

EGERTON



INTERNAL AUDIT DEPARTMENT

MEMORANDUM

TO: The Center Leader,

From: Ag. Chief Internal Auditor

CESAAM Project

REF: EU/VC/IA/CESAAM/109/Vol. 1/3

DATE: 15th July, 2018

RE: AUDIT OF CESAAM PROJECT

Criteria

An audit of CESAAM Project for the financial year 2017/2018 was carried out for six months (January – June 2018) with the following objectives:

1. To confirm that relevant laws, rules and regulations are followed as per the financing agreement (Eastern and southern Africa Higher Education Centers of Excellence Project – ACE II) between the Republic of Kenya and International Development Association.
2. To confirm that the performance and funding agreements have been executed in form and substance satisfactory to the association.
3. To confirm that monitoring and evaluation of the project progress was done and project reports prepared in accordance with the provisions of section 4.08 of the general conditions.
4. To confirm that project funds are properly accounted for as per the signed financing agreement with the donor.

5. To confirm that all goods, works and non-consulting services required for the project is procured in accordance with the requirements set forth in section I of the procurement Guidelines.

The following observations, risks and recommendations were made during the audit process:

1. Laws and Regulations

Observations

- i. That relevant laws and regulations were adhered to by the university in the implementation of the project plans as per the financing agreement.
- ii. That there was fulfillment of Disbursement Link Indicators (DLIs) and Disbursement Link Results (DLRs) as set forth in the schedule 4 of the agreement.

Risks/Implications

- i. Failure to comply with the applicable law & regulations as per the financing agreement can result in loss of funding from the donor.
- ii. Lack of proper fulfillment of DLIs and DLRs may also result in the loss of donor funding for the planned particular activities

Recommendations

Adhere to all the laws & regulations so as not to lose the expected donor funding so as to enhance the institution as the centre of excellence in sustainable agriculture and agribusiness management.

2. Project performance and execution

Observations

- i. That the project executed the planned activities as per the implementations plan (2016-2022).

- ii. That the outputs observed includes recruitment and award of scholarship to PhD and MSc students given to both Kenyans and Non-Kenyans.
- iii. Retooling workshops to build capacity of the university teaching and administration/finance staff.

Risks/Implications

- i. Failure to execute the planned activities within the set timelines may result in loss of donor funds hampering project activities.
- ii. Insufficient capacity building to the project and administration staff may affect proper implementation of the project plan.

Recommendations

Execute all the project plans and activities within the set timelines and approved budgets.

3.0 Financial Activities

This includes proper record maintenance of CESAAM projects books and accounts as per the financing agreement.

3.1 Project Income

Observation

All the project incomes for the audit period were receipted accordingly.

Risks/Implications

- i. Non- adherence to the projects financial rules and regulations may cause the donor to stop the funding and this may adversely affect CESAAM project activities.

Recommendation

Adhere to project financial rules and regulations at all times.

3.2 Project expenditure

Observations

- i. That the general project expenditures were done according to the project budget and financing rules and regulations set out in the financial agreement.
- ii. That the project activities and expenditure were executed as per the project implementation plan which includes; staff exchange fellowship program, Regional short courses development workshops, Support to continuing 22 Ph.D. students, Support to continuing 35 MSc. Students, Cesaam steering committee sub committees, Marketing Cesaam Project and its programs, Retooling workshop for staff, Project proposal development workshop and Renovation of PhD students offices in animal science among others.
- iii. That the transfer of Kshs. 1,000,000 (Kenya Shillings One Million) to Egerton University account was done as requested by the World Bank CESAAM settle the money loaned before World Bank funds were received.

Risks/Implications

- ii. Non- adherence to the projects expenditure rules and regulations may cause the donor to stop the funding and this may adversely affect CESAAM project activities.

Recommendation

Adhere to project expenditure rules and regulations at all times as set out under section II (B) financial management.

3.3 Reconciliation of CESAAM Project account

Observations

Bank reconciliation of CESAAM account covering the audit period was done and up to date.

Risks/Implications

Failure to adhere to proper financial rules and regulations is an offence under Public Financial Management Act Regulations 2015.

Recommendations

Proper financial rules and regulations must be strictly followed in accordance with the requirements set forth in section II (B) of the project execution in the financing agreement.

4.0 Procurement procedure

Observations

Procurement procedures, rules and regulations were adhered to as per public procurement and asset disposal act 2015.

Risks/Implications

Failure to adhere to proper procurement procedures in the process of acquisition of goods, works and non-consulting services is an offence under the procurement act.

Recommendations

Proper procurement procedures must be strictly followed in accordance with the requirements set forth in section I of the procurement Guidelines in the financing agreement.

5.0 Project Monitoring and Evaluation

Observations

- i. That the progress report of the project was done in order to evaluate if the planned outputs and activities have been achieved within the set timelines.
- ii. That a detailed project budget was set out in order to enhance the implementation of the planned activities.

Risks/Implications

- i. Failure to monitor and evaluate the progress of the project may result in unsatisfactory performance of the planned activities hence result in the loss of donor funds.
- ii. Non adherence to the approved budgets may affect the implementation of the projects activities as planned.

Recommendations

The project should regularly monitor and evaluate its activities to ensure all planned activities are implemented as per the financing agreement (ACE II).

Conclusion:

We appreciate the cooperation accorded to us during the entire audit period.

Thank you.



Robert K. Kirui

FOR: INTERNAL AUDIT MANAGER

