



UENR University of Energy
and Natural Resources

**REGIONAL CENTER FOR ENERGY AND ENVIRONMENTAL SUSTAINABILITY
(RCEES)**

PROJECT ID: 6389-GH

MANAGEMENT LETTER

FOR THE YEAR ENDED 31st DECEMBER, 2023

UNIVERSITY OF ENERGY AND NATURAL RESOURCES

MINISTRY OF FINANCE (MoF)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

WORLD BANK

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The Centre Leader,
Regional Centre for Energy and Environmental Sustainability (RCEES)
University of Energy and Natural Resources
P.O. Box 214,
Sunyani, Ghana.

Dear Sir,

MANAGEMENT LETTER

**REGIONAL CENTER FOR ENERGY AND ENVIRONMENTAL SUSTAINABILITY
(RCEES) ON THE FINANCIAL AUDIT OF THE FINANCIAL STATEMENT FOR THE
YEAR ENDED 31ST DECEMBER, 2023.**


We have completed the audit of the Financial Statements of Regional Centre for Energy and Environmental Sustainability (RCEES), for the year ended 31st December, 2023.


We draw your attention in this report to certain matters which we identified during the audit of the Financial Statements and which, we consider, require your attention in line with International Standards of Auditing 265 which requires that we communicate appropriately to those charged with governance and management of the deficiencies in the internal controls that has been identified during the audit and that, in our professional judgment, are of sufficient importance to merit your attention.

Our report is designed to include recommendations that may help minimise errors and avoid weaknesses that could lead to material losses or misstatements. The Steering Committee and the Management is encouraged to consider these recommendations and to take the actions needed to remedy these weaknesses.

This report was generated from information and records provided by the Centre's Management. The audit was conducted for the Donors, represented by the Steering Committee and as requirement of the Africa Centre of Excellence (ACE) Development Impact Project funded by the World Bank through the Government of Ghana (GoG) and the report is issued for World Bank and the Government of Ghana (GoG) purpose only and should not be quoted or referred to, in whole or in part, without our prior written consent or by the operation of acceptable law or authority. We accept no responsibility to any third party in relation to the report except as provided in the immediately preceding sentence.

Yours faithfully,


Osei Asamoah Bonsu (ICAG/P/1013)


Asamoah Bonsu & Co. (ICAG/F/2024/155)

Accra

24^h June, 2024

1.0 INTRODUCTION AND AGREEMENT

The University of Energy and Natural Resources (UENR), is one of the African Universities that won a grant from the World Bank, through the Government of Ghana under the auspices of the Africa Centres of Excellence (ACE) Development Impact Project. The Project Agreement was signed on 18th October, 2019 by the Minister of Finance Mr. Kenneth Ofori-Attah representing the Government of Ghana and Pierrie Laporte the Country Director of Africa Region on behalf of the World Bank. The University then signed the Performance and Funding Contract with the Ministry of Finance and the Ministry of Education on the same date.

However, an amendment to this agreement was signed on 27 of November, 2023 by the Minister of Finance Mr. Kenneth Ofori-Attah representing the Government of Ghana and Bouthenia Guemazi the Director of Regional Integration Africa, Middle East and North Africa Region on behalf of the World Bank.

The Africa Higher Education Centres of Excellence (ACE) Project is a World Bank initiative in collaboration with governments of participating countries to support Higher Education institutions in specializing in Science, Technology, Engineering and Mathematics (STEM), Environment, Agriculture, applied Social Science / Education and Health.

The objective of the Project is to improve quality, quantity and development impact of post graduate education in selected Universities through regional specialization and collaboration.

As part of the performance monitoring process of the funds made available to the Centre, the procurement procedures and processes under the project shall be audited in accordance with adequate procurement audit standards.

2.0 FINANCIAL AUDIT REGULATORY FRAMEWORK

As required by the performance and funding Contract Agreement the audit will be carried out in accordance with the Ghana's Public Financial Management Act, 2016(Act 921), Public Financial Management Regulations, 2019 (LI 2378) and the Financial and Operation Manual of the Centre.

