

**INTERNAL AUDIT REPORT ON THE ACTIVITIES OF FUNAAB'S  
CENTRE OF EXCELLENCE IN AGRICULTURAL DEVELOPMENT AND  
SUSTAINABLE ENVIRONMENT (CEADESE) FOR THE PERIOD ENDING  
DECEMBER 31, 2019**

**1.0 KEY INFORMATION ON THE PROJECT**

<b>Project Name and State</b>	African Higher Education Centres of Excellence Project/Ogun State
<b>Project ID</b>	ACE 023 - Centre of Excellence in Agricultural Development and Sustainable Environment
<b>IDA Credit/Grant No.</b>	5415-NG
<b>Implementing Agency</b>	National Universities Commission/ Federal University of Agriculture, Abeokuta, Nigeria.
<b>Effectiveness Date</b>	July, 2015

<b>Closing Date</b>	March 2020
<b>Credit/Grant Amount</b>	\$8 Million [ <i>Revised Grant Amount \$4,616,781.15</i> ]
<b>Project Duration</b>	4 years
<b>Remaining Period to Closing</b>	3 Months
<b>Conversion Rate on the date of Disbursement for the Period under review.</b>	₱305 to \$1

<b>Disbursed Amount to date &amp; Percentage</b>	\$4,505,553.75; 56.32% [ <i>% on Revised Grant : 97.59</i> ]
<b>Period Covered by Review</b>	January 1 to December 31, 2019.
<b>Internal Auditors</b>	Amubode, O. O. (Director, Internal Audit - FUNAAB); Enilolobo, V. B. (Internal Audit Representative in CEADESE)

## 2.0 PREAMBLE

The Centre of Excellence in Agricultural Development and Sustainable Environment (CEADESE) is an African Centre of Excellence in the West Africa and Central African Sub-region anchored at the Federal University of Agriculture Abeokuta (FUNAAB), Nigeria and funded by the Nigerian Government through a World Bank’s result based financing.

The Directorate of Internal Audit has been consistent with its mission in providing management with independent assurance activities designed to add value and improve the Centre’s operations. The Internal Audit has been contributing towards the accomplishment of the ACE’s and University’s objectives by bringing a systematic, disciplined approach to evaluate and give objective information, appraisals, risk based audit, recommendations and counsel regarding the activities of the Centre.

In accordance with Internal Audit’s overall strategy on the World Bank result-based financing project, we evaluate the adequacy of the systems of controls, assessment of compliance with policies, procedures, project guidelines and sound research practice and the review of compliance to relevant regulations and laws.

It is our belief that our report gives insight to ways of reducing exposures to risk (financial or otherwise), promoting internal controls and developing effective safety programs for the project by the Centre’s team.

## 3.0 EXECUTIVE SUMMARY

This report covers receipts, payments, reconciliation of cashbook and bank statements, budget performance, and other financial and accounting records for the twelve (12) months period ending December 31, 2019.

Only 66.08% performance rate was attained for the twelve months period when compared with the approved year 2019 (12-months) budget of the Centre. During the 12-months period, a total of one million, five hundred and six thousand, eight hundred and sixty-nine Dollars, seven Cent (\$1,506,869.07) was total disbursement from the World Bank (through the NUC) into the Centre's TSA with CBN.

#### 4.0 FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

##### 4.1 Budgeting

###### Summary of Comparison of Budget and Actual Expenditure as at Dec. 31, 2019

	Annual Budget	12 Months Actual Exp.	Variance	Performance
	<u>₦</u>	<u>₦</u>	<u>₦</u>	<u>%</u>
DL.1	95,959,127.45	57,287,009.42	38,672,118.03	<b>59.70</b>
DL.2	494,131,896.90	351,550,190.60	142,581,706.30	<b>71.15</b>
DL.3	19,978,643.75	1,478,400.00	18,500,243.75	<b>07.40</b>
DL.4	<u>11,022,700.00</u>	<u>-----</u>	<u>11,022,700.00</u>	<b>00.00</b>
	621,092,368.10	410,315,600.02	210,776,768.08	
Associated Bank Charges		127,609.62	(127,609.62)	
<b>TOTAL</b>	<b><u>621,092,368.10</u></b>	<b><u>410,443,209.64</u></b>	<b><u>210,649,158.46</u></b>	
<b>Performance Rate</b>	<b>100%</b>	<b>66.08%</b>	<b>33.92%</b>	

The financial performance records reviewed by Internal Audit revealed that the total budget for year 2019 for the project is six hundred and twenty-one million, ninety-two thousand, three hundred and sixty-eight naira, ten kobo (~~₦~~621,092,368.10) only while the total amount expended for the twelve months period ending December 31, 2019 totaled four hundred and ten million, four hundred and forty-three thousand, two hundred and nine naira, sixty-four kobo

(N410,443,209.64) only including the associated bank charges. This represents only 66.08% performance rate for the 12-months activities, when compared with the budgeted annual amount.

