

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 JULY TO SEPTEMBER, 2017**

Report No. UG/AUD/03/18

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	Mr. Richard O. Boapea	-	Director of Finance
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	Mr. Collins Amofah	-	Senior Accountant (ORID)
	Chairman	-	Audit Committee
Audit Team:	Dr. Ibrahim Bedi	-	Engagement Lead
	Mr. Divine A. Tettey	-	Team Lead
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Date of Issue:	January 19, 2018		

TABLE OF CONTENTS

Content		Page
1. Executive Summary	2
2. Outline of Key Issues	.....	5
3. Detailed Findings and Recommendations	.....	7
4. Audit Opinion	.....	15
 APPENDICES		
5. Appendix 'A'	.....	16
6. Appendix 'B'	.....	17
7. Appendix 'C' and 'D'	.....	18

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 July to September, 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.
- treasury management (bank reconciliations).
- budget performance reporting
- grants disbursement (value for money).
- investment portfolios

- project management (Building Project)
- petty cash payments
- assets management.
- statutory deductions .

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 (including minutes of site meetings in respect of WACCBIP building project).
- 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 Director
Mr. Collins Amofah	-	Senior Accountant (ORID)
Joseph K. Dwumfour	-	Accounts officer
Emefa Adzanu	-	Accounts Officer
Mirian Namle Nanor	-	Accounts Officer

1.7 Summary of Key Issues Rating:

LEVEL	NUMBER OF ISSUES
Effective	3
Some Improvement Needed	5
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>Treasury management (Bank balances) Monthly bank reconciliation statements for the quarter under review were duly prepared, certified and approved as expected.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	
Effective	<p>Statutory Deduction The Senior Accountant deducted, withheld and paid the required tax elements on all payments that attracted tax/VAT.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	
Effective	<p>Budget Performance The Centre prepared budget estimates for its planned activities. The review noted that the Centre spent within its budget.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	
Some Improvement Needed	<p>Grants Disbursements A total of US\$726,620.87 was expended during the quarter under review. We noted instance of payment without supporting document(s), payment without VAT receipt, as well as some payees' not acknowledging receipt for their payments.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	<p>February 28, 2018</p>
Some Improvement Needed	<p>Investment Portfolio For the quarter ending September, 2017, the Centre invested GH¢ 4,282,500.00. Audit is not in support with management decision to invest the centre's funds in a single investment instead of spreading the</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	<p>February 28, 2018</p>

	investment risk(s).		
Some Improvement Needed	<p>Project Management</p> <p>The audit noted that completion time for the WACCBIP building has expired since August, 2017. We have concerns with the rate of progress if the project is to be completed by the end of the extended time (December, 2017).</p>	<p>Prof. Gordon A. Awandare (Project Director)</p>	February 28, 2018
Some Improvement Needed	<p>Accountable imprest</p> <p>Total amount of GH¢11,797.78 being accountable imprest advanced to some researchers and staff during the quarter were yet to be retired.</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 a laptop missing.</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 Treasury Management (Bank Position)	Effective																		
<p>Financial Regulation and Governance Policy no. 1301 (10) of the University of Ghana states that “the Director of Finance is responsible for ensuring that the University Bank Accounts are regularly reconciled, and that there are adequate procedures to ensure security over cheques and any other means of transferring funds”.</p>																			
<p>During the quarter under review, the Centre prepared monthly bank reconciliation statements. We can confirm that these reconciliation statements were checked, certified and approved by the designated officers required.</p>																			
<p>The Centre’s bank position as at September, 2017 is shown below:</p>																			
<table border="1"> <thead> <tr> <th data-bbox="245 920 608 1032">Bankers</th> <th data-bbox="608 920 847 1032">Account No.</th> <th data-bbox="847 920 1031 1032">Currency</th> <th data-bbox="1031 920 1230 1032">Balance GH¢</th> </tr> </thead> <tbody> <tr> <td data-bbox="245 1032 608 1088">Standard Chartered Bank</td> <td data-bbox="608 1032 847 1088">0100175839100</td> <td data-bbox="847 1032 1031 1088">Cedis</td> <td data-bbox="1031 1032 1230 1088">311,906.36</td> </tr> <tr> <td data-bbox="245 1088 608 1144">Standard Chartered Bank</td> <td data-bbox="608 1088 847 1144">8701575839100</td> <td data-bbox="847 1088 1031 1144">U.S Dollars</td> <td data-bbox="1031 1088 1230 1144">2,648,061.65</td> </tr> <tr> <td data-bbox="245 1144 608 1211">Standard Chartered Bank</td> <td data-bbox="608 1144 847 1211">8700275831900</td> <td data-bbox="847 1144 1031 1211">U.S Dollars</td> <td data-bbox="1031 1144 1230 1211">16,241.82</td> </tr> </tbody> </table>				Bankers	Account No.	Currency	Balance GH¢	Standard Chartered Bank	0100175839100	Cedis	311,906.36	Standard Chartered Bank	8701575839100	U.S Dollars	2,648,061.65	Standard Chartered Bank	8700275831900	U.S Dollars	16,241.82
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Risk-based consequences of the Issue for the Centre and the University			Risk Rating																
<p>Possible risk of errors and omissions were given the needed attention it deserves.</p> <p><u>Recommendation</u></p> <p>We commend the Senior Accountant for successfully implementing the previous audit recommendations.</p>			Low																
Management Response	Action Owner	Action Date																	
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)																		

