

**UNIVERSITY FOR DEVELOPMENT STUDIES**

**Internal Audit Directorate**

# **WACWISA PROJECT**



Building Capacities for Sustainable Solutions  
WACWISA

DEVELOPMENT STUDIES  
UNIVERSITY FOR

## **AUDIT REPORT FOR THE YEAR 2022**

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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 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 Centre Advisory Board (CAB) was formed in December 2022 whilst the Academic and Research Advisory Board (ARAB) was not constituted yet.

We recommend that WACWISA promptly addresses this issue by constituting the ARAB. These advisory boards 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 18 %. **The overall DLR achievement was 64%**

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 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.

### **4. Control Variance Analysis**

During the review of the WACWISA project for the year 2022, we noted that the control variance analyses for the year 2022 was not prepared.

We recommend that the Project Accountant should regularly analyse the budgeted figures against the actuals for proper decision making.

## 2. INTRODUCTION

We are pleased to present the year 2022 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 University for Development Studies (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 International Audit Standards and guidelines. The audit process encompasses various stages including planning, fieldwork, 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 year 2022.

## 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 Board members into the CAB and ARAB.

#### Effect

The early constitution of these advisory boards raises concerns regarding the oversight and strategic guidance required for the effective functioning of the Centre.

## **Recommendation**

We recommend early constitution of advisory Boards as their expertise will be valuable in guiding initiatives, ensuring alignment with its objectives, and enhancing the overall effectiveness of its operations.

## **Management Response**

Steps have been taken to constitute the ARAB immediately.

### **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 18%. **The overall DLR achievement was 64%.**

### **7.3. 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**

Recommendation has been well noted and all payments will henceforth be voided using the “PAID” Stamp.

**7.4. Control Variance Analysis****Criteria**

A budget helps maintain financial stability by tracking actuals against budgeted figures. This ensures proper decision making by management.

**Condition**

During the review of the WACWISA project for the year 2022, we noted that the control variance analyses for the year 2022 was not prepared.

**Cause**

The Project Accountant has not attached importance to the budget analysis.

**Effects**

Decision making will difficult and can be misleading.

**Recommendation**

We recommend that the Project Accountant should regularly analyse the budgeted figures against the actuals for proper decision making.

**Management Response**

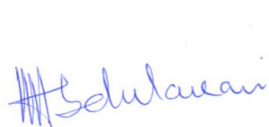
Recommendation has been duly noted and budget analysis shall be done for all activities and reports prepared accordingly on quarterly basis to support project administration and management

## 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.



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