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 2023

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 ,2020
Closing Date	June 30th ,2024
Credit/Grant Amount	6,000,000 U.S. Dollars
Project Duration	5 YEARS
Remaining Period to Closing	6 MONTHS
Earned Amount to date & Percentage	$ 3,374,403 56.24%
Period Covered by Review	JULY TO DECEMBER, 2023
Internal Auditor	**LASISI, FATAI A**

1.0 EXECUTIVE SUMMARY

This audit report covered the second semester of 2023, which is six months period covering July to December 2023. 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 and procurement plans. This is to enable us determine whether the expenditures carried out were budgeted or not and to compare budgeted and actual expenditures as well as isolate variances. We also reviewed the payment vouchers to check for authorization and approvals. We reviewed the entire system of internal control for compliance with a view to identifying weakness in it.

During the period under review, the contractor handling the STEM Laboratory project completed and delivered in record time. The project also procured a 14-seater Toyota Hiace bus as budgeted for in the 2023 work and procurement plans accordingly.

The total sum earned and received to date from all DLIs on the project are **$3,374,403.00** and **$2,910,550.92** respectively. However, the sum received to the project account domicile with the NUC during the six months covered by the report is **$1,411,701.01**

The total dollar sum disbursed to the Centre during the period under review is **$848,486.22** The Centre's dollar balance with the NUC at the end of December 2023 is **$916,946.51** while the World Bank is yet to settle its portion of the last project earnings in the sum of **$452,904.00**

During the period under review, the Centre received the dollar equivalent of **₦563,523,327.90** and expended **₦489,637,468.44** on various projects, goods, and services. Included in both the receipts and expenses are various payments made directly to third parties on behalf of the Centre by NUC. The balance in the Centre operations Account as of 31st December 2023 is **₦83,251,958.94**

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 and became effective by January 19, 2021. The Centre specializes in the training of teachers, using the homegrown teaching techniques known as Culturo- Techno-Contextual Approach (CTCA) to produce 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 were 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 2023 is **₦1,566,729.33**.

During the period under review, the Centre was credited with the sum of **₦563,523,327.90** by the NUC. Equally, the Centre expended the sum of **₦489,637,468.44** on various projects, goods, and services, for the six months period spanning 1st July to 31st December 2023.

As of the end of December 2023, the cash in the Centre operation account is **₦83,929,958.94**

The value of IGR Naira account as of 1st July 2023 is **₦22,541,593.18.** Additional sum accrued to the Center's IGR Naira Account during the period under review is **₦41,648,163.20,** the sum expended stood at **₦17,715,787.32**. The value in the IGR Naira Account as of 31st December 2023 is **₦46,473,969.06**

The IGR Dollar account value as at 1st July 2023 is **$682.62**, the additional inflow for the period was $375. The total inflow in the Account for the period was **$1,057.62**. The total expenditure therefrom was **$821.64**, and the balance in the Account as at 31st December 2023 is **$235.98**

The balances in the Centre's various Bank Accounts as of 31st December 2023 are as follows:

	₦	$
Zenith Operations Account	83,251,958.94	
Zenith IGR Account	46,473,969.06	
Zenith IGR Dollar Account	-	235.98
Balance with the NUC (CBN)	-	916,946.51
Fund with the World Bank	-	452,904.00
TOTAL	**129,725,928.00**	**1,370,086.49**

It is imperative to note that the Centre has a sum of **$916,946.51** with the NUC (CBN Domiciliary Account) as at 31st December 2023. The balance was arrived at as analysed below:

Description	$
Total amount received on the Project as at December 31st 2023	2,910,550.92
Less: Total amount disbursed to the Project to 31st December, 2023	1,993,604.41
Balance	**916,946.51**

Our findings, review, and evaluation revealed that all payments were made promptly for supplies and services rendered by suppliers. Therefore, there was no complaint of delayed payment by suppliers during the period under review.

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'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 advances to meet up some of its activities that are not capital in nature. The total sum of Cash advance raised during the period under review is **₦7,797,650.00**.

The sum of **₦7,197, 650.00** had been retired accordingly while the sum of **₦600,000.00** that remained outstanding is still within the tolerable window for retirement.

We therefore give a reasonable assurance that this will be transmitted to the Account unit for proper posting as and when the retirement is done and within the allowable period.

3.8 EXTERNAL AUDIT

The External Audit of the Centre's books of accounts for the Year 2023, is yet to be carried out by the External Auditor. The Accounts will be audited within the time frame of 6 months given by the Bank, after which it will be reviewed by the Audit Committee before its submission to the World Bank.

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 Vice–Chancellor, the Pro Chancellor and Chairman Governing Council, as well as the Council of the University approves amounts that are above the limit of the Centre Leader, the Vice – Chancellor, the Pro Chancellor and Chairman Governing Council accordingly.

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 to specifications, quantity, and quality. All Fixed Assets are in proper places, well secured and coded. During the period under review, the Project STEM Laboratory was completed and delivered by the contractor. The Centre also procured a 14-seater Toyota Hiace utility bus for its operations.

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 as and when necessary.

LASISI, FATAI .A.
Project Internal Auditor