

**AFRICA CENTRE OF EXCELLENCE  
WORLD BANK PROJECT  
CENTRE FOR MYCOTOXIN AND FOOD SAFETY  
FEDERAL UNIVERSITY OF TECHNOLOGY, MINNA, NIGER STATE  
INTERNAL AUDIT (IA) REPORT FOR 1<sup>ST</sup> HALF YEAR , 2022**

**Key Information on The Project**

PROJECT NAME AND STATE	<b>Africa Centre of Excellence for Mycotoxin and Food Safety</b>
PROJECT I.D	
IDA/CREDIT No	
IMPLEMENTING AGENCY	<b>Federal University of Technology Minna, Niger State</b>
EFFECTIVENESS DATE	<b>January 2021</b>
CLOSING DATE	<b>December 2026</b>
GRANT AMOUNT	<b>\$6 Million</b>
PROJECT DURATION	<b>5 Years</b>
REMAINING PERIOD TO CLOSING	<b>2 Years</b>
DISBURSED AMOUNT TO DATE	<b>₦ 827,254,492.01</b>
PERIOD COVERED BY REVIEW	<b>1<sup>st</sup> January, 2022 – 31<sup>st</sup> December, 2022</b>
AUDITOR	<b>SULE SHAFIU O.</b>

**1.0 SCOPE**

This report is for the period from 1<sup>st</sup> January, 2022 to 31<sup>st</sup> December, 2022. The accounting records such as the cashbooks, bank statements, payment vouchers, fixed asset register, and bank reconciliation statement were examined for the period under review. This was done to ensure compliance with the financial regulations and that due process and diligence was being followed in all the transactions carried out. Other documents examined include the project budget, work and procurement plan as well as the entire internal control process. We also interacted with some officers of the centre like the Centre Leader, Project Accountant, Procurement Officer and some other officers of the centre.

The audit for the period indicates that the project Financial Management system is adequate with reasonable assurance that the Project funds are being expended as stipulated in the Work Plan and in line with World Bank guidelines and regulations. The project Financial Management risk is quite adequate and all payment went through the required authorization and approvals. There was also adequate segregation of duties as regards authorization and approvals.

## 2.0 BUDGETING

The budget for the year is Eight Hundred and Ninety-Eight Million, One Thousand, Six Hundred and Thirty-Six naira only (N898,001,636.00) for the period under review. The summary of the budgeted and actual amount spent is as presented below;

OVERALL PERFORMANCE (January to December, 2022)			
Budgeted Amount	Actual Expenditure	Variance	%Variance
898,001,636.00	273,945,122.67	624,056,513.33	69.49%

Further analysis of the budget and variance is as follows,

Classification Analysis For January to December, 2022				
	Budgeted Amount	Actual Expenditure	Variance	%Variance
Goods	426,303,267.39	149,000.00	426,154,267.39	99.97%
Works	86,703,050.00	82,095,440.72	4,607,609.28	5.31%
Operating Cost	384,995,318.61	191,700,681.95	193,294,636.66	50.20%

During the period under review, the sum of N426,303,267.39 was budgeted for goods, however, the sum of N149,000.00 was incurred for this category. The low expenditure rate was as a result of the procurement process being time bound and not scaleable, as such, it must be followed diligently. Thus, the procurement process of the purchase of vehicles and office equipment are at advance stages while the construction of the Centre's building have commenced. It is expected that before the end of the year, the budget will be fully expended.

The sum of N384,995,318.61 was budgeted for operating costs. However, the sum of N191,700,681.95 was actually spent as operating expenditure within the period under review. This amounted to a significant positive variance of 50.20% for the period.

Analysis indicates that there was significant positive variance for goods and operating costs during the period under review. However, significant positive variances implies lesser expenses in relation to the budget, such positive variance from the work plan may not be in the best interest of the centre as funds are being underutilized. This might have negative impact on achieving the main objectives of the Centre and project as a whole.

## **2.1 RECOMMENDATION**

The Centre should trigger and improve actions that will expedite the expenditures in accordance with the work plan. The budget committee should also review the budget performance and reallocate funds to critical areas. This will help reduce the variances.

