

University of Ghana



Internal Audit Directorate

Final Report

COMPLIANCE AUDIT REVIEW ON THE OPERATIONS OF WEST AFRICAN CENTRE FOR CELL BIOLOGY OF INFECTIOUS PATHOGENS (WACCBIP) UNDER THE AUSPICES OF THE OFFICE OF RESEARCH AND INNOVATION DEVELOPMENT (ORID) FOR THE QUARTER ENDED 31ST MAR. 2017

Draft Report No. UG/AUD/21/17

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Date Issue:	31/08/2017		

Table of Contents

Contents	Pages
1. Executive Summary	2
2. Summary of Findings.....	4
3. Detailed Findings and Observations.....	5
4. Audit Opinion.....	9

Appendices



5. Appendix 1: Budget and Actual Expenditure for the quarter, 31 st March, 2017.....	10
6. Appendix 2: Notes to the Statement of Expenditure.....	11

1.0 Executive Summary

1.1 Introduction

The financial transactions and other related records of the West African Centre for Cell Biology of Infectious Pathogens (WACCBIP) have been audited for the period January – March 2017. This was at the request of the Director of Finance and was conducted within the remits of section 4.09 (b) of the Financing Agreement of the African Centers of Excellence (ACEs) and the Financial Regulations and Governance of the University of Ghana.

1.2 Audit Strategic Objectives

The compliance audit review sought to provide the University of Ghana's Senior Management Team (SMT), Audit Committee (AC) and other stakeholders with an independent assurance and objective opinion on the management of grants fund of the West African Centre for Cell Biology of Infectious Pathogens (WACCBIP).

1.3 Scope of Audit

The audit focused on the following key areas:

- Disbursement of project funds
- Treasury Management (Investment)
- Construction and Completion of Proposed Building for WACCBIP
- Treasury Management (Bank Reconciliation)
- Fixed Assets Management
- Budget and Actual Expenditure for the quarter ended 31st March, 2017

1.4 Audit Approach

We adopted the risk-based audit approach to evaluate and test compliance with the established guidelines, policies and procedures as contained in the Project Agreement.

1.5 Audit Methodology

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 International Development Agency of the World Bank. In performing the audit, due cognizance was taken of the Financial Regulations and Governance of University of Ghana, Public Procurement Act 2003 as amended by the Public Procurement (Amendment) Act 2016 (Act 914), and among others. Our evidence was adduced through the following methods:

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



2.0 Summary of Findings

2.1 Disbursement of Project Funds

Payment vouchers examined showed that procedures for disbursement of funds were in compliance with the provisions of the University of Ghana's Financial Regulations and Governance.

2.2 Treasury Management (Investment)

Records available to the audit team indicated that the Centre has invested an amount of GH¢2,107, 500.00 of the project funds into fixed deposit. The Centre is urged to spread its investment portfolio placements to avoid possible losses because of volatility of the financial services sector.

2.3 Construction and Completion of Proposed Building for WACCBIP

Management in August, 2016 awarded a contract to Messers Myturn Building and Real Estate for the construction of proposed building for the Centre at original contract sum of **GH¢1,441,507.85**. We noted however that there was modification in the building plan which resulted in additional works of **GH¢352,060.87**.

2.4 Treasury Management (Bank Reconciliation)

Review of the bank statements and bank reconciliations revealed that monthly bank reconciliations statements were regularly prepared.

2.5 Fixed Assets Management

Our review indicates that the Centre have in place a comprehensive assets register in place. The register captures details like: asset name, acquisition date, cost price and locations.

3.0 Detailed Findings and Observations

3.1 Disbursement of funds

The Financial Regulations and Governance of the University policy no. 1601 (2) states that *“the Provost, Dean or Director is ultimately responsible for purchases within his/ her Unit in accordance with the procurement process. Disbursement authority may be delegated to named individuals within the Unit.”*

The audit noted that all payments made at the Centre received prior approval from the Project Director. Also, the payment vouchers contained adequate supporting documents and were properly filed for easy reference.

Records examined revealed that a total amount of **US\$285,954.82** was disbursed under the period review.

Table 1

Statement of Expenditure for the quarter ended March 31, 2017

Expenditure			
	Notes	Budget (US\$)	Actual (US\$)
Achieving Excellence in Training	1	367,824.23	78,886.85
Improving Learning Experience	2	871,838.99	130,054.09
Develop Regional Partnership & Programs	3	23,471.70	122.85
Promote Applied Research	4	121,144.30	70,115.91
Management and Governance Establishment	5	77,883.17	659.92
Financial Sustainability	6	-	-
Programme Management	7	29,007.76	6,115.20
Contingency	8	1,169.59	-
Total Expenditure		1,492,339.75	285,954.82

The table above depicts WACCBIP's budget against the actual expenditure for the first quarter ended 31st March, 2017. The actual budget was **US\$1,492,339.75** while total expenditure amounted to **US\$285,954.82**.

