

**AFRICA CENTRE OF EXCELLENCE IN PHYTOMEDICINE RESEARCH AND DEVELOPMENT
UNIVERSITY OF JOS**

DATE: 11/08/2017

KEY INFORMATION ON THE PROJECT

Project Name and State	ACE in Phytomedicine Research and Development/Plateau
Project ID	ACE 033
IDA Credit/Grant No.	
Implementing Agency	University of Jos
Effectiveness Date	July 2015
Closing Date	2018 June
Credit/Grant Amount	\$7,900,000.00
Project Duration	4 years
Remaining Period to Closing	1 ^{1/2} years
Disbursed Amount to date & Percentage	₦377,080777:05
Period Covered by Review	January – June 2017
Internal Auditor	Njin, Naansel Paul

EXECUTIVE SUMMARY

A regular audit of the centre's activities was carried out for the half year period to 30th June 2017. Records checked and examined include the following:

1. Payment Vouchers: To confirm that there was proper authorization, approval and documentation.
2. Journal Vouchers: To ensure that cash advances retired have complete supporting documents and were used for the purpose for which they were collected.
3. Cash Book Bank Statements and Reconciliation: To confirm posting of transactions and reconciliation of cash book to Bank Statements.
4. Fixed assets Register: To confirm that all assets purchased are adequately documented.
5. Statement and Uses of Funds by project activities: Compare budgeted and actual expenditure to highlight variances.
6. Implementation plan
7. Interim Financial report.

KEY FINDINGS

1. There were significant positive variances on Action Plans 1-6, (80.48%). This implies that actual expenditures were not incurred in relation to the budget. Project implementation and realization of objectives will therefore be delayed.
2. Action Plan 1 (component 1.3) and Action plan 5 (component 5.5) recorded adverse variance of 26-31% (₦52,075) and 63.66% (₦7,948,169=15) respectively.

3. A number of cash advances remain unretired. (N16,114,647=10). The Accountant has been advised to commence deductions from the salaries of staff concerned especially those that are long overdue.
4. Tax of N330,188=38 deducted from Jodax Universal Concept Ltd is yet to be credited to FIRS due to technical issues.
5. Project funds were used for the purpose intended.
6. The audit was conducted in accordance with Worlds Bank's Financial Management, disbursement policies, procedures and guidelines and in line with University Financial rules and regulations.

IA REVIEW

2.1 BUDGETING

There was significant variance between planned and actual expenditure for the period January to June 2016 as shown below.

TOTAL BUDGE (N)	ACTUAL N	VARIANCE N	VARIANCE%
322,473,112=50	62,930,768=93	259,542,343=57	80.48

From the above table, the actual expenditure for the period were 80.48% less than the budgeted.

ACTION PLANS

The centre has six (6) action Plans, which are further subdivided into various components. Analysis of the plans are as follows.

ACTION PLAN	BUDGET N	ACTUAL N	VARIANCE N	VARIANCE %
PLAN 1	174,585,075=00	29,258,511=05	145,326,563=95	83.24
PLAN 2	85,016,400=00	3,485,625=73	81,530,774=27	95.90
PLAN 3	14,463,750=00		14,463,750=00	100
PLAN 4	9,439,500=00	846,030=00	8,593,470=00	91.04
PLAN 5	34,400,887=50	28,480,602=15	5,920,285=35	17.21
PLAN 6	4,567,500=00	860,000=00	3,707,500=00	81.17
TOTAL	322,473,112=50	62,930,768=93	259,542,343=57	80.48

From the analysis, there were no adverse variances within the period under review. It is important to note that there were significant positive variances between budget and actual expenditure for the half year period January – June 2017 both by component and category. This implies that the achievement of the work plan and the overall objective may be delayed due to non-performance of the budget variables.

- Action Plan 1 (component 1.3) recorded an adverse variance of N52,075 (26.31%)
- Action Plan 5 (component 5.5) had an adverse variance of N7,948,169=15 (63.66%)

RECOMMENDATIONS

- It is recommended that expenditures are made and action plans implemented to minimize the significant positive variances being experienced.
- It is recommended that expenditures be made in line with budget to avoid adverse variances (Action plan 1.3 and 5.5).

- There is need to explain the reasons for the adverse variances.

MANAGEMENT RESPONSES

2.2 ACCOUNTING

-The system of accounting is adequate.

The accounting software (SAGE LINE 1000) is being partially used.

Payment vouchers had adequate supporting documents.

Project books of accounts and accounting records were adequately kept.

Prepayment audit was carried out during the period under review

Two Bank accounts are currently being operated. One is domiciled at CBN while the other is at Fidelity Bank PLC.

RECOMMENDATION

- The accounting software should be fully utilized to ease processing of financial transactions and reporting.

