CERHI AUDIT REPORT (JULY – DECEMBER 2018)

1. INTRODUCTION.

The Centre's Books of Accounts (Cash Books, including Petty (Imprest) Cash Book, Ledgers, Bank Statements, Payment Vouchers, Interim Financial Report (IFR), Fixed Asset Register etc.) were analyzed and examined for the period July to December 2018 to ensure the following:

- Compliance with Accounting principles, procedure and guideline.
- Project's assets are acquired at the best ruling market price and quality.
- All payment procedure follows due process.
- All Assets acquired by the Centre were physically verified to their present designated locations.

2. 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 1st 2015
Closing Date	December 31st 2019
Credit/Grant Amount	US$8,000,000 (Eight Million US Dollars)
Project Duration	4 years
Remaining Period to Closing	12 Months
Disbursed Amount to date	₦ 900,833,692
Period Covered by Review	July – December 2018
Internal Auditor	Osifo I.U.O

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3. EXPENDITURE FOR THE PERIOD (JULY – DECEMBER 2018)

The Expenditure for the period July to December 2018 was One Hundred and Sixty Six Million, Nine Hundred and Thirty Six Thousand, One Hundred and Sixty Eight Naira Twenty-five Kobo Only (**₦166,936,168.25**). See Table A below.

TABLE A – EXPENDITURE FROM JULY TO DECEMBER 2018

CODE	EXPENDITURE (CODE DESCRIPTION)	AMOUNT (N)
01-200-2002	Administrative Salaries	5,347,490.00
01-300-3002	Computer and Office Equipment	3,781,676.25
01-300-3003	Accounting Software	2,021,772.00
01-300-3004	Furniture and Fittings	3,520,760.00
01-300-3005	Electrical & Electronics Equipment	13,578,895.00
01-300-3006	Generator (100 KVA)	805,801.50
01-300-3008	Civil Work (CERHI Building Complex)	12,741,215.00
01-300-3010	Laboratory and Teaching Equipment	8,788,998.00
01-400-4001	Transport and Travelling	8,481,939.90
01-400-4002	Printing and Stationeries	2,454,380.00
01-400-4003	Consumables	118,500.00
01-400-4004	Fuel Charges (Diesel, Petrol)	107,680.00

01-400-4006	Accommodation and Feeding	9,321,650.00
01-400-4007	Communication and Postage charges	210,150.00
01-400-4009	Professional Conference/ Workshop (Local)	4,683,440.00
01-400-4010	Professional Conference/ Workshop (Overseas)	31,151,660.00
01-400-4011	Office Equipment repairs and Maintenance	6,110,557.00
01-400-4012	Facility and Infrastructure Maintenance	10,305,980.50
01-400-4013	Curriculum Workshop/ Short Courses	4,559,889.39
01-400-4016	Internet Subscription and IT Maintenance Support	867,500.00
01-400-4017	Laboratory Practice and Consumable	612,885.00
01-400-4018	Advert and Interview Expenses	1,960,389.01
01-400-4019	Entertainment and Hospitality	2,392,420.00
01-400-4020	Students Scholarship/ Student Internship	2,016,000.00
01-400-4021	Students Prizes and Awards/ Student Expenses	3,161,000.00
01-400-4024	Vehicle Maintenance	78,000.00
01-400-4027	Field Trip	250,000.00
01-400-4028	Miscellaneous, Sundry and Incidental Expenses	9,318,998.20
01-400-4029	Teaching and Examination	4,430,000.00

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01-400-4030	Consultancy Fee	2,412,500.00
01-400-4031	Research Expenses	8,966,450.00
01-400-4032	Accreditation	2,310,550.00
01-700-7001	Bank Charges	67,041.50
		166,936,168.25

4. APPROVAL LIMIT.

All expenditures fall within approved expenditure 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.

