
**AFRICA CENTRES OF EXCELLENCE PROJECT ON REGIONAL
WATER AND ENVIRONMENTAL SANITATION CENTRE KUMASI
(RWESCK-KNUST)**

MANAGEMENT REPORT

31 DECEMBER 2024

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Donaldy Associates
Chartered Accountants
House of Excellence Annex
Adum –Kumasi

13th June, 2025

The Centre Leader
Africa Centres of Excellence
Regional Water and Environmental Sanitation Centre, KNUST (RWESCK)
KNUST

Dear Sir,

AUDIT OF 2024 FINANCIAL STATEMENTS

We have completed the audit of the Financial Statements of the Africa Centres of Excellence Project on Regional Water and Environmental Sanitation Centre, KNUST (RWESCK) for the year ended 31st December 2024.

In accordance with our firm's practice, we are reporting on the matters which arose during our audit and you will appreciate that our audit procedures are designed primarily with the view to expressing an opinion on the project's financial statements and its internal control. Our comments, therefore, do not include all the possible improvements in internal controls that a special review might develop.

This report has been prepared for your information only and we accept no responsibility for any reliance that might be placed on it by third parties to whom it should not be shown without our prior written consent. Should such a third party obtain a copy without our prior written consent, we would not accept any responsibility for any claim that might be raised on it.

Finally, we wish to express our gratitude to the project management team for the cooperation extended to us during the audit.

Yours faithfully,

Donaldy Associates

1.0 INTRODUCTION

The Africa Centre of Excellence – Regional Water and Environmental Sanitation Centre, Kumasi (RWESCK) was selected as one of the Centres for the research into Water and Environmental Sanitation for the implementation of the “First Africa Higher Education Centres of Excellence for Development Impact Project”.

The project aims to support the Republic of Ghana to promote regional specialization among African Participating Universities in areas that address regional challenges and strengthen the capacities of these Universities to deliver quality training and applied research. This resulted in a financing agreement between the Government of Ghana through the Ministry of Finance (M.O.F.) and the International Development Association (IDA) of the World Bank for the implementation of the “First Africa Higher Education Centres of Excellence for Development Impact Project”.

This report highlights among others, certain information which came to our attention during our audit of the financial statements of the Centre for the year ended 31st December, 2024.

2.0 OBJECTIVES OF THE AUDIT

The purpose of the audit was to express an independent professional opinion as to whether the financial statements of the Africa Centres of Excellence Project on Regional Water and Environmental Sanitation Centre, Kumasi (RWESCK-KNUST) present fairly, in all material respects, the state of the project’s affairs as at 31st December 2024 and the results of its operations and cash flows for the year then ended.

3.0 EXECUTIVE SUMMARY

Included in the major highlights of the regulatory and control compliance, risks and weaknesses that we found during our audit are as follows:

- Follow up on Previous Year’s Audit Recommendations
- Regulations

- Financial Sustainability
- Laboratory Services
- Foreign Travels
- Assessment of Risk

4.0 THE SCOPE AND METHODOLOGY OF THE AUDIT

Included in the scope and methodology of the audit work we adopted are the following;

- Initial interaction with management to discuss the objective, scope and methodology of the audit.
- Understanding, documenting and evaluating the internal control systems to ascertain the levels of substantive and compliance tests to perform.
- Adoption of a substantive-based approach for core processes including funds received from the International Development Association of the World Bank, bank and cash transactions, project expenditures and budgetary control.
- Combination of system-based and substantive approaches using analytical procedures to determine the risk of material misstatements.
- Perform analytical reviews, balance confirmation and transaction tests.
- Identify and record findings on risks and weaknesses in the internal control system of the project as well as exceptions, misstatements and non-compliance with laws, regulations and agreements.
- Exit meeting to discuss the outcome of the audit with the Project Management Team.
- Obtain responses from auditees on our findings of weaknesses, non-compliances and exceptions identified during the audit.

5.0 REVIEW OF INTERNAL CONTROLS

Our review of internal control systems was aimed at ensuring that control processes and procedures adopted by management reasonably guarantee the achievement of the project's objectives in the following areas:

- Effectiveness and efficiency of operation.
- Reliability and accuracy of financial and related information.
- Compliance with applicable laws, regulations and agreement(s).

Specifically, we reviewed the following components:

- Management assessment and control of risks that affect the project's ability to perform efficiently and effectively.
- The environment in which controls are established and operated.

It is worth noting, however, that the responsibility for maintaining an efficient and effective internal control system rests with the Participating University and the Project Management Team. Consequently, our audit and review of the internal control systems should not be relied upon to reveal all weaknesses in the systems and fraud activities if any.

