

**SECOND AFRICA HIGHER EDUCATION CENTRES OF EXCELLENCE  
FOR DEVELOPMENT PROJECT**

**PROJECT INTERNAL AUDIT (IA) REPORT**

**Key Information on the project**

Project Name and State	Africa Centre of Excellence for Drug Research, Herbal Medicine, Development and Regulatory Science Unilag, Lagos State. Nigeria
Project ID	P169064
IDA Credit/Grant No.	6510-NG
Implementing Agency	University of Lagos
Effective Date	July 2019
Closing Date	June 2024
Credit/Grant Amount	\$6 Million
Project Duration	5 years
Remaining Period to closing	1½ year
Disbursed Amount to date & Percentage	\$1,256,269.19 (20.94%)
Period Covered by Review	Jan 2022-December 2022
Internal Auditor	Alao-Williams A.O.

## 1.0 EXECUTIVE SUMMARY

African Centre of Excellence Project domiciled in African Universities is one of the projects funded by the World Bank. The University of Lagos is one of the beneficiaries with a project on Drug Research, Herbal Medicine Development and Regulatory Science (ACEDHARS).

The work done include physical inspection of goods and services, review of accounting system in place and check of internal control system. Specifically, vouching payment vouchers, Bank account Statement, Statement of expenditure, Bank reconciliation Statements, Bank Mandate's file, Fixed Assets Register and general internal control for compliance.

The aim is to ensure strict adherence to quality and specification, cash transactions are posted promptly, payment vouchers are reviewed to check for authorization and approval. The statement of expenditure was reviewed to determine whether the expenditures carried out were budgeted or not in order to compare the budgeted and actual expenditure to determine the variance.

Due audit procedure was carried out on items supplied, services provided, and capital works. Compliance with approval limit was ensured. Prompt retirement of cash advances with relevant documents was strictly enforced. Due diligence was also observed on procurement for capital assets.

It was discovered that **N878,248,263.84** was budgeted for in 2022 and actual expenditure amounted to **N460,347,563.54** having the balance of **N417,900,700.30** which shows a positive variance of 47.58% as at December, 2022.

Disbursement of funds was processed after due approval from the Centre Leader or the Vice-Chancellor (according to approval limit). The Finance Manager ensured that there was no overspending on any vote. In addition, each transaction was charged to the right vote and the Project Accountant has an oversight function to ensure thoroughness and accuracy in this regard.

In order to map out strategies to be employed to achieve our goals, various meetings were convened by the Centre Leader with Centre management and faculty members.

As a result of these meetings and for the progress and development of the center, internet facilities, laboratory chemicals, teaching aids, various laboratory equipment were procured and installed.

Likewise, Audit Committee has been established to ascertain whether the accounting and reporting policies of the University are in accordance with legal requirements and ethical practices, to keep under review the university system of accounting and internal control and to advise University Management on observations and recommendation of internal and external audit reports. (see appendix A)

With regards to the students, all materials and consumables were duly verified and their analyses were carried out under supervision of their supervisors.

The following were the major findings and action plan that requires immediate follow up:

- i) The Financial Management system is adequate to provide reasonable assurance that the project funds are being used for the intended purposes.
- ii) Asset register should be updated.
- iii) Audit Committee has been established to provide oversight functions on the finances and audit reports in order to ensure transparency.

All these has been conducted in accordance with the World Bank’s Financial Management and disbursement policies, procedures and guidelines and also applicable Government policies, laws, guidelines and regulations.

## 2.0 1A REVIEW: FINDINGS AND ACTION PLAN

The following are the findings:

### 2.1 Budgeting

The table below shows the comparison of the tabulated analysis of budget with actual in the project IFRs and financial statements by category as at December, 2022.

<b>OVERALL PERFORMANCE JULY-DECEMBER 2022</b>			
<b>BUDGET (N)</b>	<b>ACTUAL (N)</b>	<b>VARIANCE</b>	<b>% VARIANCE</b>
<b>878,248,263.84</b>	<b>N460,347,563.54</b>	<b>N417,900,700.30</b>	<b>47.58%</b>

The above budget performance depicts that the sum of **N878,248,263.84** was budgeted while actual expenditure amounted to **N460,347,563.54** having a positive difference of **N417,900,700.30** which is **47.58%** variance. This means that more than 50% of the budget has been actualized and the balance or the difference is still adequate to accommodate more expenditure.