5. 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 mis-use, 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 USES OF FUNDS

The Uses of Funds with Project Activity 100 – 500 for the period July to December 2018 is shown in Table B below

	TABLE B - USES OF FUNDS AS PER PROJECT ACTIVITY			
PROJECT ACTIVITY	**EXPENDITURE**	**PLANNED (N)**	**ACTUAL (N)**	**VARIANCE (N)**
100	**ENHANCED CAPACITY TO DELIVER REGIONAL HIGH QUALITY TRAINING**			
01-200-2002	Administrative Salaries	15,000,000.00	5,347,490.00	9,652,510.00
01-300-3010	Laboratory and Teaching Equipment	40,000,000.00	8,788,998.00	31,211,002.00
01-400-4001	Transport and Travelling	7,000,000.00	8,481,939.90	(1,481,939.90)
01-400-4004	Fuel Charges (Diesel, Petrol)	8,000,000.00	107,680.00	7,892,320.00
01-400-4006	Accommodation and Feeding	6,000,000.00	9,321,650.00	(3,321,650.00)
01-400-4019	Entertainment and Hospitality	3,000,000.00	2,392,420.00	607,580.00
01-400-4007	Communication and Postage Charges	2,700,000.00	210,150.00	2,489,850.00
01-400-4009	Professional Conferences/Workshop (Local)	15,000,000.00	4,683,440.00	10,316,560.00
01-400-4024	Vehicle Maintenance	2,000,000.00	78,000.00	1,922,000.00
	Sub Total	**98,700,000.00**	**39,411,767.90**	**59,288,232.10**
200	**ENHANCED CAPACITY TO DELIVER APPLIED RESEARCH TO ADDRESS REGIONAL DEVELOPMENT CHALLENGES**			

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01-300-3002	Computer and Office Equipment	25,000,000.00	3,781,676.25	21,218,323.75
01-300-3006	Generator 100kva	5,000,000.00	805,801.50	4,194,198.50
01-300-3008	Civil Works (Renovation of Hostel and Guest House)	50,000,000.00	12,741,215.00	37,258,785.00
01-400-4002	Printing and Stationeries	5,000,000.00	2,454,380.00	2,545,620.00
01-400-4003	Consumables	2,500,000.00	118,500.00	2,381,500.00
01-400-4016	Internet Subscription and IT Maintenance/Support	45,000,000.00	867,500.00	44,132,500.00
01-400-4017	Laboratory Practice and Consumables	3,000,000.00	612,885.00	2,387,115.00
01-400-4018	Advert and Interviews Expenses	5,000,000.00	1,960,389.01	3,039,610.99
01-400-4010	Professional Conferences /Workshop (Overseas)	50,000,000	31,151,660.00	18,848,340.00
01-400-4028	Miscellaneous and Sundry Expenses	5,000,000.00	9,318,998.20	(4,318,998.20)
	Sub Total	**195,500,000.00**	**63,813,004.96**	**131,686,995.04**
300	**BUILD & USE INDUSTRY/SECTOR PARTNERSHIP TO IMPACT ACE ON DEVELOPMENT AND INCREASED RELEVANCE OF CENTRE EDUCATION AND RESEARCH**			
01-400-4012	Facility and infrastructure maintenance	10,000,000.00	10,305,980.50	(305,980.50)
01-400-4011	Office equipment repairs and maintenance	2,000,000.00	6,110,557.00	(4,110,557.00)
	Sub Total	**12,000,000.00**	**16,416,537.50**	**(4,416,537.50)**
400	**BUILD AND STRENGTHEN REGIONAL AND INTERNATIONAL ACADEMIC PARTNERSHIP**			
01-300-3004	Furniture & Fittings	30,000,000.00	3,520,760.00	26,479,240.00
01-300-3005	Electrical & Electronics Equipment	20,400,000.00	13,578,895.00	6,821,105.00
01-400-4013	Curriculum Workshop	40,000,000	4,559,889.39	35,440,110.61
01-400-4020	Students Scholarship/ Internship	50,000,000.00	2,016,000.00	47,984,000.00
01-400-4021	Students Prizes and Awards/ Student Expenses	3,000,000.00	3,161,000.00	(161,000.00)
01-400-4027	Field Trip	0.00	250,000.00	(250,000.00)
01-400-4030	Consultancy	1,000,000.00	2,412,500.00	(1,412,500.00)
01-400-4029	Teaching and Examination	20,000,000.00	4,430,000.00	15,570,000.00
	Sub Total	**164,400,000.00**	**33,929,044.39**	**130,470,955.61**

