

CERHI AUDIT REPORT

KEY INFORMATION ON THE PROJECT

Project Name and State	Centre of Excellence in Reproductive Health Innovation, Edo State
IDA Credit/Grant No.	IDA 54150
Implementing Agency	University of Benin
Effectiveness Date	July 1 st 2015
Closing Date	December 31 st 2018
Credit/Grant Amount	US\$8,000,000 (US\$ 8 Million)
Project Duration	4 years
Remaining Period to Closing	2 years
Disbursed Amount to date	₦342,935,771.55
Period Covered by Review	July- December 2016
Internal Auditor	Osifo I.U.O

1. BOOKS OF ACCOUNT:

The Centre's Books of Account, Cash Books, Ledgers (Revenue & Administration), Bank Statements, Bank Reconciliation Statement, Outflow Report, E-payment Mandates, Uses of Funds showing Expenditure Classification 1-5 as per Project Implementation Plan, Statement of Sources & Uses of Funds, Assets register and Payment Vouchers were presented for Audit examination.

2. EXPENDITURE:

The Expenditure for the period July to December 2016 was One Hundred and Thirty Three Million, Four Hundred and Six Thousand, Nine Hundred and Fifty Five Naira Sixty Eight Kobo Only (₦133,406,955.68). See Table A below.


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TABLE A – EXPENDITURE FROM JULY TO DECEMBER 2016

ACCOUNT CODE	CODE DESCRIPTION	AMOUNT (N)
01-300-3002	COMPUTER AND OFFICE EQUIPMENT	4,517,985.58
01-300-3005	ELECTRICAL/ ELECTRONICS EQUIPMENT	835,200.00
01-300-3008	CIVIL WORKS (CERHI BUILDING COMPLEX)	58,134,579.24
01-400-4001	TRANSPORT & TRAVELLING	1,574,383.00
01-400-4002	STATIONERIES AND CONSUMABLES	456,240.00
01-400-4003	FUEL CHARGES (DIESEL, PETROL)	10,000.00
01-400-4004	STAFF TRAINING	533,130.00
01-400-4005	REFRESHMENT DURING CERHI ACTIVITIES	894,319.00
01-400-4006	COMMUNICATION AND POSTAGE CHARGES	104,500.00
01-400-4008	PROFESSIONAL CONFERENCES/ WORKSHOP (LOCAL)	11,696,355.00
01-400-4009	PROFESSIONAL CONFERENCES/ WORKSHOP (OVERSEAS)	10,111,652.00
01-400-4010	FACILITY & INFRASTRUCTURE MAINTENANCE	51,800.00
01-400-4013	AUDIT FEES & EXPENSES	472,500.00
01-400-4014	INTERNET SUBSCRIPTION AND IT MAINTENANCE/SUPPORT	37,857,000.00
01-400-4021	VEHICLE LICENSE & INSURANCE	45,000.00
01-400-4024	MISCELLANEOUS & SUNDRY EXPENSES	360,000.00
01-400-4025	HONORARIUM TO EXTERNAL LECTURES	5,040,000.00
01-400-4026	ASSOCIATION OF COMMON WEALTH UNIVERSITIES (UNIBEN)	651,944.00
01-700-7001	BANK CHARGES	60,367.86
	TOTAL	133,406,955.68



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3. ADEQUACY OF THE FINANCIAL MANAGEMENT(FM) SYSTEM IN PLACE.

Expenditures below ₦2,500,000 (Two Million, Five Hundred Thousand Naira Only) for Goods, Works, Non-Consultant/Consultant services 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. Though NUC has proposed N1,000,000 (One Million Naira Only) as approval limit for the Centre Leader, this is yet to be approved by the University of Benin Management. 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.

The University of Benin Management is kindly advise to comply with NUC directive of One Million Naira Only (₦1,000,000) as expenditure limit for the Centre Leader.

The Internal Audit is being conducted in accordance with the World Bank's FM 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.



