



MOI UNIVERSITY
An ISO 9001 – 2008 Certified Institution
INTERNAL AUDIT DEPARTMENT
INTERNAL MEMO

FROM: Ag. Chief Internal Auditor

DATE: 2nd October, 2018

TO: Vice – Chancellor

REF: MU/IA/VC/22/18/66

SUBJECT: PROCUREMENT AUDIT OF AFRICA CENTER OF EXCELLENCE (ACE II) IN PHYTOCHEMICALS, TEXTILE AND RENEWABLE ENERGY (PTRE)

Reference is made to our provisional report Ref. MU/IA/WB/25/1/19 dated 7th August, 2018 on the above subject matter.

This is our final report on the same and incorporates the responses from the Center Leader.

AUDIT OBJECTIVE:

To ascertain if the Center's procurement processes comply with the provisions of the Public Procurement and Asset Disposal Act, 2015.

SCOPE OF THE AUDIT:

The audit covered procurement processes for the period ending 30th June, 2018.

AUDIT FINDINGS AND OBSERVATIONS:

A. Procurement and asset disposal planning

Objective: To establish if the Center has a procurement and disposal plan based on an approved budget and the plan includes choice of procurement and disposal methods and certain percentages referred to under the Act.

Criteria: PPADA, 2015 Section 53 (2) states that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process. PPADA, 2015 Section 53 (10) requires that for greater certainty, the procurement and disposal plan approved shall include choice of procurement/disposal methods and certain percentages referred to under sub section (6) which requires all procurement and asset disposal planning to reserve a minimum of thirty percent of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups.

Condition: The Center's budget is used as the Center's procurement plan. The plan has not been prepared in accordance with the Regulations. It does not indicate the choice of procurement method or the reservation of a minimum of thirty percent of

the budgetary allocation for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups.

Risk: Non-Compliance to the PPADA, 2015. The Act recommends that any state or public officer who fails to prepare procurement and disposal plans shall be subject to internal disciplinary.

Recommendation: The 2018/2019 Procurement and Disposal plan should be prepared in accordance with the Act. It should state choice of procurement/ disposal methods for each procurement activity and certain percentages for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups.

Center Response: *The Center has been using the procurement format approved by the World Bank. The 2018/2019 Procurement and Disposal Plan will be prepared in accordance with the Act.*

Internal Audit Opinion: Response is adequate subject to verification during follow up audit.

B. Procurement by Request for Quotations—Prescribed maximum for readily available goods.

Objective: To establish whether a register of suppliers was used, the prescribed maximum value for using requests for quotations was adhered to and the procurement is for goods, works or non consultancy services that are readily available in the market.

Criteria: Public Procurement and Asset Disposal (PPAD) Act, 2015, Section 105: Request for Quotations states that a procuring entity may use a request for quotations from the register of suppliers for a procurement if the estimated value of the goods, works or non consultancy services being procured is less than or equal to the prescribed maximum value for using requests for quotations as prescribed in Regulations; the procurement is for goods, works or non consultancy services that are readily available in the market; and the procurement is for goods, works or services for which there is an established market.

Condition: Tests carried out on the request for quotation files revealed that the register of suppliers was used in sourcing for quotations from prequalified suppliers and the prescribed value for using requests for quotations of Kes. 1,000,000 was adhered to.

Recommendation: The Center should continue complying with the regulations.

C. Procurement by Request for Quotations

Objectives: To verify that request for quotations was given to as many persons as necessary to ensure effective competition; given to at least three persons and at least three persons shall submit their quotations prior to evaluation.

To determine if requests are given early enough so that the person has adequate time to prepare a quotation.

Criteria: Public Procurement and Asset Disposal (PPAD) Act, 2015, Section 106: requires a procuring entity to send to as many persons as necessary to ensure effective competition and shall be given to at least three persons, unless that is not possible, and at least three persons shall submit their quotations prior to evaluation and enough time is given to persons to prepare quotations.

Condition: Tests carried out revealed that at least three persons submitted quotations for evaluation.

Evidence provided showed that submission of request of quotations by the procuring entity to suppliers was done electronically. There were cases where inadequate/limited time was given to suppliers to submit their quotations. For example:

- i. Q/2017/2018/ACE-II PTRE/76 for the purchase of lab chemicals was sent on 13th October, 2017 and was to be submitted by suppliers by 19th October, 2017.
- ii. Q/2017/2018/ACE-II PTRE/214 for the purchase of lab chemicals was sent on 18th April, 2018 and was to be submitted by suppliers by 19th April, 2018.

Risk: Inadequate time given to suppliers discourages would-be suppliers to compete.

Recommendation: Adequate time should be provided to suppliers to submit their quotations. A request for quotation register should be kept as evidence that the requirement that as many persons were invited to bid is being adhered to.

Center Response: *A minimum of seven days is given to suppliers to respond to quotations. The dates highlighted were as a result of typing errors on the quotation forms.*

Internal Audit Opinion: Response is adequate subject to verification during follow up audit.

D. Procurement by Request for Quotations: Awarding and evaluation of quotations

Objectives: To establish if the quotation with the lowest price meets the requirements set out in the request for quotations, was awarded and prevailing market rates were considered before the award.

Criteria: Public Procurement and Asset Disposal (PPAD) Act, 2015, Section 106 (3); requires that the successful quotation shall be the quotation with the lowest price and that meets the requirements set out in the request for quotations and where the lowest price is above the prevailing market rates, the request for quotations shall be cancelled or terminated in accordance with the cancellation and termination procedures set out in Act.

