

**Africa Centre of Excellence
World Bank Project
Centre for Oilfield Chemicals Research
University of Port Harcourt
Project Internal Audit (IA) Report
Key Information on the Project**

Project Name and State	Centre for Oilfield Chemical Research, Rivers State.
Project ID	P126974
IDA Credit/Grant No	60029544
Implementing Agency	University of Port Harcourt
Effectiveness Date	July 2015
Closing Date	March 31st, 2020
Credit/Grant Amount	\$4.5 Million
Project Duration	4 Years and 9 Months
Remaining Period to Closing	3 Months
Disbursed Amount to date & Percentage	₦147,172,326.55 and \$3,092,544.39
Period Covered by Review	1st July 2019 to 31st December 2019
Internal Auditor	Edwin Harcourt

1.0 . EXECUTIVE SUMMARY

This routine audit covered the period July 1st to December 31st, 2019. The following records were examined; cash book, bank account statements, payment vouchers, fixed assets register and bank reconciliation statements. The essence was to ensure that cash transactions were posted promptly, errors and omission were detected and corrected and that bank reconciliations were carried out in line with the Federal Government Financial Regulations. Other records examined included the work plan and the procurement plan. This was to enable us determine whether the expenditures carried out were budgeted or not and to compare budgeted and actual expenditures and isolate/comment on significant variances. We reviewed the payment vouchers to check for authorization and approvals. Also, the semi-annual report for year ended 2019, audited report and management letter for the year ended 31st December 2018 was reviewed for the purpose of this audit; trial balance, ledgers, receipt and payment accounts, etc. We reviewed the entire system of internal control for compliance in order to identify weaknesses that existed.

Furthermore, we had discussions with Centre Leader, Project Accountant, Procurement, Monitoring & Evaluation and Communication officers. The essence was to substantiate our findings from the records checked.

The following were major findings of the exercise; In aggregate, the sum of ₦274,303,048 was budgeted. Actual expenditure amounted to ₦136,047,407 causing a positive variance of ₦138,255,641 representing 50.40% variance. There were significant positive variances of 78% and 100% for goods and works. A positive variance of 22% was observed for the operating cost category.

Within the operating cost category, significant negative variances were observed. The sum of ₦6,500,000 was budgeted for 'Attend ACE Meetings' while ₦36,945,085 was actually spent leading to an adverse variance of -₦30,445,085 or -468%. Significant Positive variances were also observed for various expenditure heads such as Books and Journals, Teaching aids and 100KVA Diesel Generator.

In accounting, Receipt and Payments accounts were adequately prepared; however, notes to summaries such as other payments were not further explained. The Centre maintains three bank accounts. We also noted that the monthly bank reconciliation statements were adequately prepared for the relevant accounts and the cash book updated monthly. There was fixed asset register within the period under review though not comprehensive and few assets were not coded. The sum of ₦5,900,000.00 and \$109,000 approved has not gotten to the beneficiaries as at 31st December, 2019. There were errors of wrong posting in the ledgers which affected the receipts and payments accounts and the work-in-progress report.

The external audit report was examined; the auditor gave an unqualified opinion on the financial statement presented. All payments as evidenced in the books presented passed through audit, and were duly approved and paid via transfer using remita e-payments and e-collection platform.

All e-mandates and most of the payment vouchers were not signed by the Centre leader.

Tax receipts were not presented for audit examination. Unretired advances amounted to ₦1,731,101.00 and \$13,558.60.

There was adequate segregation of duties. We also observed that the Audit Committee has made impacts on the project.

Further, Audit for this period indicates that the project FM system is adequate with reasonable assurance that the Project funds are being utilized for the intended purposes and are in line with World Bank guidelines. The project Financial Management risk is adequate.

We confirm that this audit was carried out in accordance with the World Bank's FM and disbursement policies, procedures and guidelines and the Federal Republic of Nigeria Financial Regulations of 2009.