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5.0 FINDINGS AND ACTION PLAN

5.1 BUDGET ANALYSIS FOR THE PERIOD JULY TO DECEMBER 2016:

5.1.1. Project Activity, Category 100: Enhanced Capacity to deliver Regional High Quality Training with code 01-400-4001, 01-400-4003, 01-400-4005, 01-400-4006, 01-400-4008 and 01-400-4021 representing Transport and Travelling, Fuel Charges (Diesel, Petrol), Refreshment during CERHI activities, and Professional Conferences/Workshop(Local), and Vehicle License & Insurance respectively had a Total Budget of Forty Nine Million, Seven Hundred Thousand Naira Only (₦49,700,000) from which Fourteen Million, Three Hundred and Twenty Four Thousand, Five Hundred and Fifty Seven Naira Only (₦14,324,557) was spent, giving a favourable variance of Thirty Five Million, Three Hundred and Seventy Five Thousand, Four Hundred and Forty Three Naira Only (₦35,375,443). See Table B and C below.

5.1.2. Project Activity, Category 200: Enhanced Capacity to deliver Applied Research to address Regional Development Challenges with code 01-300-3002, 01-300-3008, 01-400-4002, 01-400-4009, 01-400-4014, 01-400-4024, 01-400-4025 and 01-400-4026 respectively representing Computer and Office Equipment, Civil Works (CERHI Building Complex), Stationeries and Consumables, Internet Subscription and IT Maintenance/Support, Professional Conferences/Workshop(Overseas), Miscellaneous & Sundry Expenses, Honorarium to External lecturers and Association of Common Wealth Universities (Uniben) had a total Budget of One Hundred and Forty Four Million, Three Hundred and Twenty Thousand, Five Hundred Naira Only (₦144,320,500) from which One Hundred and Seventeen Million, One Hundred and Twenty Nine Thousand, Four Hundred Naira Eighty Two Kobo Only (₦117,129,400.82) was spent giving a favourable variance of Twenty

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Seven Million, One Hundred and Ninety One Thousand, Ninety Nine Naira Eighteen Kobo Only (₦27,191,099.18). See Table B and C below.

- 5.1.3.** Project Activity, Category 300: Build/Use Industry & Sector Partnership to Impact ACE on Development and Increased Relevance of Centre Education and Research with code 01-400-4010 representing Facility & Infrastructure Maintenance had a Budget of Three Million Naira Only (₦3,000,000), from which Fifty One Thousand, Eight Hundred Naira Only (₦51,800) was spent, giving a favourable variance of Two Million, Nine Hundred and Forty Eight Thousand, Two Hundred Naira Only (₦2,948,200). See Table B and C below.
- 5.1.4.** Project Activity, Category 400: Build and Strengthen Regional and International Academic Partnership with code 01-300-3005 representing Electrical & Electronics Equipment had a Budget of Thirteen Million, Three Hundred and Sixty Seven Thousand Naira Only (₦13,367,000) from which Eight Hundred and Thirty Five Thousand, Two Hundred Naira Only (₦835,200) was spent, giving a favourable variance of Twelve Million, Five Hundred and Thirty One Thousand, Eight Hundred Naira Only (₦12,531,800). See Table B and C below.
- 5.1.5** Project Activity, Category 500: Enhance Governance and Management of ACE and Participating University with code 01-400-4004, 01-400-4013 and 01-700-7001 had a Budget of Eight Million Naira Only (₦8,000,000) from which One Million, Sixty Five Thousand, Nine Hundred and Ninety Seven Naira Eighty Six Kobo Only (₦1,065,997.86) was spent, giving a favourable variance of Six Million, Nine Hundred and Thirty Four Thousand, Two Naira Fourteen Kobo Only (₦6,934,002.14). See Table B and C below.



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5.2 BUDGET ANALYSIS FOR THE YEAR 2016

The Budget analysis for the year 2016 is shown in Table B below.