Issue Title	Issue Rating	
2.2 Statutory Deductions	Effective	
<p>“A resident person, other than an individual, shall withhold tax on the gross amount of the payment at the rate specified in the First Schedule when the person makes a payment to another resident person who does not fall within subsection (2) or section 114 for (a) the supply or use of goods, (b) the supply of any works, or (c) the supply of services, in respect of a contract between the payee and a resident person”.</p> <p>“Subsection (2) applies to a contract between the payee and a resident person, where the amount of the contract exceeds two thousand currency points”.</p> <p>“For the purpose of determining whether a contract qualifies under subsection (3), two or more contracts in respect of the same goods, works or services shall, be treated as a single contract”</p> <p>Section 116 subsections (2), (3) and (4) of the Income Tax Act 2015, Act 896 refers.</p> <p>Our examination of the expenditure files noted that the centre dealt largely with VAT registered suppliers for the supply or use of goods, services or property of any kind. We can confirm that the Senior Accountant deducted, withheld and paid the required tax elements on all payments that attracted tax/VAT.</p> <p>We attribute the above to the Centre Management’s vigilance and the enthusiasm to adhere to laid down rules, statutory regulations and other policies.</p>		
Risk-based consequences of the Issue for the Centre and the University		Risk Rating
<p>This has helped raise revenue for national development of which the University (WACCBIP) is a key beneficiary.</p> <p><u>Recommendation</u></p> <p>We commend the Senior Accountant, and his team as a whole for the level of compliance and success.</p>		Low
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amoah (Senior Accountant)	

Issue Title	Issue Rating	
2.3 Budget Performance	Effective	
<p>Financial Regulation and Governance Policy no. 1001 (7) of the University of Ghana stipulates 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. The Finance and General Purposes Committee will determine the priorities for expenditure taking into accounts available funds and the strategic priorities of the University. The Director of Finance will prepare the budgets both revenue and capital, on this basis, for consideration by the Finance and General Purposes Committee, before submitting to Council”.</p> <p>As part of the review, we obtained and examined the centre’s budget records. Audit is satisfied that the Centre prepared an annual budget estimates based on detailed planned activities. Although we could not independently ascertained the centre’s budget performance for the quarter under review, audit’s analysis of the budgeted and actual figures provided realized that the centre in general, spent within its budget. Appendix “A” shows actual expenditure for the quarter(s) against the annual budget.</p>		
Risk-based consequences of the Issue for Centre and the University		Risk Rating
<p>The Centre adhered to its planned activities hence spending within its budget.</p> <p><u>Recommendation</u></p> <p>While we commend the Senior Accountant for the budget preparation and monitoring, the accountant must break the budget into quarters to suit the donor’s internal auditing requirements.</p>		Low
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)	/