500	ENHANCE GOVERNANCE AND MANAGEMENT OF ACE AND PARTICIPATING UNIVERSITY			
01-300-3003	Accounting Information System Software	7,000,000.00	2,021,772.00	4,978,228.00
01-400-4031	Research Expenses	0.00	8,966,450.00	(8,966,450.00)
01-400-4032	Accreditation	0.00	2,310,550.00	(2,310,550.00)
01-700-7001	Bank Charges	0.00	67,041.50	(67,041.50)
	Sub Total	**7,000,000.00**	**13,365,813.50**	**(6,365,813.50)**
	Grand Total	**477,600,000.00**	**166,936,168.25**	**310,663,831.75**

6. STATEMENT OF SOURCES AND USES OF FUNDS

TABLE C – STATEMENT OF SOURCES AND USES OF FUNDS (JULY - DECEMBER 2018)		
OPENING CASH BALANCE:	₦	₦
World Bank IDA Funds	(1,598,804.63)	
Student Fees USD	25,348,365.29	
		23,749,560.66
ADD RECEIPTS:		
Student Fees (Naira)	30,890,590.00	
Subvention (Grant From World Bank)	150,000,000.00	
Business Centre	1,175,000.00	
Application Fees	229,875.00	
Accommodation	100,000.00	
Others	2,200.00	
Short courses	167,600.00	
Tender Fees	152,560.36	
Refund	1,980,840.00	

		184,698,665.36
TOTAL FINANCING (SOURCES OF FUND)		**208,448,226.02**
ACE EXPENDITURE AS PER PROJECT IMPLEMENTATION PLAN		
Enhanced Capacity to Deliver Regional High Quality Training	39,411,767.90	
Enhanced Capacity to Deliver Applied Research to Address Regional Development Challenges	63,813,004.96	
Build/Use Industry/Sector Partnership to Impact ACE on Development and Increased Relevance of Centre Education and Research	16,416,537.50	
Build and Strengthen Regional and International Academic Partnership	33,929,044.39	
Enhance Governance and Management of ACE and the Participating University	13,365,813.50	
TOTAL USES OF FUNDS BY COMPONENTS		**166,936,168.25**
TOTAL SOURCES OF FUND LESS TOTAL USES OF FUNDS BY COMPONENTS		**41,512,057.77**

7.0 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.

7.1 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

8.0 INTERNAL CONTROLS:

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

9.0 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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

16. 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

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of Nigeria as spelt out by the Office of the Accountant General of the Federation. For now, this practice is adequate.

17. 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 2018	Pending
Procurement of 150 KVA Generator, Computers, Furniture, Office fittings and Laboratory equipment	Procurement Officer	June 2018	Done

Status of External Audit Findings

Agreed Actions	By Whom	When	Status
Procurement of Accounting and Audit software	Procurement Officer	June 2018	Pending

Status of World Bank/ Financial Management Supervision findings

Agreed Actions	By Whom	When	Status
Visit by World Bank and AAU	World Bank and AAU	June 2018	Done

18. CONCLUSION.

The Centre's Books of Accounts were analyzed and examined for the period January to June 2018. 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.

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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 at CERHI Secretariat, departments of Obstetrics and Gynecology, Nursing, Community Health and Health Economics 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 Computers, Furniture, Office fittings and Laboratory equipment at the CERHI Secretariat and departments.

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:

Internal Auditor