MANAGEMENT RESPONSE

2.3 INTERNAL CONTROL

OBSERVATIONS

- The audit committee has started meeting.
- There was adequate segregation of duties.
- There was adequate approval and authorization procedures for payments.
- The centre has a fixed asset register where all assets are captured and documented. Assets are yet to be engraved.
- The assets are yet to be insured.
- Some advances still remain unretired (see attached)

RECOMMENDATIONS

- All project assets should be fully insured to cover against unexpected losses.
- The centre should make available all documents requested to the audit Committee.
- Deductions from staff with outstanding advances that are long overdue should commence.
- Efforts should be made to engrave all assets.
- Staff with unretired advances should not be granted additional advances.

MANAGEMENT RESPONSE

2.4 EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEE

- The University Management is playing its part fully to ensure that the project succeeds. The Deputy Vice-chancellor (Academics) is fully involved in the implementation of the projects objectives.
- The audit committee which is made up of three members has not carried out any task yet as it is still awaiting documents from the centre to enable it perform its functions.

RECOMMENDATIONS

- Documents should be made available to the Audit Committee to enable them carry out their mandate

MANAGEMENT RESPONSE

2.5 FUNDS FLOW

- IDA Funds received during the period under review amounted ₦101,521,705=74 (One Hundred and One Million, Five Hundred and Twenty One Thousand, Seven Hundred and Five Naira, Seventy four Kobo). Breakdown below

World Bank IDA Funds Fidelity Bank	-	₦1,077,787=24
World Bank IDA Funds (Direct payment-NUC)	-	₦9,093,918=50
World Bank IDA (CBN Naira Account)	-	<u>₦91,350,000=00</u>
TOTAL		<u>₦101,521,705=74</u>
- Other receipts/refunds during the period are:		
Students' charges paid in error	-	₦45,000=00
Refund of DTA	-	₦415,600=00
Procurement processing	-	<u>₦390,000=00</u>
TOTAL	-	<u>₦850,600=00</u>

- All payments reached the beneficiaries, except the tax deducted from Jodax Universal Concept Ltd for renovation work amounting to ₦330,188=38 which has not hit FIRS account due to some technical issues.
- Statement of Expenditure is attached

RECOMMENDATION

- Efforts should be made to remit the tax to FIRS

MANAGEMENT RESPONSE

2.6 FINANCIAL REPORTING

- The reports generated were prepared using World Bank templates.
- The report for the half year period to 30th June 2016 has been submitted to the Bank.

2.7 EXTERNAL AUDIT

The external Audit report for the year ended 31st December 2016 has been submitted to the World Bank.

2.8 DISBURSEMENT AND SUBMISSION OF WITHDRAWAL APPLICATIONS

Disbursement was received during the period under review

2.9 FRAUD AND CORRUPTION

There was no reported or observed case of corruption or fraud during the period under review.

2.10 PAYMENT PROCEDURES

The procedure was adequate and in line with acceptable rules and regulations. Due process was followed.

2.11 PHYSICAL VERIFICATION

Physical confirmation of assets and their existence was carried out. The renovation work of the centre was also inspected.

ASSETS PROCURED

- | | | |
|-----------------------------------|---|---------------|
| 1. ACEPRD REFLECTIVE SIGNPOST (2) | - | ₦130,500=00 |
| 2. VIDEO CONFERENCING EQUIPMENT | - | ₦4,255,209=00 |
| 3. EQUIPMENT & CHEMICAL | - | ₦1,100,000=00 |

2.12 PROCUREMENT ACTIVITIES

A procurement committee is charged with the responsibility

ACTION PLAN

Internal Audit Action Plan

S/N	Issues	Agreed Action	By Whom	By When
1	Fixed Assets not engraved (coded)	To engrave all fixed assets of the centre	Project accountant	Before next audit
2	Remittance of Tax from Jodax to FIRS	To be remitted to FIRS	Project Accountant	Before next audit
3	Some fixed assets not yet captured in Asset register	Update Fixed Asset register	Project Accountant	Before next audit
4	Unretired Advances long overdue	Retire advances or deduct from erring staff	Project Accountant	Before next audit
5	Partial use of Accounting Software (SAGE)	To ensure the SAGE Accounting Software is fully utilized	Project Accountant	Before next audit
6	Assets not insured	Ensure assets are insured	Project Accountant/Centre Leader	Before next audit

7	Audit committee not fully involved in centre	To be fully involved	Centre Leader/Project Accountant	Before next audit
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PERSONS MET IN COURSE OF AUDIT

1. Centre Leader
2. Project Accountant
3. Project Administrator
4. Project Procurement Officer

Sign: Njin, Naansel Paul
 Internal Auditor

University of Port
 FINANCE OFFICER
 ACEPRD
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