



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



From: Internal Auditor

To: Vice Chancellor

Throu: Centre Leader

Date: 2nd February, 2024

Sir,

INTERNAL AUDIT REPORT

Please, see the Internal Audit Report of ACE-PUTOR for the half year ended 31st December, 2023 as presented below,

Thanks,

Okocha Francis Yankee PhD (in-waiting), ACA, MSc, BSc, Dip

**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 JULY – DECEMBER, 2023**

Project General Information

1	Period	July - December, 2023
2	Project Name and State	ACE-PUTOR
3	Project ID	P169064
4	IDA Credit/Grant No	6510-NG
5	Implementing Agency	University of Port Harcourt
6	Effectiveness Date	2019-2024
7	Closing Date	June, 2024
8	Credit/Grant Amount	\$6 Million

Project Key Financial Information

1	Period Approved Budget (\$)	1,133,000
2	Amount earned for the period (\$)	1,145,855.64
3	Amount earned for the period (₦)	834,623,003.44
4	Amount earned to date (\$)	4,922,698.24
5	Amount Received for the period (\$)	1,220,196
6	Amount Received for the period (₦)	1,161,251,644.62
7	Amount received to date (\$)	3,658,064.62
8	Amount received to date (₦)	2,158,560,914.11
9	Amount yet be received (\$)	569,867.
10	Expenditure for the period (₦)	931,915,660.97
11	Expenditure to date (₦)	1,810,268,891.
12	Period Closing balance (₦)	348,292,023

EXECUTIVE ABSTRACT

This routine Audit, covering the period July to December, 2023 was carried out as a final stage of all internal audit action, 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 as well as assess the financial, operational, strategic and compliance risks of the Centre. The examination of the records found that the accounting system in place is properly run by the Project Accountant and produce reliable financial records that show true and fair view of the transactions reported in the period under review, and that the internal control measures and risk control measures in place are adequate.

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GENERAL OVERVIEW

The exercise sought to review the financial statements and records of the financial dealings of the Centre in the period for accuracy, completeness and freedom from errors and it was found that the financial statements adequately captured the transactions within the period and have been properly kept by the Project Accountant. The bank statements and the cash book were properly reconciled with the payment vouchers properly filed. Most of the comments of the previous exercise were addressed and the entire accounting process deserve some commendation though rooms exist for improvement.

AIM, SCOPE AND METHODOLOGY

The main objective of this audit was to assess the adequacy of the design and effectiveness of ACE-PUTOR's Risk Management processes in ensuring efficient roll out of Risk Management at an organizational strategic level, project/programme implementation levels, and office operations levels. It was also aimed at checking the adequacy of internal control in place which ensures that expenditures are incurred only as budgeted, that authorizations precede all financial disbursements, determining whether cash transactions were posted promptly, whether errors and omissions were detected and corrected, and whether bank reconciliations were carried out as prescribed.

Covering the six months period ended 31st December 2023 and in compliance with Internal Audit standards, World Bank's Operations Manual, Financial Management and Disbursement Policies,

Procedures and Guidelines, and the Federal Government's Financial Regulations, 2009, the exercise saw the examination of the various books of account and relevant documents such as Work Plan, Procurement Plan, Cash Book, Bank Statements, Bank Reconciliation Statements, Payment Vouchers (PVs), Non-Current Assets Register, External Auditor's Report, Management Letter, University Audit Committee Report, duly vetted, approved and certified bills, Tax Remittance Certificates/Receipts, etc. And focussing on the assessment of risk exposure and the risk management of the Centre, in order to ensure that these are well understood and controlled by those responsible, the exercise made informed recommendations aimed at helping the Centre Management to review, evaluate and improve internal control and risk management systems.

BUDGET/WORK PLAN

Budget (₦)	Actual (₦)	Variance (₦)	Variance %
619,287,900	931,915,660.97	-312,627,760.97	50.5

The sum budgeted to be spent from July to December, 2023 amounted to ₦619,287,900. Actual expenditures amounted to ₦931,915,660.97 leading to a 50.5% negative variance of ₦312,627,760.97. This is shown in the chart below:

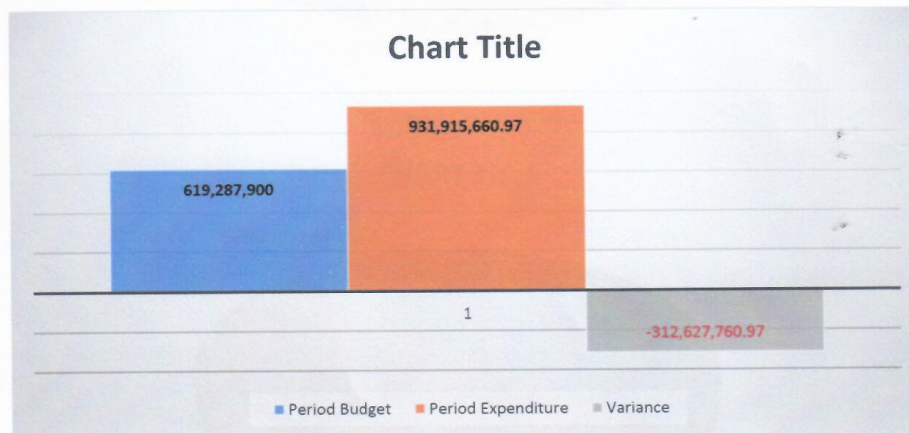
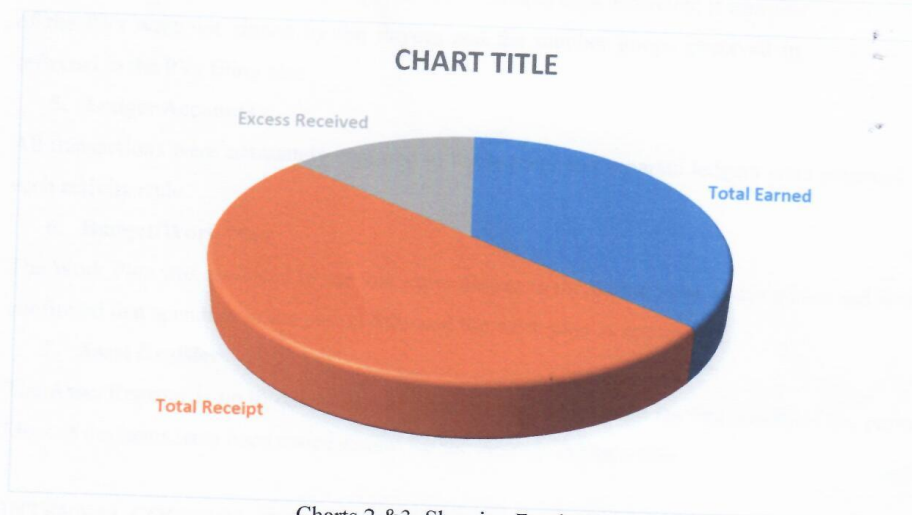
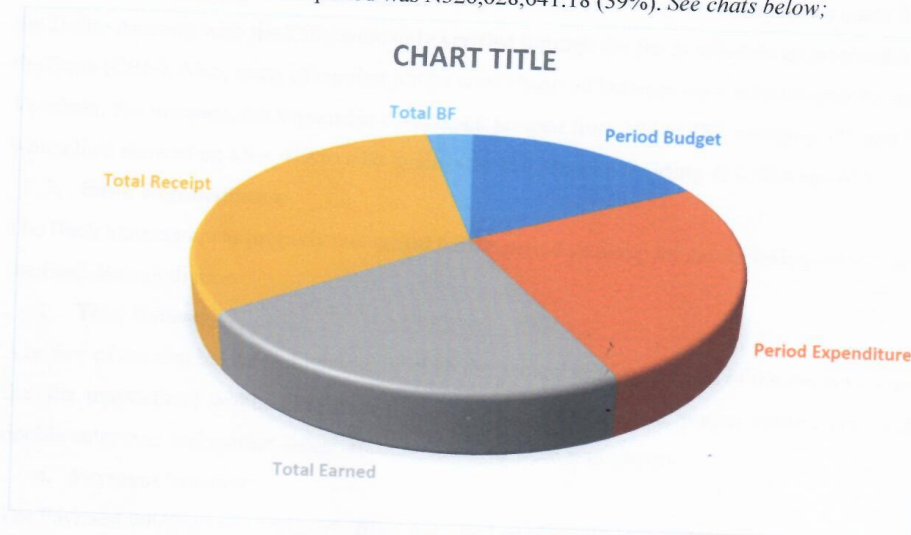


Chart 1: Budget Performance for July - December, 2023.

