

## CERHI AUDIT REPORT

### KEY INFORMATION ON THE PROJECT

<b>Project Name and State</b>	Centre of Excellence in Reproductive Health Innovation, Edo State.
<b>IDA Credit/Grant No.</b>	IDA 54150
<b>Implementing Agency</b>	University of Benin
<b>Effectiveness Date</b>	July 1 <sup>st</sup> 2015
<b>Closing Date</b>	December 31 <sup>st</sup> 2018
<b>Credit/Grant Amount</b>	US\$8,000,000 (Eight Million US Dollars)
<b>Project Duration</b>	4 years
<b>Remaining Period to Closing</b>	1 year, 6 Months
<b>Disbursed Amount to date</b>	₦372,474,019.05
<b>Period Covered by Review</b>	January – June 2017
<b>Internal Auditor</b>	Osifo I.U.O

#### 1. THE CENTRE'S BOOKS OF ACCOUNT

The Centre's Books of Account which is mainly prepared in electronic format include the following:

- Cash Books, including Petty (Imprest) Cash Book
- Ledgers (Revenue & Administration)
- Staff Advance Ledgers and files showing Retirement(s)
- Fund Flow Statements
- Bank Statements and Bank Reconciliation Statement
- Statement of Expenditures incurred.
- Statement of Sources & Uses of Funds
- Statement of Reimbursable Eligible Expenditure
- Disbursement Link Indicators Statement

- Payment Vouchers and Payment Voucher Register
- Outflow Report
- Bank Mandate File/E-payment Mandates
- Vote Book
- Interim Financial Report (IFR)
- Uses of Funds showing Expenditure Classification 1-5 as per Project Implementation Plan
- Fixed Asset Register

The Centre's Books of Account listed above were presented for Audit examination.

## **2. EXPENDITURE:**

The Expenditure for the period January to June 2017 was Eighty Five Million, Nine Hundred and Fifty Seven Thousand, Nine Hundred and Forty Nine Naira Twenty Two Kobo Only (₦85,957,949.22). See Table A below.

**TABLE A – EXPENDITURE FROM JANUARY TO JUNE 2017**

<b>ACCOUNT CODE</b>	<b>CODE DESCRIPTION</b>	<b>AMOUNT (N)</b>
01-300-3001	BOOKS, JOURNALS AND WORLD HEALTH MAGAZINE	12,315,050.00
01-300-3002	COMPUTER AND OFFICE EQUIPMENT	599,000.00
01-300-3004	FURNITURE & FITTINGS	11,197,234.91
01-300-3005	ELECTRICAL/ ELECTRONICS EQUIPMENT	253,000.00
01-300-3008	CIVIL WORKS (CERHI BUILDING COMPLEX)	10,891,987.71
01-400-4019	ENTERTAINMENT AND HOSPITALITY	1,587,305.40
01-400-4001	TRANSPORT & TRAVELLING	692,328.89
01-400-4002	PRINTING AND STATIONERIES	792,320.00
01-400-4003	FUEL CHARGES (DIESEL, PETROL)	113,100.00
01-400-4005	REFRESHMENT DURING CERHI ACTIVITIES	1,568,963.50
01-400-4006	COMMUNICATION AND POSTAGE CHARGES	31,270.00
01-400-4008	PROFESSIONAL CONFERENCES/ WORKSHOP (LOCAL)	6,250,193.44
01-400-4009	PROFESSIONAL CONFERENCES/ WORKSHOP (OVERSEAS)	4,184,713.76
01-400-4010	FACILITY & INFRASTRUCTURE MAINTENANCE	125,000.00
01-400-4011	CURRICULUM WORKSHOP	7,010,000.00
01-400-4013	AUDIT FEES AND EXPENSES	600,000.00
01-400-4016	ADVERT AND INTERVIEW EXPENSES	1,982,850.00
01-400-4017	STUDENTS SCHOLARSHIP/ INTERNSHIP	16,523,200.00
01-400-4024	MISCELLANEOUS & SUNDRY EXPENSES	328,000.00
01-400-4026	CONSUMABLES	11,050.00
01-400-4029	TEACHING AND EXAMINATION	8,844,468.20
01-700-7001	BANK CHARGES	56,913.41
	<b>GRAND TOTAL</b>	<b>85,957,949.22</b>

**3. APPROVAL LIMIT.**

Expenditures below ₦1,000,000 (One Million Naira Only) for Goods, Works, Non-Consultant/Consultant services are subjected to the Centre Leader's approval.