TABLE B - BUDGET ANALYSIS FOR THE YEAR 2016.

CODE	SUB-HEADS	ESTIMATED REVENUE (JAN. - DEC. 2016)	ACTUAL REVENUE (JUL. - DEC. 2016)	ACTUAL REVENUE (JAN. - DEC. 2016)	BUDGET VARIANCE (JAN. - DEC. 2016)
01-001-1001	Application fees	3,680,000.00	-	220,000.00	(3,460,000.00)
01-001-1003	School Fees	28,750,000.00	2,850,000.00	22,347,500.00	(6,402,500.00)
01-001-1005	Others (Refund/Revenue from Short Term Course)	200,000.00	360,000.00	8,078,848.50	7,778,848.50
01-100-1006	Subvention (Grant From World Bank)	0.00	195,763,445.00	195,763,445.00	195,763,445.00
		32,630,000.00	198,973,445.00	226,409,793.50	193,779,793.50
CODE	SUB-HEADS	PROPOSED EXPENDITURE (JAN. - DEC. 2016)	ACTUAL EXPENDITURE (JUL. - DEC. 2016)	ACTUAL EXPENDITURE (JAN. - DEC. 2016)	BUDGET VARIANCE (JAN. - DEC. 2016)
01-300-3002	Computer and Office Equipment	15,320,500.00	4,517,986.00	12,847,299.39	2,473,200.61
01-300-3004	Furniture & Fittings	26,500,000.00	-	2,968,350.00	23,531,650.00
01-300-3005	Electrical Electronics Equipment	13,367,000.00	835,200.00	1,127,580.00	12,239,420.00
01-300-3007	Vehicle	18,000,000.00	-	16,275,000.00	1,725,000.00
01-300-3008	Civil Works (CERHI Building Complex)	95,000,000.00	58,134,579.24	76,379,353.00	18,620,647.00
01-400-4001	Transport & Travelling	15,000,000.00	1,574,383.00	3,414,074.25	11,585,925.75
01-400-4002	Stationeries and Consumables	10,000,000.00	456,240.00	-	10,000,000.00
01-400-4003	Fuel Charges (Diesel, Petrol)	4,000,000.00	10,000.00	30,000.00	3,970,000.00
01-400-4004	Staff Training	8,000,000.00	533,130.00	1,233,590.00	6,766,410.00
01-400-4005	Refreshment During CERHI Activities	6,000,000.00	894,319.00	1,164,237.50	4,835,762.50
01-400-4006	Communication and Postage Charges	2,700,000.00	104,500.00	104,500.00	2,595,500.00
01-400-4008	Professional Conferences/Workshop(Local)	20,000,000.00	11,696,355.00	20,724,002.00	(724,002.00)
01-400-4009	Professional Conferences/Workshop(Overseas)	20,000,000.00	10,111,652.00	6,818,216.50	13,181,783.50
01-400-4010	Facility & Infrastructure Maintenance	3,000,000.00	51,800.00	1,161,660.00	1,838,340.00
01-400-4013	Audit Fees and Expenses	-	472,500.00	472,500.00	(472,500.00)
01-400-4014	Internet Subscription and IT Maintenance/Support	4,000,000.00	37,857,000.00	37,995,000.00	(33,995,000.00)
01-400-4021	Vehicle License and Insurance	2,000,000.00	45,000.00	45,000.00	1,955,000.00
01-400-4024	Miscellaneous and Sundry Expenses	-	1,011,944.00	1,011,944.00	(1,011,944.00)
01-400-4025	Honorarium to External Lecturer	-	5,040,000.00	5,040,000.00	(5,040,000.00)
01-700-7001	Bank Charges	-	69,939.10	79,759.00	(79,759.00)
	GROSS TOTAL	262,887,500.00	133,406,956.24	198,470,116.75	64,417,383.25

6. USES OF FUND

The Uses of Funds with Expenditure Classification 1-5 as per Project Implementation Plan July to December 2016 is shown in Table C below

