

UNIVERSITY OF GHANA



INTERNAL AUDIT DIRECTORATE

Final Report

AN AUDIT REVIEW OF THE OPERATIONS OF THE WEST AFRICAN CENTRE FOR CELL BIOLOGY OF INFECTIOUS PATHOGENS (WACCBIP) UNDER THE AUSPICES OF THE OFFICE OF RESEARCH AND INNOVATION DEVELOPMENT (ORID), UNIVERSITY OF GHANA FOR THE PERIOD APRIL TO JUNE, 2017

Report No. UG/AUD/02/18

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Date of Issue:	January 19, 2018		

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1.0 Executive Summary

1.1 Introduction

This audit review was carried out by the Internal Audit Directorate (IAD) of the University of Ghana (UG) in response to a request from the Senior Accountant - ORID through the Director of Finance with the letter dated 19th October, 2017. The audit was conducted to independently establish WACCBIP's compliance with the African Centre of Excellence (ACE) Financing Agreements, the University's Financial Regulations and Governance and other statutory policies. The audit covered the second quarter period of April to June 2017.

WACCBIP is one of the World Bank's African Centre of Excellence under the Department of Biochemistry, Cell and Molecular Biology (BCMB) of the College of Basic and Applied Sciences (CBAS) of the University of Ghana. The Centre provides Masters, PhD and Post-doctoral level training, and conduct research focused on cell and molecular biology of major infectious diseases such as malaria, tuberculosis and HIV which contribute the largest proportion of morbidity and mortality in the West African sub-region. WACCBIP seeks to build on existing collaborations between the Noguchi Memorial Institute for Medical Research (NMIMR), and an invaluable relationship with a major international partner in the American Society for Cell Biology (ASCB).

1.2 Audit Objective

The purpose of this review is to provide UG Senior Management Team, Audit committee, ACE-World Bank and other stakeholders with an independent assurance and objective opinion on WACCBIP's compliance with the ACE financing agreements, the UG's Financial Regulations and Governance and other statutory policies.

1.3 Scope of the Audit

We focused on the following thrust areas:

- grants (income) receipting.
- grants disbursement.
- project management (Building Project)

- accountable imprest
- petty cash payments
- assets management.

1.4 Audit Approach

We adopted the risk-based audit approach by evaluating and testing the controls in place in respect of their design and effectiveness to establish WACCBIP's compliance with the established guidelines, policies and procedures as contained in the Project Agreement to help identify possible/potential risks. We were also guided by the International Standards on Auditing, the Internal Audit Agency Act, 2003 (Act 658), Public Procurement (Amendment) Act, 2016 (Act 914), and the UG Financial Regulations and Governance.

1.5 Audit Methodology

As part of our audit, we took the following actions:

- obtained, reviewed and analyzed the Centre's financial documentation, (e.g. cashbook, bank statements, pay-in-slips, PV's, receipt books, invoices, investments, memoranda and minutes as well as canceled cheques).
- obtained, reviewed and analyzed records in respect of major contracts, procurement issues as well as major suppliers.
- conducted surveillance and verification activities to determine the safeguarding and physical existence of WACCBIP's assets.

1.6 Acknowledgment

We thank the following Officers for their support and courtesies during the review:

Prof. Gordon A. Awandare	-	Project Leader
Mr. Collins Amofah	-	Senior Accountant (ORID)
Joseph K. Dwumfour	-	Accounts officer
Emefa Adzadu	-	Accounts Officer
Marian Namle Nanor	-	Accounts Officer

1.7 Summary of Key Issues Rating:

LEVEL	NUMBER OF ISSUES
Effective	3
Some Improvement Needed	3
Major Improvement Needed	0
Unsatisfactory	0

1.8 Outline of key issues

The Table below explains the composition of summaries of key issues:

Issue Ranking		Action Owner	Resolution Due
Effective	<p>Grants (Income) Receipting</p> <p>An additional grant income of US\$2,300,000 was received from the International Development Association (IDA) during the period under review. This was transferred directly into the Centre's bank account after all the grant receiving requirements were met.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	
Effective	<p>Grants Disbursements</p> <p>A total of US\$623,270.82 was expended during the period under review. Audit can confirm that all payments were initiated with a requisition and were in support of a planned activity. These payments underwent the due payment process.</p>	<p>Prof. Gordon A. Awandare (Project Leader) & Mr. Collins Amofah (Senior Accountant)</p>	
Effective	<p>Project Management</p> <p>The review noted a GH¢1,441,507.85 storey building under construction. Audit can confirm the organization of site meetings for both the client and contractor to discuss problems. The building, after completion, will permanently house the WACCBIP-ACE Project.</p>	<p>Prof. Gordon A. Awandare (Project Director)</p>	
Some improvement Needed	<p>Accountable imprest</p> <p>Total amount of US\$787.00 and GH¢3,840.00 being accountable imprest advanced to some students and staff during the quarter were yet to be retired.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	<p>February 28, 2018</p>

Some Improvement Needed	<p>Petty Cash</p> <p>The centre operates a petty cash system with GH¢3,000.00 petty cash float. We wish to state that the petty cash process and/or procedure need improvement. We have serious concerns with the petty cash process.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	February 28, 2018
Some Improvement Needed	<p>Assets management</p> <p>The review noted the existence of an asset register which needed immediate update. Audit's surveillance and verification exercise conducted on these assets revealed some relocated assets were still not updated in the register</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	February 28, 2018

Overall Audit Rating: Some Improvement Needed

2.0 Detailed Findings and Recommendations

Issue Title	Issue Rating	
2.1 Grants (Income) Receipting	Effective	
<p>Policy 1401 (6) of the University's Financial Regulations and Governance 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. In particular, this requires the prompt notification to the Director of Finance of sums due so that collection can be initiated”.</p> <p>During this quarter, an additional grant income of US\$2,300,000 was received directly into the Centre's bank account number A/c No.: 8700275831900 with Standard Chartered Bank, Legon branch by International Development Association (IDA) of the World bank. This was after all the necessary grant receiving requirements were met.</p> <p>The Senior Accountant and his accounting team's readiness to follow laid down rules and regulations could be attributed to the above condition.</p>		
Risk-based consequences of the Issue for Centre the University		Risk Rating
<p>The risks associated with grant (income) receipting were controlled to their tolerable limits.</p> <p>Recommendation</p> <p>Audit commends the Senior Accountant for the willingness and zeal to comply with IDA's directives in respect of grant (income) receiving.</p>		Low
Management Response	Action Owner	Action Date
The recommendation has been duly noted.	Mr. Collins Amofah (Senior Accountant)	

Issue Title	Issue Rating	
2.2 Disbursement	Effective	
<p>Financial Regulation and Governance Policy No. 1603 (4) of the University of Ghana states that “payments will only be made by the Director of Finance against invoices that have been matched to purchase orders and stores received advice authorized and entered by the appropriate Provost, Dean or Director or their designated officer”.</p> <p>Documents made available to audit revealed that total amount of US\$623,270.82 was expended within the quarter ending June, 2017. We are content to state that all the payments were initiated by payment requisitions, received prior approval from the Project Director and were in support of a planned activity. We can also authenticate that all due processes and procedures in respect of procurement of goods and services as well as awarding contracts were duly followed. All payment vouchers were also subjected to the due payment process.</p> <p>Audit attributes the above situation to compliance with due processes.</p>		
Risk-based consequences of the Issue for the Centre and the University		Risk Rating
<p>Possible risks associated with grant disbursement within the quarter were mitigated to their acceptable limits.</p> <p><u>Recommendation</u></p> <p>We commend the Project Director and the Senior Accountant and also urge them to maintain their level of compliance to the laid down regulations.</p>		Low
Management Response	Action Owner	Action Date
The recommendation has been duly noted.	Prof. Gordon A. Awandare (Project Director) & Mr. Collins Amofah (Senior Accountant)	

