



AUDIT REPORT FOR THE PERIOD, JANUARY TO JUNE, 2024.

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 2024. This work plan covers the activities of the centre for the period January to December, 2024.

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
- Institutional Impact
- Sustainability Activities

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, 2025
Credit/Grant Amount	US\$5,000,000 (Five Million US Dollars)
Project Duration	6 years
Remaining Period to Closing	Twelve Months
Disbursed Amount for the period under review	₦972,649,349.32 (See attached annexure)
Period Covered	January to June, 2024
Internal Auditor	MR. ENADEGHE HARRISON (FCA)

3.0 EXPENDITURE FOR THE PERIOD (January to June, 2024)

The expenditure for the period January to June, 2024 was ₦972,649,349.32 (Nine Hundred and Seventy Two Million, Six Hundred and Forty Nine Thousand, Three Hundred and Forty Nine Naira, Thirty Two Kobo). See attached Annexure.

4.0 PROJECT INTERNAL CONTROL SYSTEM

4.1 APPROVAL AND AUTHORIZATION PROCEDURES.

CERHI has adopted the University's authorization and approval processes. The Vice-Chancellor or the Centre Leader must approve before any payment can be made. This will usually depend on the amount involve. In any case, prepayment audit validate payment for any expenditure incurred. 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 All Expenditure are subject to pre-payment audit before payments are made. This is to ensure that there is compliance with the approval limit. Where and when necessary, post-payments audit are also carried out in order to be sure that approved funds are applied for purpose(s) intended and also ensure that there is value for money for expenditure incurred.

4.4 PRICE VERIFICATION

Before now, the Internal Audit maintains a price catalogue, however, the incessant fluctuations in the prices of goods and services has render the price catalog more or less useless. In view of this, the Internal Audit makes use of the online market like jumia.com, konga.com etc. and sometimes it also sent its staff to the open market to carry out price verification for quotations submitted by vendors/contractors. All these are to ensure contract for goods and services are approved at the prevailing market rates.

4.5 PHYSICAL VERIFICATION

To ensure goods supplied and services rendered are in consonant with what was approved in terms of specification and quantity, 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. Furthermore, this is also to ensure they are protected against misuse, defalcation, conversion, and other forms of misappropriation.


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4.6 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.

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 the 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 **₦577,279,710.06** (Five Hundred and Seventy Seven Million, Two Hundred and Seventy Nine Thousand, Seven Hundred and Ten Naira, Six Kobo). The actual expenditure for the same period amounted to **₦972,649,349.32** (Nine Hundred and Seventy Two Million, Six Hundred and Forty Nine Thousand, Three Hundred and Forty Nine Naira, Thirty Two Kobo). thereby resulting in an unfavourable variance of **₦-395,369,639.26** (i.e


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₦577,279,710.06 Less ₦972,649,349.32) (Three Hundred and Ninety Five Million, Three Hundred and Sixty Nine Thousand, Six Hundred and Thirty Nine Naira, Twenty Six 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 view 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.

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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 the 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 investigate the cause of the difference in the bank reconciliation statement and ensure that the account is reconciled to date.

CONCLUSION

CERHI Books of Accounts were examined and analysed for the period, January to June, 2024. 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.


