

UNIVERSITY OF GHANA



INTERNAL AUDIT DIRECTORATE

Final Report

**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 QUARTER
OCTOBER TO DECEMBER 2017**

Report No. UG/AUD/18/18

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	Mr. Collins Amofah	-	Senior Accountant, ORID
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Date of Issue:	August 28, 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. 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 fourth quarter period of October to December, 2017. The audit commenced from May 7th to June 12th, 2018.

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 contributes 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 receipting
- internally generated fund (IGF)
- grants disbursement (value for money)
- procurement management
- 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 Procedures

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 (ORID)
Emefa Adzadu	-	Accounts Officer (WACCBIP)
Marian Namle Nanor	-	Accounts Officer (WACCBIP)

1.7 Summary of Key Issues Rating:

LEVEL	NUMBER OF ISSUES
Effective	2
Some Improvement Needed	2
Major Improvement Needed	0
Unsatisfactory	1

Overall Audit Rating: Some Improvement Needed

1.8 Outline of key issues

The Table below summarizes the key issues:

Issue Ranking	Main Findings	Action Owner	Resolution Due
Effective	<p>Grants (Income) Receipting</p> <p>An additional grant income of US\$314,432.46 was received from the International Development Association (IDA) during the quarter 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>Assets management</p> <p>As part of the review, we conducted surveillance and verification exercise which revealed that all the new assets procured during the fourth quarter were duly marked as required.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	
Some Improvement Needed	<p>Procurement Management</p> <p>Sum of USD\$27,695.53 was expended to procure laboratory reagents for research works during the quarter. During the quarter laboratory reagents were procured for students' research works. This was done through sole-sourcing without any documented approval.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p>	<p>September 30, 2018</p>

<p style="text-align: center;">Some Improvement Needed</p>	<p>Grants Disbursements</p> <p>A total of US\$377,962.36 was disbursed during the fourth quarter. We noted instances of payment without supporting receipts and payment without VAT receipt. We also have concerns about the retirement of accountable imprest with the PV No. RY 216479.</p>	<p>Mr. Collins Amofah (Senior Accountant)</p> <p style="text-align: center;">&</p> <p>Emefa Adzadu (Accounts Officer, WACCBIP)</p>	<p>September 30, 2018</p>
<p style="text-align: center;">Unsatisfactory</p>	<p>Internally Generated Funds (IGF)</p> <p>Total income of GH¢22,540.00 was realized from the hiring of the Centre's coaster and mini buses for the year 2017. We could not confirm the amount involve here since key accounting etiquettes adequate enough to manage these funds were shelved. GH¢20,845.00 out of the above income could not be traced to any designated bank account as required.</p>	<p>Prof. Gordon A. Awandare (Project Director)</p> <p style="text-align: center;">&</p> <p>Emefa Adzadu (Accounts Officer, WACCBIP)</p>	<p>September 30, 2018</p>

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>In October, an additional grant income of US\$314,432.46 was received directly into the Centre's dollar bank account number A/c No.: 8700275831900 with Standard Chartered Bank, Legon branch from the International Development Association (IDA) of the World bank. This was received 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 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><u>Recommendation</u></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>	Insignificant	
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)	

Issue Title	Issue Rating	
2.2 Assets Management	Effective	
<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>During the review, we noted purchases of some new assets. We conducted physical surveillance and verification on these assets to independently establish their security and physical existence. We wish to state that these assets were physically existing, embossed with identification marks and duly captured in the assets register.</p> <p>Audit attributes the above compliance to the Senior Accountant's readiness to implement the recommendations in the past audit reports.</p>		
Risk-based consequences of the Issue for the Centre and the University		Risk Rating
<p>The risk of losing these assets through pilfering or theft were under control.</p> <p><u>Recommendation</u></p> <p>Audit commends the Senior Accountant for his level of compliance.</p>		Insignificant
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)	

