

UNIVERSITY FOR DEVELOPMENT STUDIES

Internal Audit Directorate

WACWISA PROJECT



AUDIT REPORT FOR THE FIRST QUARTER

2023

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1. EXECUTIVE SUMMARY

During the audit process, we examined various aspects of WACWISA's operations, including financial management, procurement procedures, project implementation, and overall governance. Our findings and recommendations are outlined below:

1.1 Summary of Significant Findings and Recommendations

1. Documentation of Transactions and Activities of Sub-Boards

The review conducted by the audit team revealed that the documentation pertaining to the WACWISA operations, particularly in terms of administration and finances, was found to be intact. The documentation related to various sub-boards and sub-projects was available and accessible for examination. However, it was noted that at the time of the audit the Academic and Research Advisory Board (ARAB) was not constituted.

We recommend that WACWISA promptly addresses this issue by constituting ARAB. This management board should consist of qualified and experienced individuals who can contribute to the strategic direction and decision-making processes of the WACWISA. Their expertise will be valuable in guiding WACWISA's initiatives, ensuring alignment with its objectives, and enhancing the overall effectiveness of its operations.

2. Disbursement Linked Results (DLR).

Disbursements to sub-projects were based on progress reports submitted to the Centre. Subsequent releases were then made upon satisfactory assessment of the output or outcomes of the sub-project. Student enrollment on WACWISA scholarship were also in line with Centre's objective. DLR1: Institutional readiness at the time of the audit was 100% while timelines and quality fiduciary management was 22%. **The overall DLR achievement was 72%**

We recommend that this practice should be maintained and that releases/advances for all project activities must be accounted for together with performance reports. All financial information regarding budgets and expenditures submissions and budget performance reports should be prepared by the Project Accountant on monthly basis. Internal Audit should be at the Centre stage of verifying all transactions and issuing monthly reports in good time alongside financial reports produced by the Accountant.

3. Failure to Recover Money from a Withdrawn Student (CRES Project) – GH¢10,920.00

We observed that one student by name, Abraham Zakaria was withdrawn from the CRES Project Scholarship. The student was asked by the management of WACWISA to refund in full, all amounts spent on his academic and research work, which amounted to Gh¢18,390.00. However, only Gh¢7,470.00 has been paid with an outstanding balance of GH¢10,920.00 yet to be paid. *(See appendix 2 attached)*

We recommend that WACWISA's management follows up with the student to recover the outstanding payment back to WACWISA's chest. This may involve initiating communication with the student to discuss the outstanding amount and setting up a repayment schedule that is mutually agreed upon. It is crucial to maintain appropriate documentation and records of these interactions and payment arrangements.

4. Failure to Stamp a Paid Voucher "PAID"

Contrary to the above, all the payment vouchers were processed and payments made without the "PAID" stamped being applied to void the vouchers.

We advise management to ensure that all payment vouchers and their supporting documents are voided by stamping "PAID" on them after payment.

2. INTRODUCTION

We are pleased to present the first quarter 2023 audit report for the West African Centre for Water, Irrigation, and Sustainable Agriculture (WACWISA). This report outlines the results of our comprehensive audit, which aimed to evaluate the WACWISA's financial systems, internal controls, and compliance with relevant regulations and policies.

Our audit identified areas where improvements can be made to enhance the efficiency, transparency, and compliance of WACWISA's operations. We discovered issues related to financial management, procurement, internal controls, compliance with regulations, and project implementation. Detailed findings and corresponding recommendations are provided in the report.

3. BACKGROUND

This report presents the findings and recommendations of the internal audit conducted by the Internal Audit Directorate within UDS. The audit aimed to evaluate the adequacy, efficiency, effectiveness of internal controls and operations, identified weaknesses and provides recommendations for improvement. The Audit was conducted based on the identified risks and in accordance with the internal audit standards and guidelines. The audit process encompasses various stages including planning, field work, reporting and follow ups in line with these standards.