2.0 IA REVIEW: FINDINGS AND ACTION PLAN

These were our findings:

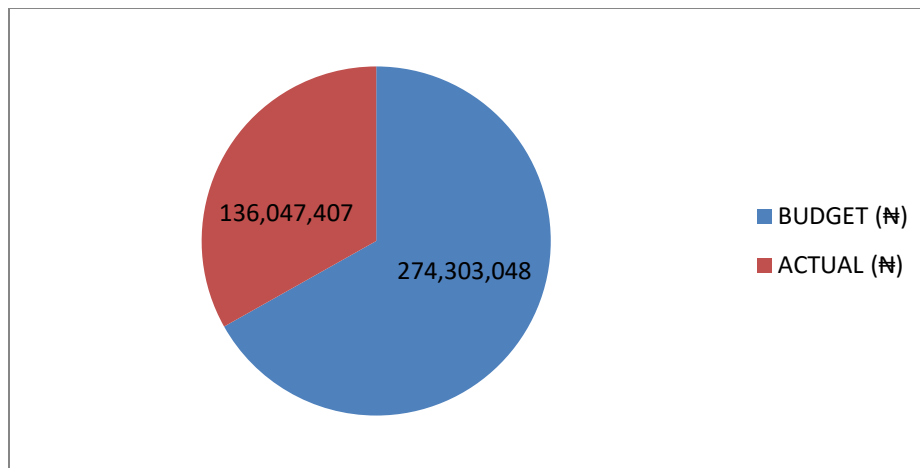
2.1 BUDGETING:

Pro-rata apportionment is necessary where the budgeted item covers periods, which exceeds the period covered by this report. i.e. July 1 to 31 December, 2019.

Summary of the budget and actual expenditure for the project from July 1 to December 31, 2019 is shown below.

GRAND TOTAL (JULY - DECEMBER 2019)			
BUDGET (₦)	ACTUAL (₦)	VARIANCE(₦)	% VARIANCE
274,303,048	136,047,407	138,255,641	50.40%

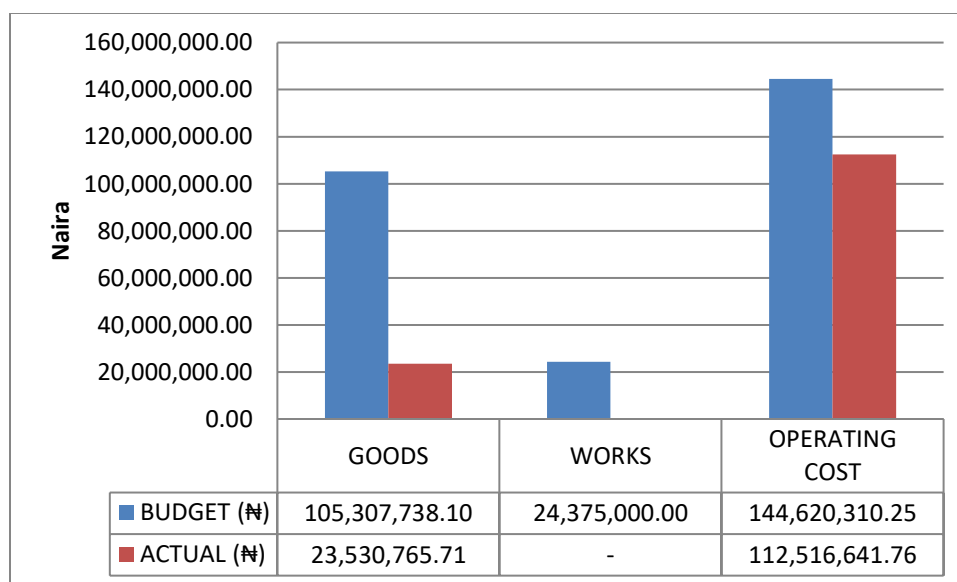
An examination of the budget performance for the period under review indicates an overall significant positive variance. This implies that fewer funds were utilized as provided for in the budget/workplan. The sum of **₦274,303,048** was budget. Actual expenditure amounted to **₦136,047,407** causing a positive difference of **₦138,255,641** which is 50.4% variance. This is detailed in the table above and chart below:



SECTORIAL BREAKDOWN

JULY - DECEMBER 2019				
	BUDGET (₦)	ACTUAL (₦)	VARIANCE (₦)	% VARIANCE
GOODS	105,307,738	23,530,766	81,776,972	78
WORKS	24,375,000	0	24,375,000	100.0
OPERATING COST	144,620,310	112,516,642	32,103,668	22.2
	274,303,048	136,047,407	138,255,641	50.4

Detailed examination of the budget indicates significant positive variances for goods and works expenditure categories with variances of positive ₦81,776,972 and ₦24,375,000 which translates to 78% and 100% positive variances respectively. This is shown in the table above and chart below:



It is also worthy to note, however, that the project's fund is not included in the University Budget. Also, there was a budget committee.