## **2.2 ACCOUNTING**

The International Public Sector Accounting Standards (IPSAS) was adopted in the preparation of the accounts. Accounting software was used for preparation of books of accounts. This software is called "Flexible Accounting Software". It is universal software used by all the Nigerian Africa Centre's of Excellence. This is to ensure uniformity in the reporting pattern of the project. All Payments were done through electronic transfers on the Remita platform of the office of the Accountant General of the Federation of Nigeria. The payments were documented using Payment Vouchers (PVs), however, the audit certification on the PVs are usually done after payment.

The audited financial report for the period ended 31<sup>st</sup> December, 2021 was examined. The Auditor expressed his opinion that the financial statements gave a true and fair view of the state of affairs of the Centre.

## **2.4 INTERNAL CONTROL**

The Internal control in the Centre is adequate. All payments went through the required authorization and approvals procedures. Segregation of duties is also adequate. Payment vouchers are raised by the Finance Officer, checked by the Assistant Project Accountant and approved by the Project Accountant before

payments are made. However, the Project Auditor only vets and certify the PV's after the payment process has been completed.

## **2.5 EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEES**

All the Centre's programs and projects get the approval of the Vice Chancellor before it is being executed. The University council audit committee also considers the financial report of the Centre. However, it is yet to handle any issue within the period under review, as the reports were deemed satisfactory and no grey area to warrant further investigation.

## **2.6 FUND FLOW**

The Centre disbursements amounting to ₦827,254,492.01. There was no observed complain from suppliers, project staff or beneficiaries regarding payments for the period under review. Further Withdrawal Applications (WA) has not been made within the period under review.

## **2.7 FINANCIAL REPORTING**

There is an Audited Annual Financial Statement for the Centre for the previous year (2021). The external auditors have however being invited to audit the year 2022 financial year

## **2.8 EXTERNAL AUDIT**

The audited accounts and management letter for the year ended December 31, 2021 were submitted to World Bank but the review of the 2022 financial year would soon commence. The Auditors expressed their opinion that the financial statements gave a true and fair view of the state of affairs of the Centre.

It was however observed that the Centre's audited accounts are not integrated with the University account.

## **2.9 FRAUD AND CORRUPTION**

To the best of our knowledge, there was no case of fraud and corruption reported or observed within the period under review.

## **2.10 PHYSICAL VERIFICATION**

Fixed asset register was maintained and updated with all assets owned by the Centre. However, the Centre has just few assets for now. The Centre must however ensure that the auditor verifies any fixed asset purchased to ensure its completeness and value for money audit before payment is made.

## **2.11 PROCUREMENT ACTIVITIES**

The Centre Leader and Procurement Officer are responsible for the preparation, presentation and defense of the work plan subject to approval by the World Bank team. Any modification is effected by them. However, there is Procurement Technical Evaluation committee at the Centre that does the technical and financial evaluation of contractors before presenting it to the University Tender or/and Procurement Planning Committee for further consideration.

## **3.0 ACTION PLAN**

### **3.1 Status of Previous External Audit Findings**

<b>S/N</b>	<b>Issues</b>	<b>Action</b>	<b>By Whom</b>	<b>Status</b>
1	Revenue Generation	To widen the sources of internal revenue generation for sustainability	Centre Leader	In Process
2	Proper Documentation	To automate and improve on record keeping	Project Accountant	Done
3	Generate more codes	More codes should be generated, so that expenses are more detailed.	Project Accountant	Done

### 3.2 Internal Audit Action Plan

<b>S/N</b>	<b>Issues</b>	<b>Action</b>	<b>By Whom</b>	<b>Status</b>
1	Budget Performance	To review the budget and probably reallocate funds	Project Accountant	In Process
2	Incorporation of Centre's account into university main account	Ensure that the Centre's account is incorporated into the University main account	Project Accountant	In Process
3	Change of location on CBN bank statement	Ensure that the Location of the centre on the statement is changed from Akure to Minna	Project Accountant	In Process

Sign;

Sule Shafiu O.  
Project Auditor (ACEMFS).