LAGOS STATE UNIVERSITY, LAGOS STATE

INTERNAL AUDIT REPORT ON THE AUDIT OF AFRICA CENTRE OF EXCELLENCE FOR INNOVATIVE AND TRANSFORMATIVE STEM EDUCATION (ACEITSE) FOR THE FIRST SEMESTER FROM JANUARY TO JUNE 2024

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)
Project ID	6510-NG
IDA Credit/Grant No.	
Implementing Agency	LAGOS STATE UNIVERSITY
Effectiveness Date	January 29th ,2021
Closing Date	June 30th ,2025
Credit/Grant Amount	6,000,000 U.S. Dollars
Project Duration	5 YEARS
Remaining Period to Closing	12 MONTHS
Disbursed Amount to date & Percentage	**$3,874,435.41 64.57%**
Period Covered by Review	JANUARY TO JUNE 2024
Internal Auditor	LASISI, FATAI A

1.0 EXECUTIVE SUMMARY

This audit report covered the first semester of 2024, which is six months period covering January to June 2024. 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 STEM Laboratory Building project, which was completed in record time in 2023, was commission by the Vice Chancellor and ready for use by the Centre. The laboratory has been equipped and furnished in accordance with the approved budget and work plan.

The total sum earned to date from all DLIs on the project is **$ 4,344,775.00**
The total sum received/credited to the project to date from all DLIs by the NUC is **$3,874,435.41**, while the equivalent sums disbursed to the centre and expended on behalf of the centre on all project activities as of reporting period is **$3,089,606.95.** The Centre's dollar balance with the NUC at the end of June 2024 is **$784,828.46**

The project is still expecting from the AFD the sum of **$470,339.59** that was earned during the period under review which the Centre is yet to be credited with.

Below is the financial summary for the first semester at a glance.

Abridged Receipt and Payment

	NAIRA	
Particulars	**₦**	**₦**
Opening		83,250,238.79
Receipt (Jan. to June)	1,297,702,921.19	
less:		
Payment	(493,369,546.62)	
Net for the period		803,833,374.57
closing (30/6/24)		**887,583,613.36**
	DOLLAR (NUC)	
	$	**$**
Opening		916,945.51
Receipt (Jan. to June)	963,884.49	
less:		
Direct Payment by NUC	296,002.57	
Disbursement to Centre	800,000.00	
	(1,096,002.54)	
Net for the period		(132,118.05)
closing (30/6/24)		**784,827.46**

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 January 2024 was ₦83,250,238.79. During the period under review, the Centre received USD1,069,002.54 naira equivalent sum of ₦1,297,702,921.19 from its account with NUC, converted at prevailing exchange rates. Equally, the Centre's expenditure, including the direct payments made on behalf of the Centre on various projects, goods, and services for the period under review amounted **₦493,369,546.62.**

3.4 .1 Expenditure Summary: ₦

Direct payment by the NUC	274,023,921.09
Payment by the Centre	219,345,625.53
Total	**493,369,546.62**

As of the end of June 2024, the balance in the Centre operation account is **₦887,583,613.36**

3.4.2 **IGR ACCOUNT ANALYSIS**

	NAIRA ACCOUNT		DOLLAR ACCOUNT	
	₦	₦	$	$
Opening (Jan 1st 2024)		46,473,969.06		235.98
Receipt (Jan to June)	28,292,360.34		1,872.00	
Less:				
Payment (Jan to June)	(9,861,073.57)		(4.85)	
Net for the period		18,431,286.77		1,867.15
Closing 30th June		**64,905,255.83**		**2,103.13**

The value of the IGR Naira account as of 1st January 2024 is **₦46,473,969.06.** The value in the IGR Naira Account as of 30th June 2024 is **₦64,905,255.83**

The IGR Dollar account value as of 1st January 2024 is **$235.98**, while the balance in the Account as of 30th June 2024 is **$2,103.13**

The balances in the Centre's various Bank Accounts as of 30th June 2024 are as follows:

	NAIRA	DOLLAR
	₦	$
Zenith Operations Account	887,583,613.36	
Zenith IGR Account	64,905,255.83	
Zenith IGR Dollar Account	-	2,103.13
Balance with the NUC (CBN)	-	784,828.46
Fund with the World Bank/AFD	-	470,339.59
TOTAL	**952,488,869.19**	**1,259,374.31**

The balance of $**784,828.46** with the NUC (CBN Domiciliary Account) as of 30th June 2024. was arrived at as analysed below:

Description	$
Total amount received on the Project as at June 30th 2024	**3,874,435.41**
Less: Total amount disbursed to the Project to 30th June, 2024	**3,089,606.95**
Balance	**784,828.46**

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. For the period under review, the sum of N1,904,670 is the value of the unretired cash advance. This shall be retired and reported accordingly in the next semester.

3.8 EXTERNAL AUDIT

The External Audit of the Centre's books of accounts for the Year 2023 was carried out by the World Bank-approved External Auditor. The Accounts which state the true and fair view of the project was considered and approved by the Internal Audit Committee of the Centre. The Audited Account for the year 2023 has been submitted to the World Bank accordingly.

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 their integrity and eligibility. 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 Building which was completed and delivered by the contractor in the year 2023, was commissioned by the Vice-Chancellor for the use of the Centre. Also, the necessary furniture and equipment were procured and installed according to the approved Budget and work plan

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 first of semester of year 2024 were done in line with the approved 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 applications 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