Issue Title	Issue Rating	
2.3 Project Management	Effective	
<p>Financial Regulation and Governance Policy No. 1603 (4) of the University of Ghana states that “the purchase, lease or rent of land, buildings or fixed plants can only be undertaken with authority from the Finance and General Purpose Committee”.</p> <p>A contract sum of GH¢ 1,441,507.85 was awarded to Messrs Myturn Building and Real Estate in August 2016 for the construction and completion of a one storey WACCBIP building. This building consist of Lecture, Seminar, Board and Data Rooms, Offices, Bio Laboratory and Student’s Resource Centre. The WACCBIP building after completion, will permanently house staff of the WACCBIP-ACE Project. We are happy to state that there are monthly site meetings that is attended by representatives from the University’s Physical Development and Municipal Services Directorate (PDMSD), WACCBIP-ACE, the Contractor and other independent Engineers. Audit physical verification revealed that the main structure and electrification works have been completed whiles the interior works are on-going. As at the time this review, the building was fifty percent (50%) complete. The project is expected to be completed in December 2017.</p> <p>Audit attributes the above situation to the prompt payments and effective monitoring on the part of management.</p>		
Risk-based consequences of the Issue for the Centre and the University		Risk Rating
<p>All things being equal, the project is on course to be completed in time.</p> <p><u>Recommendation</u></p> <p>We commend the Project Director and the Senior Accountant and also urge them to continue monitoring the contractor.</p>		Low
Management Response	Action Owner	Action Date
The recommendation has been duly noted.	Mr. Collins Amofah (Senior Accountant)	

Issue Title	Issue Rating	
2.4 Accountable Imprest	Some Improvement Needed	
<p>Financial Regulation and Governance Policy no. 1604 (3) of the University of Ghana states that “within one week of completion of the travel or project to which the advance (accountable imprest) relates, a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final account for an earlier one advanced to an individual is still outstanding”.</p> <p>Audit examination of the Centre’s financial records revealed total amount of US\$787.00 and GH¢3,840.00 being advances (imprest) paid to students and other staff, yet to be accounted for. Although these students submitted tables indicating how their advances were supposed to be spent, there were no supporting documents and or receipts to that effect. Appendix “A” depicts accountable imprest for the period under review yet to accounted for.</p> <p>The above weaknesses could be attributed to the long periods some research assistants spend on the field.</p>		
Risk-based consequences of the Issue for the Centre and the University		Risk Rating
<p>The Centre has not derived value for money for the outstanding balances since the three Es’ (Economy, Efficiency and Effectiveness) used in describing value for money were not achieved.</p> <p><u>Recommendation</u></p> <p>The management should adhere to the regulation regarding imprest advances and take the necessary steps to ensure that the research assistants account for the monies taken with all necessary supporting receipts.</p>		Medium
Management Response	Action Owner	Action Date
The recommendation has been duly noted.	Mr. Collins Amofah (Senior Accountant)	February 28, 2018