Throughout the audit, we ensured compliance with applicable regulations, laws, policies, manuals, and best practices. This encompassed the consideration and adherence to appropriate internal audit procedures, regulations, and ethical principles. These measures were followed to ensure the integrity and reliability of our conclusions and recommendations.

Our planning and execution of the internal audit work were designed to obtain reasonable assurance that the systems under review were operating in accordance with prescribed protocols. To achieve this, we examined various protocols established between WACWISA and the World Bank, University Policies and Procedures, and relevant national laws, such as the Public Procurement Act 2003 Act 663 (as amended), and the Public Financial Management Act 2016, Act 921. These protocols were examined alongside the internal controls of WACWISA, UDS policies and procedures, the Financial Management Manual of WACWISA, WACWISA's Procurement Manual, and the regional operations manual of the Africa Higher Education Centre of Excellence for Development Impact (ACE Impact).

By aligning our audit procedures with these guidelines, regulations, and protocols, we aimed to provide a comprehensive and reliable assessment of the financial administration and procurements of the Project.

4. OBJECTIVES

The general objective of this audit was to provide an independent assessment of WACWISA's financial management practices, internal controls, and compliance mechanisms.

This audit was carried out to:

- i. assess the adequacy of the accounting and internal control systems to monitor expenditures and other financial transactions and ensure safe custody of the project-financed assets.
- ii. determine whether the Project Managers have maintained adequate documentation of all relevant transactions.
- iii. verify that expenditures submitted to the World Bank including those submitted in Interim Financial Reports (IFRs), are eligible for the appropriate financing and identification of any ineligible expenditures.
- iv. verify that the Annual Project Financial Statement can be reconciled with the relevant year to date amounts appearing in the Interim Financial Report (IFR) for the fourth quarter of the year.
- v. verify whether external funds have been used in accordance with the conditions of financing agreement.
- vi. ascertain whether disbursement linked results have been achieved in accordance with the implementation plan of the Centre.
- vii. verify goods, works and services financed have been procured in accordance with Financing Agreement and procurement guidelines.
- viii. ascertain all the necessary supporting documents, records and accounts have been kept in respect of all project incomes and expenditures.

5. SCOPE

The scope of this assignment was to cover all aspects of financial administration and procurements of the Project including a review of the effectiveness of the internal control system, assets and liabilities verification, compliance with prescribed policies, and reliability of financial reports for the first quarter of 2023.

6. METHODOLOGY

Our audit approach followed generally accepted auditing standards, which included the use of professional judgment and applying relevant audit procedures. We employed a combination of systems and performance-based methodologies to gain a comprehensive understanding of WACWISA's operations. This involved conducting walk-through tests to evaluate control effectiveness and performing full reviews, including the examination of documents, vouchers, and systems.

7. DETAILED FINDINGS AND RECOMMENDATIONS

7.1. Documentation of Transactions and Activities of Sub-Boards

Criteria:

Implementation Plan 2019-2023, page 12, point 4.2 says that WACWISA five-way management board system includes the Centre Advisory Board (CAB), the International Scientific Advisory Board (ISAB), the Academic and Research Advisory Board (ARAB), Sectorial Advisory Board (SAB) and Management Board (MB). This is in addition to the University-wide statutory requirement of reporting and management of the Centre.

Condition

The review conducted by the audit team revealed that the documentation pertaining to the WACWISA operations, particularly in terms of administration and finances, was found to be intact. The documentation related to various sub-boards and sub-projects was available and accessible for examination.

Cause

Delay in appointment of members into ARAB.

Effect

The early constitution of the ARAB raises concerns regarding the oversight and strategic guidance in the area of academic and research required for the effective functioning of WACWISA.

Recommendation

We recommend management forms the ARAB to contribute to the strategic direction and decision-making processes of WACWISA. Their expertise will be valuable in guiding WACWISA's initiatives, ensuring alignment with its objectives, and enhancing the overall effectiveness of its operations.

