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

DATE: 26/02/2017

**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 033/126974 |
| Implementing Agency | University of Jos |
| Effectiveness Date | July 2015 |
| Closing Date | June 2019 |
| Credit/Grant Amount | $7,900,000.00 |
| Project Duration | 4 years |
| Remaining Period to Closing | 1year |
| Disbursed Amount to date & Percentage | N780,119,743.65 |
| Period Covered by Review | July – December 2017 |
| Internal Auditor | Njin, Naansel Paul |

**EXECUTIVE SUMMARY**

The routine audit covered the half year period to 31st December 2017.The following records were examined.

1. Payment Vouchers: To confirm 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 **:**To confirm proper posting and capturing of receipts and payments.
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 and variances thereof.
6. Implementation plan
7. Interim Financial report.

**KEY FINDINGS**

1. There was an adverse variance on action plans 1,2 and 5. The total actual expenditure for the period was more than budgeted by =N=358,129,473=47 (Three Hundred and Fifty Eight Million, One and Twenty Nine Thousand, Four Hundred and Seventy Three Naira, Forty Seven kobo only. This was because activities budgeted for the first half of the year was carried out within the period under review.
2. Action Plans 1, 2 and 5 recorded adverse variances. Total expenditure was higher than budgeted though some components had positive variances (1.3, 1.5, 1.8, 1.10, 1.11, 2.1,2.4,2.5,2.7,5.2,5.3,5.4 and 5.6).
3. Action Plans 3 ,4 and 6 recorded positive variances in total. Some of the activities were not carried out.
4. Component 3.1 was not budgeted for but expenditure was incurred.
5. Some cash advances are yet to be retired.
6. Project funds were used for the purpose intended.
7. 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**

Variances were recorded between planned and actual expenditure for the period under review, July- December 2017. A summary is as shown in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **TOTAL BUDGET (**N**)** | **ACTUAL** N | **VARIANCE** N | **VARIANCE%** |
| 144,774,525=00 | 502,903,998=47 | 358,129,473=47 | 247.37 |

From the above table, the actual total expenditure for the period exceeded the budgeted by 247.37%.

**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 | 40,452,825=00 | 176,597,028=49 | 136,144,203=49 | (336.55%) |
| PLAN 2 | 20,462,400=00 | 261,275,103=45 | 240,812,703=45 | (1176.85) |
| PLAN 3 | 25,273,500=00 | 6,357,633=20 | 18,915,866=80 | 74.84 |
| PLAN 4 | 5,785,500=00 | 1,041,680=00 | 4,743,820=00 | 81.99 |
| PLAN 5 | 43,741,425=00 | 55,844,161=97 | 12,102,736=97 | (27.67) |
| PLAN 6 | 9,058,875=00 | 1,788,391=36 | 7,270,483=64 | 80.26 |
| **TOTAL** | **144,774,525=50** | **502,903,998=47** | **358,129,473=47** | **80.48** |

From the analysis above, adverse variances were recorded on Action plans 1, 2, and 5 where actual expenditure exceeded the planned for the half year period to 31st December 2017.

Furthermore, positive variances were recorded for Action plans 3, 4 and 6 where actual expenditure was less than budgeted expenditure.

Analysis of components of the action plans showed the following:-

* Action plan 1 (enhance capacity to deliver regional high quality training

Components 1.2, 1.4, 1.6, 1.7, 1.9 and 1.12 accounted for the significant adverse variances while components 1.1, 1.3, 1.5, 1.8, 1.10, 1.11 accounted for the positive variance recorded.

On the overall, the plan recorded an adverse variance of 336.55%

* Action plan 2(enhance capacity to deliver applied research to address regional developmental challenges).

Component 2.3, 2.6 and 2.8 accounted for the adverse variances while components 2.1, 2.2, 2.4, 2.5 and 2.7 had positive variances.

* Action plan3 (build and strengthen regional and international academic partnerships) component 3.1 accounted for the adverse variance because it was not budgeted for. Expenditures were not recorded on components 3.3, 3.4, 3.5 and 3.8 though budgetary provisions were made. Positive variance of 74.84% was recorded on action plan 3
* Action plan 4 (build and use industry/ sector partnership to enhance impact of ACE on development and increase relevance of Centre education and research)

The only component 4.1 recorded a positive variance of 81.99%.

* Action plan 5 (enhance governance and management of ACE and the participating universities to achieve Centre/ institutional operations and management excellence).

Components 5.1 and 5.5 accounted for the adverse variances on this plan. Components 5.2, 5.3, 5.4 and 5.6 recorded positive variances.

