

UNIVERSITY OF PORT HARCOURT
WORLD BANK CENTRE OF EXCELLENCE
CENTRE FOR PUBLIC HEALTH AND TOXICOLOGICAL RESEARCH

PROJECT INTERNAL AUDIT (IA) REPORT
FOR JULY – DECEMBER, 2022

Key Project Information

	January - June, 2022	July - December, 2022
Project Name and State	ACE-PUTOR	ACE-PUTOR
Project ID	P169064	P169064
IDA Credit/Grant No	6510-NG	6510-NG
Implementing Agency	University of Port Harcourt	University of Port Harcourt
Effectiveness Date	2019-2024	2019-2024
Closing Date	December, 2024	December, 2024
Credit/Grant Amount	\$6 Million	\$6 Million
Period Approved Budget (\$)	1,133,000	1,798,000
Period Approved Budget (₦)	456,791,000	755,160,000.00
Amount Received for the period (₦)	687,413,910.41	300,829,967.68
Total Expenditure for the period	416,215,148.87	540,209,791.60
Amount Earned to date (\$)	2,352,527.86	2,810,650.31
Amount Earned to date (₦)	948,468,657.32	1,181,316,325.29
Amount Received to date (₦)	315,624,523.18	988,243,878.09
Project Duration	5 Years	5 Years

1.0 EXECUTIVE SUMMARY

Carried out in accordance with the World Bank's Operations Manual, Financial Management and Disbursement Guidelines, Federal Government's Financial Regulations 2009, this exercise, aimed at checking the system of internal control within the Centre, and covering the 6 months period ended 31st December, 2022 saw the Cash Book, Bank Statements, Payment Vouchers, Non-Current Assets Register, Bank Reconciliation Statements, Trial Balance, Ledgers, and Receipt and Payment examined for the purpose of checking for authorization, whether cash transactions were posted promptly, errors and omissions were detected and corrected, bank reconciliations were duly carried out, expenditures were budgeted for and comparing with the actual for variance determination.

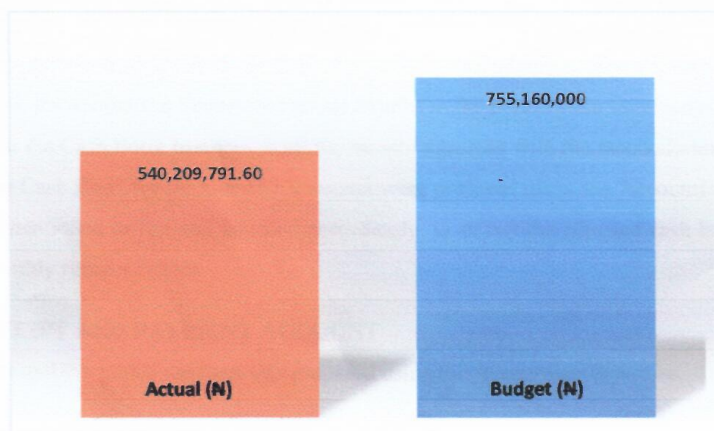
It was found that, of the period-approved budget of **N755,160,000**, only a total expenditure of **N540,209,791.60** was incurred, accounting for 71.54% budget performance. Also, that Payments and monthly Bank Reconciliation Statements were prepared and that the Cash Book was updated monthly. All payments passed through the Internal Auditor and were duly approved and paid via remita transfer after approval by the Centre Leader or the Vice-Chancellor. Other findings were that there was adequate segregation of duties, the Audit Committee made positive impacts on the project, the project Financial Management System is adequate, with minimal financial risk, reasonably assuring that Project Funds are well utilized in line with World Bank guidelines and that all E-mandates and Payment Vouchers (PVs) were signed by the Centre Leader and Project Accountant. In all, the system of internal control was found to be adequate as no serious internal control weaknesses were found. However, there were some cases of unretired advances and a couple of assets are yet to be coded.

2.0 INTERNAL AUDIT: REVIEW, FINDINGS AND RECOMMENDATION

2.1 BUDGET VS ACTUAL EXPENDITURE

The amount budgeted for the period ended 31st December, 2022 was Seven Hundred and Fifty-Five Million, One Hundred and Sixty Thousand Naira (₦755,160,000.00) while the actual expenditures amounted to Five Hundred and Fourty Million Two Hundred and Nine Thousand Seven Hundred and Ninety-One Naira Sixty Kobo (₦540,209,791.60) amounting to a 66.4% budget performance). See the table and chart below:

Budget (₦)	Actual (₦)	Variance (₦)	% Utilization	Variance %
755,160,000.00	540,209,791.60	214,950,208.40	71.54	28.5



- The Budget was denominated in US Dollar but most of the actual expenditure was incurred in Naira.
- The exchange rate used in converting US Dollar to Naira in the period was ₦420 to a dollar.

2.2 ACCOUNTING SYSTEM

Cash Basis International Public Sector Accounting Standards (IPSAS) guided the accounting for the period with the use of the uniform Accounting Software for all ACE Centers in Nigeria was for the preparation of the books of accounts.

2.3 PAYMENT PROCEDURES

- Approvals for payments to suppliers and beneficiaries were timely.
- Payment procedures within the period under review were devoid of loopholes that could have led to errors/irregularities.