3.2 Treasury Management (Investment)

The University's Financial Regulations and Governance policy no. 1304 (1 &2) stipulates that *"UG funds not immediately required may be invested and The Director of Finance is responsible for the University's investment activities carried out accordance with the policy established by the Investment Committee. The policy goes on to put University officials on enquiry by urging officials to consistently risk access such investment activities."*

We noted that an investment of **GH¢2,107,500.00** was made into 182 day fixed deposit with Ideal Capital Partners Ltd on the 16th January, 2017 at 30.50 % per annum. Audit is of the view that, it will be in the interest of Centre to diversify the investment because of the volatility of the financial services sector. The indication to invest surplus funds in safe investments was not a bad idea. Although we take cognizance of the effort by management of the Centre to invest surplus funds, but placement of investment with one (1) financial institution exposes the Centre's funds/investments to a very high risk.

Recommendation

We 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.

Management Response

Noted.

3.3 Construction and Completion of proposed building for WACCBIP

The above contract was awarded to Messers Myturn Building and Real Estate in August, 2016 at a cost of **GH¢1,441,507.85** (One Million Four Hundred and Forty One

Thousand Five Hundred and Seven Ghana Cedis Eighty Five Ghana Pesewas) as the contract sum. Documents made available to the audit team revealed that there was diversion of service lines (plumbing and electrical lines) at the project site. This resulted in the modification of the original WACCBIP building plan. Audit team noted that the modification increased the contract sum by **GH¢352,060.87** increasing the contract sum to **GH¢1,793,568.72**.

3.4 Treasury Management (Bank Reconciliation)

The University's Financial Regulations and Governance policy no. 1305 (8) stipulates that *"Each Unit must reconcile cash received and deposited to the University Financial Accounting System on a monthly basis"*.

Timely bank reconciliations help to detect errors relating to cash flow decrease, the likelihood of errors in bank statements and provide a key monitoring control for cash management.

The Centre had prepared its bank reconciliation statement for the period under consideration 31st March, 2017. Below are details of reconciled bank balances:

Bank	Amount GH¢	Amount US \$
Standard Chartered Bank, Legon	738,893.00	
Standard Chartered Bank, Legon (8700275831900)		84,950.53
Standard Chartered Bank, Legon (8701575839100)		799,594.52
Totals	738,893.00	884,545.05

3.5 Fixed Assets Management

Our review disclosed that there are adequate measures in place to safeguard assets owned by the Centre. We found that the Centre maintains an assets register and all assets are tagged with the Centre's identification marks.

3.6 Budget and Actual Expenditure

Efficient management requires good planning backed by effective budget. Examination of the budget for the 1st quarter ended 31st March 2017 to establish whether the Centre's spending was within budget, revealed that the Centre underspent its budget. Total expenditure of **US\$285,954.82** was made against a budgeted figure of **US\$1,492,339.75** resulting in a balance of **US\$1,206,384.93** representing a positive variance of 81%. **The performance indicators are shown in appendices 1 & 2.**

Although we take cognizance of the effort by the WACCBIP management to control expenditure. However, underspending may cause the donors of the grant not willing to provide additional funds for the project.

Recommendation

We therefore, recommended to Management of the Centre to ensure that realistic budget is prepared and adhered to.



Management Response

The budget provided is for the whole year (full year budget) whiles the expenditure are for only one quarter; Hence the huge variances in the budget lines.

4.0 Audit Opinion

Based on the evidence made available to us and our own tests carried out, audit can offer a substantial assurance in respect of the robustness of the financial management of the West African Centre for Cell Biology of Infectious Pathogens (WACCBIP).

Audit Opinion Key:

Red	Nil assurance. Risk management, governance or control systems poorly developed or non-existent, or major levels of non-compliance identified. Significant and/or material risks to the organization.
Amber/Red	Limited assurance. Risk management, governance or control systems are operating effectively except in some areas where significant weaknesses have been identified.
Amber/Green	Substantial assurance. Risk management, governance and control systems established and found to be working effectively with some weaknesses.
Green	Full assurance. Sound risk management, governance or control systems established and found to be operating effectively.

