



UNIVERSITY OF PORT HARCOURT



**WORLD BANK AFRICA CENTRE OF EXCELLENCE
FOR PUBLIC HEALTH AND TOXICOLOGICAL RESEARCH (ACE PUTOR)**

From: Internal Auditor

To: Vice Chancellor

Date: 23rd September, 2022

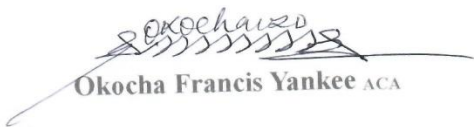
Throu: Centre Leader

Sir,

INTERNAL AUDIT REPORT

Please, see the Internal Audit Report of ACE-PUTOR for the Period January to June,
2022 as presented below,

Thanks,


Okocha Francis Yankee ACA

**WORLD BANK CENTRE OF EXCELLENCE
CENTRE FOR PUBLIC HEALTH AND TOXICOLOGICAL RESEARCH
UNIVERSITY OF PORT HARCOURT
RIVERS STATE
NIGERIA.**

**PROJECT INTERNAL AUDIT (IA) REPORT
FOR JANUARY – JUNE, 2022**

Key Information on the Project

Project Name and State	Centre for Public Health and Toxicological Research
Project ID	PI69064
IDA Credit/Grant No	6510-NG
Implementing Agency	University of Port Harcourt
Effectiveness Date	2019-2024
Closing Date	December, 2024
Credit/Grant Amount	\$6 Million
Naira Equivalent (@ N411/IS)	2,466,000,000
Disbursed Amount to date (\$)	1,654,501
Disbursed Amount to date (N)	₦680,000,000
Percentage disbursed to date	27.58%
Project Duration	5 Years
Remaining Period to Closing	2 Years and 6 Months
Period Covered by Review	January-June, 2022
Internal Auditor	Okocha Francis Yankee

1.0 EXECUTIVE SUMMARY

This routine Audit, carried out in accordance with the World Bank's Operations Manual, Financial Management and Disbursement Policies, Procedures and Guidelines, in line with the Federal Government's Financial Regulations, 2009, and covering the period January - June, 2022 saw the examination of the Cash Book, Bank Statements, Payment Vouchers, Fixed Assets Register, Bank Reconciliation Statements, Trial Balance, Ledgers, Receipt and Payment Accounts, as well as the External Audit Report and Management Letter for the year ended 31st December, 2021, to check for authorization and to determine whether, cash transactions were posted promptly, errors and omissions were detected and corrected, bank reconciliations were carried out as prescribed, expenditures were budgeted for, and comparing them with the actual for variance determination purposes. Also, the entire system of internal control was reviewed to identify weaknesses.

The exercise found that, of the period-approved budget of N588,141,000, a total expenditure of N416,215,148.87 was incurred. Also, maintaining two accounts for the Centre, Payments Accounts and monthly Bank Reconciliation Statements were prepared for the relevant accounts, and the Cash Book were updated monthly. The external audit report as examined showed that the external auditors made some comments on the financial statement as audited. All payments passed through Internal Audit and were duly approved and paid via remita transfer. There is adequate segregation of duties, the Audit Committee has made positive impacts on the project, the project Financial Management System is adequate and with minimal financial risk, reasonably assuring that Project Funds are well utilized in line with World Bank guidelines. Also, all the E-mandates and Payment Vouchers were signed by the Centre Leader and Project Accountant. However, there were disagreements between Bank Reconciliation and the Cash Book, and, though there exists a Fixed Assets Register, most of the assets are not coded.

2.0 IA REVIEW: FINDINGS AND ACTION PLAN

2.1 BUDGETING:

Budget (₦)	Actual (₦)	Variance (₦)	Variance %
588,141,000.00	416,215,148.87	171,925,851.13	29.23%

The sum budgeted from January to June, 2022 amounted to ₦588,141,000.00. Actual expenditures amounted to ₦416,215,148.87 leading to a positive variance of ₦171,925,851.13 or 29.23% for the period. This is shown in the chart below:

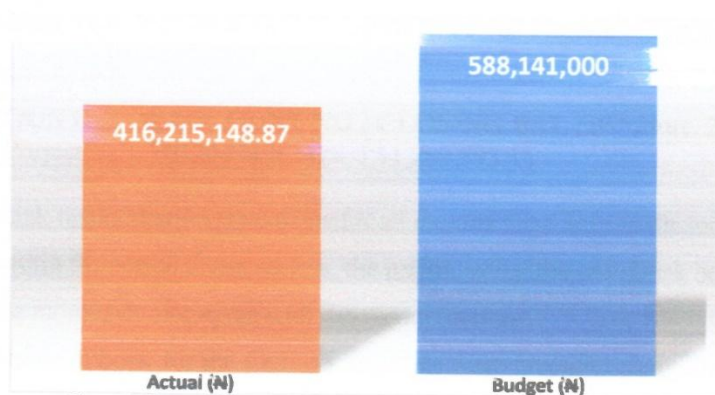


Chart 1: Expenditure Budget Performance for January - June, 2022.

- The Budget was denominated in US Dollar but actual expenditure was incurred in Naira.
- The exchange rate used in converting US Dollar to Nigerian Naira was \$1 to ₦411.

2.2 ACCOUNTING

Observations:

- International Public Sector Accounting Standards (Cash Basis IPSAS) was used in preparing the accounts. Also, the uniform accounting software for all ACE Centers in Nigeria was deployed for the preparation of the books of accounts.

2.3 PAYMENT PROCEDURES

- a. All Payments were done via remita transfers.
- b. All Payment Vouchers raised were signed by the Project Accountant and counter signed by the Center Leader.
- c. Payments were raised in favor of approved beneficiaries as evidenced on the Payment Vouchers.
- d. The Centre operates a Naira denominated Treasury Single Accounts (TSA), called TSA Project with the Central Bank of Nigeria. The details of the account are;

ACCOUNT	ACCOUNT NO	CLOSING BAL (30 th June, 2022)
TSA Project	0120474961128	51,269,793.15

- e. Bank reconciliation statements for all months were not satisfactorily prepared within the period under review, the reason is that the cash book balances in all the months do not agree with the reconciliations.
- f. The cash book for the Centre's accounts were prepared using the accounting software and adjusted accordingly to reflect the adjusted cash balance after monthly reconciliations.

Effects: Inadequate reconciliation may not give the true state of affairs of the Centre, hence may lead to wrong interpretations in the event of financial indiscipline.

Management Response: This is an Accounting Software-related problem that will be taken up with TOKUNS, the Software developer.

Recommendation: The issue should be taken up and resolved with the software developer to enable reconciliations to be properly done, to enable and informed determination of true state of affairs of the Centre.

2.4 RECEIPT AND PAYMENT ACCOUNT

The Receipts and Payments account was prepared using the accounting software

2.5 LEDGER ACCOUNTS

All transactions were adequately captured in the ledgers and separate ledgers were prepared for each activity code.

2.6 INTERNAL CONTROL

- a) Internal control generally was adequate
- b) Work in progress: Total budgeted expenditure for the period amounted to ₦588,141,000 while total sum expended to June, 2022 amounted to ₦416,215,148.87 leaving a 29.23% of the budget sum.
- c) Payments were made via bank and imprest was paid via re-imbursement after spending.
- d) Segregation of duties was adequate. The procedure in place indicates that: the payment for expenditures were raised by the Project Accountant, vetted and certified by the Project Auditor and approved by the Chairman of the Project Steering Committee or the Centre Leader. Committees exist for various duties. They include the Project Steering Committee and the Procurement Committee.
- e) Unretired Advances

Total unretired advances for the period amounted to ₦1,187,750.00 and detailed below

SN	PV DATE	PV No	BENEFICIARY	Amount (₦)
1	10/5/2022	PV/2022/UNIPT-1/000000170	Dr Faith Diogu	218,250
2	22/3/2022	PV/2022/unipt-1/000000131	Engr Nicholas Abule	493,500
3	9/5/2022	PV/2022/UNIPT-1/000000169	Prof Daprim Ogaji	238,000
4	1/3/2022	PV/2022/UNIPT-1/000000083	Prof Daprim Ogaji	238,000

TOTAL 1,187,750

Management Responses: All unretired advances will be retired before long

Recommendations: All staff involved should be directed to adequately retire the advances.

