

REDEEMER'S UNIVERSITY EDE, OSUN STATE
Project Internal Audit (IA) Report

Project Name and State	ACEGID RUN EDE, OSUN
Project ID	P126974
IDA Credit/Grant No.	IDA / R2014 – 0089
Implementing Agency	REDEEMER'S UNIVERSITY
Effectiveness Date	AUGUST, 2014
Closing Date	31/12/2018
Credit/Grant Amount	\$3,766,785.00
Project Duration	FOUR AND A HALF YEARS
Remaining Period to Closing	1 YEAR
Disbursed Amount to date & Percentage	\$1,937,791.09; ₦147,172,326.60
Period Covered by Review	JANUARY TO JUNE, 2017
Internal Auditor	BANJO ADEYEMI

EXECUTIVE SUMMARY

- The internal audit has been conducted in accordance with the required standards.
 - The Centre's Management and the financial management team is obliged to ensure that:
 - Proper accounting records are maintained
 - Internal control measures are instituted which, as far as is reasonably possible to safeguard the assets
 - Actions are taken to prevent fraud and other irregularities
 - Applicable accounting standards are followed
 - During this period the Internal audit has been ensuring compliance with the controls put in place by the International and local standards and regulations.
 The records checked are cash books, bank reconciliation statements, receipt booklets, bank statements, payment vouchers, retirement journals and correction journal vouchers

IA REVIEW: FINDINGS AND ACTION PLAN

These were our findings

2.1 BUDGETING:

Pro-rata apportionment is necessary where the budgeted item covers periods, which exceeds the period covered by this report, that is January to June, 2017.

Summary of the budget and actual expenditure for the project from January 2017 to June 2017 is shown below.

	GRAND TOTAL		
BUDGET (₦)	ACTUAL (₦)	VARIANCE	% VARIANCE
548,861,250.00	286,228,554.81	262,632,695.19	47.85

Components and work plan classifications:

Disbursement link result 1 focuses on regional specialization, improving the administrative and planning capacity of ACEGID; disbursement link result 2 focuses on Excellence in Education, Research Capacity and Development Impact. Actual expenditures for the period under review were classified into milestones based on the description of the expenditure and the classification of such expenditure in the agreed work plan.

Analysis of budgeted and actual expenditure based on their components and classifications are given below:

JANUARY TO JUNE 2017				
	BUDGET (₦)	ACTUAL (₦)	VARIANCE	% VARIANCE
Disbursement link result 1	60,900,000.00	77,211,385.84	-16,311,385.84	-26.78
Disbursement link result 2	487,961,250.00	209,017,168.97	278,944,081.03	57.17
	548,861,250.00	286,228,554.81	262,632,695.19	

Analysis of the budget performance based on Disbursement link results indicated a negative variance of 26.78% for Disbursement link result 1 and a positive variance of 57.17% for Disbursement link result 2.

Recommendation: Advertisement can be improved upon to attract more regional students.

2.2 Accounting

The Centre's accounting is carried out following applicable accounting standards. Suitable accounting policies are adopted and consistently applied. The going concern basis is used, unless it is inappropriate to presume that the Centre will continue in operation.

2.3 Internal Controls

Adequate internal control measures have been taken because the Project activities go through the normal University procedures.

Test of controls were done including segregation of duties, physical control, approval and authorization procedures, control over assets (including maintaining properly updated fixed assets register).

2.4 Effectiveness of Management Oversight including Audit Committees

The University Audit Committee has held a number of meetings this year. The Vice Chancellor, Acting Bursar and Head of Audit are carried along with the activities of the Centre.

2.5 Funds Flow

The Centre is being funded by World Bank; other projects are carried out by the Centre Director. These include H3 Africa and JWARG which is being funded by the United States Army.

Recommendation

More project proposals can be written to attract more funders.

2.6 Financial Reporting.

A 100% review of expenditures showed in the FMR to the relevant vouchers and other supporting documents were carried out.