Condition: Analysis of request for quotations evaluated did not reveal a price comparison with the prevailing market rates as indicated in the market price index list. It was therefore, not possible to determine if prices bid and awarded were within the prevailing market rates.

Risk: Procuring items above the prevailing market rates.

Recommendation: Evaluation of quotations should be completed with a comparison of bid/quoted prices with market prices before awarding.

Center Response: We have considered the market price during quotation evaluation and award though it was not indicated in the evaluation report. We shall incorporate the market price in future evaluation reports.

Internal Audit Opinion: Response is adequate subject to verification during follow up audit.

E. Procurement records.

Objective: To determine if procurement records are kept in compliance with PPAD Act, 2015; Section 68.

Criteria: PPADA, 2015 Section 68 requires an accounting officer of a procuring entity to keep records for each procurement after the resulting contract has been completed or, if no contract resulted, after the procurement proceedings were terminated. The records for a procurement shall include a brief description of the goods, works or services being procured; If a procedure other than open tendering was used, the reasons for doing so; if, as part of the procurement procedure, anything was advertised in a newspaper or other publication, a copy of that advertisement as it appeared in that newspaper or publication.

An accounting officer of a procuring entity shall maintain a proper filing system with clear links between procurement and expenditure files that facilitates an audit trail.

Condition: Tests carried out to confirm compliance to the requirement of Section 68 of the Act revealed that there is limited compliance. There was no reason provided for using a procedure other than open tendering and no copies of advertisements were kept.

Risk: Non-compliance to the Act which may result to internal disciplinary measures or penalties as provided for in the Act.

Recommendation: The Center procurement officer should maintain a proper filing system to ensure that the requirements of the PPADA, 2015 are adhered to. Reasons for using methods of procurement other than open tendering and copies of advertisements as it appeared in the newspaper should be made.

Center Response: *The copies of advertisements and tenders are available for verification. Reasons for using other methods of procurement other than open tenders shall be filed for verification though procurement has been within the stipulated threshold.*

Internal Audit Opinion: Response is adequate subject to verification during follow up audit.

F. Procurement of Air ticketing services through request for quotation method

Objective: To determine if the Center gets competitive lowest fares and air ticketing charges on the procurement of air ticketing services.

Criteria: Public Procurement and Asset Disposal (PPAD) Act, 2015, Section 106 (3): requires that the successful quotation shall be the quotation with the lowest price and that meets the requirements set out in the request for quotations and where the lowest price is above the prevailing market rates, the request for quotations shall be cancelled or terminated in accordance with the cancellation and termination procedures set out in Act.

Condition: Analysis of Local Purchase Orders, Quotations submitted and evaluated revealed that submission of bids by suppliers was non responsive and only two bidders were evaluated in most instances. Elgeyo Travel and Tours won majority of the quotations analysed.

Risk: Supplier manipulation and suppression.

Recommendation: Other methods of procurement methods should be explored to avoid being in contravention to the Act.

Center Response: The University Management is currently considering an MOU with the airlines with a view of procuring air tickets directly from them.

Internal Audit Opinion: Response is adequate subject to verification during follow up audit.

**G. Tender for the Supply and Delivery of Dyeing Machines:
MU/ONT/8/2017-2018**

Objective: To establish if the performance security for delivery of atmospheric dyeing machine to cover extension of delivery period was provided by the winning bidder.

Criteria: PPADA, 2015; Section 142 (1) states that subject to the regulations, a successful bidder shall submit a performance security equivalent to not more than ten per cent of the contract amount before signing of the contract.

Condition: Documentation provided indicated that the supplier requested for extension of delivery period by two to three months and the University accepted the extension. The University sent a letter to request the bidder to furnish it with performance security to cover the said extension.

Risk: Breach of contract and eventual loss to the University.

Recommendation: The University should pursue the performance security from the bidder since if the contract is not fully or well executed, the performance security shall unconditionally be fully seized by the University as compensation without prejudice to other penalties provided for by the Act.

Center Response: The supplier has been contacted to provide the performance security.

Internal Audit Opinion: The performance security will be verified once it is availed.

CONCLUSION:

We have audited the Center procurement processes/transactions and the overall assessment of the compliance for the period reviewed in relevance to the PPADA 2015, regulations and generally accepted principles of good practice. The sampled procurement processes/transactions reviewed were satisfactory.


CPA Margaret K. Gimaiyo

AG, CHIEF INTERNAL AUDITOR

Cc Ag. Deputy Vice – Chancellor (Finance)
Center Leader, ACE II PTRE



MOI UNIVERSITY
An ISO 9001 – 2008 Certified Institution
INTERNAL AUDIT DEPARTMENT
INTERNAL MEMO

FROM: Ag. Chief Internal Auditor

DATE: 2nd October, 2018

TO: Vice – Chancellor

REF: MU/IA/VC/22/18/65

RE: FINANCIAL AUDIT OF AFRICA CENTER OF EXCELLENCE (ACE II) IN PHYTOCHEMICALS, TEXTILE AND RENEWABLE ENERGY (PTRE)

Reference is made to our provisional report Ref. MU/IA/WB/25/1/18 dated 7th August, 2018 on the above subject matter.

This is our final report on the same and incorporates the responses from the Center Leader.

BACKGROUND

The Eastern and Southern Africa Higher Education Centers of Excellence (ACE II) Project supports the governments of eight countries - Kenya, Ethiopia, Malawi, Mozambique, Rwanda, Tanzania, Uganda and Zambia to collectively address key development challenges facing Eastern and Southern region through interventions in developing critically needed science and technology capacity.