3.0 INTERNAL AUDIT UNIT

The Internal Audit Unit plays an oversight role on all payments.

All payments are pre-audited by the Internal Audit Unit of the University before payments are effected. This allows adequate check on payments and other transactions of the RCESS. The Internal Audit Unit also carries out quarterly post audit of all transactions of the Centre.

4.0 GOVERNANCE STRUCTURES

4.1 Finding

The Financial Operations Policies and Procedures Manual of the Centre Section 2.2 states the organogram and the Steering Committee as highest decision body of the Centre.

The Steering Committee of the Centre shall •

Provide policy direction and strategic guidance to the Centre;

- Have a responsibility of helping grow the Centre to achieve its vision of becoming a Global Centre of Excellence in its area of specialization;
- Assist in linking the Centre to key organizations and networks;
- Ensure the Centre Management complies with the operational guidelines outlined in this Manual.

There was no meeting or report from the Steering Committee for the year under review.

5.0 PROJECT DETAILS

The Project details were as follows:

Heading	Details
Project Name	Africa Centre of Excellence (ACE) Development Impact Project
Participating University	University of Energy and Natural Resources
Credit No.	6389-GH

6.0 PERIOD COVERED BY PROJECT

The Project was to cover a period of five (5) years, from 1st January 2019 – 31st December 2023. The total amount budgeted for the entire Project was SDR 4,608,000.00 (US\$6.4 Million Equivalent, SDR 0.71 = US\$1) for the University. The support was to come from World Bank through Ministry of Finance of the Government of Ghana.

7.0 SUMMARY OF PROJECT FINANCES AND UTILIZATION

The Project received a total grant for the year under review of US\$1,022,847.38 from financiers through GTEC. Additionally, Externally Generated Funds (EGF) of US\$269,617.94 was received bringing the total funds available to US\$1,292,465.32 Total expenditure incurred amounted to US\$1,571,181 leaving deficit a balance of US\$ 278,715.68 which was funded by the accumulated fund of US\$401,230. Leaving an accumulated fund balance of US\$122,514 to be carried forward to 2024 for the continuation of the Project

8.0 MANAGEMENT

The Project was managed by the Centre Management appointed by the University. The members are:

Name	Position	Institution
Prof. Eric Antwi Ofori	Centre Director	UENR STAFF
Prof. Samuel Gyamfi	Deputy Centre Director	UENR STAFF
Paul Nana Nketiah	Director of Finance	UENR STAFF
Stephen Yaw Ntiamoah	Financial Management Specialist	UENR STAFF
Siddick John-Baptist	Procurement Specialist	UENR STAFF
Samuel Akowua Okyereh	Project Coordinator	UENR STAFF

9.0 REVIEW OF FINANCIAL, ADMINISTRATIVE AND INTERNAL CONTROLS

9.1 Finding

The Financial and Operation manual and the Procurement manual for the Centre were the operational documents used by the University alongside the Financial, Administrative and Internal Controls of the Project which were situated within the UENR's Financial, Administrative and Internal Controls with the related Public Financial Management Act, 2016(Act 921), the Public Procurement Act, 2003, Act 663, as amended by the Public Procurement Act 2016, Act, 914. To this extent, the Financial and Administrative authorities of UENR had an oversight control over the activities and funds of the Project. The Vice-Chancellor, Director of Finance and the Director of Procurement of the University had oversight responsibilities in banking, procurement and payments transactions

PREVIOUS ISSUE

10.0 USE OF ACCOUNTING SOFTWARE

10.1 Findings

Section 11.2 of the Financial Operations Policies and Procedure Manual states that; "The Centre may use the University software system, Ebizframe for its financial transaction processing or procure an accounting software through competitive tender. The software shall meet the World Bank requirements with regard to modules and requisite Chart of Accounts, integration, data capture, reports and timely reporting."

