

UNIVERSITY OF GHANA



INTERNAL AUDIT DIRECTORATE

Final Report

COMPLIANCE AUDIT REVIEW ON THE OPERATIONS OF THE WEST
AFRICAN CENTRE FOR CROP IMPROVEMENT (WACCI) ACE PROJECT
FOR THE PERIOD 1ST JANUARY TO 30TH SEPTEMBER, 2018

Report No. UG/AUD/24/18

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Date of Issue:	November 26, 2018		

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1.0 EXECUTIVE SUMMARY

1.1 Introduction

Following a request received from the Director of West African Centre for Crop Improvement (WACCI), the Internal Audit Directorate has carried out an audit review of the operations of the Centre. This audit review covered the period January 1, 2018 to September 30, 2018.

1.2 Audit Objective

This compliance audit sought to provide the University of Ghana's Senior Management Team (SMT), the World Bank and Audit Committee (AC) with the assurance that the WACCI management are operating within the terms and conditions stipulated in the Project Agreement.

In providing the assurance, the audit team took into account amongst other things the following legislative instruments; Public Financial Management Act, 2016, (Act 921), Public Procurement (Amendment) Act, 2016 (Act 914) and University of Ghana's Financial Governance and Regulations.

1.3 Audit Approach

We adopted a risk-based audit approach in carrying out this audit review. Audit strategies were designed to evaluate and test compliance with the established guidelines, policies and procedures as contained in the Project Agreement.

1.4 Scope of Audit

The following key risk areas were reviewed:

- The governance arrangements between the WACCI and the International Development Association (World Bank)
- Cash in-flows
- Adequacy and Reliability of accounting/operational records
- Funds utilizations
- Project Assets/equipment register

1.5 Strategic Position

The audit supports the priority one (1) of the Strategic Plan of the University with the objective of providing stronger institutional support across the University in the administration and development of research grants.

1.6 Audit Procedures

The audit was conducted in accordance with the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA) and subjected to quality assurance review. Audit performed sufficient and appropriate procedures and gathered adequate evidence in order to provide the requisite assurances required by Senior Management and the World Bank. Our evidence was adduced through the following methods:

- i. Conducted interviews with key officers at the Centre;
- ii. Evaluated the accounting activities within the period under review and testing the controls therein; and
- iii. Reviewed key process flowcharts and test the controls.

1.7 Acknowledgment

We would like to thank the following whom we contacted during the audit for their help and courtesies:

Prof. Eric Danquah	-	The Director
Mr. Kwadwo O. Afrifa	-	Finance Officer

1.8 Summary of Key Issues:

Level	Number of Areas
Effective	7
Some Improvement Needed	0
Major Improvement Needed	0
Unsatisfactory	0

Overall Opinion: Effective

1.9 Outline of key issues

The table below summarises the key issues:

Issue Ranking	Main Findings	Action Owner	Resolution Due
Effective	Cash- In- flows For the period under review, International Development Association lodged an amount of One Million and Four Hundred dollars (US\$1,400,000.00) into the Centre's bank account to execute specific academic research activities as contained in the Project Agreement.	Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	
Effective	Procurement/Funds Utilizations A total of US\$2,106,984.94 was spent during the period under review, and all the expenses incurred were fully supported by documentation retained in files, pre-audited and authorized by the Director of the Centre.	Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	
Effective	Treasury Management (Bank Reconciliation) We re-performed the preparation of bank reconciliation statements for the Centre for the period January 2018 to September 2018 and confirmed the bank balances. Audit can confirm that the bank reconciliation statements were prepared by the Finance Officer and certified by the Director of the Centre.	Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	
Effective	Budget Preparation and Management The Centre prepared its annual budget based on work plan for the 2018 financial year which was forwarded to the World Bank for approval and all their activities	Mr. Kwadwo Owusu Afrifa (Team Lead, Grants)	

	were within the approved budget.	Management)	
Effective	Asset Management The Centre maintains an assets register, updated regularly and assets are embossed with the Centre's serial codes as required.	Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	
Effective	Capability and Accuracy of Accounting software The Centre uses both the Integrated Tertiary Software (ITS) system and Sage (ERP) to prepare its accounting and financial reports for the period under review. Internal controls surrounding the accounting software and information systems were found to be robust and effective.	Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	
Effective	Annual Procurement Plan The Centre prepares a procurement plan in accordance with the provisions of the Public Procurement Act 2003 as amended by the Public Procurement (Amendment) Act 2016 (Act 914) to support its operations of the Centre.	Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	

