

**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, 2023**

**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>₦ 312,301,413.38 (\$2,555,135.87)</b>
PERIOD COVERED BY REVIEW	<b>1<sup>st</sup> January, 2023 – 30<sup>th</sup> June, 2023</b>
AUDITOR	<b>SULE SHAFIU O.</b>

**1.0 SCOPE**

This report covers the period from 1<sup>st</sup> January, 2023 to 30<sup>th</sup> June, 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 One Billion, One Hundred and Eighty-Three Million, One Hundred and Seven Thousand, Seven-naira, Four Kobo only (₦1,183,107,007.04). The summary of the budgeted and actual amount spent is as presented below;

OVERALL PERFORMANCE (January to June, 2023)			
Budgeted Amount (₦)	Actual Expenditure(₦)	Variance(₦)	%Variance
1,183,107,007.04	548,640,796.44	634,466,210.60	53.63%

Further analysis of the budget and variance is as follows,

Classification Analysis For January to June, 2023				
	Budgeted Amount(₦)	Actual Expenditure(₦)	Variance(₦)	%Variance
Goods	404,028,209.34	345,501,096.86	58,527,112.48	14.49 %
Works	461,651,393.00	131,702,873.76	329,948,519.24	71.47 %
Operating Cost	317,427,404.70	71,436,825.82	245,990,578.88	77.50 %

During the period under review, the sum of ₦404,028,209.34 was budgeted for goods, however, ₦345,501,096.86 was expended in this category. This includes the sum of ₦229,540,007.91 expended on laboratory equipment's, ₦77,939,000.00 on motor vehicle and ₦36,400,582.95 on computers.

The sum of ₦461,651,393,00 was budgeted for Works. This is mainly for construction of the Centre's building. However, the sum of ₦131,702,873.76 have been expended during the period under review. There is also a pending valuation certificate due that is still in process of payment but the due process has not been completed, hence payment have not been made on the certificate.

The sum of ₦317,427,404.70 was budgeted for operating costs. However, the sum of ₦71,436,825.82 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 as a result of non-remittance of earnings by the sponsors. This has led to prioritization of programs and hindering the center's performance.

Analysis indicates that there was significant positive variance for goods, 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 that will expedite the expenditures in accordance with the work plan. The project facilitating office should also expediate action towards prompt remittances of funds to fast track the Centre's programs. 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), 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, 2022 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 presented to it were deemed satisfactory and no grey area to warrant further investigation.

#### **2.6 FUND FLOW**

The Centre disbursements amounted to ₦508,178,074.12 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 ₦135,534,000.00

## **2.7 FINANCIAL REPORTING**

There is an Audited Annual Financial Statement for the Centre for the previous year (2022). The external auditors expressed their opinion on the financial statements as been true and fair as regards the operations and activities of the Centre

## **2.8 EXTERNAL AUDIT**

The audited accounts and management letter for the year ended December 31, 2022 were submitted to World Bank for review. 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. The Centre however ensures 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 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

S/N	Issues	Action	By Whom	Status
1	Revenue Generation	To widen the sources of internal revenue generation for sustainability	Centre Leader/ Centre's Management	In Process

#### 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).