent to the project.

In developing the audit programme for the assignment, we also considered the following anticipated 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 have been approved by a senior official.
- ✓ Expenditures made may not be according to the project budget lines.
- ✓ Bank reconciliation statements prepared may not be reviewed, with irregular transactions causing disagreement between the cash book and the bank balances.
- ✓ Assets acquired may not be labelled which may lead to a possible loss.

The above risks were evaluated to ensure adequate control measures exist to mitigate them when they occur.

Finally, audit findings that were found to be significant were discussed with the Project management, and responses obtained have been included in the report.

The audit findings were classified under three (3) risk criteria: High, Medium and Low. Below are some indicators defining the risks.

High (H) – Significant impact to the Institution, campus, or unit. Individually or aggregately material in terms of financial impact, external compliance violation, adverse publicity, significant or pervasive weakness in control environment, significant inefficiencies, etc.

Medium (M) – Moderate in terms of impact to the Institution, campus, or unit. Individual instance or an aggregate of low risk items considered moderate in terms of financial impact, compliance violation, adverse publicity, weakness in control environment, inefficiency, etc.

Low (L) – Low in terms of impact to the Institution, campus, or unit. Relatively immaterial in terms of financial impact, no external compliance violation, little adverse publicity, minor inefficiencies, etc.

4.0 Performance Evaluation of the Disbursement-Linked Indicators (DLIs)

The DLIs are the deliverables set for the ACE Centres. The achievement of these deliverables will enable the World Bank to transfer funds to the Centre. We therefore assessed each DLI to determine the status of progress made and where possible highlighted the areas that needed improvement to enable management put in place strategies and measures to achieve them.

4.0.1 DLI #1 Institutional Readiness

This basically seeks to measure the readiness of the project to take off. Under this DLI, 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 is basically an evaluation exercise done by the World Bank which commences on the fourth (4th) year of the project lifespan. The assessment is based on the programmes undertaken by the Centre which will impact on people, society, country and the sub-region.

Evaluation by the World Bank

- The Centre achieved 100% of the DLI and funding allocation of US\$243,042.00 has been received. This was confirmed from the World Bank Evaluation Report dated 6th May, 2025. Find details in **appendix 3**.

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

This looks at the number of new PhD and Master's students programmes enrolled as well as professional short courses undertaken.

Evaluation by the World Bank

The following were the specific cumulative achievements:

- Quality of students with focus on gender and regionalisation - 100%,
- New PhD Students - 100%,
- New Masters' Students 100% and
- New Professional Short Courses Students 100%.

The total funding allocation of US\$1,179,979.00 representing 100% had been received. This was confirmed in World Bank Evaluation report as at 6th May, 2025.

4.0.4 DLI #4 Quality of Education and Research

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

i. Programme Accreditation - National Accreditation

At the time of reporting, the Centre had achieved 100% of the above deliverable according to the World Bank Evaluation Report as at 6th May, 2025.

ii. Research Publications

The Centre was expected to make fifty-two (52) publications according to the Centre's approved 2024 plan by the World bank. This deliverable had already been achieved. However, the Centre made eighteen (18) publications in the year 2024 which does not impact on the funding allocation from the World bank.

Evaluation by the World Bank

- The Centre achieved 100% of the deliverable in 2023 and had received funding allocation of US\$905,259.00. This achievement is confirmed by the World Bank Evaluation report as at 6th May, 2025.

iii. Improved Teaching and Research Environment

The deliverable measures improvement in teaching and research achieved by the Centre as the year ensued.

Evaluation by the World Bank

- The Centre had achieved 100% of the DLI and had received funding of US\$607,555.00. The World Bank Evaluation report as at 6th May, 2025 also confirmed this information.

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

This has three (3) components as follows;

i. To generate revenue externally to support the Centre's activities.

This deliverable lays a responsibility on the Centre to generate external revenue to support the operations of the Centre.

Evaluation by the World Bank

- The Centre had achieved 100% of the DLI and had received funding of US\$1,492,590.00. This deliverable was achieved in 2022 as evidenced in the World Bank Report issued on 6th May, 2025.

ii. Student's internship

The Centre is expected to put postgraduate students through a relevant industrial internship programme. In the period under review, the Centre guided seventeen (17) students for internship in line with the Centre's 2024 plan approved.

