

REDEEMER’S UNIVERSITY EDE, OSUN STATE
Project Internal Audit Report

Key Information on the Project

Project Name and State	ACEGID RUN Ede, Osun, Nigeria
Project ID	P126974
IDA Credit/Grant No.	IDA / R2014 – 0089
Implementing Agency	Redeemer’s University
Effectiveness Date	August, 2014
Closing Date	31/3/2020
Credit/Grant Amount	\$8 million
Project Duration	Four and half years
Remaining Period to Closing	Closed
Period Covered by Review	April to July, 2020
Internal Auditor	Banjo Adeyemi A.

1.0 Executive Summary

This audit covered the period April to July, 2020 and was conducted in accordance with the World Bank’s Financial Management guidelines and requirements of the International Financial Reporting Standards. During the period under review, the Internal Audit ensured compliance with the internal control measures put in place by the University in addition to other regulatory requirements by the Nigerian Government. Records checked include cash books, bank statements, bank reconciliation statements, receipts, payment vouchers, General Ledger and Interim Financial Report. These were reviewed in order to eliminate the risks of non-compliance with the agreed financing agreements.

1.1 Objectives

To ensure that:

- i. proper accounting records are maintained.
- ii. internal control measures are instituted which, as far as is reasonably possible safeguard the assets of the project.
- iii. actions are taken to prevent fraud and other irregularities.
- iv. applicable accounting standards are properly and consistently followed.
- v. financial transactions conform with the financing agreements and only eligible expenditures are made.
- vi. to confirm the existence and accuracy of the balances shown in the records.
- vii. evaluate the Internal Control System in operation to ensure effectiveness, efficiency and economy.

2.0 Internal Audit Review: Findings and Action Plan

2.1. Budgeting

Summary of budgeted and actual expenditure for April to July, 2020 is highlighted below:

Budgeted Expenditure	Actual Expenditure	Variance	%Variance
₦	₦	₦	
548,861,250.00	455,849,191.32	93,012,058.68	16.95

2.2. Components and work plan classifications:

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

Component/Classification	Budgeted Expenditure	Actual Expenditure	Variance	%Variance
	₦	₦	₦	
Disbursement Link Result 1	60,900,000.00	32,503,003.09	28,396,996.91	46.63
Disbursement Link Result 2	487,961,250.00	423,346,188.23	64,615,061.77	13.24
	548,861,250.00	455,849,191.32	93,012,058.68	16.95

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.

2.3 Accounting

The Centre's accounting processes and procedures were carried out following applicable accounting standards. Suitable accounting policies were adopted and consistently applied. The going concern basis is used, as it has been presumed that the Centre will continue in operation in the foreseeable future.

2.4 Internal Controls

Adequate internal control measures are in place. The Project activities go through the normal University procedure for processing of transactions which includes 100% pre-payment auditing. Test on controls were carried out including segregation of duties, physical control, approval and authorization procedures, control over assets which includes the proper maintenance of fixed assets register.

2.5 Effectiveness of Management oversight including Audit Committees

The University Audit and Risk Management Committee, a committee of Council, performs oversight functions on the financials of the University and those of ACEGID are not exempted. The minutes of meetings of the Audit and Risk Management Committee are available on ACEGID website.

2.6 Funds Flow

The Centre is being funded by World Bank. Other projects carried out at the Centre include Human, Heredity and Health in Africa (H3 Africa), Biotechnology and Biological Sciences Research Council, National Institutes of Health (NIH), Coalition for Epidemic Preparedness Innovations (CEPI), Wellcome Grant, Joint West Africa Research Group (JWARG) and Audacious Sentinel Project.

2.7 Financial Reporting

A 100% review of expenditure presented in the Financial Management Report was carried out. Expenses were checked to the relevant vouchers and other supporting documents. The Interim Financial Reports were prepared and submitted promptly to the Bank.

2.8 External Audit

The External Audit for the period ended 31st July, 2020 is yet to be finalized.

2.9 Disbursement and Submission of Withdrawal Applications

Withdrawal application is based on verified results.

2.10 Fraud and Corruption

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

2.11 Payment Procedures

A review of all expenditure was done. No ineligible expenditure was expended. All transactions carried out at the Centre were in accordance with the financing agreements.

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

The Internal Audit inspects all items purchased to confirm delivery. All Fixed Assets are in their proper places.

2.13 Procurement Activities

The Deputy Centre Leader, Project Manager and Procurement Officer are responsible for the preparation, presentation and defense of the work plan. After approval by the World Bank procurement experts/team, the procurement plan becomes a working document. The Procurement Officer handles all procurements as contained in the 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.

3.0 Action Plan

3.1. New Internal Audit Action Plan at 31st July, 2020

S/N	Audit Observation	Implication	Auditee's Response	Recommendation/ Further Comments by Audit
1	<p>Observations on fixed assets:</p> <p>a. Depreciation was not calculated on some fixed assets as follows</p> <p>i. Purchase of Toyota Tacoma (Wellcome Trust): N13,417,742.02</p> <p>ii. Purchase of Software (Sentinel V2.0 Project) (Audacious Sentinel): N8,929,446.29</p> <p>iii. Purchase of furniture & components (ACE): N116,866,014.14</p> <p>b. Incorrect postings in respect of the following:</p> <p>i. Generator N4,108,321.31: This was posted into a different project</p> <p>ii. Accumulated depreciation on IT equipment (JWARG): N4,108,321.31</p>	<p>Incomplete and/or inaccurate financial information may lead to wrong decision making.</p>	<p>a. According to IAS 16, depreciation of an asset begins when the asset is available for use. This applies to observation in serial numbers i, ii and iii.</p> <p>b. The heading in respect of Generator has been changed from BBSRC to CEPI. In addition, accumulated depreciation on IT equipment has been adjusted.</p>	<p>Noted.</p>
2	<p>The withholding taxes calculated for both limited liabilities and individuals were posted in a single column in the cash book</p>	<p>This can be misleading.</p>	<p>The withholding taxes for both Limited Liability and Individuals Companies and have always been posted in a single column since inception, henceforth it will be split.</p>	<p>Audit had raised this observation in previous audits with a response from auditee to do the needful.</p> <p>That it will be split henceforth is</p>

				equally noted.
3	<p>These payment vouchers were posted into different account names in the cash book.</p> <p>i. Purchase of laboratory equipment (ACE): PV 13; N26,684,459.20 posted to laboratory consumables in cash book.</p> <p>ii. Redeemer's University ICAN deduction (ACE): PV 6; N3,000.00 posted to per diem in cash book.</p> <p>iii. Purchase of office equipment (ACE): PV 1; N470,000.00 posted to bank charges in cash book.</p> <p>iv. RUN ICAN deduction (ACE): PV 134; N3,000.00 posted to withholding tax in cash book.</p>	Distortion of the financials may occur.	Observations have been adjusted	Noted.

3.2 Review and Status of Previous Internal Audit Action Plan at 31st March, 2020

S/N	Audit Observation	Agreed Actions Response	By Whom	Status
1.	Duplicated entries in the General Ledger: GNV 93, 94, 95, 96 and 97.	This is coincidence of reference numbers. But noted for correction.	Project Accountant	Done

4.0 Person met in the course of the Audit: Project Accountant.

The Internal Audit appreciates the Centre Director, the Project Accountant, and other members of the ACEGID team for their usual cooperation.

5.0 Conclusion:

The Centre financial activities are in line with the World Bank financing agreement.

Banjo Adeyemi A.
Project Internal Auditor