Expenditures below ₦2,500,000 (Two Million, Five Hundred Thousand Naira Only) are subjected to the Vice Chancellor's approval. While those above ₦2,500,000 (Two Million, Five Hundred Thousand Naira Only) are approved by University's Tenders board. Approved expenditures are subjected to both Pre and Post Payment Audit to

ensure that the Project funds are being used for the intended purposes and give the required value for money.

#### **4. PROJECT-SPECIFIC RISK PROFILE.**

Internal Audit is being conducted in accordance with the World Bank's Financial Management making sure that:

- (i) Project funds are utilized efficiently, effectively, economically and only for the intended purposes;
- (ii) Financial reports generated by the accounting system are prepared on time, accurately and are reliable; and
- (iii) The assets acquired with project funds are safeguarded from misuse, defalcation, conversion and other forms of misappropriation.
- (iv) The Centre's disbursements comply with all extant laws, rules and guidelines of the Federal Republic of Nigeria as applicable to Federal Universities.

#### **FINDINGS AND ACTION PLAN**

##### **5.1 BUDGET ANALYSIS FOR THE PERIOD JANUARY TO JUNE 2017:**

- 5.1.1.** Project Activity, with Category 100 – 500 had a Budget of Three Hundred and Ten Million, Eight Hundred Thousand Naira Only (₦310,800,000) from which Eighty Five Million, Nine Hundred and Fifty Seven Thousand, Nine Hundred and Forty Nine Naira Twenty Two Kobo Only (₦85,957,949.22) was spent, giving a favourable variance of Two Hundred and Twenty Four Million, Eight Hundred and Forty Two Thousand, Fifty Naira Seven Eight Kobo Only (₦224,842,050.78). See Table C below.

## 5.2 BUDGET ANALYSIS FOR THE YEAR 2017

The Budget analysis for the period January to June 2017 is shown in Table B below.

TABLE B - BUDGET ANALYSIS FOR THE YEAR 2017.

ACCOUNT CODE	REVENUE	ESTIMATED REVENUE (N)	ACTUAL REVENUE (N)	BUDGET VARIANCE (N)
01-001-1003	SCHOOL FEES	14,375,000.00	8,720,000.00	(5,655,000.00)
01-001-1005	SUBVENTION (GRANT FROM WORLD BANK)	29,538,547.50	29,538,547.50	0.00
01-100-1006	TENDER FEES	0.00	570,000.00	570,000.00
01-100-1007	REFUND & REVENUE FROM SHORT TERM COURSE	0.00	589,758.80	589,758.80
	TOTAL REVENUE	43,913,547.50	39,418,306.30	(4,495,241.20)
ACCOUNT CODE	EXPENDITURE	ESTIMATED EXPENDITURE (N)	ACTUAL EXPENDITURE (N)	BUDGET VARIANCE (N)
01-300-3001	BOOKS, JOURNALS AND WORLD HEALTH MAGAZINE	40,000,000.00	12,315,050.00	27,684,950.00
01-300-3002	COMPUTER AND OFFICE EQUIPMENT	25,000,000.00	599,000.00	24,401,000.00
01-300-3004	FURNITURE & FITTINGS	30,000,000.00	11,197,234.91	18,802,765.09
01-300-3005	ELECTRICAL/ ELECTRONICS EQUIPMENT	20,400,000.00	253,000.00	20,147,000.00
01-300-3008	CIVIL WORKS (CERHI BUILDING COMPLEX)	30,000,000.00	10,891,987.71	19,108,012.29
01-400-4001	TRANSPORT & TRAVELLING	7,000,000.00	692,328.89	6,307,671.11
01-400-4002	PRINTING AND STATIONERIES	5,000,000.00	792,320.00	4,207,680.00
01-400-4003	FUEL CHARGES (DIESEL, PETROL)	6,000,000.00	113,100.00	5,886,900.00
01-400-4005	REFRESHMENT DURING CERHI ACTIVITIES	6,000,000.00	1,568,963.50	4,431,036.50
01-400-4006	COMMUNICATION AND POSTAGE CHARGES	2,700,000.00	31,270.00	2,668,730.00
01-400-4008	PROFESSIONAL CONFERENCES/ WORKSHOP (LOCAL)	30,000,000.00	6,250,193.44	23,749,806.56
01-400-4009	PROFESSIONAL CONFERENCES/ WORKSHOP (OVERSEAS)	15,000,000.00	4,184,713.76	10,815,286.24
01-400-4010	FACILITY & INFRASTRUCTURE MAINTENANCE	3,000,000.00	125,000.00	2,875,000.00
01-400-4011	CURRICULUM WORKSHOP	15,000,000.00	7,010,000.00	7,990,000.00
01-400-4013	AUDIT FEES AND EXPENSES	700,000.00	600,000.00	100,000.00
01-400-4016	ADVERT AND INTERVIEW EXPENSES	5,000,000.00	1,982,850.00	3,017,150.00
01-400-4017	STUDENTS SCHOLARSHIP/ INTERNSHIP	40,000,000.00	16,523,200.00	23,476,800.00
01-400-4019	ENTERTAINMENT AND HOSPITALITY	3,000,000.00	1,587,305.40	1,412,694.60
01-400-4024	MISCELLANEOUS & SUNDRY	5,000,000.00	328,000.00	4,672,000.00