African Center of Excellence in Phytochemicals, Textile and Renewable Energy (ACE II PTRE) of Moi University is one of the African Centers of Excellence project selected.

The Project Development Objective for the ACE II is to strengthen selected Eastern and Southern African higher education institutions to deliver quality post graduate education and build collaborative research capacity in the regional priority areas.

The project's duration is July 2017 to June 2021 and the total project financing is 6 million US Dollars. The disbursement of funds for the International Development Agency (IDA) credit and Grant that finances the ACE II project activities is based on the achievement of agreed upon Disbursement Linked Indicators (DLIs)/Disbursement Linked Results (DLRs).

Disbursement Linked Indicators and allocated amounts; DLR#1 on institutional readiness resulted to an amount USD 1,100,000 being received. Funds were disbursed when all conditions for effectiveness outlined in the legal agreements signed between the ACE hosting government and the World Bank were met and detailed implementation plan of ACE was approved by the Ministry in charge of Higher Education as part of the performance agreement.

AUDITORS RESPONSIBILITY

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Project's financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the Project's financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Project's financial statements, whether due to fraud or error.

An audit also includes evaluating the appropriateness of accounting policies used by the management, as well as evaluating the overall presentation of the Project's financial statements.

In presenting our audit findings and observations; Criteria means what should be (policy references, statutory requirements, best practices), Condition means what was found/observed, and Risk means potential risk to the project, that is, risk if condition continues as it is.

AUDIT OBJECTIVE

To ascertain if financial records, reports and statements are prepared according to acceptable accounting standards and guidelines.

SCOPE OF THE AUDIT

The audit of the project was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing and included tests and auditing procedures considered necessary.

Our audit covered financial statements/transactions for the period ending 30th June, 2018.

AUDIT FINDINGS AND OBSERVATIONS

1.1 PROJECT BANK ACCOUNT

Objective: To ensure that the project operates a bank account as per the International Development Agency and University financial procedures.

Criteria: A project bank account shall be opened at a commercial bank acceptable to International Development Agency.

Condition:

The Project operates a commercial bank account whose details are;

Bank: Kenya Commercial Bank

Branch: Eldoret

Account name: Moi University ACE II World Bank Project

Account Number: 1202447163

The account has three categories of signatories:

- i. Category A:

Prof. Isaac S. Kosgey –Vice - Chancellor
Prof. Daniel K. Tarus – Ag. Deputy Vice – Chancellor (Finance)

ii. Category B:
Mr. Joshua C. Koech – Ag. Finance Officer

iii. Category C:
Prof. Ambrose Kiprop – Center Leader.

One signature in category A and B is valid at any time, and category C is mandatory.

The bank account has been opened as per the International Development Agency and University financial procedures, and the signatories requirement also comply since one category comprises of Project's management and the second the staff accounting for the Project's funds.

1.2 PROJECT FINANCIAL RECORDS

Objective: To establish whether the financial records and statements are prepared in accordance with the financial reporting requirements of the World Bank procedures and guidelines, and revenue and expenditure posted is supported and eligible and comply with the requirements of Public Finance Management Act, 2012

A. Project Books of accounts

Criteria:

PFM Regulations, 2015. Section 74(6) (a) An Accounting Officer of a national government entity shall cause to be kept and maintained proper books of accounts and records in respect of all projects and donations;

Section 90 (1) Accounting Officers shall ensure bank accounts reconciliations are completed for each bank account and submit a bank reconciliation statement not later than the 10th of the subsequent month...

Section 100 Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts...

Condition:

- i. The books of accounts and relevant source documents have been kept.
- ii. Posting of entries to the cash book was not up to date, it was observed there were entries appearing in the bank statement and not in the cashbook.
- iii. The bank account reconciliation statements provided were erroneously prepared. For instance, the bank account reconciliation statement for the month of September 2017 indicated that the balances as per bank statement and cash book were Kes. 107,885,447.75 whereas the cash book balance was Kes. 126,980,297.75.
- iv. Deposits not in cashbook:
14th November, 2017 of Kes. 60,555 - Not Posted
21st November, 2017 of Kes. 121,632 - Posted and Reversed

15th December, 2017 of Kes. 25,000 - Posted and Reversed
15th December, 2017 of Kes. 48,330 - Posted
05th February, 2018 of Kes. 486,921.60 - Posted
07th June, 2018 of Kes. 4,000 - Posted
11th June, 2018 of Kes. 3,862 - Posted
19th June, 2018 of Kes. 259,166.65 - Posted
Payment not posted to cash book:
07th June, 2018 cheque no. 195 of Kes.71,300 - Posted

Risk: Misstatement of financial information.

Recommendation:

The Accountant should regularly update the cash book and undertake bank account reconciliations which should be checked and approved by the Finance Officer.

Center Response: *These amounts were receipted by cash office but due to system challenges, some entries have not been processed to finality hence being voided and not reflected in the cash book. The Center Leader is addressing the issue with DVC Finance. In addition, the bank account reconciliations have been undertaken.*

This has been updated. The cause was direct deposits in the Bank Statement not appearing in cash book. These are direct banking which either had not been receipted or if receipted had not been fully processed through the system. This correction has been effected and all are posted and fully processed.

Internal Audit Opinion: Response not satisfactory.

The following entries are still not posted to the cash book:

- i. Two entries of Kes.121,632 and Kes. 25,000 which had not been posted were posted and subsequently reversed, and
- ii. Deposit of Kes. 60,555 has not been posted. **DOC. I**

The updated bank account reconciliation has not been availed.