6.0 LIMITATION OF SCOPE AND EXTENT OF WORK

There was no limitation in the scope and extent of work imposed on us by the Participating University and Project Management Team during the audit.

7.0 FOLLOW UP ON THE PREVIOUS YEAR'S AUDIT RECOMMENDATIONS

No.	Findings	Recommendation	Status
1.	Sustainability – We noted during the audit that, the project which is supposed to end on 30 th December 2024 has been extended to June 2025 per the IDA letter dated 5 th February 2024. Beyond this date, the project financiers will no longer finance the operations of the Centre. As of date, there are no medium to long-term programs being embarked on to sustain the Centre. The few short-term income-generating activities of the Centre which involve Bus and Lab Equipment hiring and fees from short courses may not be enough to sustain the Centre in the long term.	We advise the Centre Management as a matter of urgency to review its operational activities to design long-term programs and identify strategies and opportunities to generate enough funds to sustain the Centre financially beyond 2025.	Management has come out with a sustainability plan but has not put in adequate measures to generate revenue and financially stabilize the Centre.
2.	Achievement of Disbursement Link Indicators (DLI) 5.3 and 7.5- During the audit, it came to our attention that, the Centre is yet to carry out the activities under DLI 5.3 and DLI 7.5 relating to Entrepreneurship and Institutional Impact. The Centre will 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.	We recommend management start the implementation of the DLI 5.3 and DLI 7.5 activities in order to earn US\$303,803 to support the project.	Management implemented DLI 5.3 relating to Entrepreneurship during the year and earned US\$70,887 out of the project budget of US\$102,637. There was no implementation of DLI 7.5 project relating to Institutional Impact.

8.0 FINANCIAL STATEMENTS ANALYSIS

8.1 TOTAL REVENUE

The Centre earned US\$217,971 which was equivalent to SDR154,760 in relation to the Disbursement Link Indicators (DLIs) 5.2,5.3, 6.1, 6.2, and 6.3 that were implemented and achieved during the year. This was recognized as revenue during the year. However, the amount transferred to the Centre from the World Bank was US\$211,914; a difference of US\$6,057 representing exchange loss. This is shown in the table below:

Table 1: Summary of Revenue

Particulars	2024	2023
	US\$	US\$
Disbursement Link Indicator (DLI) 2	-	-
Disbursement Link Indicator (DLI) 3	-	345,909
Disbursement Link Indicator (DLI) 4	-	272,337
Disbursement Link Indicator (DLI) 5	118,549	22,216
Disbursement Link Indicator (DLI) 6	99,422	190,240
Disbursement Link Indicator(DLI) 7	-	202,535
Total	211,971	1,033,237

Under DLI 5 relating to the Relevance of Education and Research, the Centre achieved an income of US\$118,549. It also achieved US\$99,422 relating to DLI 6– Timeliness and Quality of Fiduciary Management during the year.

The Centre also earned additional income from other sources of US\$29,445 relating to interest on bank accounts, postgraduate student fees, and hiring of project bus, auditorium and laboratory.

8.2 TOTAL EXPENDITURE

A summary of the total expenditure for the year is given below:

Table 2: Summary of Expenditure

Particulars	2024	2023
	US\$	US\$
Regional Capacity Training	22,400	125,907
Learning and Teaching Environment	30,648	231,962
Regional Research Capacity Building	3,541	17,427
Academic Partnership	9,312	49,477
Industrial Partnership	1,131	-
Governance and Administration	245,305	166,440
Centre Visibility	10,365	1,994
Loss on Exchange Transaction	33,840	27,871
Total	356,542	621,078

During the year, the Governance and Administration expenditure was the highest and it accounted for 68.8% of the total expenditure. It constitutes mainly University Administrative Charges of US\$94,543. This was followed by Learning and Teaching Environment expenditure which is made up of mainly repairs and maintenance of US\$30,648 also representing 8.59% of the total expenditure. Regional Capacity Training expenditure relating to student fees, stipend and staff training of US\$22,400 was the third highest expenditure and it represented 6.28% of the total expenditure.

8.3 ASSETS

8.3.1 PROPERTY, PLANT & EQUIPMENT

A summary of the property, plant and equipment acquired by the Centre during the year is in Table 3 below:

Table 3: Details of Assets Purchased

Class of Asset	Item	Amount (GH¢)	Amount (US\$)
Office Equipment	Shredders, Office Desk and Chair	31,338	2,131
Computers & Accessories	Receipt Printer	4,314	293
		35,653	2,424

The assets were expensed during the year in line with the project agreement.