TABLE C – USES OF FUND (JULY – DECEMBER 2016)

PROJECT ACTIVITY	EXPENDITURE	PLANNED (N)	ACTUAL (N)	VARIANCE (N)
100	ENHANCED CAPACITY TO DELIVER REGIONAL HIGH QUALITY TRAINING	JUL. – DEC. 2016	JUL. – DEC. 2016	JUL. – DEC. 2016
01-400-4001	TRANSPORT & TRAVELLING	15,000,000.00	1,574,383.00	13,425,617.00
01-400-4003	FUEL CHARGES (DIESEL, PETROL)	4,000,000.00	10,000.00	3,990,000.00
01-400-4005	REFRESHMENT DURING CERHI ACTIVITIES	6,000,000.00	894,319.00	5,105,681.00
01-400-4006	COMMUNICATION AND POSTAGE CHARGES	2,700,000.00	104,500.00	2,595,500.00
01-400-4008	PROFESSIONAL CONFERENCES/ WORKSHOP (LOCAL)	20,000,000.00	11,696,355.00	8,303,645.00
01-400-4021	VEHICLE LICENSE & INSURANCE	2,000,000.00	45,000.00	1,955,000.00
TOTAL		49,700,000.00	14,324,557.00	35,375,443.00
200	ENHANCED CAPACITY TO DELIVER APPLIED RESEARCH TO ADDRESS REGIONAL DEVELOPMENT CHALLENGES			
01-300-3002	COMPUTER AND OFFICE EQUIPMENT	15,320,500.00	4,517,986.00	10,802,514.00
01-300-3008	CIVIL WORKS (CERHI BUILDING COMPLEX)	95,000,000.00	58,134,579.24	36,865,420.76
01-400-4002	STATIONERIES AND CONSUMABLES	10,000,000.00	456,240.00	9,543,760.00
01-400-4014	INTERNET SUBSCRIPTION AND IT MAINTENANCE/SUPPORT	4,000,000.00	37,857,000.00	(33,857,000.00)
01-400-4009	PROFESSIONAL CONFERENCES/ WORKSHOP (OVERSEAS)	20,000,000.00	10,111,652.00	9,888,348.00
01-400-4024	MISCELLANEOUS & SUNDRY EXPENSES	-	1,011,944.00	(1,011,944.00)
01-400-4025	HONORARIUM TO EXTERNAL LECTURER	-	5,040,000.00	(5,040,000.00)
TOTAL		144,320,500.00	117,129,400.82	27,191,099.18
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	51,800.00	2,948,200.00
TOTAL		3,000,000.00	51,800.00	2,948,200.00
400	BUILD AND STRENGTHEN REGIONAL AND INTERNATIONAL ACADEMIC PARTNERSHIP			
01-300-3005	ELECTRICAL/ ELECTRONICS EQUIPMENT	13,367,000.00	835,200.00	12,531,800.00
TOTAL		13,367,000.00	835,200.00	12,531,800.00
500	ENHANCE GOVERNANCE AND MANAGEMENT OF ACE AND PARTICIPATING UNIVERSITY			
01-400-4004	STAFF TRAINING	8,000,000.00	533,130.00	7,466,870.00
01-700-7001	BANK CHARGES	-	60,368.00	(60,368.00)
01-400-4013	AUDIT FEES & EXPENSES	-	472,500.00	(472,500.00)
TOTAL		8,000,000.00	1,065,997.86	6,934,002.14
GRAND TOTAL		218,387,500.00	133,406,955.68	84,980,544.32

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7. STATEMENT OF SOURCES AND USES OF FUNDS

A Statement of Sources and Uses of Funds for the year 2016 is shown in Table D below.