Management Response

Management has taken notice and steps are being taken to duly form the ARAB

7.2. Disbursement Linked Results (DLR).

Criteria:

Seven (7) Disbursement Linked Indicators (DLIs) are provided for in the project agreement (Table 6. DLI verification protocol in the Regional Operations Manual of ACE Impact)

Condition:

Disbursements to sub-projects were based on progress reports submitted to the Centre. Subsequent releases were then made upon satisfactory assessment of the output or outcomes of the sub-project. Student enrollment on the WACWISA scholarship was also in line with the Centre's objective. DLR1: Institutional readiness at the time of the audit was 100% while timelines and quality fiduciary management was 22%. **The overall DLR achievement was 72%**

Recommendation:

We recommend that this practice should be maintained and that releases/advances for all project activities must be accounted for together with performance reports. All financial information regarding budgets and expenditures submissions and budget performance reports should be prepared by the Project Accountant on monthly basis. Internal Audit should be at the Centre stage of verifying all transactions and issuing monthly reports in good time alongside financial reports produced by the Accountant.

Management Response

The project is being implemented as planned and plans have been made to achieve DLIs lagging behind.

7.3. Failure to Recover Money from a Withdrawn Student (CRES Project) – GH¢10,920.00

Criteria

The terms of agreement for the CRES Project state as follows;

“1. Your decision to withdraw from the program after one full academic year 2021/2022 to 2022/20233 into the life of the Project constitutes a violation of the terms and conditions of the CRES Project Scholarship.

2. You are directed to refund in **full**, all funds spent on your academic and research work under the CRES Project as part of the scholarship package which include school fees, monthly stipends and all research related expenses”

Condition

During the review of the WACWISA project for January to March 2023, the audit team discovered a discrepancy regarding a student who had withdrawn from the CRES Project Scholarship. According to our findings, the management of WACWISA requested the student to refund the full amount spent on their academic and research work, which amounted to Gh¢18,390.00. However, it was observed that only Gh¢7,470 has been paid by the student. This outstanding balance of Gh¢10,920.00 raises concerns regarding the recovery of the funds invested in the student's academic and research activities. *(See appendix 2 attached)*

Cause

Management did not follow up to ensure the balance is recovered.

Effect

It may lead to a breach of financial discipline.

Other potential students will be denied of the opportunity

Recommendation

We recommend that WACWISA's management follows up with the student to recover the outstanding payment back to WACWISA’s chest. This may involve initiating communication with the student to discuss the outstanding amount and setting up a repayment schedule that is mutually agreed upon. It is crucial to maintain appropriate documentation and records of these interactions and payment arrangements.

Management Response

Reminders have been sent to the withdrawn student to settle the indebtedness by end of July 2023.

7.4.Failure to Stamp a Paid Voucher "PAID"

Criteria

Best practices require that immediately after a voucher is paid the officer who made the payment shall stamp the voucher 'paid', together with all attached documents, adding the date. Where a payment is made by cheque, the cheque number shall be quoted on the voucher.

Condition

Contrary to the above, all the payment vouchers were processed and payments were made without the “PAID” stamp being applied to void the vouchers.

Cause

Management is not aware that it had to stamp “PAID” on all payment vouchers.

Effect

It may result in the said supporting documents being subsequently re-used as attachments to other payment vouchers providing an opportunity for double payment for one transaction.

Recommendations

We advise management to ensure that all payment vouchers and their supporting documents are voided by stamping “PAID” on them after payment.

Management Response

Notice have been duly taken on this and this shall be implemented from the second quarter of 2023.

8. CONCLUSION

In conclusion, while we identified certain weaknesses and areas for improvement, it is important to note that WACWISA has made commendable progress in its mission. We believe that implementing our recommendations will further strengthen WACWISA's governance, financial management practices, and overall effectiveness.

9. ACKNOWLEDGMENT

We would like to express our appreciation for the cooperation and assistance provided by the management and staff of WACWISA throughout the audit process. We hope that the findings and recommendations outlined in this report will serve as a valuable resource in guiding WACWISA toward continued growth and success.



30/06/2023

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