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 SECOND SEMESTER FROM JULY TO DECEMBER 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	1YEAR 9 MONTHS
Disbursed Amount to date & Percentage	$ 1,239,591.00 21%
Period Covered by Review	JULY TO DECEMBER 2022
Internal Auditor	LASISI, FATAI A

1.0 EXECUTIVE SUMMARY

This audit report covered the second semester of 2022, which is six months period spanning July to December 2022. The following records were examined; Payment vouchers and accompanied source documents, cash book, bank 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 with a view to identifying weakness in it.

The total sum earned to date from all DLIs is $1,239,591.00. The sum released to the Centre for operation activities is $564,585.62, , the total expenditure incurred by the NUC on behalf of the Centre is $175,412.36. The Centre Dollar balance with the NUC at the end of December 2022 is $499, 896.83.

It is instructive to note, that, the sum of $564,585.62 released to the Centre was in naira equivalent at the rate of ₦405.72/$. Thus, the sum of ₦229,064,909.56 was released.

During the period under review, the Centre expended the sum of ₦77,616,974.87 on various projects and services, while ₦79,782,038.85 is the balance in the Centre operation Account as of 31st December 2022.

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

The audit finds total compliance with the rules and regulations, procedures, and policies governing the project and gives reasonable assurance that there is no material misstatement in the financial records of the Centre. Equally, the Internal control mechanism of the Centre is observed to be adequate and effective.

2.0 INTRODUCTION

ACEITSE was established in September 2018 upon approval by the World Bank. The Centre specialises 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 for the second semester 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 INTERNAL 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.

3.2 INTERNAL CONTROLS

Adequate internal control measures are in place. The Project activities go through the normal University procedures for the 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 practices. This is to ensure data integrity of amounts that will eventually flow into the financial statements.

Test of controls was done routinely. This includes segregation of duties, physical control, approval and authorization procedures, as well as control over assets (including coding of assets and maintenance of 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 available in the Centre's Naira operations Account as of 1st July 2022 was ₦157,399,013.72

During the period under review, the Centre expended the sum of ₦77,616,974.87 on various projects and services, while the sum of ₦79,782,038.85 remains as the balance in the Zenith Naira operation.

The total sum accrued to the Center's IGR Naira Account is ₦11,257,093.72, the sum expended stood at ₦6,737,879.90. The value in the IGR Naira Account as of 31st December 2022 is ₦4,519,213.82

The IGR Dollar account value is $4,764.62, expenditure therefrom was $2,022.45, as of 31st December 2022, the sum in the account stood at $2,742.17

The balance in the Centre's Account as of 31st December 2022 is as follows:

	₦	$
Zenith Operations Account	79,782,038.85	
Zenith IGR Account	4,519,213.82	
Zenith IGR Dollar Account		2,742.17
Total	84,301,252.67	2,742.17

It is imperative to note that the Centre has a sum of $499,896.83 with the NUC as of 31st December 2022. The balance was arrived at as analysed below:

Total sum earned to December 2022		$1,239,591.00
Less :		
Amount released to the Centre	$564,585.62	
Direct payment by the NUC	$175,412.36	$ 739,997.98
Balance with the NUC		**$ 499, 896.83**

Apart from grant from the World Bank, the University also provide financial support to the Centre to facilitate teaching and research activities.

All payments were made promptly upon supply or when services were 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 Centre's of Excellence in Nigeria. It is however important to note that the Centre uses the University's automated Accounting software named ADMON SOLUTIONS for its operation of the Internally Generated Revenue (IGR) Account.

3.6 BANK RECONCILIATION STATEMENT

The reconciliations for the period under review 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.

The sum of ₦690,000.00 only was captured as unretired Cash Advances from the ledger, however, further enquiry revealed that only ₦390,000.00 was actually not retired as the ₦300,000.00 that made up the ₦690,000.00 had been retired accordingly, but the appeared figure was as a result network issue that needed be corrected by the technical person handling the Flexible Accounting Software.

3.8 EXTERNAL AUDIT

The External Audit of the Centre's books of accounts for the Year 2022, will be carried out by the Centre's appointed external auditor by the end April 2023 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 the integrity and eligibility of transactions. The Centre leader approves payment within his approval limit, which

is one million naira, while the Vices–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 procured to confirm delivery, expectedly, and in line with procurement guidelines, those items were delivered. 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 met the requirements of the Centre.

The procurement activities of the Centre for the second semester were done in line with the procurement work plan as well as the procurement policies guiding the project.

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