

**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 THE YEAR ENDED 31st DECEMBER, 2023**

Key Information on The Project

PROJECT NAME AND STATE	Africa Centre of Excellence for Mycotoxin and Food Safety
PROJECT I.D	P169064
IDA/CREDIT No	IDA 65100
IMPLEMENTING AGENCY	Federal University of Technology Minna, Niger State
EFFECTIVENESS DATE	January 2021
CLOSING DATE	June 2025
GRANT AMOUNT	\$6 Million
PROJECT DURATION	5 Years
REMAINING PERIOD TO CLOSING	1.5 Years
DISBURSED AMOUNT TO DATE	₦ 1,641,776,307.43 (\$3,337,867.87)
PERIOD COVERED BY REVIEW	1st January, 2023 – 31st December, 2023
AUDITOR	SULE SHAFIU O.

1.0 SCOPE

This report covers the period from 1st January, 2023 to 31st December, 2023. 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 period under review is Two Billion, Three Hundred and Forty-Two Million, Four Hundred and Five Thousand, Two Hundred and Sixty-Eight naira, Eight kobo Only (₦2,342,405,268.08). The summary of the budgeted and actual amount spent is as presented below;

OVERALL PERFORMANCE (January to December, 2023)			
Budgeted Amount (₦)	Actual Expenditure(₦)	Variance(₦)	%Variance
2,342,405,268.08	1,235,749,391.04	1,106,655,876.98	47.24%

Further analysis of the budget and variance is as follows,

Classification Analysis For January to December, 2023				
	Budgeted Amount(₦)	Actual Expenditure(₦)	Variance(₦)	%Variance
Goods	784,247,612.68	687,894,785.84	96,352,826.84	12.28 %

Works	923,302,786.00	340,594,807.19	582,707,978.81	63.11 %
Operating Cost	634,854,809.40	207,259,798.07	427,595,011.33	67.35 %

During the period under review, the sum of ₦ 784,247,612.68 was budgeted for goods, however, ₦ 687,894,785.84 was expended in this category. This includes the sum of ₦514,713,962.39 expended on laboratory equipment's, ₦77,939,000.00 on motor vehicle and ₦36,400,582.95 on computers.

The sum of ₦923,302,786.00 was budgeted for Works. This is mainly for construction of the Centre building and the Student's ultramodern hostel. However, the sum of ₦340,594,807.19 have been expended on the Centre's building during the period under review while the student hostel has been phased to a latter period due to paucity of funds.

The sum of ₦634,854,809.40 was budgeted for operating costs. However, the sum of ₦207,259,798.07 was actually spent as operating expenditure within the period under review. Most of the activities under this vote could not be executed due to paucity of funds as a result of non-remittance of earnings by the sponsors. This has led to prioritization of programs and hindering the centres performance.

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

2.1 RECOMMENDATION

The Centre should improve actions towards other sources of funds to fund its budget and the project facilitating office should also expediate action towards prompt remittances of reallocated funds. This will help reduce the variances significantly.

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 a 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).

The audited financial report for the year ended 31st December, 2023 was yet to be reviewed as the external auditors are presently working on the records.

2.3 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 prepared 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 Payment Vouchers after the payment process has been completed.

2.4 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 presented to it were deemed satisfactory and no grey

area to warrant further investigation. They will also review the external audit report as soon as it is ready.

2.5 FUND FLOW

The Centre disbursements amounted to ₦ 1,235,749,391.10 during the period. There was no observed complain from suppliers, project staff or beneficiaries regarding payments for the period under review. Withdrawal Applications (WA) made within the period under review amounted to ₦845,319,000.00

2.6 FINANCIAL REPORTING

There is an Audited Annual Financial Statement for the Centre for the penultimate year (2022) but the audit of the previous year (2023) is in process.

2.7 EXTERNAL AUDIT

The external auditors have commenced review the financial records of the Centre for the year 2023, but the work is still on going as of the time of submitting this report, thus, there report will be included in the next half year report.

2.8 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.

2.9 PHYSICAL VERIFICATION

Fixed asset register was maintained and updated with all assets owned by the Centre. The Centre has a team that verify and certifies all procurements made by the Centre, the members of the team included the project auditor, the store officer, the procurement and property management officer, the environmental and social safeguard officer, a technical person and the management staff of the Centre.

2.10 PROCUREMENT ACTIVITIES

The Centre Leader and Procurement Officer are responsible for the preparation, presentation and defense of the procurement 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/suppliers 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

3.2 Internal Audit Action Plan

S/N	Issues	Action	By Whom	Status
1	Budget Performance	To review the budget and probably reallocate funds	Project Accountant	Done
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	Done

Sign;

Sule Shafiu O.
Project Auditor (ACEMFS).