LAGOS STATE UNIVERSITY, LAGOS STATE

INTERNAL AUDIT REPORT ON THE AUDIT OF AFRICAN CENTRE OF EXCELLENCE FOR INNOVATIVE AND TRANSFORMATIVE STEM EDUCATION (ACEITSE)
FOR THE PERIOD OF 8 MONTHS NOVEMBER 2021 TO JUNE 2022

Project Internal Audit (IA) Report

Key Information on the Project

Project Name and State	AFRICA CENTRE OF EXCELLENCE FOR INNOVATIVE AND TRANSFORMATIVE STEM EDUCATION (ACEITSE) . LAGOS STATE
Project ID	6510-NG
IDA Credit/Grant No.	
Implementing Agency	LAGOS STATE UNIVERSITY
Effectiveness Date	January 29th ,2021
Closing Date	January 28th ,2024
Credit/Grant Amount	6,000,000 U.S. Dollars
Project Duration	5 YEARS
Remaining Period to Closing	2 YEARS 5 MONTHS
Disbursed Amount to date & Percentage	$ 722,537.51 12%
Period Covered by Review	NOVEMBER 2021 TO JUNE 2022
Internal Auditor	LASISI, FATAI A

1.0 EXECUTIVE SUMMARY

This routine audit covered the period November 2021 to June 2022. The following records were examined; cash book, bank account statements and bank reconciliation statements. The essence was to ensure that cash transactions were posted as and when due, errors and omissions were detected and corrected and that bank reconciliations were carried out as prescribed by the financial regulations. Other records examined included the work plan and procurement plan. This is to enable us determine whether the expenditures carried out were budgeted or not and to compare budgeted and actual expenditures and isolate variances. We also reviewed the payment vouchers to check for authorisation and approvals. We reviewed the entire system of internal control for compliance and identify weakness in it.

Apart from the records examined, we had discussions with centre leader, Project Accountant, Procurement and Monitoring and Evaluation officers. The essence was to substantiate our findings from records checked.

2.0 INTRODUCTION

ACEITSE was established in September 2018 upon approval by the World Bank. The Centre specializes in the training of teachers using the homegrown teaching techniques known as Culturo- Techno- Contextual Approach (CTCA) to build a world-class STEM teachers that will bring about a paradigm shift in the world of teaching, learning and research

The audit covered all the grants from two donors for teaching and research activities at the Centre and it was conducted in accordance with the World Bank's Financial Management guidelines and requirements of the International Financial Reporting Standards. During the period under review, the Internal Audit ensured compliance with the internal control measures put in place by the University in addition to other regulatory requirements by the Nigerian Government. Records available for checking during the period under review were cash books, bank statements, bank reconciliation statements, receipts, and payment vouchers. These were reviewed to eliminate the risks of non-compliance with the agreed financing agreements.

2.1 OBJECTIVES OF THE AUDIT:

To ensure that:

i. proper accounting records are maintained.
ii. applicable accounting standards are properly and consistently followed.
iii. the Internal Control system in operation guarantees effectiveness & efficiency of the system.
iv. internal control measures are instituted which, as far as is reasonably possible safeguard the assets of the project.
v. actions are taken to prevent fraud and other irregularities.
vi. financial transactions conform with the financing agreements and only eligible expenditures were made.
vii. adequate measures were taken to minimize the impact of identified risks that may inhibit achievement of the Centre's objectives
viii. the balances shown in the records are accurate.

3.0 1NTERNAL AUDIT REVIEW:

3.1 ACCOUNTING

Suitable accounting policies used by the University were adopted and consistently applied. The going concern basis is used, as it has been presumed that the Centre will continue in operation in the foreseeable future.

3.2INTERNAL CONTROLS

Adequate internal control measures are in place. The Project activities go through the normal University procedures for processing of transactions which include 100% prepayment auditing. It should be noted that internal auditing functions at the Centre is Risk-based, in line with best practice. This is to ensure data integrity of amounts that will eventually flow into the financial statements.