10.2 Exception

The Centre did not use University software system as it had encountered a challenge and the software was not available for use for the year under review, Microsoft Excel was rather used by the Centre.

10.3 Issue

- a) Timely financial reporting could be delayed.
- b) The Financial Operations Policies and Procedure Manual was not adhered to.

10.4 Recommendation

It is recommended that an accounting software is procured for data capturing purposely for the Centre rather than depending on the University's software system.

10.5 Management Response

"The Centre took a decision to procure its own software in 2022 which it did not implement. The procurement of the software has been included in the procurement plan for 2023. The software will be procured by December 2023".

10.6 Auditor's Response to Management Response

Management should endeavor to implement plans set for the year. The Procurement of the software scheduled for December 2023 will be reviewed during subsequent audit.

10.7 Follow Up

Management though included the purchase of the software in their report failed to procure a software for the Centre.

10.8 Management Response

“Management started the process but because of lack of funds, the process was halted. Management has started the process again and by end of July 2024, the software shall be delivered”.

10.9 Auditor’s Response to Management Response

Management should ensure that the Software is obtained as soon as possible.

11.0 FIXED ASSET REGISTER

11.1 Findings

Section 15.1 of the Centre Financial Operations Policies and Procedures Manual states that “the Centre shall keep an up-to-date register of all its assets acquired under the Project. The purpose is to meet donor requirements by way of submitting timely capital equipment reports. Additionally, it will ensure accountability for all the Centre’s assets as it will facilitate the monitoring of the status of each asset.”

Section 15.2 of the Centre Financial Operations Policies and Procedures Manual states that “all the assets of the Centre shall be coded in a logical manner having regard to the nature of the asset. When designing a coding system, the following principles should be adhered to;

“a) Simplicity - to ensure the code is easy to use and also to minimize likelihood of errors.

“b) Unambiguity - each code should only refer to one asset.

“c) Flexibility - the code should be possible to add further categories

“d) Brevity - code should be kept short for ease of use and to reduce the chance of errors.

Section 15.3 states that “an alphanumeric code with references to the Centre, the University and the unique asset number shall be adopted.”

The following assets were acquired.

ASSET	SUPPLIER	DATE OF DELIVERY	AMOUNT\$
Equipment	AAU	19-Oct-22	32,000.00

11.2 Exception

The Fixed Asset register was yet to be updated to capture these assets.

Payment to AAU for equipment was yet to be made available to the Centre and did not go through the agreed procurement process of the Centre and the University

11.3 Issue

1. The internal control with regards to the maintenance and safeguarding the assets of the Centre was not being adhered to.

2. Physical verification of existence of the assets was difficult.

11.4 Recommendation

Management should ensure that all fixed assets kept by the Centre are coded as required.

11.5 Management Response

“The equipment for which payment has been made to AAU is for the procurement of Digital Education Studios Equipment. However, the procurement has not been completed by AAU and for that matter delivery has not been made”.

11.6 Auditor’s Response to Management Response

An official report should be provided to us by AAU on the progress of this procurement

11.7 Follow Up

An official report is yet to be provided and no evidence has been made available on the procurement process either.

11.8 Management Response

“Management is yet to receive the official report from AAU. The asset register shall be updated when the equipment’s are delivered”.

12.0 PROJECT DELIVERABLES

12.1 Finding

The University, per the agreement, was to achieve some set targets (deliverable) within specific time periods, after which subsequent funds would be released. Each target came with specific amounts of funds to be released to the University.

DELIVERABLE	RESULT EXPECTED	YEAR	AMOUNT TO RECEIVE
Institutional Readiness	Basic & Full	2019	US\$425,000 (SDR305580). Each
Development Impact	Progress to Impact & Development Impact	2021/2022	US\$30,000 (SDR21,570) per point in the score
Number of Students	PhD, Masters, Short term and Bachelor	2019- 2023	PhD students: USD\$0,000 per male national student, US\$12,500 per female national student, US\$12,500 per male regional student, and US\$15,600 per female regional student. Master Students: US\$2,000 per national student, US\$ 2,500 per female student, US\$4,000 per regional student and US\$5,000 per regional female student.