Issue Title	Issue Rating	
2.5 Petty Cash	Some Improvement Needed	
<p>University of Ghana’s Financial Regulations and Governance Policy No. 1606 (2) stipulates that “The Director of Finance shall make available to units such imprests as he/she considers necessary for the disbursement of petty cash expenses. However, it is important, for security purposes that petty cash floats are kept to a minimum”.</p> <p>During the audit, we reviewed the Centre’s petty cash system and conducted a surprise cash count. We wish to state that there was no cash shortage as the petty cash book value agreed with the physical cash on hand. However, we give a round of condemnation to the centre’s inability to comply with the petty cash reimbursement system by spending over and beyond the petty cash float. We noted that the usage of petty cash requisition forms and/or petty cash vouchers were shelved. Audit’s interrogations with the petty cashier observed that petty cash is advanced to members based on verbal requisitions except amounts exceeding GHC200.00 that requires the approval of the Project Director. There were however, no documentary evidence of approvals from the Project Director to support this.</p> <p>The availability and usage of other projects’ petty cash for WACCBIP-ACE’s petty expenses after the WACCBIP-ACE’s petty cash float has been duly exhausted could be attributed to the above condition.</p>		
Risk-based consequences of the Issue for the Centre and the University		Risk Rating
<p>The above practice contravenes the regulations and policies of the University in respect of petty cash.</p> <p>Recommendation</p> <p>We recommend to the Senior Accountant to ensure strict compliance with the petty cash reimbursement (float) system and the introduction of a petty cash requisition form and/or vouchers.</p>		Medium
Management Response	Action Owner	Action Date
The recommendation has been duly noted.	Mr. Collins Amofah (Senior Accountant)	February 28, 2018

Issue Title	Issue Rating	
2.6 Assets Management	Some Improvement Needed	
<p>University of Ghana’s Financial Regulations and Governance Policy No. 1701 (5) (7) stipulates that “The Director of Finance is responsible for maintaining the University’s register of capital assets. Provost, Dean and Directors shall provide the Director of Finance with any information he or she may need to maintain the register”. “Assets owned by the University shall, so far as is practical, be effectively marked to identify them as University property”.</p> <p>Audit noted the existence of an asset register that needed immediate update. Newly acquired assets within the quarter were yet to be included in the register. Audit’s surveillance and verification of these assets to independently establish the physical existence of the assets revealed that some relocated assets were yet to be updated in the register.</p> <p>Audit attributes the above situation to non-compliance with laid down rules, regulations and policies.</p>		
Risk-based consequences of the Issue for the Centre and the University	Risk Rating	
<p>Failure to maintain accurate tracking of assets increases the risk of loss or theft of the University’s assets.</p> <p><u>Recommendation</u></p> <p>Audit recommends the Senior Accountant to ensure the immediate update of the assets register.</p>	Medium	
Management Response	Action Owner	Action Date
The recommendation has been duly noted.	Mr. Collins Amofah (Senior Accountant)	February 28, 2018

3.0 Audit Opinion – Some Improvement Needed

Although the overall administrative control regime at the Centre was satisfactory, our review identified some weaknesses that needed improvement as enumerated in the report.

Based on the evidence made available, interviews and physical verifications conducted, audit provides a Reasonable Assurance in respect of the Centre’s risk control regime.

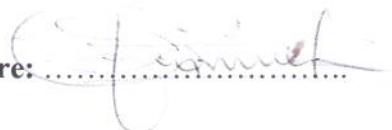
Audit Opinion Key:

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: 

Team Lead: Divine A. Tettey

Signature: 

4.0 Status of Previous Audit Recommendations

Audit finding (s)	Recommendation(s)	Status of implementation
<p>The Centre has invested GH¢2,107,500.00 of its surplus funds with one financial institution (Ideal Capital).</p> <p>Audit is of the view that, it will be the interest of the centre to diversify the investment because of the volatility of the financial services sector.</p>	<p>Audit recommend that the management of the Centre in future should diversify the investments with more than one (1) financial institutions to spread the risk of loss of fund should the placement go insolvent</p>	<p>Not implemented</p>

APPENDIX "A"

ACCOUNTABLE IMPREST

Date	RY No.	Chq. No.	Payee	Amount	Remarks
				US\$	
08/6/17	205105	848264	Ama Gyakyewaa Dadson	787.00	No supporting Receipts
			Total	787.00	
				GH¢	
31/5/17	204070	677163	Bernice Anane Mawuli	300.00	GHC300.00 not accounted for or returned to chest
31/5/17	204069	677164	Abdul-Rahman Mubarack	3,540.00	No supporting Receipts
			Total	3,840.00	