

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

**PROJECT INTERNAL AUDIT REVIEW (IAR) REPORT
FOR THE HALF YEAR PERIOD ENDED 30TH JUNE 2023**

Key Project Information

	JULY - DECEMBER, 2022	JANUARY - JUNE, 2023
Project Name	ACE-PUTOR	ACE-PUTOR
Project Beneficiary	University Of Port Harcourt, Rivers State, Nigeria	University of Port Harcourt, Rivers State, Nigeria
Project ID	P169064	P169064
IDA Credit/Grant No	6510-NG	6510-NG
Effectiveness Date	2019-2025	2019-2025
Closing Date	June, 2025	June, 2025
Credit/Grant Amount	\$6 Million	\$6 Million
Period Approved Budget (\$)	1,798,000	1,430,559.50
Period Approved Budget (₦)	755,160,000.00	641,748,991.70
Amount Received for the period (₦)	300,829,967.68	353,651,179
Total Expenditure for the period	540,209,791.60	345,200,976.41
Amount Earned to date (\$)	2,810,650.31	3,064,670.60
Amount Earned to date (₦)	1,181,316,325.29	1,181,316,325.29
Amount Received to date (₦)	988,243,878.09	1,341,423,620.72
Project Duration	6 Years	6 Years

1.0 EXECUTIVE SUMMARY

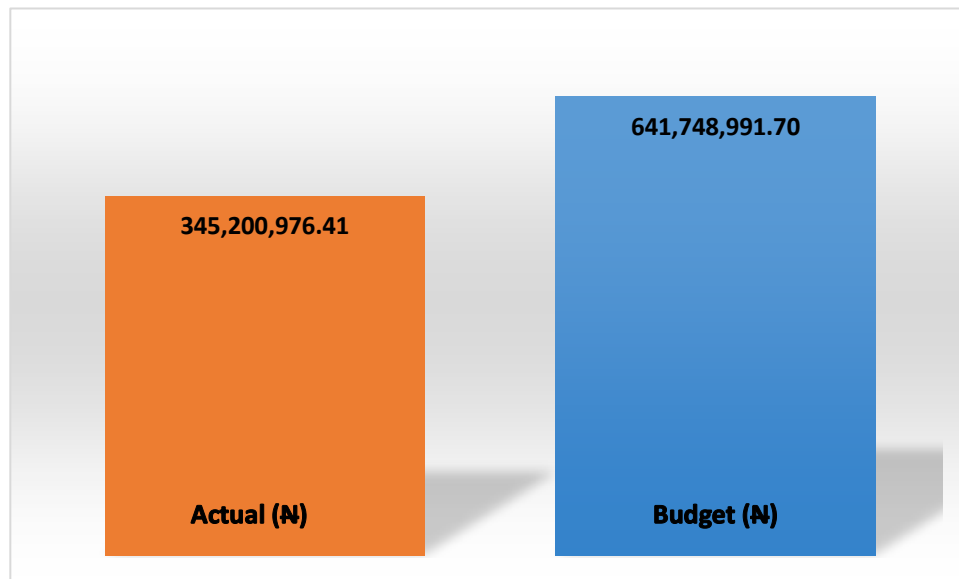
This System/Internal Audit Review was carried out to check the system of internal control within the Centre over its activities with the six-months period ended 30th June, 2023. The exercise saw the examination of the Cash Book, Bank Statements, Payment Vouchers, Non-Current Assets Register, Bank Reconciliation Statements, Trial Balance, Ledgers, and Receipt and Payment to see; that they were properly prepared and kept, that expenditures made were as budgeted, that authorizations were sought and got before payments, that cash transactions were posted properly and promptly, that errors and omissions were detected and corrected where and when they occurred, that bank reconciliations were duly carried out, and that financial transactions were carried out in line with the provisions of the World Bank's Operations Manual, Financial Management and Disbursement Guidelines as well as the Financial Regulations 2009. It was found that the Centre has a strong internal Control system in place for the safeguard of its assets, and the provision of reasonable assurance that information produced is reliable, accurate and timely, and that activities carried out in the Centre within the review period complied with applicable laws, regulations, contracts, policies and procedures.