Test of controls were done routinely. This includes segregation of duties, physical control, approval and authorization procedures, control over assets (including coding of assets maintaining properly updated fixed assets register).

3.3 EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEES

The University put in place Audit Committee, as part of Fiduciary Management and Governance as requested by the Bank. It is a Committee of Council, and it performs oversight functions on the financials of the Centre. Equally, Procurement committee headed by the Deputy Vice Chancellor Administration is in place to ensure that the Centre Procurement activities follow due process. Also, the Vice-Chancellor, Bursar and Head of Internal Audit supervise financial activities of the Centre. Though the Centre is autonomous, University financial procedures and regulations are adopted for financial activities.

3.4 FUNDS FLOW

The total sum received from the NUC/CBN to the Centre's Naira Account totaled ₦272, 573,774.75.

During the period under review, the Centre expended the sum of ₦113,185,612.87 only from the Money received from the Bank through the NUC.

Apart from grant from the World Bank, the University also provide financial support to the Centre to facilitate teaching and research activities. The Centre also received from African Digital Education Network (ADEN) Two Million Naira

(N2,054,500.00) for inauguration, capacity building and secretariat activities for their collaboration with other Centres.

All payments were made promptly upon supply or when services rendered by suppliers. Therefore, there was no complaint of delayed payment by suppliers.

3.5 FINANCIAL REPORTING

A 100% review of expenditure presented in the Financial Management Report was carried out. Expenses were checked to the relevant vouchers and other supporting documents. The Centre makes use of the Flexible Accounting software introduced by the National Project Monitoring Unit and adopted by other Centres of Excellence in Nigeria. It is however important to note that the Centre uses the University automated Accounting software named ADMON SOLUTIONS for its operation of Internally Generated Revenue (IGR) Account.

3.6 BANK RECONCILIATION STATEMENT

The reconciliations for the period under reviewed were done up to date and records thereon are well kept.

3.7 CASH ADVANCE RETIREMENT

The Centre operates Cash advance to meet up some of its activities that are not capital in nature.

Most of the advances had been retired in line with the University Guidelines and best practices.

3.8 EXTERNAL AUDIT

The External Audit of the Centre's books of accounts for the Year 2022, will be carried out by the University external auditor by the end of the year.

3.9 FRAUD AND CORRUPTION

There was no case of fraud and corruption reported within the reporting period.

3.10 PAYMENT PROCEDURES

A 100% review of all expenditures was done. No ineligible expenditure was incurred as transactions undergo pre-audit procedures to ensure integrity and eligibility of transactions. The Centre leader approves payment within his approval limit, while the Vice –Chancellor approves amounts that are above the limit of the Centre Leader.

3.11 PHYSICAL VERIFICATION THROUGH ON-SITE VISITS

The Internal Audit inspects all items purchased to confirm delivery. All Fixed Assets are in proper places, well secured and coded.

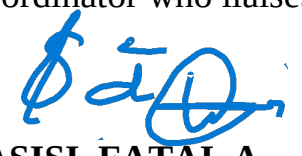
3.12 PROCUREMENT ACTIVITIES

The Procurement Officer is responsible for the preparation, presentation, and defense of the Procurement Work Plan. The procurement officer interfaces between the Centre and the Procurement Committee. The Procurement officer handles all procurements. Approval for procurement is given at the management meeting held bi-weekly before any procurement is made. The procurement procedures in place were adequate to ensure that:

i. Values were received in respect of funds released to suppliers and other service providers.
ii. Items purchased meet the requirements of the Centre.

3.13 DISBURSEMENT AND SUBMISSION OF WITHDRAWAL APPLICATION (WA)

The Centre's withdrawals application are submitted to the Project National Coordinator who liaises with the CBN for the disbursement of the required amount.



LASISI, FATAI .A.
Project Internal Auditor