



AUDIT REPORT FOR THE PERIOD, JULY TO DECEMBER, 2023.

1.0 INTRODUCTION:

1.1 WORK PLAN – In compliance with the Schedule 2, part B of the Financing Agreement, Centre of Excellence in Reproductive Health Innovation (CERHI) prepares its annual work plan for the year 2023. This work plan covers the activities of the centre for the period January to December, 2023.

The following are the basic headlines for the work plan activities:

- Development and support centre governance, structure and strategy
- Development impact: Support independent evaluation
- Strengthen excellence in educational programmes
- Strengthen teaching and learning excellence
- Enhancing relevance of Education & Research
- Fiduciary Enhancement and
- Institutional Impact

1.2 BOOKS OF ACCOUNTS/DOCUMENTS

The Centre's Books of Accounts/Documents (Cash Books, Ledgers, Bank Statements, Payment Vouchers etc) were examined for the period under review to ensure:

- they complied with Accounting principles, procedure and guidelines.
- Project's assets were acquired at the lowest market cost possible without compromising quality
- All payment procedures followed laid down internal control system.
- All Assets acquired by the Centre were physically verified in their present designated location(s) as well as to ensure they meant with prescribed specification(s).

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2.0 KEY INFORMATION ON THE PROJECT

Project Name and State	Centre of Excellence in Reproductive Health Innovation (CERHI), University of Benin, Benin City, Edo State, Nigeria.
IDA Credit/Grant No	IDA 54150
Implementing Agency	University of Benin
Effective Date	1st July, 2019
Closing Date	30th June, 2024
Credit/Grant Amount	US\$5,000,000 (Five Million US Dollars)
Project Duration	5 years
Remaining Period to Closing	Six Months
Disbursed Amount for the period under review	₦378,147,724.57 (<i>See attached annexure</i>)
Period Covered	July to December, 2023
Internal Auditor	MR. ENADEGHE HARRISON (FCA)

3.0 EXPENDITURE FOR THE PERIOD (July to December, 2023)

The expenditure for the period July to December, 2023 was Three Hundred and Seventy Eight Million, One Hundred and Forty Seven Thousand, Seven Hundred and Twenty Four Naira, Fifty Seven Kobo (₦378,147,724.57). *See attached Annexure.*

4.0 PROJECT INTERNAL CONTROL SYSTEM

4.1 APPROVAL AND AUTHORIZATION PROCEDURES.

CERHI has embraced the University's authorization and approval processes. Depending on the amount involved, the Vice-Chancellor or the Center Leader must authorize before any payment can be made. However, all expenditure are subjected to prepayment audit before payments are effected. The breakdown is as shown below:


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4.2 APPROVAL LIMITS

OFFICER	AMOUNT
Centre Leader	₦1,000,000 and below
Vice-Chancellor	Above ₦1,000,000 upto N20,000,000
Tenders Board	Above ₦20,000,000

As shown in the table above:

- Centre Leader can approve expenditure not exceeding ₦1,000,000
- The Vice-Chancellor approval limit is above ₦1,000,000 but not exceeding ₦20,000,000
- Any amount in excess of ₦20,000,000 is referred to the Tenders Board.

4.3 In adherence to the approval limits, all Expenditure are subject to pre-payment audit before payments are made. However, post-payments audit are also carried out were and when necessary to ensure that approved funds are applied for the intended purpose(s) as well as to ensure there is value for money for expenditure incurred.

4.4 PHYSICAL VERIFICATION

The University's Internal Audit staff are usually deployed to carry out physical verification exercise of Assets acquired at the Centre in the various locations to ensure they are protected against misuse, defalcation, conversion, and other forms of misappropriation.

4.5 Internal Audit is being conducted in compliance with the International Development Association (IDA) Financing Agreement to ensure that:

- i) Project funds are utilized Economically, Efficiently and Effectively for intended purposes;
- ii) Financial reports generated by the Accounting system are prepared on time, accurately and are reliable;
- iii) The assets acquired with Project funds are safeguarded from misuse, defalcation, conversion and other forms of misappropriation.
- iv) The Centre's disbursement policy complies with Federal Government Financial Regulations and Financial Circulars as applicable in the University of Benin were the Centre's project is domicile.


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5.0 BUDGET EXECUTION

To ensure that the project funds are committed to the purposes meant for, all expenditure captured in the budget must first be approved by the University of Benin Management before any release(s) for project funding.

The University's Tender Board services are extended to the project execution procedures depending on the amount involved. Also, a Project Monitoring Committee involving the University's Physical Planning Division meets with CERHI's building contractor regularly for necessary supervision.

The project equally enjoys Nigeria University Commission (NUC) guidance. To this end, series of seminars and workshops are organized for CERHI's Management team to be well guided.