8.3.2 CASH & CASH EQUIVALENTS

Cash and cash equivalents comprised bank balances held with Consolidated Bank Ghana Limited and GCB Bank. The balance at the end of the year was US\$1,118,917 as compared to US\$811,966 in 2023. Included in the balance at the end of the year was Other Project's bank balance of US\$1,014,600. The Centre's internally generated funds included in the cash and cash equivalents amounted to US\$54,735 at the end of the year.

8.3.3 RECEIVABLES

This represents funds expected from the World Bank (IDA) of US\$114,700 in relation to the achievement of DL1 5.3, 6.1, and 6.2, after confirmation and verification conducted by the latter. The Centre is expected to receive the amount during the second quarter of 2025. Receivables also included a research special advance of US\$12,851 to the Centre researchers which has not been retired as at the date of the audit.

8.4 CURRENT LIABILITIES

8.4.1 PAYABLES

The Centre at the end of the year owed audit fees of US\$4,000 to the project's external auditors in addition to Levies and Value Added Tax of US\$876. Payables also included outstanding balances to other projects being executed by the Centre, ACE I Project and Ghana Revenue Authority of US\$96,645, US\$659,991 and US\$339 respectively.

8.4 ACCUMULATED SURPLUSES

The Accumulated Surplus at the end of the year amounted to US\$484,618 after recognising a deficit of US\$109,125 during the year.

9.0 REPORT ON REGULATORY AND CONTROL COMPLIANCE

9.1 REGULATIONS

The Centre as part of its requirements under the project agreement is to carry out the project in accordance with the following Acts and Regulations;

- Project Agreement
- KNUST Regulations
- Public Financial Management Act, 2016 (Act 921)
- Public Procurement Act 2003 (Act 663) and the Public Procurement (Amendment) Act, 2016 (Act 914)
- Income Tax Act, 2015 (Act 896) as amended

A review of the implementation of the project activities indicated that they were generally implemented in accordance with the above rules and regulations.

9.2 PREPARATION AND SUBMISSION OF FINANCIAL REPORTS

We noted that the Centre prepared and submitted to the Association of African Universities the semi-annual unaudited financial statements as required by the project agreement with the International Development Association. The Centre also displayed on its website audited financial statements to enhance its financial transparency. We commend management for submitting the report and meeting the deadlines.

9.3 STATUTORY DEDUCTIONS

During the audit, we conducted a review of the payroll and noted that the Centre made statutory payments towards Pay As You Earn (PAYE) taxes and Social Security Fund Tier 1 contributions.

9.4 DISBURSEMENT LINK INDICATORS (DLIs)

The Centre achieved DLI 5.1 relating to External Revenue in the year 2019. It also achieved DLI 6.1, 6.2 and 6.3 in 2024. Under “DLI 5.2: Internships”, the Centre earned US\$47,662 at the end of 2024. Concerning DLI 5.3: Entrepreneurship”. The centre organized a series of Entrepreneurship programs and earned US\$70,887.

9.5 REVIEW OF THE PROJECT AGREEMENT

The total Income earned by the Centre from commencement up to the year 2024 was US\$5,288,769. This represents 82.63% (i.e. DLI Achievement Rate) of the total contract sum of US\$6,400,000.

Out of the total amount earned of US\$5,288,769 the Centre has utilized US\$4,724,368. The Centre’s Fund Utilization rate which is a function of the total funds utilised by the Centre over the total funds earned by the Centre stood at 89.32% at the end of the year.

The total project implementation rate (i.e. achievement rate plus utilization rate divided by 2) at the end of the year was 85.98%. This represents the average of the total DLI Achievement Rate and Fund

Utilization Rate. Though the required implementation rate of 50% has been achieved, management should however continue to work towards achieving the remaining DLIs.

Below is the non-achieved DLI:

DLI	Maximum USD Allocated(US\$	Earned Till Date(US\$)	Not Earned(US\$)
DLI 2- Development Impact of Ace	243,042	121,521	121,521
DLI 5.2 Internship	218,923	214,479	4,444
DLI 5.3 Entrepreneurship	101,268	70,887	30,381
DLI 7.5 Institutional Impact	202,535	-	202,535
Totals	765,768	406,887	358,881

9.6 INTERNAL CONTROL REVIEW

9.6.1 Financial Sustainability

Findings

In our review of the Center's Strategic Sustainability plan, we noticed as of December 2024, the Center has not taken adequate steps to establish alternative revenue sources to lessen its reliance on ACE funding, that is exploring corporate sponsorships and partnerships within the industry for research funding. Additionally, there is no evidence of an established endowment fund to support long-term financial sustainability.