The IFR reports are being prepared and submitted promptly to the Bank.

2.7 External Audit.

The financial statements of ACEGID for twelve months ended 31st December, 2016 had been audited by BBC Professionals, a firm of External Auditors. Observations raised in the Management Control Report have been attended to adequately.

The Report has been submitted to the Bank within the stipulated period.

2.8 Disbursements and submission of Withdrawal Applications.

Withdrawal application has been submitted. Withdrawal application is based on verified results; also a disbursement (foreign currency) was received in April, 2017.

2.9 Fraud and Corruption.

There were no cases of fraud and corruption. The Centre has adequate controls in place.

2.10 Payment Procedures:

A 100% review of all expenditures and incomes was done. No ineligible expenditure was embarked upon because the project undergoes pre-audit procedures (the usual practice in the University system). The Centre's payment procedures go through the normal University procedures.

2.11 Physical verification by on-site visits, third party/beneficiary confirmation:

The Internal Audit inspects all items being purchased and observed the effectiveness of services rendered both within and outside Nigeria.

2.12 Procurement activities

The Deputy Centre Leader, Project Manager and Procurement Officer are responsible for the preparation, presentation and defense of the work plan subject to approval by the World Bank team. Any modifications are effected by them. There is also a procurement plan.

The procurement procedures in place were adequate to ensure that:

1. Values were received in respect of funds released to suppliers and other service providers
2. Items purchased meet the requirements of the Centre
3. The Procurement officer handles all procurements.

2.13 Other matters

There was no change in project staffing during the period under review.

3.) Action Plan

Status of Previous Internal Audit Action Plan

Issues	Agreed Actions	By Whom	Status
1. Some account titles and descriptions on payment vouchers are incorrect	Account titles and descriptions will be corrected	Accountant	Done
2. Figure should be adjusted to put into consideration the adjusted price of the office cabinet, the account title should also include all items in a particular transaction.	Figure should be adjusted and additional account title added	Accountant	Done
3. General ledger-differences were observed in the opening balances	Opening balances will be adjusted	Accountant	Done

Issues	Agreed Actions	By Whom	Status
carried forward from 30/6/16 to 1/7/16, while some do not have opening balances.			
4. Accounting codes were not written on quite a number of the payment vouchers examined	The payment vouchers will be coded	Accountant	Done

Status of External Audit Findings

Issues	Agreed Actions	By Whom	Status
1. The Centre's expenditures on wages and salaries were verified only through payment vouchers and bank advice as there was no staff payroll maintained by the Centre.	Project staff payroll was not prepared in 2016 due to very few number of project staff. The Centre has started preparing Project Staff payroll with effect from January, 2017	Project Accountant	Done
2. The Centre has accumulated unremitted withholding taxes	The outstanding withholding taxes will be remitted to FIRS as soon as possible via Redeemer's University	Project Accountant	Done
3. The Property, Plant and Equipment (PPE) belonging to the Centre were properly coded and labelled.	Proper coding and labeling of PPE will be sustained	Project Accountant	Done

New/Updated Internal Audit Action Plan

Issues	Agreed Actions	By Whom	By When
1. Differences were observed in the opening balances	No difference between opening and closing balances. Find attached Trial	Project Accountant	

Issues	Agreed Actions	By Whom	By When
carried forward to 1 st January, 2017 from December, 2016; while some do not have opening balances December, 2016	balance as at December, 2016 after External Audit.		
2. Some cash advances takes too long before being retired	The Officers involved will be informed	Project Accountant	Before next Audit
3. Wrong figure posted in a receipt booklet	The receipt will be adjusted	Project Accountant	Done
4. Cheque numbers to be written on payment vouchers	Subsequently, Cheque numbers will be written on payment vouchers	Project Accountant	Done

Persons met in the course of review
Project Accountant

Sign:
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Project Internal Auditor