N/B:

1. The Budget was denominated in US Dollar but actual expenditure was incurred in Naira.
2. The exchange rate used in converting US Dollar to Nigerian Naira was \$1 to ₦325.

Recommendation

It is recommended that expenditure should be incurred in line with the approved budget timeline.

Expenditures for all categories should be made in compliance to the approved budget.

Management Response:

As observed in previous audit, wrong classification of some expenditure items resulted in some expenditure heads exceeding their budget sum.

Inclusion of the project fund in the University's budget is still not possible because of timing differences and delays in the preparation of the University's budget. This may negatively impact the achievement of the project objectives.

2.2 ACCOUNTING

Observations:

- a) International Public Sector Accounting Standards (cash basis IPSAS) was used in preparing the accounts. Also accounting software was deployed for the preparation of books of accounts.
- b) **Payment Procedures**
 - i. All Payments were done via transfers using Remita.
 - ii. All payments as evidenced in the books presented passed through audit and were duly approved.
 - iii. All payments through the TSA Naira accounts passed through due process and were dully approved. Also, appropriate payment vouchers were used in processing all transactions.
 - iv. Most e-mandates raised were signed by the Project Accountant, they were not counter signed the Centre leader. Some e-mandates were not signed either by the Accountant or the Center Leader. For instance,

Payee	Unique No	PV Reference	Amount [₦]
Orlu Patience	3202/370	ASN/2019/409	150,747.97
Speedlink Hi-Tech Solution	3202/359	ASN/2019/382	1,727,720
Orlu Patience	3202/268	ASN/2019/195	220,000

v. The following payments vouchers were not signed by the approving officer.

USD Vouchers			
Payee	PV No	Purpose	Amount [\$]
Timah B.P.	ASN/2019/452	Dubai Accountant Summit 2020	1,900
Prof Joel Ogbonna	ASN/2019/452/451	Adaptive Management Training	4,975
Dr Sundry Ikesiemama	ASN/2019/450	RSIF-Partnership in Science Engineering Tech[PASET] workshop in Morrocco	850
Engr. Ekpah Daniel	ASN/2019/430	Cisco Partner Conference in Lisbon	3,467.10
Udoma Ikpa	ASN/2019/424	Workshop on Managing Monitoring & Evaluation functions	5471.1
Mrs S.N, Inko-Tariah	ASN/2019/378	Conference/workshop organised by AAU	3,611.80
Dr Collins Wizer	ASN/2019/379	Conference/workshop organised by AAU	3,611.80
Timah B.P.	ASN/2019/376-377	Workshop on Evolving Role of the 21st century Accountants, Auditor, Finance Officers, Budget Heads & cost Management in Mauritius Island	6,486.80
Naira Payments			
Payee	PV No	Purpose	Amount[N]
Speed Link Hi-Tech Solutions	ASN/2019/323	Payment for consultancy services in July 2019	100,000
Patience Orlu	ASN/2019/321	Payment for staff allowances in September 2019	210,000
Speed Link Hi-Tech Solutions	ASN/2019/320	Purchase of Furniture & Multimedia facilities for PG class	1,825,950
Daniel Okon	ASN/2019/315	Purchase of 4 Printers in October 2019	40,000
Kayog Global Services Ltd	ASN/2019/312	Lunch for July 2019	503,750
Somit Integrated Services	ASN/2019/319	Purchase of furniture & Multimedia facilities for Faculty of Engineering	3,486,000

	Patience Orlu	ASN/2019/292	Entertainment & Allowance of ACE-CEFOR Academic Board members	215,000
	Prof Joel Ogbonna	ASN/2019/448	M.Sc Students Research Support	N5,700,000
	Prof JOEL OGBONNA	ASN/2019/449	Honorarium	2,400,000

- vi. Payments made to persons other than beneficiaries approved on the payment voucher.