Issue Title	Issue Rating	
2.4 Grant Disbursement	Some Improvement Needed	
<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>During the quarter under review, the Centre made total payments of US\$726,620.87. As much as we take cognizance of the fact that payments went through due processes in place. Our examination of the payment records made available to us noted payment of GH¢1,440 to University Guest Centre without supporting documents as well as transacting business with company which was not VAT registered. Appendix ‘B’ shows details of the above.</p> <p>Audit attributes the above situation to oversight on the part of the Senior Accountant and his accounting team.</p>		
Risk-based consequences of the Issue for the Centre and the University	Risk Rating	
<p>The risk of over and/or wrong payment is possible. The Government on the other hand has been denied of tax(es) for national development.</p> <p><u>Recommendation</u></p> <p>We recommend the Senior Accountant to ensure that all the due payment process are adhered to.</p>	Medium	
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)	February 28, 2018

Issue Title	Issue Rating
2.5 Investment Portfolio	Some Improvement Needed

According to University of Ghana Financial Regulations and Governance Policy number 1304 (2) and (6) **“The Investment Committee is responsible for the University's cash management system. The Director of Finance is responsible for the University's investment activities carried out in accordance with the policy established by the Investment Committee”**. **“The Investment Office will report on the performance of the Investments at each meeting of the Investment Committee”**.

On July 20, 2017, the Centre invested GH¢4,282,500.00 in a 182 days fixed deposit with Ideal Capital Partners Ltd at 26.00% interest rate per annum. We are satisfied that the investment information have been duly captured unto the University’s Integrated Tertiary Software (ITS) system for the monitoring of the Finance Director.

Nonetheless, we have great concerns with the fact that the Centre did not spread its investment risks as it was stated in the previous (1st quarter) audit report.

The table gives detailed information on the centres investment;

Investment Period	Value Date	Maturity Date	Amount Invested	Expected Return (p.a)	Interest Amount	Maturity Value
182 Days	21/07/2017	19/01/2018	GH¢4,282,500.00	26.00 % p.a	GH¢555,199.73	GH¢4,837,699.73

Risk-based consequences of the Issue for the Centre and the University	Risk Rating	
<p>The Centre stands the chance of losing all its investment portfolio should the unexpected (collapse) happens to Ideal Capital Ltd.</p> <p>Recommendation</p> <p>We recommend a sub-committee made up of Project Coordinator, Pro Vice-Chancellor (ORID) and Director of Research to consider and decide on the Centre’s investment to avoid possible future losses.</p>	Medium	
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)	February 28, 2018

Issue Title	Issue Rating	
2.6 Project Management	Some Improvement Needed	
<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>During the review, we examined the minutes from the site meetings and interviewed key representatives from WACCBIP, PDMSD and Myturn Building and Real Estate. Audit visited the site and verified that the project was behind schedule. As at the time of the review, the building was about seventy-five percent (75%) completed. The remaining interior works was on-going but will be difficult to be completed on the new extended completion date of December 2017.</p> <p>Audit attributes the above delays to changes to the initial specifications of the building as well as diversion of some major electrical cables.</p>		
Risk-based consequences of the Issue for the Centre and the University		Risk Rating
<p>The project could not be completed on the agreed extended date for its intended purposes.</p> <p><u>Recommendation</u></p> <p>We recommend the Project Director and the Senior Accountant to continue monitoring the progress of work and ensure that the contractor does not exceed the extended time.</p>		Medium
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)	February 28, 2018

Issue Title	Issue Rating	
2.7 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 GH¢11,797.78 being advances (imprest) paid to researchers and other staff yet to be accounted for. Although some research assistants submitted memos indicating how their advances were spent, there were no supporting documents to that effect. Appendix “C” depicts the accountable imprest situation for the period under review.</p> <p>The long periods used by students in conducting their researches has largely accounted for the above lapses.</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 regulations regarding imprest advances and take the necessary steps to make sure the students involve account for the monies taken with the necessary supporting receipts.</p>		Medium
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)	February 28, 2018