	EXPENSES			
01-400-4026	CONSUMABLES	2,000,000.00	11,050.00	1,988,950.00
01-400-4029	TEACHING AND EXAMINATION	20,000,000.00	8,844,468.20	11,155,531.80
01-700-7001	BANK CHARGES	0.00	56,913.41	(56,913.41)
	TOTAL EXPENDITURE	310,800,000.00	85,957,949.22	224,842,050.78

## 6. USES OF FUND

The Uses of Funds with Expenditure Classification 1-5 as per Project Implementation Plan January to June 2017 is shown in Table C below

TABLE C – USES OF FUND (JANUARY – JUNE 2017)

PROJECT ACTIVITY	EXPENDITURE	PLANNED (N)	ACTUAL (N)	VARIANCE (N)
100	ENHANCED CAPACITY TO DELIVER REGIONAL HIGH QUALITY TRAINING			
01-400-4001	TRANSPORT & TRAVELLING	7,000,000.00	692,328.89	6,307,671.11
01-400-4003	FUEL CHARGES (DIESEL, PETROL)	6,000,000.00	113,100.00	5,886,900.00
01-400-4005	REFRESHMENT DURING CERHI ACTIVITIES	6,000,000.00	1,568,963.50	4,431,036.50
01-400-4006	COMMUNICATION AND POSTAGE CHARGES	2,700,000.00	31,270.00	2,668,730.00
01-400-4008	PROFESSIONAL CONFERENCES/ WORKSHOP (LOCAL)	30,000,000.00	6,250,193.44	23,749,806.56
01-400-4019	ENTERTAINMENT AND HOSPITALITY	3,000,000.00	1,587,305.40	1,412,694.60
	SUB TOTAL	54,700,000.00	10,243,161.23	44,456,838.77
200	ENHANCED CAPACITY TO DELIVER APPLIED RESEARCH TO ADDRESS REGIONAL DEVELOPMENT CHALLENGES			
01-300-3001	BOOKS, JOURNALS AND WORLD HEALTH MAGAZINE	40,000,000.00	12,315,050.00	27,684,950.00
01-300-3002	COMPUTER AND OFFICE EQUIPMENT	25,000,000.00	599,000.00	24,401,000.00
01-300-3008	CIVIL WORKS (CERHI BUILDING COMPLEX)	30,000,000.00	10,891,987.71	19,108,012.29
01-400-4002	PRINTING AND STATIONERIES	5,000,000.00	792,320.00	4,207,680.00
01-400-4009	PROFESSIONAL CONFERENCES/ WORKSHOP (OVERSEAS)	15,000,000.00	4,184,713.76	10,815,286.24
01-400-4016	ADVERT AND INTERVIEW EXPENSES	5,000,000.00	1,982,850.00	3,017,150.00
01-400-4024	MISCELLANEOUS & SUNDRY EXPENSES	5,000,000.00	328,000.00	4,672,000.00
01-400-4026	CONSUMABLES	2,000,000.00	11,050.00	1,988,950.00
	SUB TOTAL	127,000,000.00	31,104,971.47	95,895,028.53
300	BUILD & USE INDUSTRY/SECTOR PARTNERSHIP TO IMPACT ACE ON DEVELOPMENT AND INCREASED RELEVANCE OF CENTRE EDUCATION AND RESEARCH			

