

**AFRICA CENTRE OF EXCELLENCE FOR
SUSTAINABLE POWER AND ENERGY
DEVELOPMENT (ACE- SPED)
UNIVERSITY OF NIGERIA, NSUKKA**

**INTERNAL AUDIT (IA) REPORT
JULY 2023 TO DECEMBER, 2023**

**INTERNAL AUDIT REPORT
 JULY - DECEMBER 2023
 AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY
 DEVELOPMENT (ACE- SPED) UNIVERSITY OF NIGERIA, NSUKKA
 INTERNAL AUDIT (IA) REPORT
 JULY 2023 TO DECEMBER, 2023**

Key information on the Project

Project Name and State	Africa Centre of Excellence For Sustainable Power and Energy Dev.
Project ID	
IDA Credit/ Grant No	
Implement Agency	University of Nigeria, Nsukka
Effectiveness Date	Year 2019
Closing Date	Year 2024
Credit / Grant Amount	USD 6,000,000
Project Duration	5 years
Remaining Period to Close	One Year
Disbursement Amount to Date	
Period Covered by Review	Six Months
Internal Auditor	Ugwu Alphonsus Odo

EXECUTIVE SUMMARY.

This audit covered the period 1st July, 2023 to 31st December, 2023. Our work is risk-based internal audit. Which is an internal methodology that is primarily focused on the inherent risks involved in the activities or system and provide assurance that risk is being managed by the management within the defined risk appetite level The following records were examined, Work Plan for the year 2023, Cash book, Bank

Account Statement, Bank Reconciliation statements, Payment Vouchers, Non-Current Assets Register and Interim Financial Report. The purpose was to ensure that cash transactions were posted promptly, errors and omissions were detected and corrected, and that Bank reconciliations were carried out as prescribed by the Financial Regulations. It was also to enable us determine whether or not the expenditures carried out were budgeted for and to compare budgeted and actual expenditures and isolate / comment on significant variances. We reviewed the payment vouchers to check for authorizations and approvals. We reviewed the system of Internal Control for compliance in order to identify weaknesses that existed.

The following were the major findings during the exercise.

There was an approved budget/work Plan for the period. The difference between the budgeted amount and the actual expenditures amount gave rise to favourable variance for the period.

On Accounting, receipts and Payments account was prepared with postings accordingly. The Centre maintains two bank accounts and the cash books updated monthly. There was Non-Current Assets Register for the Centre. Payments were timely. All payments as evidenced in the books presented were duly approved and paid via transfer using REMITA.

There was adequate segregation of duties. We also observed that the audit committee has made impacts on the project. We observed that the project Financial Management System is adequate with reasonable assurance that the project funds were 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 Financial Management and disbursement policies, procedures and guidelines and the Federal Republic of Nigeria Financial Regulations of 2009.

INTERNAL AUDIT REVIEW FINDINGS & ACTION PLAN

Accounting:

Observation:

The uniform accounting software for all ACE Centers in Nigeria was deployed for the preparation of books of Account. International Public Sector Accounting Standard (IPSAS) was used in preparing the accounts. This showed that the Institutional Accounting Procedures were adopted and the risk inherent is very low.

Payment Procedures:

As evidenced on the payment vouchers, payments were raised in favour of approved beneficiaries and the actual payment was made to the beneficiary's personal account.

- (i) There are two bank accounts operated by the Centre. A Naira Treasury Single Account (TSA) and a Dollar Account. All these accounts are housed with the Central Bank of Nigeria (CBN).
- (ii) Bank Reconciliation Statements for the two accounts were properly prepared within the period under reviewed. The cash books are adjusted to reflect the adjusted cash book balances after reconciliation.

The risk here is very low and the incidence of fraud is also very minimal.

2.3 Internal Controls

Observation:

In the Centre, the present practice is that; the Centre leader approves the expenditure and the Account Clerk raised payment vouchers and the payment is made. We can state that the Internal Control system was adequate to a certain extent but not absolute

Implication and Risk:

This practice may lead to errors or mistake which may lead to loss of project funds as no other person counter check what the Account Clerk raised as an initiator.

Management Response:

Recommendation:

Payment for any expenditure should be raised by the project Accounts Clerk and the head of Admin or any other officer assigned by the Centre Leader must vet the raised voucher to ensure that it rhymes with the approved figure by the Centre Leader, or the chairman of the project Steering Committee depending on the amount.

2.4 Effectiveness of Management Oversight Including Audit Committee

There is a project steering committee headed by the Vice Chancellor of the University of Nigeria, Nsukka. This Committee performs various oversight roles and is made up of various officers with assigned responsibility.