			<p>Short-course professional students: US\$400 per national male student, US\$500 per female national student, US\$800 per regional male student, and US\$1000 per female regional student.</p> <p>Bachelor Students: US\$1,000 per national male student, US\$1,500 per national female student</p>
Quality of Education/Research	Accreditation Steps, Publications, Infrastructure	2020-2022 2019-2023 2021-2022	<p>For accreditation <i>Not</i> scalable per accreditation step. Amount per step: US\$300,000 (SDR 215,705) per program internationally accredited by a pre-approved accreditation agency; US\$100,000 (SDR71.900) per program nationally/regionally accredited; US\$100,000 (SDR71,900) per gap-assessment/self-evaluation undertaken; US\$50,000 (SDR35,950) for new/revamped courses meeting international standards and approved by the Sector Advisory Board.</p> <p>For research publication: Scalable per article. Amounts: US\$10,000 (SDR7,190) per article co-authored by ACE Impact student/faculty and national partners; US\$15,000 (SDR10,785) per article co-authored with regional partners.</p> <p>For teaching and research infrastructure, the result is not scalable within each milestone. US\$300,000 (SDR215,705) per milestone</p>
Timeliness/quality of FM	Timely fiduciary report Functional oversight Web transparency Quality of Procurement	2019-2023 2019-2023	<p>Amounts: US\$22,000 (SDR15,820) for timely fiduciary reporting</p>

		2019-2023 2019-2023	<p>Amount US\$22,000 (SDR15820) for Functional institutional oversight of fiduciary management</p> <p>Amount US\$22,000 (SDR15,820) for Web transparency of ACE expenditures</p> <p>Amount US\$22,000 (SDR15,820) for Quality of procurement planning</p>
Institutional Impact	University Strategy Competitive Selection Institutional accreditation PASET Benchmarking Milestones for Institutional Impact	2020 2022 2020/2022 2020/2022 2023	<p>University-wide regional strategy: US\$100,000</p> <p>Open, merit-based competitive selection of the head of institution: US\$200,000 and US\$50,000 for an open and merit-based competitive selection of a dean;</p> <p>US\$200,000 for Institutional international accreditation; US \$75,000 each for gap assessment/self-evaluation.</p> <p>US\$50,000 for each year the university participates (up to 2 years)</p> <p>US\$100,000 per institutional impact milestone</p>

12.2 Exception

The following results had not been achieved as required by year ended 31st December 2023:

Result	Planned Results for 5 Year Implementation (2019 – 2023)	% Total Earned as at 2023
Institutional Readiness	2	100
Development Impact	4	50
Accreditation	4 Courses	85
PhD Students	47 Students	100
Masters Students	95 Students	100
Short term students	290 Student	93

Publications	50	100
Infrastructure	2	50
Entrepreneurship	1	0
External Revenue	SDR 957,000	100
Internships	160 Internships	98
Timely fiduciary report	5 Reports	92
Functioning Internal Audit Unit & Committee	5 Reports	69
Financial Online Transparency	5 Reports	100
University Regional Strategy	1	100
Competitive Selection	1	100
Institutional accreditation	2	100
PASET Benchmarking	2	50
Milestones on Institutional Impact	1	100

12.3 Issue

Some results were not achieved by the end of the year as indicated in the Centre’s Implementation Plan, especially Infrastructure of which all necessary funds had been provided.

12.4 Recommendation

The Centre Management should ensure the results are achieved and submitted on time as required by donors.

12.5 Management Response

Development Impact

- The AAU and WB are currently developing guidelines for assessing development impact. We will submit our results once these guidelines are finalized.