* Action plan 6 (enhance revenue generation strategies to strengthen financial stability of the Centre).

This component recorded a positive variance of 80.26%.

**RECOMMENDATIONS**

* It is recommended that expenditures be made in relation to budgetary provisions.
* There is need to explain the reasons for the adverse and positive variances.

**MANAGEMENT RESPONSE**

Budgetary provisions are often not matched with funds flow since funds accrue from results. Again, some of the activities budgeted for previous periods are executed in another period. However, cumulatively, they are closing up. Major expenditure were directly paid for by the NUC at the point the activity was concluded (eg procurements). The positive variances occurred as a result of unstable funds flow.

**2.2 ACCOUNTING**

-The system of accounting was adequate.

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

-Payment vouchers and journal 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**

* Incessant network problems and delay by the consultant to rectify the payment voucher module accounts for the partial usage of SAGE 1000 ERP.
* Also, training plan is underway for the operators to enhance efficient use of the package.

**2.3 INTERNAL CONTROL**

**OBERSVATIONS**

* The audit committee has started meeting.
* There was adequate segregation of duties.
* There was an adequate approval and authorization procedures for payments.
* The centre has a fixed asset register where all assets are captured and documented.
* 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 continue make available all documents requested to the audit Committee.
* Deductions from staff with outstanding advances that are long overdue should commence.
* Staff with unretired advances should not be granted additional advances.

**MANAGEMENT RESPONSE**

Noted

**2.4 EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEE**

- The University management is fully involved to ensure the success of the project

- The audit committee is functional.

**2.5 FUNDS FLOW**

- IDA Funds received during the half year period to 31st December 2017 amounted N494,388,966.00 (four hundred and ninety four million, three hundred and eighty-eight thousand, nine hundred and sixty-six naira, sixty kobo only). Breakdown below

World Bank IDA Funds (Direct payment-NUC) - N284, 388, 966.60

World Bank IDA (CBN Naira Account) - N210, 000, 000.00

**TOTAL N494, 388, 966.60**

* Other receipts/refunds during the period are:

Students’ charges paid in error - N69, 000.00

Refund of advances - N404,852.00

**TOTAL - N473, 852.00**

* All payments reached the beneficiaries accounts. There were no negative reports from beneficiaries.
* Statement of Expenditure is attached

**2.6 FINANCIAL REPORTING**

- The reports generated were prepared using World Bank templates.

- The report for the half year period to 31st December 2017 has been submitted to the Bank.

**2.7 EXTERNAL AUDIT**

The external Audit report for the year ended 31st December 2017 is still being prepared.

**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**

Due process was followed, the procedure in place is adequate and in line with acceptable rules and regulations.

**2.11 PHYSICAL VERIFICATION**

Physical confirmation of assets and their existence was carried out.

**ASSETS PROCURED**

Assets procured during the period amounts to N357,816,105.83(Three Hundred and Fifty-seven Million, Eight Hundred and Sixteen Thousand, One Hundred and five Naira, Eighty-three kobo only). See attached list

**2.12 PROCUREMENT ACTIVITIES**

Procurement activities were carried out by the procurement committee of the Centre. See attached

**ACTION PLAN**

**Status of previous internal audit action plan**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **Issues** | **Agreed Action** | **By Whom** | **status** |
| 1 | Remittance of Tax from Jodax to FIRS | To be remitted to FIRS | Project Accountant | Done |
| 2 | Some fixed assets not yet captured in Asset register | Update Fixed Asset register | Project Accountant | Completed |
| 3 | Unretired Advances long overdue | Retire advances or deduct from erring staff | Project Accountant | Partially done |
| 4 | Partial use of Accounting Software (SAGE) | To ensure the SAGE Accounting Software is fully utilized | Project Accountant | Not done |
| 5 | Assets not insured | Ensure assets are insured | Project Accountant | Not done |

**NEW/UPDATED INTERNAL AUDIT ACTION PLAN**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **Issues** | **Agreed actions** | **By whom** | **By when** |
| 1. | Unretired advances long over due | Retire advances or deduct from erring staff | Project Accountant | Before next audit |
|  |  |  |  |  |
| 2. | Partial use of Accounting Software (SAGE) | To ensure the SAGE Accounting Software is fully utilized | Project Accountant | Before next audit |
| 3. | Assets not insured | Ensure assets are insured | Centre leader/Project Accountant | Before next audit |

**PERSONS MET IN COURSE OF AUDIT**

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

Sign: Njin, Naansel Paul

Internal Auditor