Generally, the effectiveness of Management Oversight for the Centre is considered adequate within the period under reviewed. There are other sub-committees in existence that carry out specific functions. These committees include:

- (i) Audit Committee
- (ii) Procurement Committee

The Audit Committee has been involved in issues relating to the project, including review of both Internal and External Audit Reports as well as Management letters. The effectiveness of this Audit Committee is considered adequate.

2.5 Fund Flow

The Credit/Grant amount of the project is \$6,000,000. The effective date of the project was 2019 and the closing date of the project is 2024. The duration of the project is 5years.

The project has only one year remained, and the total amount released to the Centre by the World Bank is less than \$3m. From our investigations, the works on project were drastically affected by the incidence of COVID 19 and long time Industrial Actions carried by the Nigerian Federal Universities which lasted for over eight months.

Risk and Implications:

If the World Bank insists on closing of the project in 2024, it will result to much wastage of funds as the Centre may not be buoyant enough to continue with the funding of the project to a conclusion. Then the amount the World Bank invested in the project will be a waste of funds, knowledge and **it retards** development.

Recommendation:

The World Bank should extend the closure of the project for at least one years to enable the Centre complete the project. This will lead to development as the project is very sensitive to development.

2.6. The Audited Financial Statements for the Centre as at 31st December, 2023 were presented. From our observation, the Centre's Accounts were not integrated with the University's Accounts. The Auditor's report was specifically for the ACE-SPED; University of Nigeria, Nsukka.

2.7 Computerized Accounting System was used to Generate Accounting Information. The project Financial Management Procedures were in compliance with the Financial Management Manuals which were put in place for effective project implementation.

2.8 External Auditor

The audited annual Financial Statements and Management letters for the period ended 31/12/23 were presented for audit exercise. The auditor gave an unqualified opinion on the Financial Statements presented.

In their view, the Financial Statements give a true fair view of the financial affairs of the project as at 31st December 2023 and the financial performance and cash flows for the year ended, and they are in accordance with the IPSAS issued by the International Public Sector Accounting Standard Board.

2.9 Fraud and Corruptions

There was no case of fraud and corruption reported or observed during the period under review.

2.10 Physical Verification

As Previously reported, the Non-Current Assets Register presented was not properly kept to show the details of the assets. Many assets of the project were seen but some are not coded with the engraving machine.

Management Report:

We have purchased an engraving machine few weeks ago and the process of coding our assets will start soonest.

Recommendation:

Non-Current Assets should be coded with engraving machine immediately they are purchased and supplied to the Centre.

2.11 Procurement Activities

There were several procurement activities within the period. There Exists procurement plan. There is also procurement committee as some minutes of their meetings were seen.

The Centre Leader and Procurement officer are responsible for the preparation presentation and defense of the work plan subject to approval by the World Bank team. We observed that the procurements within the period under reviewed followed due process.

Ugwu, ALphonsus O.
Internal Auditor
10TH January, 2024

**AFRICA CENTRE OF EXCELLENCE FOR
SUSTAINABLE POWER AND ENERGY
DEVELOPMENT (ACE- SPED) UNIVERSITY OF
NIGERIA, NSUKKA**

**MANAGEMENT LETTER ON INTERNAL AUDIT
REPORT**

JULY, 2023 TO DECEMBER, 2023

In the course of reviewing books and records as well as internal control of the Africa Centre of Excellence for Sustainable Power and Energy Development (ACE-SPED), University of Nigeria, Nsukka, the following observations were made in the course of our audit exercise.

1. Most of the payment vouchers were raised and paid without any officer signing the payment voucher as observed in the underlisted payment vouchers.
 - (i) Pv/2023/UNN-1/00000189 IFO Newcastle Travel &Tours for N9,616,700 of 18/7/2023
 - (ii) PV/2023/UNN-1/00000182 ifo Donwa Victor for Moodle Training /Workshop at Accra for N2,049,501 of 24/7/23
 - (iii) Pv/2023/unn-1/00000215 ifo Patrick Akpan for Moodle Training atAccra Ghana of 24/7/23

Management response:

Risk:

This practice may perpetrate fraud. It can also lead to payment for illegible expenditure which World Bank frowns at thereby leading to loss of money for the project. The risk here is rated high.

Recommendation:

Any payment voucher raised must be signed by the staff that raised the voucher which must be counter-signed by another senior staff for accuracy.

2. Some payment vouchers raised in favour of some Project Customers were not checked by another staff as observed in the vouchers listed below.