01-400-4010	FACILITY & INFRASTRUCTURE MAINTENANCE	3,000,000.00	125,000.00	2,875,000.00
	SUB TOTAL	3,000,000.00	125,000.00	2,875,000.00
400	BUILD AND STRENGTHEN REGIONAL AND INTERNATIONAL ACADEMIC PARTNERSHIP			
01-300-3004	FURNITURE & FITTINGS	30,000,000.00	11,197,234.91	18,802,765.09
01-300-3005	ELECTRICAL/ ELECTRONICS EQUIPMENT	20,400,000.00	253,000.00	20,147,000.00
01-400-4011	CURRICULUM WORKSHOP	15,000,000.00	7,010,000.00	7,990,000.00
01-400-4017	STUDENTS SCHOLARSHIP/ INTERNSHIP	40,000,000.00	16,523,200.00	23,476,800.00
01-400-4029	TEACHING AND EXAMINATION	20,000,000.00	8,844,468.20	11,155,531.80
	SUB TOTAL	125,400,000.00	43,827,903.11	81,572,096.89
500	ENHANCE GOVERNANCE AND MANAGEMENT OF ACE AND PARTICIPATING UNIVERSITY			
01-400-4013	AUDIT FEES AND EXPENSES	700,000.00	600,000.00	100,000.00
01-700-7001	BANK CHARGES	0.00	56,913.41	(56,913.41)
	SUB TOTAL	700,000.00	656,913.41	43,086.59
	GRAND TOTAL	310,800,000.00	85,957,949.22	224,842,050.78

## 7. STATEMENT OF SOURCES AND USES OF FUNDS

A Statement of Sources and Uses of Funds for the year 2017 is shown in Table D below.

**TABLE D – STATEMENT OF SOURCES AND USES OF FUNDS**

	Semi-Annual Period (January - June 2017)	Cummulative (January – June 2017)
<b>Opening Cash Balance:</b>		
Government Funds	0.00	0.00
World Bank IDA Funds	139,211,880.18	139,211,880.18
Student Fees (USD: Cash in Transit)	7,837,532.00	7,837,532.00
Student Fees (Naira)	7,102,369.50	7,102,369.50
	<b>154,151,781.68</b>	<b>154,151,781.68</b>
<b>Add Receipts:</b>		
Government Funds	0.00	0.00
World Bank IDA Funds	29,538,247.50	168,750,127.68
Student Fees (USD: Cash in Transit)	0.00	7,837,532.00
Student Fees (Naira)	9,542,012.00	16,644,381.50
<b>Total Financing (Sources of Fund)</b>	<b>193,232,041.18</b>	<b>193,232,041.18</b>
<b>Less: ACE Expenditure as per Project Implementation Plan</b>		
Enhanced Capacity to Deliver Regional High Quality Training	10,243,161.23	10,243,161.23

Enhanced Capacity to Deliver Applied Research to Address Regional Development Challenges	31,104,971.47	31,104,971.47
Build/Use Industry/Sector Partnership to Impact ACE on Development and Increased Relevance of Centre Education and Research	125,500.00	125,500.00
Build and Strengthen Regional and International Academic Partnership	43,827,903.11	43,827,903.11
Enhance Governance and Management of ACE and the Participating University	656,913.41	656,913.41
<b>Total Uses of Funds By Components</b>	<b>85,958,449.22</b>	<b>85,958,449.22</b>
<b>Closing Balances:</b>		
World Bank IDA Funds		99,436,062.30
Zenith Dom account \$39,187.66@ N200/\$		7,837,532.00
<b>Total Closing Cash Balance</b>		<b>107,273,594.30</b>

## 8.0 ACCOUNTING AND AUDITING SOFTWARE

The Centre is long overdue to acquire the necessary software for its activities especially Accounting and Audit software, since it's Budget of Six Million, Five Hundred Thousand (N6,500,000) has not been utilized.

