

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

DATE: 26/02/2020

KEY INFORMATION ON THE PROJECT

Project Name and State	ACE in Phytomedicine Research and Development/Plateau
Project ID	ACE 033/126974
IDA Credit/Grant No.	ACE/126974
Implementing Agency	University of Jos
Effectiveness Date	July 2015
Closing Date	March 2020
Credit/Grant Amount	\$7,900,000.00
Project Duration	5 years
Remaining Period to Closing	
Disbursed Amount to date & Percentage	₦1,683,484,198=35
Period Covered by Review	July-December 2019
Internal Auditor	Njin, Naansel Paul

EXECUTIVE SUMMARY

The report covers the half year period July 2019 to December 2019. The following documents and records were examined.

1. Cash Book: To confirm that all receipts and payments are captured and posted correctly.
2. Payment Vouchers: To confirm authorization, approval and documentation of expenditure.
3. Journal Vouchers: To confirm correctness of retirement of cash advances and also to confirm that advances are used for the purpose for which they were taken.
4. Fixed Assets Register: To ensure all project assets are well documented and secured.
5. Implementation plan
6. Interim Financial Report
7. Statement of uses of funds by project activities and components: To compare planned against actual expenditure with variances thereof.

KEY FINDINGS

1. The Accounting Software (SAGE ERP 1000) is partially in use
2. Project assets are yet to be insured.
3. Some cash advances remain unretired.
4. There was a negative variance on the overall budget for the period under review. The variance recorded was 20.76% where the actual expenditure was higher than the budgeted translating to ₦53,046,068=19 (Fifty-Three Million, Forty-six thousand, Sixty-eight naira, Nineteen kobo) only.
5. Action Plans 1 and 3 recorded a positive variance of 10.81% and 15.94% respectively.
6. Action Plans 2,4,5 & 6 recorded negative variance of 230.52% 60.08%,43.54% and 101.45% respectively which were quite significant.

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2.1 BUDGETING

The period July to December 2019 recorded a negative variance of 20.76% as stated on the summarized table below.

TOTAL BUDGET (₦)	ACTUAL ₦	VARIANCE ₦	VARIANCE%
255,481,102=80	308,527,170=99	(53,046,068=19)	(20.76)

The above table reveals that the actual expenditure was higher than the budgeted for the period under review.

ACTION PLANS

The operation of the centre is based on Six (6) action plans, with each plan subdivided into various components. Find below a summary of variances per action plan as computed from the statement of uses of funds by project activity.

ACTION PLAN	BUDGET ₦	ACTUAL ₦	VARIANCE ₦	VARIANCE %
PLAN 1	176,083,069=70	157,053,797=24	19,029,272=46	10.81%
PLAN 2	19,001,500=00	62,803,887=46	(43,802,387=46)	(230.52%)
PLAN 3	5,185,000=00	4,358,725.00	826,275=00	15.94%
PLAN 4	12,979,275=00	20,776,716=00	(7,797,441=00)	(60.08%)
PLAN 5	37,199,758=10	53,396,314=04	(16,196,555=94)	(43.54%)
PLAN 6	5,032,500=00	10,137,731=25	(5,105,231=25)	(101.45%)
TOTAL	255,481,102=80	308,527,170=99	(53,046,068=19)	(20.76%)

From the computation above, Action plans 1 and 3 recorded a positive variance while Action Plans 2,4,5 and 6 had negative variances where actual expenditure exceeded budgeted.

Further analysis of the components of Action Plans are as follows:

- **ACTION PLAN 1** (Enhance Capacity to deliver regional high-quality training) Components 1.2, 1.7, 1.8, and 1.12 recorded negative variances where actual expenditure exceeded planned ranging between 5% and 310% which is quite significant. On the other hand, components 1.4, 1.6, 1.9, and 1.11 had positive variances where actual expenditure were less than planned ranging between 5% and 93%. Components 1.1, 1.3, 1.5 and 1.10 were not budgeted for and there was no expenditure on them.
- **ACTION PLAN 2** (Enhance Capacity to deliver Applied Research to address Regional Developmental Challenges). Components 2.1, 2.2, 2.5, 2.7 and 2.8 recorded 100% positive variance as no actual expenditure was made but there was a budget for them. On the other hand, components 2.3, 2.4, 2.6 all had significant negative variances of 492.69%, 152.23% and 271.60% respectively. The plan as a whole recorded a negative of 230.52% where actual expenditure exceeded the planned.
- **ACTION PLAN 3** (Build and strengthen regional and International Academic Partnership). Components 3.1 and 3.8 recorded positive variances of 100% and 4.73% respectively. No expenditure on component 3.1. There was no budget and expenditure on components 3.2 to 3.7.
- **ACTION PLAN 4** (Build and use Industry/Sector partnerships to enhance impact of ACE on development and increased relevance of Centre Education and Research). Component 4.1 had a significant negative variance of 60.08%
- **ACTION PLAN 5** (Enhance Governance and management of ACE and the participating Universities to achieve Centre/Institutional operations and management Excellence). Components 5.1, 5.5 recorded negative variances of 60.98% and 94.46%. On the other hand, components 5.2, 5.4, 5.6 recorded

positive variances of 31.06%, 100% and 98.19% respectively. No budget provision was made for component 5.3. The Action plan as a whole recorded a positive variance of 43.54%.