Issue Title	Issue Rating	
2.3 Procurement Management	Some Improvement Needed	
<p>Financial Regulation and Governance Policy no. 1502 (1) of the University of Ghana states that, “all orders must comply with the University policies on purchasing and tendering and in addition to Public Procurement Regulations”.</p> <p>During the quarter under review, US\$27,695.53 was expended to procure laboratory reagents for research works. It was evident that these laboratory reagents were procured through single sourcing violating the Public Procurement Regulations as a result. Although e-mail correspondences for the purchase of these reagents were made available to audit, there was no approval for soul-sourcing to support that.</p> <p>We attribute the above anomaly to the nature of goods and the time involved to secure the reagents for the research works.</p>		
Risk-based consequences of the Issue for the Centre and the University	Risk Rating	
<p>This contravenes the policy stated above and also value for money will not be achieved.</p> <p><u>Recommendation</u></p> <p>We recommend the Senior Accountant to seek approval from Senior Management of the University before procuring from single-sourcing.</p>	Medium	
Management Response	Action Owner	Action Date
The recommendation is well noted.	Mr. Collins Amofah (Senior Accountant)	September 30, 2018

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>Total amount of US\$377,962.36 was disbursed during the quarter under review. As much as we take cognizance of the fact that payments went through due processes in place, the following anomalies were noted;</p> <ul style="list-style-type: none"> • paid VAT/NHIL without VAT invoice – GH¢9,600.00. • payments without receipts – GH¢20,560.40 plus US\$6,470.39. • accountable imprest of GH¢3,362.34 not properly or fully retired and • the abuse of “Acknowledgement of Payments” as receipts in the retirement of imprest. Inadequate narrations in most cases with some not even approved as required. Appendix ‘A’ delineates the above condition. <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 a payee denying receiving his/her payments since third parties sometimes collect and sign on behalf of payees.</p> <p><u>Recommendation</u></p> <p>We recommend the Senior Accountant to ensure that VAT/NHIL are only paid on VAT invoices, demand official receipts for payments where necessary and ensure that imprests are properly or fully retired.</p>	<p>Medium</p>

Management Response	Action Owner	Action Date
<ul style="list-style-type: none"> • The recommendation is well noted. • The following are with reference to Appendix 'A:' <ul style="list-style-type: none"> ✓ The imprest of GHS3,362.34 has been fully retired. ✓ The receipts from Macrogen Inc., University of Ghana and Carramore Int. Ltd. have been obtained. ✓ The receipts for Prof Awandare's imprest and refund have all been submitted. 	<p>Mr. Collins Amofah (Senior Accountant)</p>	<p>September 30, 2018</p>

Issue Title	Issue Rating
2.5 Internally Generated Funds (IGF)	Unsatisfactory
<p>University of Ghana Financial Regulations and Governance policy number 1305 (1), (2) and (5) state that, “The term cash includes currency, cheques and money orders and direct deposit to the bank”. “All monies received within Units from whatever source must be recorded on daily basis together with the form in which they were received. Receipts must be given where monies are paid using official receipt stationery”. “Cash must be deposited with the University Cash Office or at designated Banks”.</p> <p>The review noted that an internal income was being generated from the hiring of the Centre’s Coastal and Nissan buses. Though there exist policy guides to manage this fund, we give round condemnation to its implementation.</p> <p>Records made available to audit for the year 2017 indicated an income of GH¢22,540.00 against expenditure of GH¢1,670.00. We could however not authenticate these figures due to improper accounting and records keeping.</p> <p>Total amount of GH¢20,845.00 recorded as deposits could not be traced to any designated bank account as stated in the criteria above.</p> <p>Audit noted a situation where the same receipt or reference number WACRE68160013 was issued to Messrs Nana Fredua Akuamoah and Samuel Afari on 24/11/16 and 13/01/17 respectively for GH¢350.00 and GH¢600.00.</p> <p>Inadequate implementation of the policies guiding the management of this fund has given rise to the above anomalies;</p>	
Risk-based consequences of the Issue for the Centre and the University	Risk Rating
<p>There is a risk of misappropriation.</p> <p><u>Recommendation</u></p> <p>We recommend the Senior Accountant to ensure that the schedule officer(s) complies with all the policies governing income generation and receipting.</p>	<p>High</p>