B. Project Renovation expenses

Criteria: The Maintenance Officer assesses and quantifies requirements for building repairs including works and materials. Materials are procured according to the specifications of the Maintenance Officer.

Condition: Material specifications prepared by the Maintenance Officer to support refund for the payment of renovation expenses including cost of works and materials was not attached to the request for refunds.

Risk: Misappropriation of funds.

Recommendation: Procurement of materials for renovations should be sanctioned by a specification order from the Maintenance Officer.

Center Response: *The specification order was not attached in the request for refund but it is available for verification.*

This has been corrected by attaching a request list by the Estates Officer.

Internal Audit Opinion: Response satisfactory. However, in future such materials should be procured and received as required by procurement procedures, such as issuance of Goods Received Notes (GRNs).

A. Accounting for Imprests

Criteria: PFM Act, 2012 Section 71 (2 and 3) a public officer to whom cash advance is made shall account for the advance within a reasonable period and return the balance of the cash advanced together with signed supporting documents for the expenditure incurred in accordance with any requirement set out in the documents used to apply for or authorise the advance, regulations prescribed or any written notice given to the officer by the accounting officer.

National Treasury circular on control of imprests requires imprest to be surrendered or accounted for within 48 hours following return from official journey or completion of an event.

1. Delay in surrender of imprest under spent

Condition: There was delay in accounting for imprests for up to two months, as indicated in the table below.

	Imprest No.	Name	PF No.	Chq. No.	Imprest amount Kes.	Amount spent Kes.	Under spent Kes.	Remarks
1.	IMP000447/18	Dr. F. Nyamwala	6329	16	1,467,000	1,240,350	227,550	Amount advanced on 25/9/17, under spent surrendered on 11/12/17, delay of over 2 months.
2.	IMP000593/18	Naomi Nkonge	4384	31	822,000	696,868	125,132	Amount advanced on 13/10/17, for a workshop on 16 th and 17 th October. Under spent surrendered on 22/11/17, a delay of 1 month.
3.	IMP001693/18	Naomi Nkonge	4384	202; 203; 204	1,750,000	1,550,500	200,000	Amount advanced on 8/6/18, for a short course on 11 th to 15 th June. Under spent surrendered on 12/7/18, a delay of 3 weeks.
4.	IMP001698/18	Dr. R. Ramkat	6441	208	121,210	87,980	33,230	Amount advanced on 12/6/18, for a meeting on 7 th June. Under spent surrendered on 28/6/18, a delay of 2 weeks.

Risk: Misappropriation of funds (teeming and lading).

Recommendation: Imprests should be accounted for within the specified period.

Center Response: Some imprests took long to account because they were not paid on the anticipated time and their functions had to be rescheduled, to meet the needs of some of the participants who were engaged on academic or other official duties. The members of staff have been sensitized according to the requirements of control over imprests circular.

Internal Audit Opinion: Response is adequate. However, officers should be reminded to surrender or account for imprest within 48 hours following return from official journey or completion of an event.

2. Imprests accounted with no evidence of travel

Condition: The following imprest was for money advanced to travel out of the country, but the accounting did not include boarding passes for the staff.

Imprest No.	Name	PF No.	Chq. No.	Amount	Purpose
IMP001305/18	Sheila A. Odhiambo	4827	107	374,422	Visit Ghent University from 20/3/18 to 10/4/18 for staff exchange programme.

Risk: Misappropriation of funds.

Recommendation: Imprests should be accounted for with all relevant documents attached.

Center Response: The Centre only provided the per diem component of the staff exchange programme. The beneficiary attended the exchange programme and accounted for the imprest including writing a report to support the trip. The member of staff has been requested to provide the boarding pass and it will be availed for verification.

Internal Audit Opinion: The boarding pass has been provided for verification and the response is satisfactory.

B. Overpayment of Subsistence Allowance

Criteria: Subsistence allowances shall be paid as per the approved rates in Salaries and Remuneration Commission's Circular on Allowances in the Public Service, 2014.

Condition: Two members of staff were paid subsistence allowances at rates higher than approved rates. Rates paid were for Nairobi and not for Nyeri and Nakuru respectively. The overpayment was Kes. 78,400.

Risk: Non-compliance with Government Circulars and financial loss.

Recommendation: Subsistence allowances should be paid as per the approved Government rates, and overpaid allowances should be recovered from the respective members of staff.

Center Response: The Center Leader has contacted the members of staff to refund the overpayment. The overpayment was an oversight during preparation of their allowances and measures have been put in place so as not to reoccur.

The affected members of staff have been notified and they will pay back the amounts overpaid.

Internal Audit Opinion: Response is satisfactory, subject to verification of amounts refunded by the affected members of staff during follow up audit.

1.3 PROJECT FINANCIAL STATEMENTS

According to Financial Accounting Reporting and Auditing Handbook (FARAH), the main feature of the Project's financial statements is the source and application of funds for the Project during the current year, and cumulatively since the start of the Project. Related comparisons of actual expenditures should be shown against projections, and explanations provided for significant variations.

The World Bank is interested in the total project, irrespective of whose funds are used to undertake a particular activity or operations in a project for which it has provided part of the funding. Application of funds should be summarized to show expenditures and allocations.

A. Statement of Sources and Uses of Funds (DOC. II)

Criteria: Preparation of a Statement of Funds received, showing funds from the World Bank, Project funds from other donors and counterpart funds separately, and of expenditure incurred.