Short-Term Students

- We are currently running short by approximately 30 students to reach our DLI target. Ongoing and upcoming training sessions should bridge this gap by year-end.

Entrepreneurship

- While entrepreneurship milestones are behind schedule, some components are complete and ready for submission by June 2024, hoping to secure 50% of the results. Acceleration plans are in place to complete the milestones by year-end

Internships

- We are pleased to report a strong 98% completion rate for internships. This demonstrates the Centre's progress, and we are confident in achieving this DLI by the next verification window.

PASET Benchmarking

- The second stage of the PASET Benchmarking survey is due on Wednesday, June 25, 2024. The University's Quality Assurance office will complete the benchmarks, ensuring the Centre receives credit in the next results.

12.6 Auditor's Response to Management Response

Noted for subsequent review.

13.0 BANK ACCOUNTS

The Project had six current bank accounts as at 31st December 2023:

<u>Bank Account</u>	<u>Bank</u>	<u>Branch</u>	<u>Currency</u>	<u>Account Number</u>
Foreign Currency	Ecobank	Sunyani	US Dollar	3441002201802
Foreign Currency	Fidelity	Sunyani	US Dollar	1951321051116
Local Currency	Ecobank	Sunyani	Ghana Cedi	1441001392315
Local Currency	Fidelity	Sunyani	Ghana Cedi	1050321051121
Foreign Currency	Ecobank	Sunyani	Euro	2441002200083
Forex	Ecobank	Sunyani	Dollar	3441002216299

No evidence was provided for any other bank account on this Project. Bank reconciliation statements were prepared for the various bank accounts.

13.1 Exception

None.

13.2 Issues

None.

13.3 Recommendation

None.

14.0 REMITTANCE

14.1 Finding

The Project received two grants from the International Bank for Reconstruction and Development. (IBRD) International Development Association (IDA) during the year under review.

DATE	RECEIVED FROM	AMOUNT US\$
21- FEB-2023	GTEC	789,580.30
07- AUG-2023	GTEC	<u>233,267.08</u>
Total		<u>1,022,847.38</u>

14.2 Exception

None.

14.3 Issue

None.

14.4 Recommendation

None.

15.0 FIXED ASSET REGISTER

15.1 Findings

The Center's Financial Operations Policies and Procedures Manual section 15.1 on controls over non-current assets states, "The Centre shall keep an up-to-date register of all its assets acquired under the Project. The purpose is to meet donor requirements by way of submitting timely capital equipment reports. Additionally, it will ensure accountability for all the Centre's assets as it will facilitate the monitoring of the status of each asset."

Section 15.2 of the Centre Financial Operations Policies and Procedures Manual states that "all the assets of the Centre shall be coded in a logical manner having regard to the nature of the asset. When designing a coding system, the following principles should be adhered to;

"a) Simplicity - to ensure the code is easy to use and also to minimize likelihood of errors.

"b) Unambiguity - each code should only refer to one asset.

"c) Flexibility - the code should be possible to add further categories

"d) Brevity - code should be kept short for ease of use and to reduce the chance of errors.

Section 15.3 states that "an alphanumeric code with references to the Centre, the University and the unique asset number shall be adopted."

15.2 Exception

The Centre's asset register was not updated and assets seen had not been coded.

15.3 Issue

Difficulty in locating the assets of the Centre

This could lead to a reduction in the quality of asset maintenance and repair scheduling

The has been a breach of the Centre's own policy of asset.

15.4 Recommendation

Management should ensure that an up-to-date register is kept for assets and make it available for inspection and ensure that these assets are properly coded.

15.5 Management Response

“Management Accepts recommendation. A contract has been awarded for the coding of all assets. The asset register will be updated and made available for inspection after the contract has been fully executed by the end of June 2024”.

15.6 Auditor’s Response to Management Response

Noted for subsequent review.