The inclusion of the Centre's fund with that of the University's through Treasury Single Account (TSA) operations is likely to have impact in the running of the Centre's project. With TSA it is difficult to pin point the project's fund. A lot of reconciliation need to be carried out with the University main account to be able to sieve out the Centre's Account balance and this can be made easier if the Centre have a compatible Accounting and Audit software with that used by TSA.

## 8.1 RECOMMENDATION

The importance of studying the various DLIs need not be overemphasized as meeting them entitles the Centre to receive the necessary World Bank associated reward.

## 9.0 ACCOUNTING:

The Accounting system of CERHI is adequate, being that the Books of Accounts are maintained electronically. The Centre Books of Accounts, Accounting records and documents including Bank Statements, Bank Reconciliation Statements, Ledgers, Cash Books, etc. were audited and were in compliance with World Bank guidelines.

## 9.1 RECOMMENDATION

In line with World Bank directive, Internal Audit advice that CERHI's Audited Annual Financial Statement be included in the University's published financial statement and also pasted in the CERHI's Website

## 10. INTERNAL CONTROLS:

CERHI is in compliance with the Financing agreements, financial procedures manuals etc.

There were Seven (7) unretired advances for the period January to June 2017 as shown in Table E.

**TABLE E – UNRETIRED ADVANCES**

S/N	DATE	NAMES OF BENEFICIARIES	PURPOSE OF ADVANCE TAKEN	PV NUMBERS	AMOUNT (N)
1	11/01/17	DR. (MRS.) M.O. OSIFO	PURCHASE OF STATIONERIES/ COMPUTER CONSUMABLES	04322	24,400
2	23/02/17	ABHUOHIEN EBEWELE	PAYMENT TO GAMBIA STUDENTS FOR INTERSHIP POSTING	04354	750,000
3	14/03/17	EMMANUEL EHIOROBO	TO ATTEND A 3 DAY PUBLIC PROCUREMENT WORKSHOP	04375	200,536
4	12/06/17	ABHUOHIEN EBEWELE	FOR ADVERT PLACEMENT FOR THE POSITION OF COMMUNICATION OFFICER	0049	409,500
5	19/06/17	DR. A.R. ISARA	INITIAL PREPARATION FOR CERHI SHORT COURSE	0075	82,500
6	19/06/17	ABHUOHIEN EBEWELE	TO ATTEND THE 12TH ICAN EASTERN ZONAL DISTRICT CONFERENCE	0079	97,720
7	19/06/17	OGUNSAKIN K. DAVID	TO ATTEND THE 12TH ICAN EASTERN ZONAL DISTRICT CONFERENCE	0080	97,720
					<b>1,662,376</b>

**11. PHYSICAL CONTROLS:**

Internal Audit carries out physical verification of assets periodically to be sure that the assets are safeguarded from misuse, defalcation, conversion and other forms of misappropriation.

**12. APPROVAL AND AUTHORIZATION PROCEDURES:**

CERHI has adopted the University's mode of approval and authorization. This adheres to the Public Procurement Acts 2007. Before any payment is made, the expenditure item must have been approved by the Vice Chancellor, the CERHI Team Leader depending on the amount involved after which prepayment audit is carried out.

**13. CONTROLS OVER ASSETS:**

The Centre's Accounts Unit has an up to date Fixed Asset Register that are classified by the various codes for easy identification.

**14. COST CONTROL:**

To ensure that project's assets are acquired at the best ruling market price, the various procedures spelt out in the Bureau of Public Procurement are followed. Depending on the amount involved, bidding or call for quotation from reputable vendors is resorted to.