Condition:

- i. The Statement of Sources and Uses of Funds for the period ending 30th June, 2018 has been prepared.
- ii. Funds and income received and expenditure incurred was verified to the bank statements and payment vouchers for the period.
- iii. Income from counterpart funds was Kes. 21,127,948.
Financing agreement between the University and the counterpart funds donor was not provided for examination.
- iv. The summarized expenditures do not tally with those reported in the Uses of Funds Statement.

Risk: Payment of unbudgeted expenses using Project funds.

Recommendation: Presentation of the Statement of Sources and Uses of Funds should be as per the prescribed format.

Center Response: *The statement of Sources and Uses of Funds has been corrected. The contract between Moi University and the Ministry of Education for consultancy services has been retrieved and is available for verification.*

Internal Audit Opinion: Response is not adequate;

The contract between Moi University and the Ministry of Education for consultancy services was not availed. A copy of a memo availed by the Center from the Ministry of Education-State Department for University Education to the Vice - Chancellor dated 4th January, 2018 stated that the contract document is being prepared for signing by the two parties. **DOC. III**

B. Uses of Funds Statement (DOC. IV)

Criteria: Preparation of Uses of Funds, giving a breakdown of expenditure for the period as per the expenditure classification in project implementation plan.

Condition:

- i. The Uses of Funds Statement for the period ending 30th June, 2018 has been prepared, giving a breakdown of expenditure for the period as per the Expenditure classification in project implementation plan.
- ii. Explanations provided for significant variations in regards to procurement challenges was inadequate as it did not address specific challenges faced.
- iii. The uses of funds (expenditure) was vouched to the payment vouchers and accounting for imprests.
- iv. The amounts posted to the statement do not tally with the specific classification class totals.
- v. It was noted during the audit that there was misclassification of expenditure: Payments vide cheque number 146 of Kes. 409,152 and 147 of Kes. 22,318 in relation to Refurbishment of Center Office buildings activity 1.5 were classified under activity 4.4 Purchase of Laboratory consumables and softwares.

Risk: Non-compliance with procedures.

Recommendation: Uses of Funds should be prepared in accordance with the World Bank requirements, and all records/ documents should be maintained.

Center Response: *The Uses of Funds Statement has been corrected and the specific classification class totals tally to the statement. The misclassification has been corrected.*

Explanation has been enriched with further details.

Internal Audit Opinion: Response is not satisfactory, explanations provided for significant variations are general. Specific procurement challenges are not mentioned.

C. A list of Non-Current Assets procured to date using Projects funds.

Objective: To confirm that purchases of fixed assets have been recorded in the Property, Plant and Equipment register and in the correct general ledger account.

Criteria: Asset register is maintained and up to date and posted to the general ledger.

Condition: The Asset register is maintained but it is not yet posted to the general ledger account.

Risk: Misappropriation of assets.

Recommendation: An assets register should be maintained and expenditure posted to the general ledger account.

Center Response: *The Finance Officer is posting the assets to the general ledger and will be availed for verification.*

Copy of Moi University Assets Register is attached.

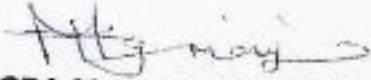
Internal Audit Opinion: Response is not satisfactory.

The availed copy of the asset register is inconclusive since a list of assets maintained on excel spreadsheet does not reconcile with this copy. **DOC. V**

CONCLUSION

We have audited the Project's financial statements and confirm that the reports presented are a true and fair reflection of the project operations for the period reviewed.

The Center, however seems to be having challenges in absorption of funds budgeted and should accelerate the progress of its activities in the next financial year so as to reach the recommended level of 80%.



CPA Margaret K. Gimaiyo
AG, CHIEF INTERNAL AUDITOR

Cc Ag. Deputy Vice – Chancellor (Finance)
Center Leader, ACE II PTRE

DOC I

MOI UNIVERSITY

10:12:01:8 12:37:02PM
G/L Transactions Listing - In Functional Currency (GLP/L31)

Include Accounts With No Activity
Include Trans. Optional Fields
From Period
To Period
For Year
Sort By
From Account No.
From Account Group
Last Year Closed
Last Posting Sequence

Account Number Prd	Source	Date	Description/ Reference	Posting Seq.	Batch Entry	Debits	Credits	Net Change	Balance
2811 01	CB-CB	7/31/2017	KCB MLI ACE II World Bank Project Account BANK CHARGES DC - JULY 17	174003	325622-1		2,155.00		111,335,834.00
02	AP-PY	8/3/2017	Net Change and Ending Balance for Fiscal Period 01: 0000000001	155930	325550-1		431,800.00	-2,155.00	
02	AP-PY	8/3/2017	KENYA COMMERCIAL BANK - ACE II STAFF HONK 0000000002	155930	325086-1		507,600.00		
02	AP-PY	8/3/2017	KENYA COMMERCIAL BANK - STAFF PAYMENTS 0000000003	155930	325893-1		128,000.00		
02	AP-PY	8/21/2017	NGONGE NAOMI N. 0000000004	155930	325640-1		15,000.00		
02	AP-PY	8/22/2017	ALIENGA JAYNE W. 0000000005	155930	325675-1		25,600.00		
02	CB-CB	8/22/2017	KERICHI ANASTACIA C. AMANN CHERUS	168357	351193-1	2,000.00			
02	CB-CB	8/21/2017	WAKIBET MOHAMMED KB17-000036	168357	351193-2	2,000.00			
02	CB-CB	8/21/2017	WAWAPE CHIKOKOL MWEENA KB17-000037	168357	351193-4	1,971.00			
02	CB-CB	8/16/2017	WENON - MIPESA LHMNIN'ZR 254721532061 SOI KB17-000035	168357	351193-5	2,000.00			
02	CB-CB	8/17/2017	WPSAMUEL NGURE KB17-000030	168357	351193-6	2,000.00			
02	CB-CB	8/28/2017	WNNONIRHELELO MPOFU SHERON TECIPOMO KB17-000041	168357	351193-7	2,000.00			
02	CB-CB	8/22/2017	WAPHOPE BAXTER ROCUBE CHANDIMBA KB17-000038	168357	351193-8	1,972.00			
02	CB-CB	8/18/2017	WACULLO JENSON KB17-000033	168357	351193-9	2,000.00			
02	CB-CB	8/18/2017	WABICHANGA DENNIS ONDERO KB17-000034	168357	351193-10	2,000.00			
02	CB-CB	8/17/2017	WAPURITY WAKURU KIMOTHO KB17-000032	168357	351193-11	2,000.00			
02	CB-CB	8/17/2017	WABIAWSON K TARUS KB17-000031	168357	351193-12	2,000.00			
02	CB-CB	8/24/2017	WAKONDWANI T GONDWE KB17-000031	168357	351193-14	4,443.00			