16.0 RETIREMENTS

16.1 Finding

Special Accountable Imprest were made. The Centre requires these advances be retired as stated in the policy as follows;

Section 13.33 of the Centres’ policy states that: “Special Accountable imprest may be issued to staff to purchase specific goods/services. As a general rule, Special Accountable Imprest will be granted for field trips and other travel related expenditure. However, Special Accountable Imprest may be advanced to the Procurement Specialist to undertake procurement for the Centre as indicated in Section 13.7 above. Approved Special Accountable Imprest shall only be used for the purpose for which it was requested”

Again, its states in Section 3.36 that, “Special Accountable Imprest shall be retired within a maximum period of 21 days of collecting the imprest. Special Accountable Imprest for field trips which are normally of a long duration may be retired at the end of three months”.

Furthermore, Section 13.35 states that, “Imprest advanced to staff will be charged to the staff member’s account until retired”.

16.2 Exception

- i. The following Special Accountable imprest for research work were not retired within three months;

DATE	DETAILS	PAYEE	PV NUMBER	AMOUNT \$
13-02-23	Payment for second tranche of research funds	Jedaiah Akimsah	043/23	438.64
16-02-23	Payment for second tranche of research funds	Felix Adu-Tutu	044/23	2,065.71

16-06-23	Payment of First Tranche of Research support funds	Annie Isatu Turay	226/23	797.33
19-06-23	Payment for final tranche of research work	Daniel Manueina	229/23	461.10
29-06-23	Payment for first tranche of research funds	Bernard Otchere	260/23	737.75
18-07-23	Payment of first tranche of research funds	Emmanuel Kusi Addo	289/23	1,923.41
19-07-23	Payment of second tranche of research funds	Eric Nyarko	289/23	1,782.59
16-08-23	Payment for first tranche of research funds	Clementine Ayivi Donkenoo	320/23	1,189.63

ii. Special Advance for local activities were not retired within 21days

DATE	DETAILS	PAYEE	PV NUMBER	AMOUNT
30-01-23	Special advance for fuel to pick six (6) resource persons from Kumasi airport to attend the five-day professional workshop organised by the Centre and ACE-SPED University of Nigeria in Sunyani	Emmanuel Yeboah Asuamah	022/23	\$73.78
03-02-23	Special Advance for fuel to transport the team of facilitators who attended the 5-day conference organised by ACE-SPED University and the Centre	Emmanuel Yeboah Asuamah	031/23	\$138.33

15-03-23	Special Advance for fuel, printing and some materials meant for the impending students' Entrepreneurship Fair scheduled from March to April,2023	Edmond Amissah	085/23	\$461.10
15-03-23	Special Advance for fuel, printing and some materials meant for the impending students' Entrepreneurship Fair scheduled from March to April,2024	Edmond Amissah	086/23	\$461.10
15-03-23	Special Advance for fuel, printing and some materials meant for the impending students' Entrepreneurship Fair scheduled from March to April,2025	Edmond Amissah	087/23	\$461.10
21-08-23	Special Advance for conference travel and accommodation	Mark Amoah Nyansapoh	326/23	\$175.22
25-07-23	Special Advance for residential permit and Ghana ceard renewal	Annie Isatu Turay	293/23	\$83.00
03-07-23	Special Advance for residential permit and Ghana ceard renewal	Chu Donatus Iweh	271/23	\$83.00

16.3 Issue

There has been a breach of Centre’s Policy on retirement

Payments for research activities could not be verified

Funds might not be used for the purpose for which they were taken.

Funds might not be properly accounted for.

16.4 Recommendation.

Management should ensure that all special advances are retired at the time stipulated and necessary sanctions taken for not retiring.

16.5 Management Response

“Research funds are normally retired after the research work is completed. This is an exception so we will revise the operational policy to cater for all research funds.

Management accepts the recommendation and will ensure that all special advances granted are retired on time and apply the necessary sanctions where applicable.”

16.6 Auditor’s Response to Management Response

Noted for subsequent review.