**15. MANAGEMENT OVERSIGHT PROCEDURES OVER THE PROJECT**

To ensure that the project funds are committed to the purposes meant for, all expenditures for the project have to be approved by the University of Benin Management before any release from the project fund.

The University's Tender board services are extended to the project execution procedures. Also in place is a Project Monitoring Committee involving the

University's Physical Planning Division that meets with the CERHI's building contractor regularly for necessary supervision.

The project equally enjoys Nigerian Universities Commission's (NUC) guidance. To this end series of seminars and workshops have been organized for CERHI's management team to be well guided.

## **16. STRENGTHENING MANAGEMENT OVERSIGHT AND AUDIT COMMITTEE**

While the University's Management approval of project's expenditures is commendable, the project's team Management will be able to act more swiftly if their expenditure limit is enhanced.

## **17. FUND FLOW**

The period's withdrawal applications witnessed untold delays, that most withdrawals were effected after actual events that they were meant for have taken place. This practice led to some team members not participating in events that they would have, if the funds were made available promptly.

### **17.1 RECOMMENDATION**

To ensure effectiveness and efficiency on the part of all concerned, it is recommended that processing of advances and other funds meant for seminars, workshops, and the likes should commence early enough to allow beneficiaries receive what is needed to participate/ represent the Centre adequately.

## **18. EXTERNAL AUDIT.**

The Centre has engaged external auditor who has gone through the Books of Accounts of the Centre. The report thereon has long been finalized. The Internal Audit unit of CERHI is in cordial working relationship with the project's External Auditor

**19. PAYMENT PROCEDURES:**

The CERHI's current payment procedures complies with the University of Benin's payment procedure to suppliers, service providers and other beneficiaries which is in consonance with the relevant Financial Management practice of the Federal Republic of Nigeria as spelt out by the Office of the Accountant General of the Federation. For now this practice is adequate.

**20. ACTION PLAN**

**Follow up of the status of Implementation of the Findings of Previous Reviews**

**Status of Previous Internal Audit Action Plan**

Agreed Actions	By Whom	When	Status
Codification of Centre's Asset	Project Accountant	June 2017	Pending
Provision of Cell phones for CERHI principal officers	Procurement Officer	June 2017	Pending

**Status of External Audit Findings**

Agreed Actions	By Whom	When	Status
Procurement of Accounting and Audit software	Procurement Officer	June 2017	Pending
Unretired Advances	Beneficiaries of Advances	June 2017	Pending

**Status of Bank FM Supervision findings**

Agreed Actions	By Whom	When	Status
Visit pending			

**21. CONCLUSION.**

The Centre's Books of Accounts were analyzed and examined for the period January to June 2017. All expenditures fell within approved budget.

Project's assets are acquired at the best ruling market price following the various procedures spelt out in the Bureau of Public Procurement Act.

All payment procedure complied with the University of Benin's payment procedures and the financial management practice of the Federal Republic of Nigeria as spelt out by the Office of the Auditor General.

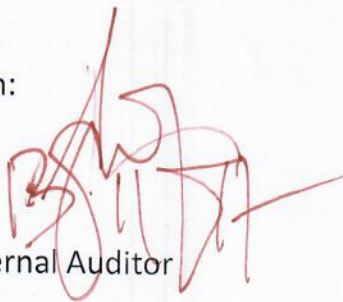
All Assets acquired by the Centre were physically verified to their present designated locations (Temporary Secretariat, Obstetrics and Gynecology, Nursing, Community Health and Health Economics departments) by Internal Audit.

Preparations are been made by CERHI Accounts Unit to code/ brand the Centre's remaining Assets for identification as belonging to CERHI especially those acquired recently.

Preparation are made by the Procurement Officer for purchase of Accounting and Audit software for the Accounts and Audit Sections of CERHI and for the provision of Cell phones for CERHI principal officers.

Finally, the Internal Audit Unit prepares monthly, quarterly, biannual reports, as well as annual reports on the Centre's activities and these are regularly reviewed at Project Management Committee meetings and uploaded to the CERHI website.

Sign:

A handwritten signature in red ink, consisting of several loops and a long horizontal stroke extending to the right.

Internal Auditor