Account Number/ Fund Source	Date	Description/ Reference	Posting Seq.	Batch Entry	Debits	Credits	Net Change	Balance
06 AP-PY	12/8/2017	0000000006 KIPROP AMBROSE K	155355	334937-17		35,900.00		35,900.00
06 AP-PY	12/8/2017	0000000006 NKONGE NAOMI N	155305	334937-20		9,700.00		9,700.00
06 AP-PY	12/7/2017	0000000009 COMMISSIONER OF DOMESTIC TAX	155855	334935-1		22,523.00		22,523.00
06 AP-PY	12/7/2017	0000000008 FUTURETECH COMPUTERS SOLUTIONS LTD	155855	334954-1		414,871.00		414,871.00
06 AP-PY	12/7/2017	0000000007 KENYA COMMERCIAL BANK - STUDENT STIPEND	155855	334955-1		85,000.00		85,000.00
06 AP-PY	12/11/2017	0000000070 NKONGE NAOMI N	155355	335074-1		157,500.00		157,500.00
06 AP-PY	12/22/2017	0000000007 GITHINJI NUGUNA DAVID	157147	335803-1		358,000.00		358,000.00
06 AR-UC	12/15/2017	03544MR3, NKONGE NAOMI N KB17-000047	175855	372049-3	48,330.00			
06 CB-CB	12/11/2017	63294NYAMWALA FREDRICK OLUD KB17-000046	160359	351185-1	227,550.00			
06 CB-CB	12/15/2017	43844NKONGE NAOMI N KB17-000047	175856	372052-1	44,330.00			
06 CB-CB	12/15/2017	43844NKONGE NAOMI N KB17-000047	178995	372052-1		48,330.00		
06 CB-CB	12/15/2017	28334CHIRCHIR KIRWA KB17-000048	175875	374173-1				
06 CB-CB	12/15/2017	28334CHIRCHIR KIRWA KB17-000048	175875	374173-1				
		Net Charge and Ending Balance for Fiscal Period 06:						
07 AP-PY	1/5/2018	0000000002 KENYA COMMERCIAL BANK - GOVERNMENT CLE	163378	340774-1		1,910,400.00	-1,289,306.00	111,100,017.75
07 AP-PY	1/11/2018	0000000004 ELGEYO TRAVEL & TOURS LTD	160438	340835-6		52,350.00		
07 AP-PY	1/11/2018	0000000003 SIRIKWA ELDORET HOTEL LIMITED	160443	340840-1		3,500.00		
07 AP-PY	1/15/2018	0000000005 MOI UNIVERSITY CHS IGU ACCOUNT	160599	340983-1		12,000.00		
07 AP-PY	1/22/2018	0000000008 RIVATEX EAST AFRICA LTD	160583	340988-17		57,552.00		
07 AP-PY	1/30/2018	0000000000 COMMISSIONER OF DOMESTIC TAX	160583	340988-18		5,139.00		
07 AP-PY	1/30/2018	0000000008 NLENGA JAYNE W.	160580	341005-2		15,000.00		
07 AP-PY	1/30/2018	0000000007 COMMISSIONER OF DOMESTIC TAX	160590	341005-3		6,309.00		
07 AP-PY	1/30/2018	0000000008 GELSUP LABORATORY EQUIPMENT SUPPLIES	160590	341005-4		115,641.00		
07 AP-PY	1/30/2018	0000000009 COMMISSIONER OF DOMESTIC TAX	160590	341005-5		909.00		
07 AP-PY	1/30/2018	0000000004 COMMISSIONER OF DOMESTIC TAX	160520	341005-6		16,671.00		

DOC II

AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECT (IH4847)

Statement of Sources and Uses of Funds
For the Semi-Annual period ending 30th June 2018