#### 4.2 Accounting.

S/N	OBSERVATIONS	RESPONSE
4.2.1	<p><b><u>Retirement of Cash Advances</u></b></p> <p>With exception to research support released to research students through their supervisors, it was observed that some cash advances were retired after the two weeks stipulated for such. This situation is against the laid down guidelines on cash advance.</p> <p><b>Recommendation</b></p> <p>We recommend that adequate controls on cash advance should be adhere to. Furthermore, any officer that failed to retire cash advance given to him/her should be paid any other money until the initial cash advance is retired.</p>	<p>Control efforts were put in place to ensure prompt retirement of cash advances granted during the year under review. However, few of such advances were not retired to time based on genuine excuses by the beneficiaries of such advances. However, the management of CEADESE is not relenting in ensuring all outstanding advances are fully retired.</p>
4.2.2	<p><b><u>Bank Reconciliation</u></b></p> <p>It was observed that despite reporting earlier that no bank reconciliation statement was prepared for the TSA Dollar Account with CBN. Findings revealed that the reconciliation of the TSA naira Account was done through the reliance on third-hand information given</p>	<p>The non-reconciliation of the CEADESE TSA dollar account is not a matter that the management of the Centre takes with a</p>

	<p>by the University Bursary officers managing the Centre's TSA with CBN.</p> <p><b>Recommendation</b> We recommend that the Finance Officer of the Centre should be enrolled on the TSA platform in order that the get first hand information about the fund movement of the Centre (project).</p>	<p>levity hand. That necessitates the inclusion of this clause in all our interim financial statement since 2018. The non-reconciliation is borne by non-availability of bank statements as the Central Bank of Nigeria (CBN) was unable to provide our bank statements all this while. However, recently, an e-account token has been given to the university in order to have real time on-line access to our account statement. This is expected to provide a permanent solution to this problem</p>
--	---	---

### 4.3 Management Oversight

S/N	OBSERVATIONS	RESPONSE
4.4.1	<p><b><u>Management Oversight Procedures</u></b> During the period under review, majority of requests were given prompt and rapid attention in terms of authorisation and management of fund available for the project.</p> <p><b>Recommendation</b></p>	<p>Observation is noted for continuous future excellent performance</p>

	We believe that the management will continue on this in order to get the needed result at the appropriate time.	
--	---	--

#### **4.4 Fraud and Corruption**

There was no case of fraud or related corruption during the period under review.

### **5.0 STATUS OF PREVIOUS INTERNAL AUDIT REVIEWS**



	Agreed Actions	By Whom	By When	Status
--	----------------	---------	---------	--------

5.1	<p><b><u>Electronic Students' Ledger/ Accounting Package</u></b></p> <p>All necessary electronic modules on the Accounting package (including students' ledger) that will give a complete accounting system should be activated as soon as possible by the consultant as soon as possible.</p>	<p>By the Consultant and to be supervised by the Centre's Finance Officer.</p>	<p>Year 2019</p>	<p>No action is taken till date.</p>
-----	--	--	------------------	--------------------------------------

5.2	<p><b><u>Segregation of Accounting Duties</u></b></p> <p>Segregation of duties in the electronic aspect of accounting process at the Centre in order to reduce avoidable accounting errors and promote accuracy in the system. That is not one officer should initial accounting process and also complete it.</p>	<p>By the Bursar and to be facilitated and communicated by the Centre's Director.</p>	<p>Year 2019</p>	<p>No action is taken till date</p>
-----	--	---	------------------	-------------------------------------

5.3	<p><b><u>Approval on Payment Voucher</u></b></p> <p>Accounting process and control of obtaining approval from a superior finance officer to prepare payment voucher and make payment that was deleted from the electronic accounting system is to be rectified towards effective payment controls and high financial management risk.</p>	<p>By the Consultant and to be communicated and supervised by the Centre's Accountant.</p>	<p>Year 2019</p>	<p>No action is taken till date</p>
-----	---	--	------------------	-------------------------------------

## **6.0 CONCLUSION**

We believe that our observations and recommendations will be looked into by the management and useful for decision making purposes for the progress of the World Bank's result based project and the overall interest of the University system as a Centre of Excellence in Africa.

Thank you.

**Amubode, O.O**