FUNDS FLOW

1. The period had an approved budget of N619,287,900 (\$1,133,000) with N834,623,003.44 as earnings
2. With an opening balance of N118,956,039.35 the Centre received a total of N1,161,251,644.6, giving a liquidity total of N1,280,207,683.97

3. The expenditure for the period was N931,915,660.97 which was N312,626,760.97 above the budget (50.5% negative variance), giving a closing cash balance of N348,292,023.
4. Also, considering that only the sum of N834,623,003.44 (\$1,145,855.64) was earned during the period, while the total inflow for the period was N1,161,251,644.60, the excess that was received in the period was N326,628,641.18 (39%). *See charts below;*



Charts 2 & 3: Showing Funds Flow.

REVIEW OF ACCOUNTING BOOKS

The following financial statements were reviewed and findings shown as below;

1. Cash Book

The review of the cashbook showed proper capturing of all the transactions within the period as were incurred from Project Account denominated in Naira. However, direct payments made from the Dollar Account with the CBN were only verified through the funds schedule as received from the Bank (CBN). Also, cases of number jumps were observed between the Cashbook and Payment Vouchers. For instance, the September Cash Book jumped from 384 to 387, omitting 385 and 386 which then showed up after 412 to start again with 416, thereby omitting 413, 414 and 415.

2. Bank Reconciliation

The Bank Statement was properly reconciled for the period showing the same closing balance with the Bank Reconciliation.

3. Trial Balance

A review of the trial balance which is a list of all the general ledger accounts of the Project showed that the transactions within the period were arithmetically accurate, proper compliance to the double entry rule and correct ledger account balances were also shown.

4. Payment Vouchers

The Payment vouchers were properly filled out, filed and kept. However, it was observed that most of the PVs were not signed by the Payees and the number jumps observed in the Cashbook reflected in the PVs filing also

5. Ledger Accounts

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

6. Budget/Work Plan

The Work Plan was reviewed to see that expenditures in the period were budgeted for and it was confirmed that spending in the period followed the work plan as approved

7. Asset Register

The Asset Register is up to date with all the items procured up till the last month of the period. Most of the items have been coded except for the items in the labs, ~~the~~

INTERNAL CONTROL SYSTEM REVIEW

The system of Internal control in place in the Centre requires the prior vetting of requests and requisition by the Internal Auditor before approval by either the Centre Leader or the Vice

Chancellor. All requests were duly vetted and approved and certified before payment were initiated by the Project Accountant and eventually made by the payment platforms. Certification of projects and purchases were done only after adequate inspections must have been carried out and all purchase documents such as approvals (including tender approvals), award letter, technical evaluation documents and tax papers to ascertain availability and completeness. Therefore, in all cases, only the amounts as vetted were approved, certified and paid, and from the records significant savings were made for the Centre from the vetting of all procurement and purchases which would not have been made without prior purchase vetting.

Also, there were direct (dollar) payments made on behalf of the Centre by the NUC

PROCUREMENT PROCESS

The procurement processes in the period under review as reviewed went in line with the procurement plan as approved. All procurement and purchases either through selective/restricted bidding or competitive bidding and were duly vetted and approved. Approvals were followed by the issuance of Award letters. Most of the supplies in the period were codified and engraved with Assets Register Numbers

GENERAL OBSERVATIONS

1. FRAUD AND CORRUPTION

The review of the financial records as presented showed no case of fraud and corruption in the period under review.

2. EFFECTIVENESS OF MANAGEMENT OVERSIGHT

The effectiveness of management oversight for this Centre is considered adequate within the period. There is a Project Steering Committee that sees to the day to day functioning of the Centre. The Committee is headed by the Vice Chancellor of the University who is the Chairman and is made up of other officials and they include;

1. ACE Impact Coordinator
2. The Center Leader
3. The Deputy Center Leader
4. The Project Accountant
5. The Project Internal Auditor
6. The Monitoring and Evaluation Officer

7. The Procurement Officer and
8. The Communications Officer

Sub-Committees exist to carry out other specific tasks. They 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

3. ASSETS VERIFICATION

The Fixed Assets Register was presented and it showed that compared to last review, most of the assets of the Centre have been coded with the Coding and Identification System of the university and properly archived. However, the assets in the Lab are yet to be coded.