2.7 EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEES

The effectiveness of management oversight for this Centre is considered adequate within the period. There is a Project Steering Committee headed by the Vice Chancellor of the University. This committee performs various oversight functions and is made up of various officers with assigned responsibilities. These officers include;

1. The Chairman
2. ACE Impact Coordinator
3. The Center Leader
4. The Deputy Center Leader
5. The Project Accountant
6. The Project Auditor
7. The Monitoring and Evaluation Officer
8. The Procurement Officer and
9. The Communications Officer

Sub-Committees exist to carry out specific tasks. These include;

- A. The Audit Committee and
- B. The Procurement Committee
- C. Budget Committee
- D. Academic Board
- E. Management Committee
- F. Applied Research Committee
- G. Partnership Committee
- H. Short-Course Committee

The effectiveness of the Audit Committee is adequate. The Committee has been involved in issues relating to the project. They have been involved in the review of both Internal and External Audit Reports and Management Letters.

2.8 FUNDS FLOW

There were disbursements to the Centre within the period under review. The sum of N280,000,000 was disbursed. There were no observed complaints from suppliers, project staff or beneficiaries regarding payments for the period under review.

2.9 FINANCIAL REPORTING

The audited annual financial statements for the period ended 31st December 2021, the management letter for the period ended 31st December 2021 and the Financial Management Reports were presented for this exercise. These were not integrated with that of the University's Accounts. Computerized Accounting System was used to generate accounting information. The project Financial Management Procedures Manual in place is adequate for effective project implementation and the Audit Committee has made impact on the project.

3.0 EXTERNAL AUDIT

The audited Annual Financial Statements and Management letter for the period ended 31st December, 2021 were presented for the audit exercise. The auditor gave an **Unqualified Opinion** although with some comments on the financial statements presented. In their view, there is still need for improvements on the vital observations made for better performance. However, they were satisfied with the friendly atmosphere received during the audit. *(See Appendix 1 for comments of the external auditor).*

3.1 DISBURSEMENT AND SUBMISSION OF WITHDRAWAL APPLICATIONS

Disbursements from World Bank were received within the period under review. The sum of N280,000,000 was disbursed. Dollar denominated payments were made directly from the CBN through the NUC to the beneficiaries.

3.2 FRAUD AND CORRUPTION

To the best of my knowledge, there was no case of fraud and corruption reportedly observed within the period under review.

3.3 PAYMENT PROCEDURES

Approvals for payments to suppliers and beneficiaries were timely. Payment procedures within the period under review were devoid of loopholes that may have led to errors/irregularities. All payments were made using Payment generated from the Computerized Accounting System.

3.4 PHYSICAL VERIFICATION

- a. The Fixed Assets Register was presented.
- b. Not all fixed assets acquired were coded with the University's Coding and Identification System (CIS). For instance, the televisions, printers, bookshelves, and air conditioners in all the offices, to mention a few, though captured in the assets register, were not coded.

Effects: Makes it hard to keep track of assets and easy for assets to be taken away/removed, as ownership of them can easily be claimed by anyone.

Management Response: The relevant university assets coding office would be contacted for this as quickly as possible.

Recommendation: All assets acquired by the Centre should be coded with the University's Coding System.

3.6 OTHER MATTERS

1. There were changes in the project management staff within the period. The Internal Auditor was changed and the Communication Officer who retired was replaced.
2. Comments by the external auditor in item 5 of Main Observations;
 - i. Accounting software notwithstanding, Accounts should be properly classified and summarized by the Accounting Officer to facilitate the preparation of the accounts.
 - ii. An unreconciled balance between the financial statements of the Centre (Trial Balance) and the bank statement will obliterate the correct balances at any given period with the resultant effect of unreliable financial reporting.

3.7 NEXT AUDIT ACTION PLAN

S/N	ISSUES	AGREED ACTIONS	BY WHOM	STATUS
1	Bank reconciliation statements for all months were not satisfactorily prepared within the period under review, the reason is that the cash book balances in all the months do not agree with the reconciliations.	To be taken up with TOKUNS, the Software developer	Project Accountant	Action to be Reviewed at the Next Audit
2	Non-retirement of some advances	All unretired advances will be retired before long	Project Accountant	Action To Be Reviewed at The Next Audit
3	Not all fixed assets acquired were coded with the University's Coding and Identification System (CIS).	The University's Assets coding office would be contacted for this	Project Accountant	Action To Be Reviewed at The Next Audit


OKOCHA FRANCIS YANKEE ACA, MSC, BSC, DIP
(Internal Auditor, PUTOR)