- **ACTION PLAN 6** (Enhance Revenue Generation Strategies to strengthen Financial Stability of the Centre). Component 6.1 recorded a negative variance of 101.45%

The analysis above should be read in conjunction with the attached statements of IFR, Uses of Funds by activity.

RECOMMENDATIONS

- Expenditure should be done within budgetary provision.
- Action plans should be implemented within budgeted period to reduce significant variances.
- Budget preparation should take into account activities to be carried out within each budget period.

MANAGEMENT RESPONSE

Noted.

2.2 ACCOUNTING

- Prepayment Audit was carried out during the period
- Accounting books and records were adequately kept
- Vouchers had sufficient supporting documents.
- Accounting system was sufficient
- The Centre operates two (2) Bank accounts at the Central Bank of Nigeria (Naira and Dollar).

RECOMENDATION

The accounting software requires more training for users to enable them use it perfectly in processing transactions and reports.

MANAGEMENT RESPONSE

2.3 INTERNAL CONTROL

- There was adequate segregation of duties
- Fixed assets register is maintained
- There is adequate approval and authorization procedure
- Assets are yet to be insured
- An audit committee is in place
- Some cash advances are still unretired. This amounts to ₦10,149,385=00 (Ten Million, One Hundred and Forty-Nine Thousand, Three Hundred and Eighty-Five Naira) only.

RECOMMENDATIONS

- Staff with unretired advances should not be granted fresh advances.
- Deduction of unretired advances should be done from defaulting staff (without convincing explanation).
- Assets should be insured to guard against risks and losses.

MANAGEMENT RESPONSE

NOTED

2.4 EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEE

- The University Management oversees the functions of the Centre
- The audit committee is in place

2.5 FUNDS FLOW

IDA Funds received for the period 1st July-December, 2019 amounted to ₦161,807,767=08 (One Hundred and Sixty-One Million, Eight Hundred and Seven Thousand, Seven Hundred and Sixty-Seven Naira, Eight kobo) only.

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World Bank IDA Funds (ACEPRD CBN NAIRA account)	109,857,767=08
World Bank IDA Funds (Direct Payment by NUC)	51,950,000=00
TOTAL	<u>161,807,767=08</u>

- There were no negative reports from beneficiaries
- The statement of expenditure and IFR are attached.

2.6 FINANCIAL REPORTING

- Reports were generated using World Bank templates

2.7 EXTERNAL AUDIT

The external audit for 2019 financial year is yet to be concluded.

2.8 DISBURSEMENT AND SUBMISSION OF WITHDRAWAL APPLICATION

- Disbursements were received by the centre during the period under review

2.9 FRAUD AND CORRUPTION

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

2.10 PAYMENT PROCEDURE

The payment procedure is in line with acceptable rules and regulations and is adequate.

2.11 PHYSICAL VERIFICATION

Assets were verified and confirmed to be in place. Project assets are in safe custody.

ASSETS PROCURED

Assets procured during the period under review amounted to ₦79, 275, 812=75 (Seven Nine Million, Two Hundred and Seventy-Five Thousand, Eight Hundred and Twelve Naira, Seventy-Five kobo) only.

2.12 PROCUREMENT ACTIVITIES

No report was received.

2.13 ACTION PLAN

Status of Previous Internal Audit Action Plan

S/N	ISSUES	AGREED ACTION	BY WHOM	STATUS
1	Long overdue unretired cash advances	Retire advance or deduct from salary	Project Accountant	Partially done
2	Partial use of Accounting Software	Utilise Fully	Project Accountant	Partially done

3	Assets not Insured	Set Machinery to insure all project Assets	Center Leader/Project Accountant	Not done
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2.14 NEW ACTION PLAN

Same as 2.13

PERSONS MET IN COURSE OF AUDIT

1. Centre Leader
2. Deputy Centre Leader
3. Project Accountant
4. Project Administrator
5. Project Procurement officer.

University of Jos
FINANCE OFFICER
ACEPRD
Date.....

Njin Naamsel Paul
 Internal Auditor