6.0 BUDGET ANALYSIS FOR THE PERIOD JULY TO DECEMBER, 2023

6.1 PROJECT ACTIVITIES: The Budgeted Expenditure for the period under review was **₦366,332,400.08** (Three Hundred and Sixty Six Million, Three Hundred and Thirty Two Thousand, Four Hundred Naira and Eight Kobo). The actual expenditure for the same period amounted to **₦378,147,724.57** (Three Hundred and Seventy Eight Million, One Hundred and Forty Seven Thousand, Seven Hundred and Twenty Four Naira, Fifty Seven Kobo) thereby resulting in an unfavourable variance of **₦11,815,324.49** (i.e **₦366,332,400.08 Less ₦378,147,724.57**) (Eleven Million, Eight Hundred and Fifteen Thousand, Three Hundred and Twenty Four Naira, Forty Nine Kobo). *See attached Annexure.*

6.2 *Comment on The Unfavourable Variance:*

As identified in the budget (*See Attached Annexure*) the cause of the unfavourable variance is traceable to the below-the-line items that were incurred during the budget year which hitherto were not foreseeable at the inception of the "budget year".

Furthermore, the hyper inflationary impact at the Macro Economic level in Nigerian economy also affected the budget implementation during the period under review.



In the light of the above, those below the line items that were identified in the budget should be taken into consideration in subsequent budgeting in order to eliminate unfavourable budget variance.

7.0 ASSETS REGISTER

The Centre Accounts Unit maintained Asset Register for all project Asset acquired. Assets Register is classified into various codes for easy identification of Assets. However, the Asset Registers as shown to us does not have information on:

- Rate of depreciation of Assets
- Life span of the Assets

RECOMMEDATION:

We strongly recommend that the above information should form part of Asset Register in subsequent periods

8.0 PROJECT FUND FLOWS

During the period under review, project funding did not witness any delay as funds were release promptly as at when due.

9.0 PAYMENT PROCEDURES:

CERHI current payment procedure is in compliance with Federal Government Financial Regulations and Financial Circulars as applicable in the University of Benin where the project is domicile.


10.0 BANK RECONCILIATION

OBSERVATION:

The bank reconciliation of ACE operational Account was carried out. However, we observed that there was a difference in the reconciliation.

RECOMMENDATION:

We recommend that the project Accountant should revisit the reconciliation and reconcile the account to date.



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CONCLUSION

CERHI Books of Accounts were examined and analysed for the period, July to December, 2023.

All expenditure complied with the Institution's laid down internal control procedure.

Project's Assets were acquired at the lowest cost possible without compromising standard.

Finally, the Internal Audit Department prepares biannual Audit Reports on the Centre's activities and these are regularly reviewed at Project Management Committee meetings. The reports are uploaded to CERHI's website.


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PROJECT AUDITOR

ANNEXURE

BUDGET ANALYSIS FOR JULY TO DECEMBER, 2023				
		BUDGETED EXPENDITUR E FOR JUL - DEC 2023	ACTUAL EXPENDITUR E FOR JUL - DEC 2023	VARIANCE
ACCOUNT CODE	CODE DESCRIPTION	AMOUNT (N)	AMOUNT (N)	AMOUNT(N)
21211-002	COMPUTERS	1,794,400.00	7,138,000.00	-5,343,600.00
21211-003	PRINTERS/ SCANNERS/ PHOTOCOPIERS	6,030,400.00	0.00	6,030,400.00
21211-004	SHREDDING MACHINES	3,488,800.00	0.00	3,488,800.00
21211-006	BINDING EQUIPMENT	2,588,800.00	0.00	2,588,800.00
21211-008	TABLES	0	459,600.00	-459,600.00
21211-010	LABORATORY/MEDICAL EQUIPMENTS	2,500,000.00	4,022,292.00	-1,522,292.00
21211-011	SECURITY INSTALLATIONS/ EQUIPMENT	2,588,800.00	1,100,617.40	1,488,182.60
21211-012	ELECTRICITY TRANSMISSION NETWORK	1,294,400.00	704,926.21	589,473.79
21211-013	WATER DISTRIBUTION NETWORK	1,294,400.00	0.00	1,294,400.00
21211-014	BOREHOLES & OTHER WATER FACILITIES	1,294,400.00	597,493.77	696,906.23
21211-016	INDUSTRIAL EQUIPMENT	500,000.00	0.00	500,000.00
21211-019	BROADCAST & COMMUNICATION EQUIPMENTS	0.00	2,307,750.00	-2,307,750.00
21211-020	OFFICE EQUIPMENT	500,000.00	6,928,421.31	-6,428,421.31
21211-021	FURNITURE AND FITTINGS	0.00	7125815.82	-7,125,815.82
21212-002	MAINTENANCE OF OFFICE BUILDING / RESIDENTIAL QTRS	8,523,400.02	9,700,060.86	-1,176,660.84
21212-003	CONSTRUCTION OF BUILDING	36,654,400.00	0.00	36,654,400.00
21213-001	VCLEANING & FUMIGATION SERVICES	1,000,000.00	0	1,000,000.00
21214-001	FINANCIAL CONSULTING SERVICES	1,000,000.00	0	1,000,000.00
21214-002	INFORMATION TECHNOLOGY CONSULTING SERVICES	1,000,000.00	0	1,000,000.00