2.0 INTERNAL AUDIT: REVIEW, FINDINGS AND RECOMMENDATION

2.1 BUDGET VS ACTUAL EXPENDITURE

The amount budgeted for the period ended 30th June, 2023 was **Six Hundred and Forty-One Million, Seven Hundred and Forty-Eight Thousand, Nine Hundred and Ninety-One Naira, Seventy Kobo (₦641,748,991.70)**. However, only **Three Hundred and Fifty-Three Million, Six Hundred and Fifty-One Thousand, One Hundred and Seventy-Nine Naira (N353,651,179)** was actually received in the period, from which a total expenditure of **Three Hundred and Forty-Five Million Two Hundred Thousand Nine Hundred and Ninety Hundred and Seventy-Six Naira Forty-one Kobo (N345,200,976.41)** amounting to a 53.79% budget performance and a 98% funds utilization rate. *See the table and chart below.* Also, the Internally Generated Revenue (IGR) for the period amounted to **Forty-One Million, Eight Hundred and Forty-Four Thousand, Sixty-Two Naira Thirty-Two Kobo (N41,844,062.32)**.

Budget (₦)	Actual (₦)	Variance (₦)	% Utilization	Variance %
641,748,991.70	345,200,976.41	214,950,208.40	53.79	46.21



- The Budget was denominated in US Dollar but most of the actual expenditure was incurred in Naira.
- Dollar denominated payments were made directly from the CBN through the NUC to the beneficiaries.
- The exchange rate used in converting US Dollar to Naira in the period was ~~₦451.78~~ to a dollar.

2.2 ACCOUNTING SYSTEM

- a. 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 for the preparation of the books of accounts.
- b. Computerized Accounting System was used to generate accounting information.

2.3 PAYMENT PROCEDURES

- a. All payments were made using Payment Vouchers generated from the accounting software to effect timely payment of bills.
- b. All Payments were done via REMITA transfers and so were devoid of loopholes that could have led to errors/irregularities.
- c. Payment Vouchers raised were duly signed by the Project Accountant and counter-signed by the Center Leader.
- d. Payments were raised only in favor of approved beneficiaries as processed in the various relevant application documents.
- e. 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 and the balance as at the period end are:

ACCOUNT	ACCOUNT NO	CLOSING BAL
TSA Project	0120474961128	119,759,361.27

- f. 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.
- g. The Cash Book for the Centre's accounts were prepared using the Accounting Software as mentioned earlier and adjusted accordingly to agree with the bank statement position.
- h. However, Software errors led to the cases of:
 - i. the bank reconciliation showing a difference in the closing figures in both the Bank Statement and Cash Book to the tune of over Seven Million Naira (+N7,000,000), and
 - ii. non-capturing of a PV transaction of N20,000 in favour of Ayeni Adewale made on 17/04/2023.

Implication

Unreliable Bank Reconciliation and Incomplete Records respectively

Recommendation

The Software manufacturer and or the host should be prevailed upon by the relevant authorities to resolve this issue once and for all, as it makes it impossible to have a reliable financial record.

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.

2.6.1 INTERNAL CONTROL

- a. Internal control is generally adequate.
- b. All fund applications are vetted by the Internal Auditor before approvals are given by either the Centre Leader or the Vice Chancellor, depending on the amount applied for.
- c. All requests for payment are referred to the Internal Auditor for checks, confirmation, inspection and certification before they are approved and forwarded to the Project Accountant for payment.
- d. Office Imprest was paid via re-imburement after spending.
- e. Both the Centre Leader and the Vice Chancellor respect and observe all internal control measures in place
- f. Both the Vice Chancellor and the Centre Leader encourage and respect Internal Audit Independence and do not interfere with or frustrate the Internal Auditor's performance of his duties.

2.7 INTERNAL AUDIT APPROACH

- a. The Internal Audit Approach currently in use in the Centre, as in the university is the traditional internal Audit approach
- b. This is a controls-based approach that inspects and verifies compliance to extant rules and regulations and that financial controls are operating according to an established set of criteria.
- c. However, the World has begun placing high premiums and showing preference for Risk-Based Internal Auditing and Reporting

- d. Risk-based Internal Auditing (RBIA) is an internal methodology which is primarily focused on the inherent risk involved in the activities and or systems, and provide assurance that risk is being managed by management within the organization's determined risk appetite level.
- e. RBIA will help the Internal Auditor to identify risks correctly and communicate same to management to guide in the formulation and putting in place the right internal control measures for the management of the risks (TARA).
- f. Internal Auditors are required by the need for the adoption of RBIA to seek out and take advantage of and attend training avenues in order to acquire the knowledge and skills required for the full adoption of RBIA, perhaps before the end of the present half year period. The knowledge will also be very useful to the entire University.