Sources of Fund	Semi-Annual Period ending December 2017 Kshs.	Cumulative for Financial Year End JUNE 2018 Kshs.
Opening Cash Balance		
Government Funds		
World Bank IDA Funds	111,595,000.00	111,595,000.00
Student Fees		86,512.75
Others		
Total	111,595,000.00	111,681,512.75
Add Receipts		
Government Funds		
World Bank IDA Funds		259,166.65
Student Fees	86,512.75	86,512.75
Donor funds attracted		21,127,948.90
Others		1,655,342.45
Total Financing	111,681,512.75	134,835,709.45
Less: ACE Expenditure as per Project Implementation Plan		
1.0 Set-up institutional framework for commencement of	5,094,011.00	14,939,186.00
2.0 Strengthen education capacity excellence - quality	2,729,966.00	15,677,266.00
3.0 Education Capacity & Development Impact	87,700.00	158,700.00
4.0 Strengthen Research Capacity excellence - quality	6,443,344.00	35,194,181.00
5.0 Strengthen education and research capacity (through increased financial sustainability) and demonstration of value to students and partners		
6.0 Observation of best practices in ACE financial operations		
7.0 Observation of best practices in ACE procurement		
8. Donor funds expenses		6,225,266.00
9. Others		
Total Uses of Funds by Components	19,355,021.00	52,065,818.00
Closing Balances	92,326,489.75	82,739,178.45
Government Funds		
World Bank IDA Funds	92,229,977.00	65,983,814.65
Student Fees	86,512.75	158,338.75
Donor funds attracted		14,802,682.60
Others		1,655,342.45
Total Closing Cash Balance	92,326,489.75	82,739,178.45

NOTES:

1. CURRENCY CONVERSION RATE USED IS 1000 = KSH. 103.2.

2. Total amount of kshs 2,042,000 of imprests were drawn in June 2018 and accounting done after 30th June 2018. This amount has NOT been included in the preparation of IFR (see IMPREST worksheet attached). Accounting has since been done except for IMP001/76/18 for kshs 30,800.

Prepared by: Kines Gichir
Accountant

Checked by: Dr Alex Rantala
Deputy CL

Approved by: Prof. Andrew Kiprop
Center Leader

Observation Ref. e

DOC III

(4)



REPUBLIC OF NIGERIA

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR UNIVERSITY EDUCATION

Original: 10/01/2018
Request: 10/01/2018
Received: 10/01/2018
First published: 10/01/2018
Revised: 10/01/2018
Version: 1.0

2000-2001
TRANSITION
10/01/2001
10/01/2001
10/01/2001

MINISTRIES/3/61/VOL 1

4th January, 2018

The Vice-Chancellor
Mar University
P.O. Box 3900
ELOCRI

RE: TRAINING OF TEACHING STAFF AT MASTER'S AND DOCTORATE LEVELS IN
ENGINEERING AND APPLIED SCIENCES TENDER NO. MUE/ST/01/2018

There is a decision on the Ministry of Education and the African Development Bank have approved
Mar University to tender for the training of university teaching staff at Master's and
Doctorate level in Mechanical Engineering at a contract price of Kobo shillings Thirty Eight Million
thousand (Kobo shillings 38,000,000) only under the C/01/ADP Support to HEST Project.

The list of training programme is shown in the table below:

Programme	State	Female	Total	Contract Price	Total (Kobo)
Mechanical Engineering	2	1	18	2,000,000	23,000,000
Mechanical Engineering	11	2	15	1,200,000	15,000,000
Total					38,000,000

The purpose of the letter is to inform you that the University has now made arrangements to admit the
qualified students as in the attached list submitted under by the university. The contract document is
being prepared for signing by the two parties.