### **Recommendation**

- a) The balance should be utilized since it can still accommodate more expenditure in accordance with project specification.
- b) All expenditures for all categories should be made in compliance to the approved budget

### **Management Response**

Management is responding to setting up of Budget Committee.

## **2.2 Accounting**

It was observed that adequate computerized accounting system were maintained in line with Government accounting system. Accounting records and document including bank reconciliation and cash book were up to date to December, 2022.

It was also observed that all payment were done via transfers using remita with the assistance of flexible software accounting.

Likewise, all payments as evidenced in the books presented passed through internal audit check and were duly approved.

The payment vouchers were duly signed by Project Accountant and Finance Manager after the approval of the center leader.

The Centre has carried out its Annual Audited financial Statement as at the time of this report.

### **Recommendation**

- a) All payment vouchers should be endorsed by all the approved center officers as indicated.

- b) The description column on mandate should have more details than just payment to know at a glance what the payment is made for.

**Management response**

Recommendations are noted for necessary actions.

**2.3 Internal Controls**

**Observations**

- a. The project complied with financing agreement and financial procedures manual in respect of unretired advances and supporting documents are sufficient. The internal control put in place by the management were duly adhered to, all payments as evidence in the books presented passed through internal audit check and were duly approved and paid via transfer using remita.
- b) There were adequate segregation of duties and all procedures were duly adhered to.

**Recommendation**

The fixed asset should be updated to show the asset owned by the center.

**Management response**

Recommendation is noted for necessary action

**2.4. Fund Flow**

There was confirmation of disbursements to the Center within the period under review and no complaints from suppliers, project staff or beneficiaries regarding payment under review.

## **2.5 Financial Reporting**

The project Accountant complied with the preparation and timely submission of IFRs and annual Financial Reports

## **2.6 External Audit**

No comment on findings of external auditors because the center is yet to receive report from External Auditor.

## **2.7 Disbursements and submission of Withdrawal applications**

Disbursement and withdrawal is done by Center leader to NUC

## **2.8 Fraud and Corruption**

Within the period under review there is no known or reported case of fraud and corruption.

## **2.9 Payment Procedure**

All payments were paid through payment voucher after due diligence, authorization and approval given by Center leader or Vice Chancellor based on their approval limit. The payment procedure in place is effective and efficient to rely upon.

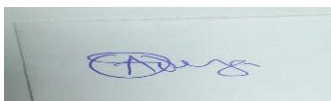
## **2.10 Physical verification by on-sites, third party/beneficiary confirmation**

Fixed asset under the period reviewed were physically verified and ensure that they are situated at their right location after confirmation of their letter of award and approval, and to ensure that all these assets were inscribed and coded.

## **2.11 Procurement Activities**

The procurement officer and the center Leader followed the procedure with respect to Assessment, Procurement Plan, approval from appropriate Authority and also ensured that contract is awarded before implementation and payment.

Thank you.



**Alao-williams Abosedo (ACA)**

*Project Audit*

## ACTION PLAN

Follow up of the status of implementation of the Findings of Previous Review

### Status of Previous Internal Audit Action Plan

Agreed Action	By Whom	By when	Status
Update of the Asset Register	Finance Manager/Project Manager	Before next Internal Audit Report	In process
Formation of budget Committee	Centre Leader/Project Accountant/Finance Manager	Before next Internal Audit report.	In process
Establishment of Audit Committee	Centre Leader/Accountant		Done

### Status of External Audit findings

Agreed Action	By Whom	By when	Status
Not Applicable			

### Status of Bank FM Supervision Findings

Agreed Action	By Whom	By when	Status
Not Applicable			

### Status of Procurement finding

Agreed Action	By Whom	By when	Status
Not Applicable			



**UNIVERSITY OF LAGOS**  
**OFFICE OF THE VICE-CHANCELLOR**  
**INTERNAL MEMORANDUM**

**From:** Vice-Chancellor

**To:** Registrar

**Date:** August 8, 2022

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**UNIVERSITY OF LAGOS AUDIT COMMITTEE**

This is to approve the recommendation that the under listed members of staff be appointed as University Audit Committee with the below terms of reference for the audit activities of the Research Centres and other externally funded units in the University.