TABLE D – STATEMENT OF SOURCES AND USES OF FUNDS

	Semi-Annual Period (July - December 2016)	Cummulative (January - December 2016)
Opening Cash Balance:		
Government Funds	0.00	0.00
World Bank IDA Funds	68,630,955.26	68,630,955.26
Student Fees (USD: Cash in Transit)	7,855,192.00	7,855,192.00
Student Fees (Naira)	11,737,249.86	11,737,249.86
	88,223,397.12	88,223,397.12
Add Receipts:		
Government Funds	0.00	0.00
World Bank IDA Funds	195,763,445.00	264,394,400.26
Student Fees (USD: Cash in Transit)	1,017,544.00	8,872,736.00
Student Fees (Naira)	3,210,000.00	14,947,249.86
Refunds (TSA)	3,944,268.50	3,944,268.50
Total Financing (Sources of Fund)	292,158,654.62	380,382,051.74
Less:ACE Expenditure as per Project Implementation Plan		
Enhanced Capacity to Deliver Regional High Quality Training	14,324,557.00	41,890,463.75
Enhanced Capacity to Deliver Applied Research to Address Regional Development Challenges	117,129,400.82	150,375,918.07
Build/Use Industry/Sector Partnership to Impact ACE on Development and Increased Relevance of Centre Education and Research	51,800.00	1,161,660.00
Build and Strengthen Regional and International Academic Partnership	835,200.00	4,170,750.00
Enhance Governance and Management of ACE and the Participating University	1,065,997.86	1,785,849.00
Total Uses of Funds By Components	133,406,955.68	199,384,640.82
Total Financing Less Total Uses of Funds	158,751,698.94	180,997,410.92
Closing Balances:		
Government Funds		0.00
World Bank IDA Funds		130,754,836.68
Zenith Dom. Account (\$39,187.66 @ N200/\$)		7,837,532.00
Zenith Naira Account		7,102,369.50
Others (TSA)		8,098,896.00
Total Closing Cash Balance		153,793,634.18

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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 are no unretired advances, insufficient supporting documents, ineligible expenditures etc.

11. Segregation of Duties:

Duties are fully segregated among all team members.

12. 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.

13. 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.

14. 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.

15. Insurance Cover over Assets:

The University of Benin has a comprehensive insurance cover on its assets including that of CERHI.

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16. Cost Control Procedures over Projects Assets:

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.

17. Weaknesses in Internal Controls and Recommendations:

Audit observed that the Approval process is not done on time. These are possible avenues that may bring friction between Audit, Management and the Suppliers/Vendors. Planned activities should be processed early enough to avoid panic execution.

17.1 Recommendation

CERHI management is hereby advised to seek necessary approvals for all payments timely to enable prompt processing of payment vouchers.

18. 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 boardservices 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.



19. 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.

20. 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.

20.1 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.

21. 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.

22. Disbursements and Submission of Withdrawal Applications.

So far, the Centre has not witnessed any returned withdrawal application but have only benefited from the disbursements of Three Hundred and Forty Two Million, Nine Hundred and Thirty Five Thousand, Seven Hundred and Seventy One Naira Fifty Five Kobo (₦342,935,771.55) to the ACEs by the World Bank.



23. Fraud and Corruption.

There has been no known issue of fraud and corruption associated with activities of CERHI.

24. 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.

25. Physical Verification by On-Site Visits, Third Party/Beneficiary Confirmation:

Presently, the project's assets are located in five main locations; Temporary Secretariat housing all assets used for administrative purpose, Obstetrics and Gynecology, Nursing, Community Health and Health Economics housing assets for various departmental trainings.

It is worthy of note that the various assets were physically verified to their present locations by the Internal Audit unit of CERHI and have all been coded for identification.

26. Dissemination of Internal Audit Report/Work

The Internal Audit 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.



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27. Conclusion.

The Centre's Books of Accounts were analyzed and examined for the period July to December 2016. 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.

Finally, all asset acquired by the Centre were physically verified to their present/ designated locations by Internal Audit and have all been branded for identification as belonging to CERHI.

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