2.8 EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEES

- a. Management oversight of the Centre is adequate within the period.
- b. Project Steering Committee that performs various functions exist and is made up of:
 - 1. The Chairman – who is the Vice-Chancellor of the University
 - 2. The Center Leader
 - 3. The Deputy Center Leader
 - 4. The Project Accountant
 - 5. The Internal Auditor
 - 6. The Monitoring and Evaluation (M&E) Officer
 - 7. The Procurement Officer
 - 8. The Communications Officer
 - 9. The Safeguard Officer
- c. Sub-Committees exist to carry out specific tasks. These include:
 - 1. The Audit Committee
 - 2. The Procurement Committee
 - 3. Budget Committee
 - 4. Academic Board
 - 5. Management Committee
 - 6. Applied Research Committee

7. Partnership Committee
8. Short-Course Committee

2.9 FINANCIAL REPORTING AND AUDITS

- a. The External Audit exercise for the one-year period ended 31st December, 2022 has been carried out and the report forwarded to the World Bank and to the NUC
- b. The External Auditor issued an **Unqualified Audit Opinion**
- c. In issuing the Unqualified Opinion, the External Auditor held that, the Accounting Software notwithstanding, accounts should be properly classified and summarized by the Accounting Officer to facilitate their preparation.
- d. Also, that unreconciled balances 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.
- e. The University Audit Committee consideration of the Internal and External Audit Reports has been done and the report therefrom forwarded to the World Bank and the NUC
- f. There is a Project Financial Management Procedures Manual in place for effective project implementation and the work of the University Audit Committee has impacted on the project.

3.0 RECORD KEEPING

- a. While the Accounts Office's discharge of its records maintenance responsibility is commendable, payment documents such as PVs should need to be serially arranged and filed in an orderly manner to enable easy access and use.

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 Forty-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 Forty-Seven Naira Twenty Kobo (N193,072,447.20)** yet to be received by the Centre.

3.2 FRAUD AND CORRUPTION

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

3.3 PHYSICAL VERIFICATION

- a. The following Non-current Assets in the E-Library, General Office and Conference Room are yet to be coded with the University's Coding and Identification System (CIS);
 - i) 15 desktop computers
 - ii) 8 Library desks
 - iii) 4 ceiling Fans
 - iv) 2 Air conditioners
 - v) 1 Executive Table
 - vi) 1 Firman Generator
 - vii) 3 conference tables
 - viii) 1 Printer
 - ix) 1 Conference Table
 - x) 1 Tender Box in Conference Room
- b. Also, the codes written on the conference chairs have either faded away or is completely wiped off due to moisture. The non-coding of assets makes it hard to keep track of assets and easy for them to be taken away/stolen. Therefore, all Centre Assets should be duly coded and the inscription modes that will be durable should be preferably adopted.

3.4 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 and the work plan, as well as the modification of the same, subject to the approval of the World Bank.

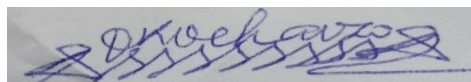
3.5 LAST AUDIT ACTION PLAN

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	Done

2	Non-codification of Some non-current assets	The University's Assets coding office would be contacted for this	Project Accountant	Incomplete
---	---	---	--------------------	-------------------

3.6 NEXT AUDIT ACTION PLAN

S/N	ISSUES	ACTION	BY WHOM
1	Non-codification of some non-current assets in the E-Library	Engagement of the University's Assets Codification office	Project Accountant
2	Improper arrangement of PVs	Properly and serially arrange the PVs for easy access and use	Project Accountant
3	Non-Adoption of Risk-based Internal Auditing Approach	Undergo Intense training in order to acquire the knowledge and skills required for the full adoption of Risk-based internal Auditing and the preparation of Risk-Based Internal Audit Reports henceforth	Internal Auditor/Project Accountant



OKOCHA FRANCIS YANKEE ACA, PhD (in-waiting), MSC, BSC, DIP.
(Internal Auditor, PUTOR)