Evaluation by the World Bank

- The Centre had cumulatively achieved 100% of the deliverable and had received funding of US\$219,549.00. The World Bank Evaluation Report on 6th May, 2025 of the Centre confirmed this achievement.

iii. Entrepreneurship

The Centre was to assist its trained students to register and operate a business in the transport industry.

Evaluation by the World Bank

- The Centre had cumulatively achieved 100% of the deliverable and had received funding of US\$101,268.00. The World Bank Evaluation Report on 6th May, 2025 of the Centre confirmed this. Find details at **appendix 3**.

4.0.6 DLI #6 Timeliness and quality of fiduciary management

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

The Internal Audit report for 2024 has been submitted for management's consideration. The University's Audit Committee has been functioning and evidence of minutes of meetings were available. The external auditors have completed their audit and have submitted their report to management.

Evaluation by the World Bank

- The Centre had cumulatively achieved 100% of the deliverable and received US\$445,633.00 funding for the 6-year period which ended on 31st December, 2024. The World Bank Evaluation Report on 6th May, 2025 of the Centre confirmed this.

4.0.7 DLI #7 Institutional Impact

This target is purposely to measure the ACE Impact on the University as a whole. It seeks the involvement of the University in the ACE project and primarily covers two (2) areas as follows:

i. University's international accreditation (DLI 7.3)

The Centre achieved international accreditation in 2023. In terms of funding, the Centre had cumulatively achieved 100% and had received US\$445,633.00 funding for the 6-year period which ended on 31st December, 2024. The World Bank Evaluation Report on 6th May, 2025 of the Centre confirmed this.

ii. Institutional impact (DLI 7.5)

Under this deliverable, the University is expected to create a University-Wide College and Departmental ranking, benchmarking and innovations awards to be coordinated by the Quality Assurance and Planning Office (QAPO).

Evaluation by the World Bank

- The Centre has achieved zero percent (0%) according to the World Bank report as at May 6, 2025. For this reason, the Centre stands to lose a total funding of US\$202,535.00 as the project ends on June 30, 2025. We are of the

view that, the loss is significant and has therefore been included in the audit finding. Find details in **appendix 3**.

Subsequent Review

Our subsequent review showed that the University has completed the College and Departmental rankings and has submitted report to the World Bank for verification.

5.0 Review of Sustainability Plan of the Centre

As the project comes to an end in 2025, the Centre Management in collaboration with the Advisory board developed several activities and initiatives to ensure sustainability of the Centre after the end of the programme on June 30 2025.

The broad objectives of the initiative cover, governance and leadership, human resource development, academic excellence, student engagement, community outreach, financial sustainability and industry relevance and visibility and internationalisation.

With respect to the financial sustainability, the following broad objectives have been earmarked for implementation by the Centre:

- Develop a diversified revenue stream to reduce dependency on tuition fees and ACE funding.
- Establish an endowment fund to support long-term financial stability.
- Strengthen laboratories to be a main source of income.
- Implement cost-saving measures.

The development of a strategic plan for sustainability is a laudable decision by the Centre and we commend management for such an initiative. We advise that the Centre management comes out with blueprint to follow through the key action points to its successful implementation.

6.0 Significant Audit Findings

6.0.1 The Centre Recorded an Achievement Rate of 0% for Institutional Impact (Risk – Medium)

Condition

We observed during the audit that, the Centre had recorded an achievement rate of 0% towards the above deliverable. Even though some substantial initiatives have been undertaken by the Centre in connection with the University's involvement, it has not yielded any remittance from the World Bank.

Criteria

The Financing Agreement between the World Bank and the Participating Country in the Africa Centres of Excellence for Development Impact Project.

Consequence

The University stands to lose US\$202,523.00 funding allocation which is huge.

Corrective action

- ✓ The Centre Management should intensify the monitoring activities of the committees to ensure they fully achieve the deliverable.