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21214-003	LEGAL SERVICES CONSULTING SERVICES	1,000,000.00	0	1,000,000.00
21214-004	ENGINEERING CONSULTING SERVICES 0	1,000,000.00	0	1,000,000.00
21214-005	ARCHITECTURAL CONSULTING SERVICE	1,000,000.00	0	1,000,000.00
21214-006	SURVEYING CONSULTING SERVICES	1,000,000.00	0	1,000,000.00
21214-007	AGRICULTURAL CONSULTING	1,000,000.00	0	1,000,000.00
21214-008	MEDICAL CONSULTING	1,000,000.00	0	1,000,000.00
21214-009	AUDITING OF ACCOUNTS	1,194,400.00	0	1,194,400.00
21215-001	LOCAL TRAINING	7,401,900.00	12,040,809.00	-4,638,909.00
21215-002	INTERNATIONAL TRAINING	17,944,000.02	34,553,867.87	-16,609,867.85
21216-001	BANK CHARGES	100,000.02	0	100,000.02
21216-002	LOCAL TRAVEL & TRANSPORT EXPENSES	5,271,049.98	4,807,100.00	463,949.98
21216-003	VEHICLE/TRANSPORT EQUIPMENT	2,691,600.00	1,208,200.00	1,483,400.00
21216-004	MAINTENANCE OF OFFICE FURNITURE	1,000,000.02	0	1,000,000.02
21216-005	MAINTENANCE OF OFFICE /IT EQUIPMENTS	5,158,900.02	2,854,437.03	2,304,462.99
21216-006	MAINTENANCE OF PLANTS/GENERATORS	750,000.00	0	750,000.00
21216-008	MAINTENANCE OF COMMUNICATION EQUIPMENT	500,000.00	0	500,000.00
21216-009	ELECTRICITY CHARGES	100,000.00	0	100,000.00
21216-010	TELEPHONE CHARGES	1,121,500.02	1,866,200.00	-744,699.98
21216-011	INTERNET ACCESS CHARGES	1,121,500.02	18,000,000.00	-16,878,499.98
21216-013	WATER RATES	0	179,400.00	-179,400.00
21216-015	SOFTWARE CHARGES/ LICENCE RENEWAL	0	74,152,600.00	-74,152,600.00
21216-016	STATIONERIES/COMPUTER CONSUMABLES	9,644,899.98	4,987,900.00	4,656,999.98
21216-017	BOOKS	2,243,000.00	6,887,500.00	-4,644,500.00
21216-018	NEWSPAPERS	250,000.00	0	250,000.00
21216-019	MAGAZINES & PERIODICALS	2,243,000.00	2,418,755.00	-175,755.00

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21216-020	TEACHING AIDS/INSTRUCTION MATERIALS	500,000.00	0	500,000.00
21216-022	RESIDENTIAL RENT	1,000,000.00	1,768,859.86	-768,859.86
21216-023	MOTOR VEHICLE FUEL COST	1,345,800.00	20,500.00	1,325,300.00
21216-024	PLANT/GENERATOR FUEL COST	4,037,400.00	310,500.00	3,726,900.00
21216-025	PUBLICITY & ADVERTISEMENTS	5,383,200.00	1,519,476.31	3,863,723.69
21216-026	POSTAGES & COURIER SERVICES	500,000.00	0	500,000.00
21216-028	RESEARCH AND DEVELOPMENT (R&D) - EXPENSE	40,024,999.98	36,027,450.00	3,997,549.98
21216-029	WAGES/ALLOWANCES	38,626,350.00	23,493,265.75	15,133,084.25
21216-030	TEAM BUILDING COST	8,411,250.00	5,446,560.00	2,964,690.00
21216-031	INTERNATIONAL TRAVELS	20,523,450.00	58,431,326.38	-37,907,876.38
21216-032	STUDENTS COSTS	47,103,000.00	11,311,040.00	35,791,960.00
21216-033	ACCREDITATION EXPENSES	49,346,000.00	18,590,500.00	30,755,500.00
21216-034	LABORATORY CONSUMABLES/REAGENTS	2,243,000.00	710,000.00	1,533,000.00
21216-035	INSURANCE EXPENSES	500,000.00	0	500,000.00
21216-036	OPERATING COST	5,000,000.00	60,000.00	4,940,000.00
21216-037	WORKSHOP/SEMINAR	5,000,000.00	16,416,500.00	-11,416,500.00
	TOTAL	366,332,400.08	378,147,724.57	-11,815,324.49

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