	PV ID	Details	Beneficiary on PV and approval	Beneficiary paid	Amount- N
1		ACE-CEFOR printed materials	Prof. I. Etela	KTS Integrated services	644,123.81
2	ASN/2019/304	Renewal of ACE-CEFOR Website & Security	Prof. I. Etela	Speed Link Hi-Tech Solutions	885,853.50
3		Renewal of ACE-CEFOR Students Email and Security	Prof. I. Etela	Speed Link Hi-Tech Solutions	1,322,160
4	ASN/2019/327	Payment in respect of Phd seminar presentation	Patience Orlu	CEFOR IGR	2,804,500
5	ASN/2019/414	Payment in respect of stationaries	Timah B.P.	CEFOR IGR	80,000
6	ASN/2019/330-332	Payment in respect of Imprest For August	Prof. Joel Ogbonna	CEFOR IGR	380,000
7	ASN/2019/334	Payment in respect of Request For Foot Mat For Vehicle	Ugochukwu Nwafor	CEFOR IGR	20,000
8	ASN/2019/333	Payment in respect of Servicing Of Vehicle 50F111FG	Ugochukwu Nwafor	CEFOR IGR	63,500
9	ASN/2019/325	Payment in respect of Attending A Workshop By ICAN	Deniran Constance	CEFOR IGR	258,800
10	ASN/2019/415	Payment in respect of Trip To Abuja	Timah B.P.	CEFOR IGR	127,200
11	ASN/2019/328	Payment in respect of ACE Phd Lecture Commission	Patience Orlu	CEFOR IGR	3,340,000
12	ASN/2019/329	Payment in respect of Conference Sponsorship	Otu Ekpenyong	CEFOR IGR	900,000

- c) The Centre maintains three bank accounts. Two are Treasury Single Accounts (TSA) with the Central Bank of Nigeria-One US Dollar denominated account and the Naira denominated account. The other account is maintained with University of Port Harcourt and Choba microfinance bank for internally generated revenue (IGR).
- d) Bank reconciliation statements for all accounts were adequately prepared within the period under review, and the cash book adjusted to reflect the adjusted cash book balance after reconciliations each month.
- e) The schedule of uncleared mandates in December 2019 contained payment of ₦ 136,663.13 in respect of research publication to Olabiso O T. The beneficiary was paid on 9/9/2019.
- f) The cash book for the Centre's accounts were adequately prepared and adjusted accordingly to reflect the adjusted cash balance after reconciliations monthly.
- g) A debit reversal of ₦91,485,000 in the CBN Naira account which took place in August 2019 is yet to be adjusted in the cash book.

h) Receipt and Payment account

The Receipts and Payments account was adequately prepared but notes to summaries such as other payments were not further explained.

December 2019, total payments in the receipt and payment account did not agree with total payments in the trial balance for the month.

i) Ledger accounts

i. The following transactions were not captured in the ledger:

- a) Payment for servicing of generator-ASN2019/311 in favour of Orlu Patience for ₦61,000
- b) Payment for Lagos SPE Annual Conference and AGM -ASN2019/314 in favour of Akuma Oji A for ₦161,800
- c) Payment for Official trip to Abuja-ASN2019/202 in favour of Timah B. P. for ₦123,200
- d) Payment for ACE-CEFOR PhD Students defence-ASN2019/411 in favour of Orlu Patience for ₦812,250.01

ii. There were several wrong postings in the ledgers presented. For instance:

Details	Amount	Posted to	Correct Posting
Payment to ACE CEFOR cleaners and drivers	520,000	Communication and marketing>8123	Administrative Charges, bank transactions, stationery, internet, communication bills>8147
Payment for research and publications	1,913,282	e-books_ejournals_bibliometric databases>8013	Students and faculties support>8018
Payment for research and publications	136,663	e-books_ejournals_bibliometric databases>8013	Students and faculties support>8018