Criteria

According to the Strategic Plan for Sustainability 6.1.6, the Center must develop another revenue stream and establish an Endowment Fund.

Effect

There is a risk that, beyond 2025, the Centre will have liquidity challenges as there may not be enough funds to continue its activities.

Recommendation

We advise the Centre Management as a matter of urgency to review its operational activities to design long-term programs, identify strategies and opportunities to establish an endowment fund and explore funds within the industry to sustain the Centre financially beyond 2025.

9.6.2 Laboratory Services***Findings***

During our audit, we reviewed the activities of the laboratory division and noted that the laboratory is running samples on environmental and water quality on two subunits out of the four subunits. The Center's laboratory division does not run samples for Hydraulic and Water Resources though capable of doing so to earn additional income. The two running subunits of the Centre can not generate enough revenue to meet its staff monthly salaries. The income from these two units will not be able to sustain the Center after June 2025 when the World Bank funding comes to an end.

Criteria

According to the Strategic Plan for Sustainability 7.6, the Center shall equip the laboratories with additional instruments and equipment in order to earn additional income.

Effect

There is the risk that, beyond 2025, the Centre will be halted as there may not be enough funds to finance its activities.

Recommendation

We advise the Centre Management to commercialize the Hydraulic and Water Resources subunits to be able to generate more income in addition to the Water Quality and Environment Labs to finance the Centers' activities.

9.6.3 Foreign Travels

Findings

During the audit, we noted that most of the foreign travels by management at the Centre were not supported with adequate justification documents. There were no proof of payment receipts and flight tickets to confirm the occurrence of the travels other than the travel agents' invoices. There were also no reports from the staff that they attended the programmes. Details are as below:

Table 3: Details of Foreign Travels

DATE	PURPOSE	AMOUNT (USD)
13 th May, 2024	Supply of air tickets to 2 RWESCK staff to Mauritius from 7th to 11th May 2024.	3,385.27
30 th October, 2024	Supply of air ticket to Mrs Ida Saeed to attend a collaborative program by MOU, ISU and KUNST held in the USA from 12th to 31st October 2024.	2,769.01
25 th November, 2024	Payment to True Global Travel Services for the purchase of Asky airline ticket for Mr. Mandela Toku to attend the 2024 x-Technical training which was held in Contonou from 17th to 30th November 2024.	1,329.42

19 th June, 2024	Purchase of round trip ticket on Asky airline for Prof. Oduro Kwarteng to attend the Agroparistech-RWESCK scientific workshop and water for all which was held in Alisa hotel from 5th to 6th June, 2024.	1,151.15
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Criteria

Documentation forms part of the internal control system. It shows proof that an event occurred and was attended by staff of the Centre.

Effect

There is a risk that, the travel may not have occurred though payment might have been made.

Recommendation

We recommend management ensures that staff who embark on foreign travels provide all necessary documents to affirm their travels. Also, management should provide the flight tickets, receipt of payments and boarding passes of all those who embarked on the air travel. Reports should also be submitted after each program to indicate that the staff attended it and the report be useable by the Centre in future.

10.0 ASSESSMENT OF RISK

10.1 LIQUIDITY RISK

Liquidity Risk is the risk that the Centre will encounter difficulty in meeting its financial obligations when they fall due. The Centre is advised to undertake more activities going forward to be able to access more funds from the World Bank. Again, reporting and verification of the achievement of the DLIs need

to be done in accordance with the calendar communicated by the Regional Facilitation Unit (RFU) so that funds will be disbursed on time to improve the Centre's liquidity to execute its activities and programmes. The Centre thrived during the Project period to achieve all DLI activities and to earn enough revenue to meet its short and medium expenditures though it could not.

10.2 OPERATIONAL RISK

Operational Risk is the risk that the Centre's operational activities in the areas of processes, controls, technology and infrastructure would be influenced and compromised. The Centre's objective is to manage operational risk to minimize such shortfalls. In achieving this, the Centre in the formation stage appointed a Centre Leader, Deputy Centre Leader and Supporting Implementation teams with appropriate academic and technical qualifications and skills to manage the project effectively. Our assessment of the risk of internal control processes of the Centre is satisfactory. The operations of the Centre generally comply with the University's accounting policies and procedures manual.

We advise the project implementation team to continuously ensure that the activities of the Centre are carried out in line with the policies and procedures of the University and as spelt out in the project agreement.

11.0 CONCLUSION

We would like to express our gratitude to the project management team for the cooperation we received in the course of our work and we are pleased to furnish you with any other information you may require.