Signature

MR. EMMAHAW KORUNGU
FOR: PRINCIPAL SECRETARY

POL UNIVERSITY AFRICA HIGHER EDUCATION CENTRE OF EXCELLENCE PROJECT (191847) Uses of Funds (Continued) for the semi-annual period ending June 2018									
Expenditure	Semi-Annual Period ending, DEC 17			Variation for Financial Year End			Explanation of Variance	PMTA Use of Funds	Revised PMT
	Actual Kshs	Planned Kshs	Variance Kshs	Actual Kshs	Planned Kshs	Variance Kshs			
Expenditure Classification 1 - per Project Implementation Plan									
1.0 Policy, institutional framework for commencement of the ACE	6,364,071	37,894,325	14,715,894	14,303,198	27,227,025	10,207,304			
2.0 Strengthen education capacity excellence - quality and productivity	2,723,086	16,117,082	11,441,602	15,377,248	26,258,044	12,675,289			
3.0 Education Quality & Development/Innovation	37,730	118,200	43,550	189,700	2,758,020	2,668,320			
4.0 Strengthen Research Capacity excellence - quality and productivity	6,413,741	47,484,757	30,375,513	15,784,151	55,369,027	29,674,324			
5.0 Strengthen education and research capacity through increased financial sustainability and diversification of value to students and partners	-	-	-	-	-	-			
6.0 Observation of best practices in ACE financial operations	-	-	-	-	51,025	51,025			
7.0 Observation of best practices in ACE procurement operations	-	-	-	-	51,025	51,025			
Sub Total	15,525,628	104,693,170	14,701,247	45,970,352	113,414,181	67,653,345			
1.0 Policy, institutional framework for commencement of the ACE	-	-	-	-	-	-			
1.1 Policy, institutional framework for ACE administration, procurement, financial management, independent evaluation committee for award of scholarships and research grants, monitoring and evaluation (standard operating procedure)	686,500	515,250	114,250	686,500	515,250	144,250			
1.2 ACE Implementation team working on world bank proposals	1,673,708	2,180,600	728,132	1,873,783	2,180,600	373,178			
1.3 Education quality excellence - quality and productivity	136,113	380,750	186,583	194,773	380,750	186,583			
1.4 Strengthening research capacity excellence	1,592,811	16,520,819	14,928,008	6,818,913	18,500,000	5,701,187	Procurement challenges		
1.5 Conduct research for self evaluation of project progress and industry linkage committee meeting	1,240,350	1,075,820	432,380	1,261,580	2,411,600	1,150,020			
1.6 Collecting and analyzing data for evaluation, reporting and M&E on education and research	-	15,325	15,325	-	30,675	30,675			
1.7 Policy and best ACE implementation strategies	112,850	122,250	9,400	200,000	220,500	37,500	There were more meetings than anticipated		
1.18 ACE Operational Cost	2,248,285	7,738,750	7,738,750	4,303,782	4,345,300	4,041,518			
Sub Total	5,679,311	22,158,875	14,715,182	14,818,186	27,227,825	12,287,819			
2.0 Strengthen education capacity excellence - quality and productivity	-	-	-	-	-	-			
2.1 Gender sensitization on procurement training for the group of staff	-	-	-	-	-	-			
Sub Total	-	-	-	-	-	-			
2.0 Advertisement of activities	451,000	-	1,000,000	950,000	818,250	86,250	slight over cost		
2.1 MSc Fellowship	262,500	5,200,000	4,786,400	5,319,500	7,850,000	1,215,400	additional salary by lecturers attached		
2.2 PhD Fellowship	-	5,472,250	5,472,250	4,189,000	5,895,120	1,676,120			
2.3 GTI Upgrading, E-learning establishment	380,000	-	1,000,000	1,036,517	5,193,000	3,622,983			
2.4 Research facility in support of the ACE research and development	-	1,440,000	1,440,000	1,000,000	1,445,000	147,000			
2.5 Develop short courses as in the plan	-	380,750	380,750	244,800	378,125	378,125			
2.6 Office development and equipment	-	515,250	515,250	-	1,145,150	1,145,150	Individual activities to be carried out		
2.7 Institutional capacity development in computer, data system, leadership and monitoring and evaluation (leadership and data system) workshop	1,240,350	1,075,820	136,480	1,261,580	1,380,600	119,020	done		
Sub Total	2,729,350	14,177,819	11,447,969	15,277,387	28,281,544	13,074,157			
3.0 Education Capacity & Development Impact	-	-	-	-	-	-			
3.1 Cultural Seminars and language training	37,730	118,200	15,550	27,730	175,250	15,550	done		
3.2 Voluntary professional support	-	200,750	200,750	-	1,000,000	1,000,000	Individual activities to be carried out		
3.3 Development of a new MSc program in agro-technology	-	100,000	100,000	12,000	410,000	387,000			
3.4 Collaborating with partnership of Applied Sciences, Engineering and Technology (FAST) and research for post graduate for second year	-	-	-	-	1,246,305	1,246,305	To be carried out in next financial year		
Sub Total	37,730	518,950	416,300	42,730	2,781,555	2,431,810			
4.0 Strengthen Research Capacity excellence - quality and productivity	-	-	-	-	-	-			
4.1 Upgrade of Tissue laboratory and Physiological research laboratory renovation stage for primary look up	-	30,375,513	30,375,513	2,780,100	35,838,732	21,124,320	Procurement challenges including delivery time international material		
4.2 Laboratory equipment installation, consumables and online	-	-	-	-	1,230,500	1,230,500			
4.3 Laboratory equipment maintenance, consumables, safety training, cleaning	-	1,000,000	1,000,000	1,000,000	2,371,250	1,371,250			
4.4 Support of faculty and ACE team to establish a new center of Understanding in agriculture, Technology, and Fisheries	378,475	1,000,000	718,325	635,503	2,369,000	1,733,497	To be carried out in next financial year		
4.5 Faculty PhD studies (on research on specialized skills, fisheries, mobility)	250,000	1,000,000	675,000	3,274,161	2,455,075	1,694,882	only completed		
4.6 Support Faculty to attend Grand proposal	-	320,750	320,750	-	515,250	515,250			
4.7 Faculty/Students conference research	-	-	-	12,000	1,000,000	1,000,000	activity to be carried out in next financial year		
4.8 Professional skills training and conference attendance logistics (Travel, Facilities, communication, stationery, publication, data, insurance)	-	643,150	643,150	258,007	1,285,300	1,127,293	Individual activities by lecturers attached		
4.9 Maintenance, insurance and service research vehicles (ACE vehicles/Motors)	-	494,025	494,025	162,182	1,070,500	870,318	Minibus not acquired		
4.10 Procurement of ACE operational local motor vehicles for ACE centers field activities and meetings	2,400,000	2,540,500	240,500	2,400,000	2,645,500	245,500	expenditure on vehicle purchase prior approval of committee		
4.11 Training, development and exchange for ACE researchers, procurement, administrative, financial and management staff and support staff working under ACE	370,000	410,000	40,000	483,200	518,250	35,050	done		
Sub Total	8,441,324	48,497,137	38,365,813	15,184,151	61,628,361	19,674,829			
5.0 Observation of best practices in ACE financial operations	-	-	-	-	51,025	51,025			
6.0 Observation of best practices in ACE procurement operations	-	-	-	-	51,025	51,025			
Grand Total - Uses of Funds	19,255,952	24,093,273	14,718,241	45,816,352	113,414,181	67,653,345			
NOTE: CURRENTLY CONVERSION RATE USED IS USD = KSH 100.35									

NOTE: CURRENTLY CONVERSION RATE USD 1: KES 100.00

Prepared by: Kinwa Cherotich
AccountantChecked by: Dr Rose Samrat
Deputy C.F.Approved by: Prof Andrew Kirop
Campus Leader