AMBRAN Enterprises Nigeria	297,675	e-books_ejournals_bibliometric databases>8013	Administrative Charges, bank transactions, stationery, internet, communication bills>8147
Purchase of 4 pointers	40,000	e-books_ejournals_bibliometric databases>8013	Office, e-library and class room furniture, with accessories
Luncheon for ACE (World Bank) for May 2019	610000	Explore recognition as Regional Centre of Expertise>8121	Administrative Charges, bank transactions, stationery, internet, communication bills>8147
Purchase of office stationeries	2,361,502.5	Office, e-library and classroom furniture, with accessories	Administrative Charges, bank transactions, stationery, internet, communication bills>8147
Resource verification for the B. Engineering programme	1500000	Office, e-library and classroom furniture, with accessories	Accreditation/ Gap analysis>8017

j) Tax receipts for taxes paid were not presented for the audit exercise.

Recommendations:

1. All payment vouchers should be authorized and the e-mandate signed by the Centre leader.
2. Final payments should be made to recipients on payment vouchers raised.
3. Errors in the ledgers and receipts and payments account should be corrected accordingly. the debit reversal of ₦91,485,000 in the CBN Naira account should be posted to the cash book.
4. Tax receipts should be presented for audit review.

Management Response:

1. The E-mandate and payment vouchers will be sent to the Centre leader for signing.
2. Payment vouchers for payments in favour of KTS Integrated services and Speedlink Hi-Tech Solutions will be corrected. Payments in favour of CEFOR IGR instead of respective beneficiaries were made because these beneficiaries were paid earlier through the CEFOR IGR account. These payments identified were refunds to the IGR account.
3. Wrong postings in the ledger accounts and errors in the cash book will be corrected.
4. The tax receipts for the Centre are domiciled with the tax office of the University.

2.3 INTERNAL CONTROL

Observations:

- a) Internal control generally was adequate; although compliance with financing agreement/work plan in executing major projects budgeted for the second half of the year 2019 was slow for some cases, but robust for others.

b) Work in progress

The following are the work in progress, based on the ledger presented to us.

COMPONENT	SUB COMPONENT	ACTUAL	WORKPLAN	% COMPLETION
Operating Cost	Accreditation/Gap Analysis	1,500,000	9,285,714	16.15%
Operating Cost	Communication and marketing	2,822,801	6,500,000	43.43%
Operating Cost	Students and Faculties Support	8,088,445	40,625,000	19.91%
Operating Cost	Vigorous awareness campaigns within and outside the region	18,294,596	16,250,000	112.58%
Operating Cost	Explore recognition as regional Centre of excellence	9,600,075	9,027,778	106.34%
Operating Cost	Negotiate and sign memoranda with project partners		13,000,000	0.00%
Operating Cost	Attend ACE Meetings	36,945,085	6,500,000	568.39%
Operating Cost	Staff development and training	24,712,069	33,681,818	73.37%
Operating Cost	Admin Charges	10,553,571	9,750,000	108.24%
Goods	Teaching aids		11,375,000	0.00%
Goods	Books and Journals	-	4,550,000	0.00%
Goods	100 KVA Diesel Generator		8,937,500	0.00%
Goods	Project Vehicles	982,750	5,850,000	16.80%
Goods	Laboratory equipment and Accessories		52,928,571	0.00%
Goods	Office e-library and classroom furniture with accessories	22,548,016	21,666,667	104.07%
Works	CEFOR Building		24,375,000	0.00%
		136,047,407	274,303,048	

- c) Under operating cost component, ‘Attend ACE Meetings was significantly more than planned.
- d) Advances
Unretired advances amounted to ₦1,731,101 and \$13,558.6. See appendix 2 for details. Payment vouchers and approval documents were used to extract a list of unretired advanced for the period under review.
- e) There is a safe in the project accountant’s office. Payments were made via bank and imprest was paid via re-imburement after spending.
- f) Segregation of duties was adequate. Payment vouchers were raised by the Project Accountant, checked by the Project Auditor and approved by the Chairman of the Project Steering Committee (The Vice Chancellor).
- g) The procedure in place indicates that: the payment for expenditures were raised by the Project Accountant; certified by the Project Auditor and approved by the Chairman of the Project Steering Committee. Committees exist for various duties; they include the Project steering committee and the Procurement committee and budget committee.
- h) Ineligible expenses are detailed below:

Description	Amount (₦)
Support staff allowance for September, 2019	210,000
CEFOR support staff payment for October 2019	210,000
Support staff payment for November 2019	210,000
Payment for Junior staff for May, June and July	520,000
Honorarium for the ACE PhD Supervisors	2,400,000
	3,550,000

Recommendations:

- a) There should be follow up on work plan to enhance the implementation process.
- b) The fixed asset register should be well prepared to reflect all Asset owned by the Centre
- c) Unretired advances, all staff involved should be communicated to retire their advances; if otherwise deduct from subsequent payments.
- d) Ineligible expenses should be refunded with efforts made to ensure they do not reoccur.

Management Response:

Some of the expenditure component categories that have negative variances were due to the wrong postings in the ledger accounts. These postings were made as some subheads were low on funds. Attend ACE Meetings and Vigorous Awareness campaigns were significant as the new World Bank Centre of Excellence (ACE-PUTOR) were funded for World Bank Workshops.

The fixed asset register will be updated to reflect all asset owned by the centre.

Retirement of all unretired advances is in progress.

Honorarium for the ACE PhD Supervisors does not constitute ineligible expenses. They were adequately budgeted for. These were paid to both internal and external supervisors.

2.4 EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEES

We consider the effectiveness of management oversight for this Centre to be adequate. There is a project steering committee headed by the Vice Chancellor of the University. This committee performs various oversight functions and is made up of various officers with assigned responsibilities.

These officers include:

1. The Chairman
2. The Deputy Chairman
3. The Center Leader
4. The Deputy Center Leader
5. The Project Accountant
6. The Project Auditor
7. The Monitoring and Evaluation Officer
8. The Procurement Officer and;
9. The Communications Officer.

Sub-Committees exist to carry out specific tasks. These committees include:

- A. The Audit committee and
- B. The Procurement committee.

The effectiveness of the Audit committee is adequate. The committee has been involved in issues relating to the project. They have been involved in the review of both internal and external audit reports and management letters.

2.5 FUND FLOW

There were disbursements to the Centre within the period under review.

There were no observed complaints from suppliers, project staff or beneficiaries regarding payments for the period under review.

2.6 FINANCIAL REPORTING

The audited annual financial statements and management letter for the period ended 31st December 2018 were presented for the audit exercise. These were not integrated with that of the University's Accounts.

As the time of this audit the semi-annual report for the half year ended 31st December 2019 has been sent to the World Bank and was examined during the audit exercise.

Computerized accounting system is used to generate accounting information.

The project financial management procedures and manuals in place are adequate for effective project implementation.

The Audit Committee has made impact on the project.

Financial Management Reports were presented for the audit exercise for the period under review.

2.7 EXTERNAL AUDIT

The audited Annual Financial Statements and Management letter for the period ended 31st December 2018 were presented for the audit exercise.

The auditor gave an unqualified opinion on the financial statements presented. In their view the financial statement gives a true and fair view of financial affairs as at 31st December 2018 and the financial performance and cashflows for the year ended in accordance with International Public Sector Accounting (IPSAS) and the relevant sections of the Nigerian Financial reporting Council Act.

See Appendix 1 for comments of the external auditor

2.8 DISBURSEMENT AND SUBMISSION OF WITHDRAWAL APPLICATIONS

Disbursements from World Bank were received within the period under review.

The sum of \$ 425,786.40 was received as earned Disbursement link indicators (DLIs).

Total Internally Generated Revenue (IGR) receipts amounted to ₦13,538,320.13 as against the ₦24, 829,900.00 expended within the period.

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.

Although the following funds approved have not reached the beneficiaries:

- a) The following uncleared payments have not reached expected beneficiaries as at the end of December 2019.