Management Response	Action Owner	Action Date
<ul style="list-style-type: none"> • Giving two invoices the same reference was a mistake resulting from the manual generation of reference numbers. This weakness has been addressed by adopting the use of prenumbered invoice and receipt. • Concerning the bus rental income, the cash is kept at the Centre for pre-financing urgent cash expenditure such as clearing charges and flight bookings; records of how it is managed are available. We explained this to the auditors and showed him the records. After explaining the issue to the auditor in a meeting, he indicated to the Director that he did not have a problem with the current arrangement so far as we keep proper records of the administration of the funds. Contrarily, he has raised the issue in the report, presenting it in a way that is quite misleading. 	<p style="text-align: center;">Prof. Gordon A. Awandare (Project Director)</p> <p style="text-align: center;">&</p> <p style="text-align: center;">Emefa Adzadu (Accounts Officer, WACCBIP)</p>	<p style="text-align: center;">September 30, 2018</p>

3.0 Audit Opinion – Some Improvement Needed

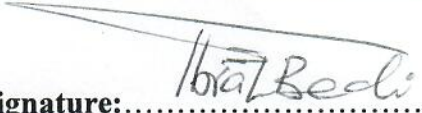
Although the Centre has some designed controls in place working effectively, our review identified some weaknesses as enumerated in the report in respect of accountable imprest retirement, payment without supporting receipts, payment without VAT receipt and income from the hiring of buses which needed management’s urgent attention.

Based on the documents made available to us for review, physical verifications and interviews conducted, audit provides a Reasonable Assurance that risk and governance issues are being managed.

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: Mr. Divine A. Tettey

Signature:.....


4.0 Status of Previous Audit Recommendations

Audit finding (s)	Recommendation(s)	Status of Implementation
<p>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 a company which was not VAT registered.</p>	<p>We recommend the Senior Accountant to ensure that all the due payment process are adhered to.</p>	<p>Work-In-Progress The necessary supporting documents from UG Guest Centre obtained while there was still VAT issue</p>
<p>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.</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>	<p>Implemented</p>
<p>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 were on-going but will be</p>	<p>We recommend the Project Director and the Senior Accountant to continue monitoring the progress of work and ensure that the contractor</p>	<p>Implemented</p>

<p>difficult to be completed on the new extended completion date of December 2017.</p>	<p>does not exceed the extended time.</p>	
<p>Audit examination of the Centre's financial records revealed a 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.</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>	<p>Implemented</p>
<p>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.</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. 	<p>Implemented</p>

APPENDIX 'A'
OTHER OBSERVATIONS (DISBURSEMENT)

Date	RY No.	Chq. No.	Payee	Details	Amt. GH¢	Remarks
26/09/17	218760	216479	Prof. Gordon Awandare	Accountable Imprest	3,362.34	Not fully accounted for
28/09/17	219189	216473	Goodwill Supplies	2 Dell Desktop & UPS	9,600.00	No VAT/NHIL invoice
02/10/17	219613		University of Ghana	Accommodation	1,731.00	No receipt
03/10/17	SCB40OCT17/2	Transfer	Macrogen Inc.	Purification and Sequencing	\$2,350.00	No receipt
03/10/17	SCB40OCT17/4	Transfer	Caramore Int. Ltd.	Laboratory Reagents	\$4,120.39	No receipt
09/10/17	220604	216496	Ndanya Katakò Ent.	Laboratory Supplies	4,492.00	No receipt
09/10/17	220597	216494	Prof. Gordon Awandare	Retirement of imprest & refund	14,337.40	No receipt