2.0 Detailed Findings and Observations

Issue Title	Issue Rating		
2.1 Cash- In- flows	Effective		
<p>The Financial Regulations and Governance of the University Policy 1401 (6) states that, “It is the responsibility of all employees to ensure that income due to the University is maximized by the efficient application of agreed procedures for the identification, collection and banking of such income.”</p> <p>For the period under review, International Development Association lodged an amount of one million and four hundred dollars (US\$1,400,000.00) into the Centre’s bank account to execute specific academic research activities as contained in the Project Agreement.</p> <p>The Project donors abide by their responsibilities and in effect, there were enough funds to run the project.</p>			
Risk-based consequences of the Issue for the University			Risk Rating
Audit did not see any risk associated with the inflow of grants from the International Development Association of the World Bank.			Insignificant
Management Response	Action Taken	Action Owner	Completion Date
		Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	

Issue Title		Issue Rating	
2.2 Procurement/Funds Utilizations		Effective	
<p>The Financial Regulations and Governance of the University Policy No. 1604 (1) states that, “the University's purchasing and payments procedures are in place to enable the majority of goods and services to be procured through the creditor payments system without employees having to incur any personal expense. However, on some occasions, employees may incur expenses, most often in relation to travel, and are entitled to reimbursement”’.</p> <p>The cumulative expenditures by the WACCI/ACE for the period reviewed stood at US\$2,365,085.93.</p> <p>Audit review confirmed that:</p> <ul style="list-style-type: none">i. Rules and procedures contained in the University of Ghana Financial Regulations and Governance policy no. 1604 were applied consistentlyii. Expenses incurred were fully supported by documentation retained in files, authorized by the Director of the Centre, used for Centre’s activities and properly accounted <p>These were as a result of Management’s effort to comply with the above quoted regulations.</p>			
Risk-based consequences of the Issue for the University			Risk Rating
Audit did not see any risk associated with the utilizations of grant.			Insignificant
Management Response	Action Taken	Action Owner	Completion Date
		Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	

Issue Title	Issue Rating																
2.3 Treasury Management (Bank Reconciliation)	Effective																
<p>The Financial Regulations and Governance of the University Policy No. 1301 (10) states that, “the University’s Bank Accounts shall be regularly reconciled and there shall be adequate procedures to ensure security over cheques and other means of transferring funds”.</p> <p>We re-performed the preparation of bank reconciliation statements for the Centre for period January, 2018 to September, 2018 and confirmed the bank balances. Audit can confirm that the bank reconciliation statements were prepared by the Finance Officer and certified by the Director of the Centre.</p> <p>The above finding is as a result of Finance officer’s effort to comply with the above quoted regulations.</p> <p>The reconciled bank balances as at 30th September, 2018 are as follows.</p>																	
<table><tr><th>Bank</th><th>Cedi Account</th><th>Dollar Account</th></tr><tr><td>Stanbic Bank Ghana Limited</td><td>GH¢342,134.08</td><td>US\$ 80,144.61</td></tr></table>	Bank	Cedi Account	Dollar Account	Stanbic Bank Ghana Limited	GH¢342,134.08	US\$ 80,144.61											
Bank	Cedi Account	Dollar Account															
Stanbic Bank Ghana Limited	GH¢342,134.08	US\$ 80,144.61															
<table><tr><th colspan="3">Risk-based consequences of the Issue for the University</th><th>Risk Rating</th></tr><tr><td colspan="3">Audit did not see any risk associated with treasury management.</td><td>Insignificant</td></tr><tr><th>Management Response</th><th>Action Taken</th><th>Action Owner</th><th>Completion Date</th></tr><tr><td>Bank reconciliation will continue to be prepared on monthly basis.</td><td></td><td>Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)</td><td></td></tr></table>		Risk-based consequences of the Issue for the University			Risk Rating	Audit did not see any risk associated with treasury management.			Insignificant	Management Response	Action Taken	Action Owner	Completion Date	Bank reconciliation will continue to be prepared on monthly basis.		Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	
Risk-based consequences of the Issue for the University			Risk Rating														
Audit did not see any risk associated with treasury management.			Insignificant														
Management Response	Action Taken	Action Owner	Completion Date														
Bank reconciliation will continue to be prepared on monthly basis.		Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)															

Issue Title		Issue Rating	
2.4 Budget Preparation and Management		Effective	
<p>The Financial Regulations and Governance of the University Policy number 1001 section 7 and 8 states that, “Each year, in advance of the financial year to which they refer the Provosts, Deans and Directors will propose income and expenditure and capital budgets.”</p> <p>Available records revealed that the Centre prepared its annual budget based on work plan for the 2018 financial year which was forwarded to the World Bank for approval. In addition, audit realized that all their activities were within the approved budget.</p> <p>This was as a result of Management effort to comply with the above quoted regulations.</p>			
Risk-based consequences of the Issue for the University			Risk Rating
			Insignificant
Management Response	Action Taken	Action Owner	Completion Date
Timely budgets will continue to be prepared, approved and strictly followed.		Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	

Issue Title	Issue Rating
2.5 Asset Management	Effective

The Financial Regulations and Governance of the University Policy No. 1701 (6) states that, **“Provosts, Deans and Directors are responsible for the care, custody and security of the buildings, stores, furniture, cash etc. under their control”**.