Beneficiary	Purpose	PV No.	Amount(₦)	Amount(\$)
Prof. David O. Esumang	Honorarium for ACECEFOR supervisors	286004	25,000	
DR M.K Oduola	Honorarium for ACECEFOR supervisors	295166	25,000	
Dr. E.F. Okeke	Honorarium for ACECEFOR supervisors	295166	25,000	
Dr. S.E. Ofordile	Honorarium for ACECEFOR supervisors	295166	20,000	
Prof (Mrs.) O. E. Nwachukwu	Honorarium for ACECEFOR supervisors	295166	40,000	
Prof. J.C Ogunwamba	Honorarium for ACECEFOR supervisors	295166	40,000	
Dr. Rose Ramkat	Honorarium for ACECEFOR supervisors	295166	25,000	
Prof. O. F. Joel and Others	M.SC. Research Support	295165	5,700,000	
Mr. Benson Timah	Workshop registration fee			1,900
CEFOR Naira TSA	Conversion of Dollars to Naira			100,000
			5,900,000	109,000

- a) FIRS Value added tax deducted in for IGR payments in July 2019 are yet to be remitted. These are detailed below:

Payee	PV No	Cheque No	Amount[N]
FIRS VAT	284003	141827	5,000
FIRS VAT	284039	141827	5,000
FIRS VAT	284043	141824	7,295

Recommendations

All fund approved and taxes due should be paid to the beneficiaries on timely basis.

Management Response

Payment to beneficiaries of \$1,900 and \$100,000 has been cleared in January 2020. For the rest, account details were yet to be collated for beneficiaries, but the beneficiaries are being contacted.

Taxes due were not yet remitted due to issues with the tax office's bank accounts for remittance. This is being rectified.

2.10 PAYMENT PROCEDURES

An examination of current payment procedures for expenditures within the Centre reveals that payment procedures in place are acceptable. Approvals for payments to suppliers and beneficiaries are timely.

Payment procedures within the period under review were devoid of loopholes that may lead to errors/irregularities. All payments were made using payment vouchers (PVs) and followed due process.

2.11 PHYSICAL VERIFICATION

- a) As observed in the previous audit, the fixed asset register presented was not adequately prepared and not comprehensive enough; it was prepared on transaction basis instead of asset by asset basis.
- b) Not all fixed assets acquired were coded with the University's coding and identification system. For instance: 2 LG televisions in Librarian's office and language laboratory, Air Conditioners in I.T office, etc.

Recommendation

All asset owned by the Centre should be captured in the fixed asset register and coded.

Management responses

This is noted and will corrected.

2.12 PROCUREMENT ACTIVITIES

The Centre Leader and Procurement Officer are responsible for the preparation, presentation and defence of the work plan, subject to approval by the World Bank team. Modifications are made by these officers.

There was also a procurement plan and there were procurement activities which passed through due process within the period under review.

2.13 OTHER MATTERS

There was no change in project staffing and financial management staffing within the period.

3.0 ACTION PLAN

Status of previous internal audit Action plan

S/N	Issues	Agreed Actions	By Whom	Status
1	Unclear mandate/ reversals	To communicate with the beneficiaries to get the appropriate account numbers and pay.	Project Accountant	Done
2	Ledgers/Receipts and Payments	To make adequate correction on errors and wrong posting	Project Accountant	Done
3	Tax Receipts	Liase with tax authorities to get tax receipts for taxes paid	Project Accountant	Done, Receipts are in the University tax office
4	Fixed Asset Register	Fixed Asset register be comprehensive/detailed to reflect all Assets owned by the Centre.	Project Accountant	Not Done
5	Unretired Advances	To communicate to all staff involved to retire their advances.	Project Accountant	Done
6	Payment Voucher/ E-mandate	Endeavour that every payment voucher is authorized, and e-mandates are signed.	Centre leader and Project Accountant	Done
7	Refunds- ₦568,155 by Stainless and Cousin Ltd.	To communicate to the beneficiaries to make adequate refunds.	Project Accountant and Centre Leader	Not refunded