Response from RWESCK Management

The Centre acknowledges the importance of this deliverable to the University. The required documentation on the achievement of DLI 7.5 has been duly submitted to the Association of African Universities (AAU). Following this submission, the AAU has reviewed the documentation and provided constructive feedback identifying areas requiring further attention. It is important to note that these actions, including the submission and subsequent feedback, were undertaken after the December 31, 2024, audit cut-off date. As such, they may not have been reflected in the scope of the audit review. The Centre is confident that the institutional impact will be maxed out. Evidence of the submission to AAU is attached for reference.

6.0.2 Potential loss of Funding Allocation of US\$201,909.00 (Risk – High)

Condition

A review of the total funding allocation of US\$6,576,755.00 available to the Centre, amount of US\$5,448,041.00 had been received from the World Bank representing 96%. A combined balance of US\$201,909.00 remains unachieved even though the project is expected to end on 30th June, 2025. The details can be found in **appendix 3**.

Criteria

The Financing Agreement between the World Bank and the country participating in the Africa Centres of Excellence for Development Impact Project.

Consequence

The University stands to lose the balance of US\$201,909.00 funding allocation.

Corrective action

- ✓ We advise that the Centre management should follow up on the pending activities to ensure they are implemented to fully achieve the funding allocation.

Response from RWESCK Management

The Centre has now achieved 100% of DLR 2 (Development Impact of ACE) and DLI 5 (Relevance of Education and Research) according to the most recent report from the AAU.

The Centre has achieved 96% of the total Disbursement Linked Results (DLRS), with only DLR 7.5 pending, as outlined in the response to Finding 1. The outstanding amount related specifically to DLR 7.5 is USD201,909.00.

7.0 Conclusion

The activities of the Centre have been well managed especially when it comes to the achievement of the deliverables. However, there are few of the deliverables which are not fully achieved, we therefore urge management to intensify their effort to ensure full achievement.

We commend the Centre Management for having obtained US\$5,448,041.00 out of US\$5,649,949.00 funding allocated to the Centre by the World Bank for all the deliverables. This represents 96% achievement of the funding for the 6-year project term. For the unachieved deliverables, the Centre management should monitor and intensify its effort in the implementation of the DLIs to ensure they are fully achieved.

We encourage the Centre management to actively implement the 5-year sustainability plan to achieve the desired result.

We would like to take this opportunity to thank the Centre Management and the entire staff for their support during our engagement.

APPENDICES

| APPENDIX 1: SUMMARY OF DOLLAR RECEIPTS AND PAYMENTS | |
|---|--------------------------|
| RWESCK | |
| | |
| Receipts | Amount US\$ |
| Income | |
| Opening Balance | 19,279.78 |
| Project Income | 472,581.82 |
| Other Income | <u>10,000.00</u> |
| Total Income | <u>501,861.60</u> |
| | |
| Expenses | |
| Bank Charges | 1,739.29 |
| Academic Facility User Fees | 718.03 |
| Foreign Travel Expenses | 20,369.78 |
| Students Residents Permit | 180.00 |
| Transfer to Cedi Account | 461,000.00 |
| Workshop, Training and Conference | <u>4,850.00</u> |
| Total Expenses | <u>488,857.10</u> |
| | |
| Balance as @ 31.12.2024 | <u>13,004.50</u> |