**Membership:**

1. Prof. Olufemi Saibu	-	Department of Economics	-	Chairman
2. Mr. Abimbola Odufote	-	Chief Internal Auditor	-	Member
3. Dr. Lekan Lawal	-	Bursar	-	Member
4. Prof. Muminu Adamu	-	Department of Mathematics	-	Member
5. Dr. Okwy Okpala	-	Department of Accounting	-	Member
6. Dr. Akeem Bello	-	Department of Public Law	-	Member
7. Mr Kingsley O Okhiria.	-	Vice Chancellor's Office	-	Secretary

**Terms of reference:**

1. To ascertain whether the accounting and reporting policies of the University are in accordance with legal requirements and ethical practices
2. Review the scope and planning of audit requirements
3. Review the finding on management matters in conjunction with the external auditor and departmental responses thereon
4. Keep under review the university system of accounting and internal control
5. Authorize the internal Auditor to carry out investigations into any activity of the University which may be interest or concern the committee
6. Make appropriate recommendation to the University Management on appointment, removal and remuneration of the external auditors
7. Advice University Management on observations and recommendation of internal and external audit reports

Thank you.

A handwritten signature in black ink, appearing to read 'Oluwatoyin Ogundipe'.

Professor Oluwatoyin Ogundipe, FAS

CC : Dr. Ade-Ademikua O.E. Centre Leader (ACEDHARS)





## **UNIVERSITY OF LAGOS**

### **REPORT OF THE UNIVERSITY OF LAGOS AUDIT COMMITTEE**

#### **1.0 INTRODUCTION**

The immediate past Vice-Chancellor, Professor Oluwatoyin T. Ogundipe, FAS, through a memo to the Registrar dated August 8, 2022, approved the constitution of the University of Lagos Audit Committee for the audit activities of the Research Centres and other externally funded units in the University.

#### **2.0 MEMBERSHIP**

Professor Olufemi Saibu	-	Chairman
Dr. Lekan Lawal	-	Member
Professor Muminu Adamu	-	Member
Mr. Abimbola Odufote	-	Member
Dr. Okwy Okpala	-	Member
Dr. Akeem Bello	-	Member
Mr. Kingsley O. Okhiria	-	Secretary

### **3.0 TERMS OF REFERENCE (TORs):**

- (i) To ascertain whether the accounting and reporting policies of the University are in accordance with legal requirements and ethical practices.
- (ii) To review the scope and planning of audit requirements.
- (iii) To review the finding on management matters in conjunction with the external auditor and departmental responses thereon.
- (iv) To keep under review the University system of accounting and internal control.
- (v) To authorize the internal Auditor to carry out investigations into any activity of the University which may be of interest or concern to the Committee.
- (vi) To make appropriate recommendation to the University Management on appointment, removal and remuneration of the external auditors.
- (vii) To advice University Management on observations and recommendations of internal and external audit reports.

### **4.0 MEETINGS**

The University Audit Committee, could not immediately hold any meeting at the time it was constituted due to the strike action by the unions at the time. However, after the strike action was called off, the Committee was able to hold its inaugural meeting on Monday, 7<sup>th</sup> November, 2022. Although the Committee had not been able to hold any formal meeting since its inaugural meeting due to unforeseen circumstances, however, several informal meetings had been held by the Committee to carry out its assignment.

## **5.0 ACTIVITIES OF THE COMMITTEE**

(i) The Committee was provided with the list of approved Research Centres (including Centres at the College of Medicine) and externally funded units in the University, by the Research Management Office.

(ii) The concerned Centres and Units were requested to provide their accounting and reporting requirements/agreements with their funders for review by the Committee.

(iii) The Centres were also requested to provide any document on additional financial regulations as specified by their funders which were being reviewed by the Committee to determine if the Centre were complying with their funders' specific requirements.

## **6.0 CONCLUSION**

The Committee is still carrying out its review of the documents being provided by the Centres and the externally funded units and also engaging the various Centres with respect to their audit activities and would make appropriate recommendations as deemed necessary.



**Mr. Kingsley O. Okhiria**

**Secretary**