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

ACCOUNT	ACCOUNT NO	CLOSING BAL
TSA Project	0120474961128	N4,844,342.82

- h. Bank Reconciliation Statements for all months in the period were satisfactorily prepared with the Cash Book balances in all the months agreeing with the reconciliations.
- i. The Cash Book for the Centre's accounts were prepared using the Accounting Software as mentioned earlier and adjusted accordingly, to reflect the adjusted cash balance after monthly reconciliations.

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 is generally adequate
- b) Office Imprest was paid via re-imbursement after spending
- c) There was adequate segregation of duties with the payment for expenditures raised by the Project Accountant and approved by the Centre Leader after vetting, inspection and certification by the Internal Auditor. Committees exist for various duties. They include the Project Steering Committee and the Procurement Committee, among others.
- d) There were some unretired Advances, amounting in total to ₦588,340.00. The details of such advances are below:

S/N	PV DATE	PV NO	IN FAVOUR OF	AMOUNT (₦)
1	29/11/22	PV/2022/UNIPT-1/000000413	Igwe Confidence	113,500
2	24/11/22	PV/2022/UNIPT-1/000000410	Rosannah Shedrack	108,500
3	01/12/22	PV/2022/UNIPT-1/000000419	Obianuju Onyia	108,500
4	9/11/22	PV/2022/UNIPT-1/000000394	Prof K. T. Wariso	257,840

TOTAL N588,340.00

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

Management Responses: All unretired advances will be retired before long

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 that performs various project steering functions and is made up of various officers with assigned responsibilities. These officers include;

1. The Chairman – who is the Vice-Chancellor of the University
2. ACE Impact Coordinator
3. The Center Leader
4. The Deputy Center Leader
5. The Project Accountant
6. The Internal Auditor
7. The Monitoring and Evaluation (M&E) Officer
8. The Procurement Officer
9. The Communications Officer
10. The Safeguard Officer

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

- A. The Audit Committee
- 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. While the Period approved budget was **N755,160,000**, only the sum of **N300,829,967.68** was received in the period. Dollar denominated payments were made directly from the CBN through the NUC to the beneficiaries.

2.9 FINANCIAL REPORTING

The External Audit report 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 work of the University Audit Committee has impacted on the project.

3.0 EXTERNAL AUDIT REPORT

A look into the External Audit Report for the year ended 31st December, 2021 revealed that the External Auditor gave an **Unqualified Opinion**. While appreciating the cooperation of all that made their exercise smooth, they held that there was still need for improvements on the vital observations made for better performance. The observations were as follows;

- i. Accounting Software notwithstanding, accounts should be properly classified and summarized by the Accounting Officer to facilitate the preparation.
- ii. Unreconciled balance between the Trial Balance and the Bank Statement will hide the correct balances at any given period with the resultant effect of unreliable financial reporting.

3.1 DISBURSEMENT AND SUBMISSION OF WITHDRAWAL APPLICATIONS

Disbursements were made by the World Bank within the period under review. A total sum of One Billion, One Hundred and Eighty One Million, Three Hundred and Sixteen Thousand, Three Hundred and Twenty-Five Naira, Twenty-Nine Kobo (**N1,181,316,325.29**) has been earned to

date, however, only Nine Hundred and Eighty-Eight Million, Two Hundred and Fourty-Three Thousand Eight Hundred and Seventy-Eight Naira Nine Kobo (**N988,243,878.09**) has been received to date, leaving a balance of One Hundred and Ninety-Three Million, Seventy-Two Thousand Four Hundred and Fourty-Seven Naira Twenty Kobo (**N193,072,447.20**) yet to be received.

3.2 FRAUD AND CORRUPTION

There was no case of fraud or corruption reportedly observed within the period under review. There were no observed complaints from suppliers, project staff or beneficiaries regarding payments for the period.

3.3 PHYSICAL VERIFICATION

- a. The Non-Current Assets Register was presented.
- b. Though most of the Non-Current Assets have been coded with the University's Coding and Identification System (CIS). There are a few assets that are yet to be so done

Effects: Makes it hard to keep track of assets and easy for them to be taken away/removed from where they are supposed to be.

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

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

3.5 PROCUREMENT ACTIVITIES

Following the Procurement Plan for the year, there were Procurement activities within the period. The Centre Leader and the Procurement Officer are responsible for the preparation, presentation and defense of the work plan as well as the modification of the same, subject to approval of the World Bank.


3.6 LAST 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	To be taken up with TOKUNS, the Software developer	Project Accountant	Done

	reason is that the cash book balances in all the months do not agree with the reconciliations.			
2	Non-retirement of some advances	All unretired advances will be retired before long	Project Accountant	Done
3	Although majority of the fixed assets acquired were coded with the University's Coding and Identification System (CIS), a reasonable number are yet to be coded.	The University's Assets coding office would be contacted for this	Project Accountant	Done but with a few yet to be coded

3.7 NEXT AUDIT ACTION PLAN

S/N	ISSUES	AGREED ACTIONS	BY WHOM	STATUS
1	Non-retirement of some advances	Those responsible should be reached to retire them accordingly	Project Accountant	Action to be reviewed at the next Audit
2	Although majority of the fixed assets acquired were coded with the University's Coding and Identification System (CIS), however, few items were not.	The University's Assets coding office would be contacted for this	Project Accountant	Action to be reviewed at the next Audit


Okocha Francis Yankee PhD (in-waiting) ACA, MSC, BSC, DIP
 (Internal Auditor, ACE-PUTOR)