| APPENDIX 2: SUMMARY OF CEDI RECEIPTS AND PAYMENTS | |
|--|---------------------|
| RWESCK | |
| | |
| | Amount |
| Receipts | GH¢ |
| Opening Balance | (69,571.69) |
| Adjustment: Exchange difference | (8,300.00) |
| Adjustment: Bank charges | (32.17) |
| Transfers from the Dollar Account | 4,455,310.00 |
| Total Income | 4,377,406.14 |
| | |
| Payments | |
| Workshop, Training and Conference | 214,182.10 |
| Vehicle Maintenance | 125,392.99 |
| Teaching Allowance | 36,450.00 |
| Student Stipend | 70,879.00 |
| Staff Emolument | 818,501.03 |
| Security Expenses | 5,668.12 |
| Research and Publication | 49,482.90 |
| Quality Assurance Expenses | 286,925.81 |
| Purchase of Vehicle | 668,350.00 |
| Printing and Stationery | 8,171.12 |
| Office Expenses | 53,717.72 |
| Overtime Allowance | 11,205.89 |
| Meeting Allowance | 18,178.37 |
| Entertainment expenses | 64,970.31 |
| Maintenance of vehicle | 9,449.41 |
| Maintenance of Equipment | 9,023.83 |
| Maintenance of Borehole | 4,646.00 |
| Local Travel Expenses | 1,941.15 |
| Laboratory Maintenance | 17,256.83 |
| Internship Allowance | 16,500.00 |
| Innovation and Entrepreneurship | 5,400.00 |
| ICT Expenses | 377,744.16 |
| Withholding Tax (GRA) | 126,343.89 |
| Furniture and Fittings | 36,420.96 |
| Fuel Consumed | 47,549.56 |
| Foreign Travel Expenses | 607,098.60 |
| Extension fees | 8,211.30 |
| Equipment | 73,028.92 |
| Decoration of Centre | 55,586.52 |
| Accommodation Expenses | 44,112.00 |
| 10th Anniversary Expenses - ACE | 21,528.34 |
| Advertisement and Publicity | 5,753.12 |
| Audit Expenses | 127,800.13 |

| | |
|---------------------------------|----------------------------|
| Bank Charges | 878.94 |
| Building maintenance | 8,897.12 |
| Telephone and Internet Expenses | 41,310.00 |
| Cleaning and Sanitation | 91,068.93 |
| Total Expenses | <u>4,169,625.07</u> |
| | |
| Balance as at 31.12.2024 | <u>207,781.07</u> |

| APPENDIX 3: THE 6-YEAR TOTAL EARNINGS FOR RWESCK, KNUST | | | | | | |
|---|-------|--|------------------------|-----------------------------|--------------------------------|----------------------------------|
| # | DLIs | DLI INDICATORS | Expected EARNINGS US\$ | TOTAL EARNINGS TO DATE US\$ | TOTAL UNACHIEVED EARNINGS US\$ | Total Earnings in Percentage (%) |
| 1 | DLI.2 | Development Impact of ACE-DLI 2 | 243,042 | 243,042 | - | 100% |
| 2 | DLI.3 | Quality of Students with Focus on Gender and Regions-DLI 3 | 1,179,979 | 1,179,979 | - | 100% |
| 3 | DLI.4 | Quality of Education and Research-DLI 4 | 1,563,444 | 1,563,444 | - | 100% |
| 4 | DLI.5 | Relevance of Education and Research-DLI 5 | 1,812,780 | 1,813,406 | (626) | 100% |
| 5 | DLI.6 | Timeliness and Quality of Fiduciary-DLI 6 | 445,634 | 445,634 | - | 100% |
| 6 | DLI.7 | Institutional Impact | | | - | |
| | | DLI 7.3 Institutional Accreditation | 202,535 | 202,535 | - | 100% |
| | | DLI 7.5 Institutional Impact | 202,535 | 0 | 202,535 | 0% |
| | | | | | | |
| | | TOTAL | 5,649,949 | 5,448,040 | 201,909 | 96% |

Follow up on the Previous Years Audit findings

| # | Findings | Recommendations | Status of Implementation as at 31 st December, 2024 | Action Taken or Proposed to Be Taken to Implement Recommendations | Officer Responsible | Timeline for completion of Outstanding Recommendations | Comments / Remarks |
|---|---|--|--|--|-------------------------|--|--|
| 1 | INTERNAL AUDIT: INSTITUTIONAL IMPACT We observed that institutional impact under DLI 7.5 remained unachieved for milestone 1 and 2. | Management should vigorously follow up with the relevant committees and stakeholders working on this aspect of the deliverable to ensure it is achieved. | The deliverable is not achieved. | Management has an outstanding report on the DLIs with the World Bank for evaluation, which is pending receipt. | <i>Project Director</i> | The project ends on 30 th June, 2025 | The Centre has not made progress toward the deliverable. |