Issue Title	Issue Rating	
2.8 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>As part of the audit review we obtained and examined the centre’s asset register. We noted that some newly acquired assets were yet to be included in the register. Audit’s physical surveillance and verification of these assets to independently establish their physical existence revealed the missing of one Hewlett and Packard (HP) laptop while newly purchased assets were yet to be embossed with the centre’s ID marks. We also noted a situation where one identification number was given to two different assets. This is shown in Appendix ‘D’.</p> <p>Audit attributes the above situation to non-compliance with laid down assets management rules and policies.</p>		
Risk-based consequences of the Issue for the Centre and the University		Risk Rating
<p>The risk of losing WACCBIP-ACE assets through pilfering and stealing is high, with the current controls in place.</p> <p><u>Recommendation</u></p> <p>Audit recommends the management of the Centre to:</p> <ul style="list-style-type: none"> • ensure that the assets register is updated regularly and also liaise with PDMSD to duly label the unmarked assets. • make every effort possible to locate the missing laptop. 		Medium
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)	February 28, 2018

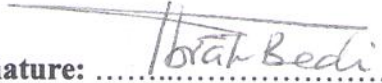
3.0 Audit Opinion – Some Improvement Needed

Although the Centre has some designed controls in place working effectively, our review identified some weaknesses as enumerated in the report in respect of assets management, petty cash system, accountable imprest, payment without supporting documents, payment without VAT receipt, pre-audit issues, among others which needed management’s immediate attention. Based on the documents made available to us for the review, physical verifications and interviews conducted, audit wish to provide Reasonable Assurance to all stakeholders.

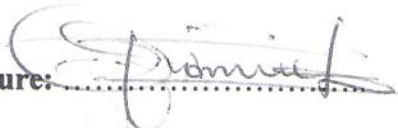
Audit Opinion Key:

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: .....

APPENDIX "A"

BUDGET PERFORMANCE ANALYSIS

ACTIVITY	BUDGET	ACTUAL	VARIANCE
Achieving Excellence in training	553,901.45	199,738.17	354,163.28
Improving Learning Experience	1,979,581.32	424,140.44	1,555,440.88
Develop Regional Partnership and Programmes	62,444.81	10,557.41	51887.40
Promote Applied Research	103,368.78	21,668.38	81,700.40
Management and Governance Establishment	144,730.28	44,104.20	100,626.08
Financial Sustainability	-	-	-
Programme Management	47,872.78	26,012.78	21,860.00
Contingency	486.18	399.49	86.69
Total	2,892,385.60	726,620.87	2,165,764.72

APPENDIX 'C'

ACCOUNTABLE IMPREST

Date	RY No.	Chq No.	Payee	Amount GH¢	Remarks
07/9/17	216118	216401	Nicholas Amoako	1,000.00	Not accounted for
14/8/17	213247	860325	Arnold Luuse Togiwe	4,077.00	Not accounted for
18/9/17	217574	216460	Joshua Adjah	3,000.00	Not accounted for
16/8/17	214898	860374	Emmanuel Opoku Antwi	900.00	Not accounted for
21/8/17	213990	860345	Raymond Lovelace Adjei	2,820.00	Not accounted for
			Total	11,797.78	

APPENDIX 'D'

ASSETS MANAGEMENT

Asset	I.D Mark	Office of Location	Remarks
Dell Optiplex 90/20 Computer set		Dr. Jonathan P. Adjimani	Not Labelled
Dell Optiplex 90/20 Computer set		Dr. Augustine Ocloo	Not Labelled
Sollatek Ultima UPS	UG/WACACE/E/006	Protein Expression Lab	I.D No. repeated
Gene pulser Xcell Eukaryotic system	UG/WACACE/E/006	Protein Expression Lab	I.D No. repeated
Dell XPS Laptop intel core i7		Solomon Sunu	Not Labelled
I7/3. 6GB processor/ 200GB/8GB mem.		Michael Nkansah	Not Labelled
Lecture Room Recording Equipments		ICT Office	Not Labelled
Toyota L/C 200 VX AT Diesel			Not Labelled

APPENDIX 'B'
OTHER OBSERVATIONS

Date	Details	Amt. GH¢	Payee	RY No.	Chq. No.	Remarks
07/08/17	Payment for 12 units Micro SD	2,097.00	Telefonika	212641	655298	No VAT invoice
18/9/17	Cost of Accommodation	5,760.00	U.G Guest Centre	217586	216462	Invoice no. UGC/01309/2017 should be GH¢1,440 and not GH¢2,880. No evidence of occupying Room No. J55.