

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	31/12/2019
Credit/Grant Amount	\$8 million
Project Duration	FOUR AND A HALF YEARS
Remaining Period to Closing	2 YEARS
Disbursed Amount to date	Disbursed in naira -N147,172,326.60 Disbursed dollar -\$2,937,780.09
Period Covered by Review	JULY TO DECEMBER, 2017
Internal Auditor	BANJO ADEYEMI A.

EXECUTIVE SUMMARY

The internal audit was conducted in accordance with the required standards by the World Bank's financial management.

OBJECTIVES

To ensure that

- I. Proper accounting records are maintained
- II. Internal control measures are instituted which, as far as is reasonably possible to safeguard the assets
- III. Actions are taken to prevent fraud and other irregularities
- IV. 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 were cash books, bank reconciliation statements, receipt booklets, bank statements, payment vouchers, retirement journals, correction journal vouchers and fixed asset register.

INTERNAL AUDIT 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 July to December, 2017.

Summary of the budget and actual expenditure for the project from July to December, 2017 is shown below.

	GRAND TOTAL		
BUDGET (₦)	ACTUAL (₦)	VARIANCE	% VARIANCE
548,861,250.00	54,861,999.67	493,999,250.33	90.00

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:

JULY TO DECEMBER, 2017				
	BUDGET (₦)	ACTUAL (₦)	VARIANCE	% VARIANCE
Disbursement link result 1	60,900,000.00	24,987,455.55	35,912,544.45	58.97

Disbursement link result 2	487,961,250.00	29,874,544.12	458,086,705.88	93.88
	548,861,250.00	54,861,999.67	493,999,250.33	

Analysis of the budget performance based on Disbursement link results indicated a positive variance of 58.97% for Disbursement link result 1 and a positive variance of 93.88% for Disbursement link result 2.

Recommendation: New strategies may be introduced to increase the number of students enrolled, introduce new programmes, embark on the construction of the Centre building and new MOUs may be introduced.

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 meetings. The Vice Chancellor, Acting Bursar and Head of Audit are carried along with the activities of the Centre because the normal university procedures are adopted for financial activities.

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 and collaborations may be made with smaller organizations which would advertise the Centre even at the grass root and make more impact on the society.

2.6 Financial Reporting

A 100% review of expenditures showed in the Financial Management Report were checked to the relevant vouchers and other supporting documents.

The Interim Financial 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, 2017 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 Disbursement and Submission of Withdrawal Applications

Withdrawal application is based on verified results; a disbursement (foreign currency) was received in November, 2017.

2.9 Fraud and Corruption

There was no case of fraud and corruption. There are adequate controls in the Centre.

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 defence 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.

Final ratification is given at the management meeting held bi-weekly before procurement is done.

2.13 Other matters

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

ACTION PLAN

New/Updated Internal Audit Action Plan

Issues	Agreed Actions	By Whom	By When
1. Accounting codes are not specified on the payment vouchers	Noted and to be corrected	Project Accountant	Before next audit
1. No ledger has been created for withholding tax – individual, both limited liability company and individuals are posted in limited liability company ledger	One Withholding tax ledger was created for both individual and Limited Liability Company because ACEGID transactions are few	Project Accountant	
2. PV 177; it was posted to entertainment and not seminar & training as indicated on the GL	The posting is correct but necessary adjustment will be done on the voucher.	Project Accountant	Before next audit
3. Receipt number 062 , Diamond bank Current account- N250= was written on the receipt; while N200= was written on the supporting document and general ledger	The duplicate R/N 062 was affected by the alteration on R/N 061. The amount on R/N 062 is N200 not N250		
4. Bank Reconciliation statement: Diamond bank (current account) July 2017; the bank charges per audit is N4, 322.24 while per bursary is N4, 322.68	Bursary figure of N4, 322.68 for bank charges is correct. However, 0.44 should not be an issue		

Status of Previous Internal Audit Action Plan

Issues	Agreed Actions	By Whom	By When
1. Some cash advances takes too long before being retired	The Officers involved will be informed	Project Accountant	Done

OPINION – Internal Audit

The financial statements and activities for the period under review are satisfactory.

RECOMMENDATIONS

- i. The accounting codes should always be specified on the payment vouchers to allow easier accessibility to users of the financial statements
- ii. The withholding tax account for individuals should be separated from that of the limited liability companies to avoid mix-ups during tax planning
- iii. Anytime adjustments are made on the accounts, all affected postings should be corrected
- iv. All necessary precautions should be taken when issuing receipts or making alterations.

Persons met in the course of review

Project Accountant

Banjo Adeyemi A.

Project Internal Auditor