

Africa Regional Scholarship and Innovation Fund (RSIF) for Applied Sciences, Engineering and Technology

Grant No.: P165581 - IDA D3470 and TF A8639 & TF B1033

Audit Period: 01 January 2019 to 30 June 2020

icipe Internal Audit Report submitted to The World Bank Group

17 November 2020

INTRODUCTION

Following a recommendation from the RSIF World Bank Implementation Support Mission of March 2019¹, the *icipe* Internal Audit unit undertook an audit of RSIF operations. The audit aimed at assessing the design and operating effectiveness of the key internal controls relating to operations of RSIF, particularly the management of funds.

Approach and Scope of the Engagement

The review adopted a risk-based audit approach to assess RSIF systems of accounting, and management. Expenses and reports were reviewed to validate their accuracy, completeness and validity. The review covered payment of tuition, research fund and stipend in addition to other expenses like consultancy costs, professional fees, and various purchases. We also reviewed time sheets supporting staff costs. The scope covered the operations of the RSIF project for the period 01 January 2019 to 30 June 2020.

Specifically, the audit was prepared to assess the following:

- The design and operating effectiveness of the internal controls relating to the RSIF program² with emphasis on validation of payments made, particularly, to AHUs and Scholars.
- Compliance with relevant *icipe* and World Bank policies and procedures, partnership agreements and the RSIF Operational Manual.

Observations and Recommendations

Background to RSIF and progress in RSIF implementation

In December 2018³, *icipe* adopted the existing RSIF Operational Manual, which has details on the objectives, governing principles, procedures and guidelines for the program, from the Association of African Universities (AAU). The Manual was later revised by *icipe* on 30th July 2019 and is continually

¹ See Aide Memoire for the World Bank Implementation Support Mission to *icipe* dated 22 April 2020.

² During the time of the review, the RSIF Program had received project support from the World Bank (US\$15m), Korea (US\$9m), Kenya, Rwanda (US\$2million each) and Cote D Ivoire (US\$1million).

³ The RSIF WB Project to *icipe* became effective on 24 September 2018.

updated to incorporate best practices. As part of the program roll-out, *icipe* signed partnership agreements with ten (10) AHUs on 7th October 2019 and later with Kenyatta University on 3rd June 2020. The partnership agreements formalized the partnership between *icipe* and the AHUs, setting out obligations of partners to further RSIF program objectives. In addition, 13 International Partner Institutions (IPIs) have been brought on board, through MoUs entered with PASET. Relevant tripartite agreements between AHUs, IPIs and *icipe* are at various stages of preparation.

Good practices:

The review of RSIF operations noted the following good practices:

- Relevant documents e.g. invoices, student scholarship agreements and university partnership agreement have been used to support payments including university tuition fees, student research funds, and supervisor incentive fees.
- Maintenance of payment schedule for students that keeps track of university tuition fees, research funds and supervisor incentive fees being paid during the period of the scholarship.
- Adherence to procurement procedures when procuring goods and services.
- Consultants costs that are supported with contracts and deliverables that have been certified before payment.
- Preparation of quarterly student reports to support renewal of the scholarship for the students.
- Preparation of timesheets to support staff costs.

The internal audit review noted the following areas relating to disbursements and accounting of funds to AHUs and scholars where improvements are needed and, in most cases, ongoing:

- i) As per the RSIF Operational Manual (Dec 2019) and agreements between *icipe* and the AHUs, the scholars and the AHUs were to submit quarterly students reports , biannual technical and financial reports respectively to *icipe* to support subsequent disbursements of funds to universities (tuition fees / student research fund/ supervisor incentives). While signed quarterly reports were submitted by all scholars, there were significant delays in receiving the bi-annual financial and technical progress reports from the AHUs for the first cohort of students.
- ii) A further review noted delay in disbursement of research fees and supervisor incentive fees to AHUs due to late submission of invoices from AHUs for the first cohort of students. For instance, fees for year two (i.e. May 2019 to April 2020) for most universities were paid in April 2020 a year after completion of the academic year. Part of the challenge arose from the requirements within the initial agreements between AHUs and AAU, for which certain cost items were not clear. While the agreement separated the two– tuition fees and supervision/research fees as accountable advances, the AHUs treated both in the same manner as upfront unaccountable payments. This situation has been addressed in the agreement between *icipe* and the AHUs.
- iii) The review identified a few instances especially in the first quarter of 2019 where student stipends were disbursed to students before submission of the quarterly reports. In addition, a few reports had a few sections which had not been fully completed by the students including missing signatures from supervisors. As per the partnership agreement with universities, the RSIF PhD Scholars were expected to provide *icipe* with fully completed and signed, quarterly progress reports. For purpose of ensuring continuity and that the students do not run out of funds, other documents, like student’s invoice and scholarship agreement, were used to support the payment of stipends. The review noted that subsequent payments were done in full compliance from the end of the year 2019 and the first half of 2020.

Recommendations:

- Finalize and fully implement the revised combined student/supervisor progress report.
- RCU should follow up with AHUs to ensure that invoices, biannual technical and financial reports are submitted to *icipe* on time to facilitate early disbursement of fees, research fee and supervisor's incentive fee.
- RCU to continue to monitor closely the research progress of the students through the quarterly reports and ensure that all the sections of the reports are duly completed and monitored.

RCU response:

1. RCU continues to roll-out and expand the program and continues to improve program processes and procedures.
2. RCU has made follow up with AHUs who are yet to submit biannual technical and financial reports as requested by the agreements between AHUs and *icipe*.
3. RCU has also simplified the reporting requirement which will focus on research progress to ensure quality management of the increasing number of scholars.
4. RCU is not providing overheads to universities and hence has recognized that it would not be practical to request for detailed transactional reporting and copies of supporting documents, which would require dedicated university staff for RSIF financial reporting.
5. All the students have been sensitized on the requirement to prepare and provide complete student reports for each quarter.
6. *icipe* is also preparing a management information system to enhance efficiencies.
7. Improvements are being revised into the RSIF operational manual to be shared with the Executive Board (EB) by December 2020.

CONCLUSION

The engagement concludes that controls were adequate except for the areas noted where improvements are ongoing. *icipe* continues to strengthen the internal processes of the program by updating the RSIF operational manual, partnership agreements and by implementing recommendations related to the internal audit review.