Engagement Lead: Dr. Ibrahim Bedi

Signature: 

Team Lead: Mr. Israel Maxwell Goka

Signature: 

Appendix 1

Budget and Actual Expenditure for the quarter ended 31st March, 2017

WEST AFRICAN CENTRE FOR CELL BIOLOGY OF INFECTIOUS PATHOGENS					
STATEMENT OF EXPENDITURE FOR THE QUARTER ENDED MARCH 31, 2017					
Expenditure	Notes	Budget (US\$)	Actual (US\$)	Variance (US\$)	Variance (%)
Achieving Excellence in Training	1	367,824.23	78,886.85	288,937.38	78
Improving Learning Experience	2	871,838.99	130,054.09	741,784.90	85
Develop Regional Partnership & Programs	3	23,471.70	122.85	23,348.86	99
Promote Applied Research	4	121,144.30	70,115.91	51,028.39	42
Management and Governance Establishment	5	77,883.17	659.92	77,223.25	99
Financial Sustainability	6	-	-	-	
Programme Management	7	29,007.76	6,115.20	22,892.56	79
Contingency	8	1,169.59	-	1,169.59	100
Total Expenditure		1,492,339.75	285,954.82	1,206,384.93	81

Appendix 2

Notes to the Statement of Expenditure

1. Achieving Excellence in Training

	Budget		Actual		Variance	
	(US\$)		(US\$)		(US\$)	(%)
Obtain international accreditation for new curricula	1,375.17		142.20		1,232.97	90
Enrol new students and support training of existing students in MPhil program	110,888.40		37,252.01		73,636.39	66
Enrol new students and support training of existing students in PhD program	237,431.04		36,187.73		201,243.31	85
Outreach event targeting women and minority groups	3,263.34		387.36		2,875.97	88
Develop and run curricula for existing and new short courses	14,866.28		4,917.56		9,948.73	67
Sub-Total	367,824.23		78,886.85		288,937.38	79

2. Improving Learning Experience

	Budget		Actual		Variance	
	(US\$)		(US\$)		(US\$)	(%)
Refurbish and upgrade ICT infrastructure, purchase software (Website, E-learning resources etc.)	50,854.06		-		50,854.06	100
Provision of new lecture & seminar rooms, conference room and offices	312,145.66		85,363.99		226,781.67	73
Upgrade cell biology core facility	487,128.15		43,861.37		443,266.78	91
Faculty exchange programs with regional and national institutions	2,824.90		-		2,824.90	100
Engagement of international faculty for teaching courses, workshops, and co-supervision of students	18,886.22		828.73		18,057.49	96
Sub-Total	871,838.99		130,054.09		741,784.90	85

3. Develop Regional Partnerships & Programs

	Budget	Actual	Variance	Variance
	(US\$)	(US\$)	(US\$)	(%)
Maintain active website for showcasing Centre's activities and available opportunities	42.55	-	42.55	100
Engagement of regional faculty for teaching and co-supervision of student research	-	-	-	
Provide travel awards for regional students and faculty for short research visits	23,429.16	122.85	23,306.31	99
Conduct outreach programs and seminar/Lecture tours regionally	-	-	-	
Sub-Total	23,471.71	122.85	23,348.86	99

4. Promote Applied Research

	Budget	Actual	Variance	Variance
	(US\$)	(US\$)	(US\$)	(%)
Support Centre projects across partner institutions that provide students high quality experience in research	19,108.70	9,818.04	9,290.66	49
Upgrade research laboratories	57,827.35	41,478.81	16,348.54	28
Support short training and research visits for faculty and students outside the ACE	14,208.25	115.43	14,092.83	99
Investigating the aetiology of febrile illness in Ghana	25,000.00	18,199.17	6,800.83	27
Monitor disease outbreak	-	-	-	-
Support incubator projects at the Centre	5,000.00	504.46	4,495.54	90
Sub-Total	121,144.30	70,115.91	51,028.39	42

5. Management and Government Establishment

	Budget	Actual	Variance	Variance
	(US\$)	(US\$)	(US\$)	(%)
Ensure regular meetings of international advisory board, steering committee & 2 sub committees	7,296.85	-	7,296.85	100
Maintain administrative support team for the Centre	48,188.87	659.92	47,528.95	99
Purchase equipment, furniture and office supplies for administrative team	22,397.45	-	22,397.45	100
Sub-Total	77,883.17	659.92	77,223.25	99

6. Programme Management

	Budget	Actual	Variance	Variance
	(US\$)	(US\$)	(US\$)	(%)
Programme Management	29,007.76	6,115.20	22,892.56	79
Sub-Total	29,007.76	6,115.20	22,892.56	79

7. Contingency

	Budget	Actual	Variance	Variance
	(US\$)	(US\$)	(US\$)	(%)
Contingency	1,169.59	-	1,169.59	100
Sub-Total	1,169.59	-	1,169.59	100