PROJECT AUDITOR

ANNEXURE

BUDGET ANALYSIS FOR JANUARY TO JUNE 2024

ACCOUNT CODE	CODE DESCRIPTION	BUDGETED EXPENDITURE FOR JAN - JUN 2024 AMOUNT (N)	ACTUAL EXPENDITURE FOR JAN - JUN 2024 AMOUNT (N)	VARIANCE AMOUNT(N)
21211-002	COMPUTERS	1,500,000.00	900,000.00	600,000.00
21211-003	PRINTERS/ SCANNERS/ PHOTOCOPIERS	5,249,175.00	0.00	5,249,175.00
21211-010	LABORATORY/MEDICAL EQUIPMENTS	0.00	227206694.82	-227,206,694.82
21211-014	BOREHOLES & OTHER WATER FACILITIES	250,000.00	0.00	250,000.00
21211-018	POWER GENERATING SETS	0.00	1996384.50	-1,996,384.50
21211-019	BROADCAST & COMMUNICATION EQUIPMENTS		30913987.50	-30,913,987.50
21211-021	FURNITURE AND FITTINGS	0.00	4509020.95	-4,509,020.95
21212-002	MAINTENANCE OF OFFICE BUILDING / RESIDENTIAL QTRS		4038700.00	-4,038,700.00
21213-001	CLEANING & FUMIGATION SERVICES	1,000,000.00	0.00	1,000,000.00
21214-001	FINANCIAL CONSULTING SERVICES	849,835.04	0.00	849,835.04
21214-009	AUDITING OF ACCOUNTS	899,889.96	900000.00	-110.04
21215-001	LOCAL TRAINING	49,843,785.00	12181850.00	37,661,935.00
21215-002	INTERNATIONAL TRAINING	44,994,499.98	91186392.50	-46,191,892.52
21216-001	BANK CHARGES	499,999.98	0.00	499,999.98
21216-002	LOCAL TRAVEL & TRANSPORT EXPENSES	12,499,999.98	4,123,124.98	8,376,875.00
21216-003	MAINTENANCE OF MOTOR VEHICLE/TRANSPORT EQUIPMENT	2,500,000.02	1,088,000.00	1,412,000.02
21216-004	MAINTENANCE OF OFFICE FURNITURE	1,999,999.98	30,000.00	1,969,999.98
21216-005	MAINTENANCE OF OFFICE /IT EQUIPMENTS	15,248,074.98	757500.00	14,490,574.98
21216-006	MAINTENANCE OF PLANTS/GENERATORS	7,500,000.00	243,500.00	7,256,500.00
21216-010	TELEPHONE CHARGES	2,500,000.02	936,000.00	1,564,000.02
21216-011	INTERNET ACCESS CHARGES	2,500,000.02	1,254,000.00	1,246,000.02
21216-013	WATER RATES	0.00	170,400.00	-170,400.00

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21216-015	SOFTWARE CHARGES/ LICENCE RENEWAL	35,995,599.96	170,404,074.00	-134,408,474.04
21216-016	OFFICE STATIONERIES/COMPUTER CONSUMABLES	2,249,725.04	100,000.00	2,149,725.04
21216-017	BOOKS	8,998,900.04	700,000.00	8,298,900.04
21216-019	MAGAZINES & PERIODICALS	0.00	9,920,649.00	-9,920,649.00
21216-022	RESIDENTIAL RENT	5,000,000.02	1,402,475.00	3,597,525.02
21216-023	MOTOR VEHICLE FUEL COST	5,000,000.02	1,425,000.00	3,575,000.02
21216-024	PLANT/GENERATOR FUEL COST	5,000,000.02	12,266,966.25	-7,266,966.23
21216-025	PUBLICITY & ADVERTISEMENTS	8,998,900.04	2,100,000.00	6,898,900.04
21216-026	POSTAGES & COURIER SERVICES	1,200,000.00	0.00	1,200,000.00
21216-028	RESEARCH AND DEVELOPMENT (R&D) EXPENSE	87,512,322.48	10,252,026.08	77,260,296.40
21216-029	WAGES/ALLOWANCES	71,991,199.98	35,321,084.16	36,670,115.82
21216-030	TEAM BUILDING COST	18,897,690.00	10,753,220.63	8,144,469.37
21216-031	INTERNATIONAL TRAVELS	22,497,249.96	139,124,098.15	-116,626,848.19
21216-032	STUDENTS COSTS	67,488,450.00	124,052,940.00	-56,564,490.00
21216-033	ACCREDITATION EXPENSES	10,002,000.00	42,489,887.00	-32,487,887.00
21216-034	LABORATORY CONSUMABLES/REAGENTS	12,495,250.04	566,000.00	11,929,250.04
21216-036	OPERATING COST	56,693,070.00	4,936,373.80	51,756,696.20
21216-037	WORKSHOP/SEMINAR	7,424,092.50	24,399,000.00	-16,974,907.50
	TOTAL	577,279,710.06	972,649,349.32	-395,369,639.26

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