4. PROCUREMENT ACTIVITIES

There were procurement activities within the period. There was also a procurement plan. The Centre Leader and Procurement Officer are responsible for the preparation, presentation and defense of the Procurement Plan, subject to approval by the World Bank. Modifications are made by these officers. Most of the procurement in the period were advertised and procured in line with the Procurement Act.

5. INTERNAL AUDITOR INDEPENDENCE

No cases of interference or over-riding of internal Audit decisions or actions were recorded. Neither the Centre Leader nor the Vice Chancellor have interfered with my work as the Internal Auditor or influenced the discharge of my duties. Rather, I have been allowed to work freely with a commendable level of independence.

6. COMPLIANCE TO RULES

The internal Audit process ensured that the relevant procurement rules were followed and adhered to. Also, it was observed that all relevant tax deductions made in the period were remitted to the appropriate tax authorities

7. TAX REMITTANCE CERTIFICATES?

OTHER AUDIT FINDINGS

The following issues that need management attention were identified:

1. Cases of number jumps were observed between the Cashbook and Payment Vouchers. For instance, the September Cash Book jumped from 384 to 387, omitting 385 and 386 which then showed up after 412 to start again with 416, thereby omitting 413, 414 and 415.
2. Though the case of non-retirement of Advances has drastically reduced, there are a few that have not been retired. For instance, ICAN Conference travel by Mr Morris Kinikanwo and Galilee travel by Prof Georgewill A. Owunari, Prof Daprim Ogaji and Prof Kingsley Patrick-Iwuanyanwu
3. Though most of the Non-Current Assets have been coded with the University's CIS, the furniture (benches and tables), gas cylinder and equipment in the labs (Nursing and Midwifery, Public Health and Toxicology) are yet to be codified
4. The non-satisfactory bank reconciliation reported at the last exercise as caused by the Accounting software, has been resolved by TQKUNS, the software developer as the cashbook balances agreed with the reconciliations done for each of the months in the period under review.

MANAGEMENT RESPONSES

S/N	OBSERVATIONS	RESPONSES
1.	Excess of Budget over Expenditure	The excess is accounted for by the volume of procurement that happened in the period under review which could not happen during the prior period because of the delay in moving into the PUTOR building. Moving into the permanent site opened the doorway to the various procurements required to furnish the new building
2	Excess of amount received over what was earned in the period	The difference is the balance of what was earned in the prior periods that what was not received at the time

3	Number jumps in the Cash Books in relation to the payment vouchers	They were payments which for some reason were stepped down after payment vouchers had already been raised and which were later paid at the future date later showing in the cashbook
4	Missing Payment vouchers in the cash book	The Payment vouchers are not missing because they never existed. Rather, this another case of number jump caused by system malfunctioning
5	Non-Retirement of Advances; ref Mr Morris Kinikanwo's trip to Abuja for ICAN conference and Profs Owunari, Ogaji and Patrick-Iwuanyanwu	Mr Morrison Kinikanwo will submit a copy of the Conference certificate. The trio Professors are yet to attend the Galilee training due to the conflict in Gaza. Training rescheduled for May 2024
6	Non-Codification of Assets in the Labs	The non-completion of the supply of the lab equipment. Once the supply is completed the codification will be done and concluded

GENERAL RECOMMENDATIONS

1. All efforts should be geared towards carrying out procurement budgeted in a period to avoid carrying them over to future periods, thereby leading to negative variances which show inefficient budgeting
2. Where possible, all submissions to make for early release of earned funds should be made to minimize the issue of earned but unreceived funds.
3. Payments should be properly confirmed before Payment Vouchers are raised
4. The payment software manufacturer (TOKUNS) should be approached to resolve the issue of empty PVs (number jump)
5. Mr Morris should also submit his flight booking evidence of payment alongside his certificate of attendance while the trio Professors retire upon return from the Galilee trip in May 2024
6. The items presently in the labs should be codified and the process continued whenever the remaining items are supplied

CONCLUSION

The books of accounts for the Centre have been properly kept by the Project Accountant in manner that shows competence. However, there is the need to properly address the issues raised in the audit findings, following the recommendations made. Future Audit reviews to ensure that the issues have been resolved and that the recommendations have been carried out. Also, the system of internal control should be upheld and if possible, strengthened to help further safeguard the assets of the Centre.



Okocha Francis Yankee PhD (in-waiting), ACA, MSc, BSc, Dip