New/updated internal audit action plan

S/N	Issues	Agreed Actions	By Whom	Status
1	Unclear mandate/ reversals	To communicate with the beneficiaries to get the appropriate account numbers and pay.	Project Accountant	Before the next audit
2	Ledgers/Receipts and Payments	To make adequate correction on errors and wrong posting	Project Accountant	Before the next audit
4	Fixed Asset Register	Fixed Asset register be comprehensive/detailed to reflect all Assets owned by the Centre.	Project Accountant	Before the next audit
5	Unretired Advances	To communicate to all staff involved to retire their advances.	Project Accountant	Before the next audit
6	Payment Voucher/ E-mandate	Should endeavour that every payment voucher is authorised, and e-mandates are signed.	Centre leader and Project Accountant	Before the next audit

7	Unpaid taxes	To clear all outstanding taxes	Project Accountant	Before the next audit
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Appendix 1. External Audit Observations:

The external auditor gave an unqualified opinion on the financial statements presented. In their view the financial statement gives a true and fair view of financial affairs as at 31st December 2018 and the financial performance and cash flows for the year ended in accordance with International Public Sector Accounting (IPSAS) and the relevant sections of the Nigerian Financial Reporting Council Act.

The following remarks were presented in the management letters for the external audit report for the year ended 2018.

1. Entity Trial balance: we observed that the trial balance does not incorporate the property Plant and Equipment of the prior years and Accumulated depreciation.
2. Incompleteness of fixed asset Register: As stated in our 2017 management letter, the fixed Asset register as produced was not comprehensive as it neither agrees with the trial balance for the current year nor the prior year additions.
3. Wrong Classification of Accounts: We observed in the current year that books and office equipment purchased for the centre was wrongly classified as communication and marketing cost, rather than been capitalized as books and office equipment in the Property, Plant and Equipment.
4. Revenue and Total expenses for 2018: While the revenue for the year reduced significantly from ₦472.3 million in 2017 to ₦295.37 million in 2018, representing a reduction of 38%, the operating expenses reduced slightly from ₦383 million in 2017 to ₦281.6 million, representing a drop of 26%.

Recommendation

1. The Centre should endeavour to ensure that all its financial activities are incorporated in the financial statements. If the software is not robust enough to accommodate all transactions, effort should be made towards procuring another one that is compliant with the Public Sector Accounting Standard (IPSAS).
2. Management should update its fixed Asset Register as to contain the entire property, Plant and Equipment module of the centre. Also, the personnel in charge must ensure that the property, Plant and Equipment in the fixed Asset Register agrees with the total fixed assets acquired by the centre.
3. We recommend that a data entry to the software be authorized by another officer, different from the officer initiating the transaction. This would help eliminate such wrong classification of accounting records.
4. Management should ensure that priorities are set right and budgetary control put in place as to ensure that important activities of the Centre are properly funded.

Management Response

1. The Programmer of the customized software has been informed. Necessary steps have been taken to effect correction.
2. This is noted. Necessary action will be taken to remedy the situation as recommended.

3. Noted, more caution will be taken.
4. Expenditure at the Centre was in line with the budget. It was geared towards achieving set target.

Appendix 2: UNRETIRED ADVANCES

S / N	BENEFICIARY	AMOUNT (₦)	AMOUNT (\$)	PV IDENTITY	PURPOSE	DEFICIENCY	REMARK
1	TIMAH B.P.	783,999.00	4,971.80	376-377,297-298,452	Dubai Accountants Summit	No Boarding Pass, No training certificate	Attach Boarding Pass, Certificate on return from event that is yet to hold
4	WIZOR C. H.	375,902	3,611.80	308	Workshop sponsorship on legal issues	No Boarding Pass	Attach Boarding Pass
5	PROF I. ETELA		4,975.00	451	Adaptive Training in Turin Italy	No Boarding Pass, No training certificate	Attach Boarding Pass, Certificate on return from event that is yet to hold
6	TIMAH B. P.	128,000.00		336	Trip to Abuja	No Boarding Pass	Attach Boarding Pass
7	TIMAH B. P.	123,200.00		202	Trip to Abuja	No Boarding Pass	Attach Boarding Pass
8	MRS HADEEDAT FAWEHINMI	320,000.00		238	Trip to Lagos	No Boarding Pass, No training certificate	Attach Boarding Pass, Certificate
		1,731,101.00	13,558.60				