The Financial Regulations and Governance of the University Policy No. 1701 (5b) states that, **“Provosts, Deans and Directors shall provide Director of Finance with any information he/she may need to maintain the asset register”**.

Audit finding revealed that assets are properly kept, secure from theft and the Centre has policy on the access to the assets. In addition, an asset register is maintained and updated regularly and assets are coded.

For the period under review non-current assets acquired and captured in their Asset Register includes the following:

Supplier	Item	Quantity	Amount GH¢
Huge Limited	1 Electroporator	1	72,459
Arcoa Ghana Limited	Hot Plate Stirrer	2	198,950.51
	Stainless portable Sterilizer	1	
	GPS Series Lab Freezer	3	
Arcoa Ghana Limited	Freeze Dryer	1	95,427.02
Arcoa Ghana Limited	Vertical Autoclave	1	58,997.93
	Precision Balance	1	
DCL Laboratories	Stacked large Capacity	1	38,745.97
	Shaking Incubator	1	
Arcoa Ghana Limited	Plant Growth Chamber 504 L	1	185,124.10

MES Equipment's	Sterilizer Dryer	2	50,945.45
	Liquid Nitrogen Canister	1	

The above finding is as a result of management effort to comply with the above quoted regulation.

Risk-based consequences of the Issue for the University	Risk Rating
There is no risk associated with the asset management.	Insignificant

Management Response	Action Taken	Action Owner	Completion Date
A regularly updated assets register will be kept. Assets will also be regularly maintained to prolong their useful life and ensure long term value for money for the University.		Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	

Issue Title		Issue Rating	
2.6 Capability and Accuracy of Accounting software's		Effective	
<p>The Centre uses both the Integrated Tertiary Software (ITS) system and Sage (ERP) to prepare its accounting and financial reports for the period under review. Our observations indicated that the internal controls surrounding the accounting software and information systems were found to be robust and effective.</p> <p>These was as a result of Management conscience effort to keep accurate and timely financial records.</p>			
Risk-based consequences of the Issue for the University			Risk Rating
There is no risk associated with the accounting software and its subsequent financial reporting.			
Management Response	Action Taken	Action Owner	Completion Date
		Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	

Issue Title		Issue Rating	
2.7 Annual Procurement Plan		Effective	
Section 21 (1) of the Public Procurement Act 2003 as amended by the Public Procurement (Amendment) Act 2016 (Act 914) requires that, "a procurement entity shall prepare a procurement plan to support its approved programme and the plan shall indicate; (a) contract packages, (b) estimated cost for each package, (c) the procurement method, and (d) processing steps and times".			
Evidence made available to the audit team showed that the Centre prepares a procurement plan in accordance with the above provision of the Public Procurement Act 2003 as amended by the Public Procurement (Amendment) Act 2016 (Act 914) to support its operations of the Centre for the period under review.			
This was as a result of Management’s conscious effort to comply with the above quoted regulations.			
Risk-based consequences of the Issue for the University			Risk Rating
No risk applicable.			
Management Response	Action Taken	Action Owner	Completion Date
		Mr. Kwadwo Owusu Afrifa (Team Lead, Grants Management)	

3.0 Overall Audit Opinion: Effective

Based on the audit evidence from our own tests carried out, audit offers a substantial assurance in respect of the audit review of the WACCI-ACE Project with low audit risk for the period 1st January to 30th September, 2018.

Audit Opinion Key

Effective	Controls evaluated are adequate, appropriate, and effective to provide substantial assurance that risks and governance issues are being managed and objectives should be met.
Some Improvement Needed	A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks and governance issues are being managed and objectives should be met.
Major Improvement Needed	Numerous specific control weaknesses were noted. Controls evaluated provide only limited assurance that risks and governance issues are being managed and objectives may not be met.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective and provide no assurance that risks and governance issues are being managed and objectives will not be met.

Engagement lead: Dr. Ibrahim Bedi

Signature..... 

Audit Lead: Mr. Benjamin Adjetey

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