- (i) Pv/2023/UNN-1/00000184 ifo of Newcastle Travel & Tours for N212,000 of 12/7/23
- (ii) Pv/2023/UNN-1/of 12/7/2023 ifo Prof. V.I.O Ndirika and others for N70,000each dated 12/7/23

Risk:

There may be tendency for over-payment or under-payment which may not be intentional by the staff raising the voucher but mere over-sight by the staff raising the voucher, but because another staff did not vet the payment voucher it can lead to loss of funds by the project.

Management Response

Noted

Recommendation:

Every Payment voucher raised must be cross checked by another staff to ensure that the amount raised is in accordance with amount approve for payment.

3. We observed that the approval paper for the expenses were not attached to the payment vouchers raised as shown in the payment vouchers below.

- (i) Pv/2023/UNN-1/00000193 ifo Prof. V.I.O Ndirika and others for N70,000 each.
- (ii) Pv/2023/UNN-1/00000209 ifo Ejiogu Eminike of 307/2023.

Risk:

This practice makes difficult to match the payment voucher raised with the corresponding approval for the expenditure. It makes it difficult to ascertain whether economy is achieved in the system.

Management response:**Recommendation:**

The approval for any expenditure should be attached to the payment voucher raised in its respect in order to facilitates easy checking by another officer.

Ugwu, Alphonsus Odo

Internal Auditor

29th January, 2024

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE
POWER AND ENERGY DEVELOPMENT (ACE-SPED)
UNIVERSITY OF NIGERIA, NSUKKA**

**INTERNAL AUDIT (IA) REPORT ON PROCUREMENT
AND MANAGEMENT LETTER**

JULY, 2023 TO DECEMBER, 2023

EXECUTIVE SUMMARY

The Centre has a procurement plan. Many procurement activities took place within the period under reviewed.

The Centre has a functional Procurement Committee. The names of members of Procurement Committee were observed with the attendance sheets for the various meetings held within the period. The Centre Leader and the Procurement officers are responsible for the preparation, presentation and defence of the Procurement Plan, subject to approval by the World Bank Team.

Due process was followed in the course of procurement. Meetings were held by the procurement Committee prior to the purchase or supply of the items.

Advertisement in the Newspaper for prequalification and bid invitation were observed. Similarly, Tender evaluation reports for each contract were checked and copies of invoices with dates of submission for each contract were reviewed.

Some copies of payment vouchers for some of the supplies were checked and the evidence of payments to the suppliers were observed in the ledger.

INTERNAL AUDIT REVIEWED: FINDINGS AND ACTION PLANS.

These are our findings:

1. The Centre made some procurement during the period under reviewed.
Those procurements followed due process

Risk/ Implication:

The items supplied were in accordance with required specification. Any sub-standard materials can easily be detected as the second officer checked and signed . The internal control is perfectly working.

2. Assets Register:

There is an asset register maintained but the asset register was not properly kept by the Centre to show the details of the assets procured. There are some assets that have not been coded

Risk / Implication:

The Project may not be able claim the ownership of her assets if it results to litigation. Some of the assets may be stolen of by one way or other. The Centre cannot ascertain the value of their assets at a particular time.

Management Response:

The Centre has purchased an engraving machine few weeks ago and the artist to handle the process of coding our assets will start very soon

Recommendation:

Asset register supposed to show the following details

- (i) The date of the purchase of the asset.
- (ii) The cost of the asset
- (iii) The location of the asset
- (iv) The identification number of the asset.

- 3. Some Assets were coded with ordinary paint which can easily be wiped off instead of engraving machine which is permanent on the asset.

Risk

The asset may be stolen or claimed by another person and to prove that it belongs to the project may be difficult.

Management Response

Noted

Recommendation:

The assets must be coded with the engraving machine immediately it is supplied and purchased by the Centre.

Ugwu, Alphonsus Odo

Internal Auditor

29th January, 2024

MINUTES OF THE UNIVERSITY MANAGEMENT AUDIT COMMITTEE HELD ON TUESDAY 6TH JANUARY, 2024 AT UNIVERSITY OF NIGERIA, NSUKKA (ELECTRICAL ENGINEERING DEPARTMENT).

Opening: The meeting was called to order at 1.05 pm and Professor V.A Onodugo led in the opening prayer.

Attendance: Present at the meeting were:

Professor Grace N. Ofoegbu (Chairperson)

Professor J.U.J. Onwumere (member)

Professor Stella Madueme (Member)

Professor V.A. Onodugo (Member)

The Chairperson expressed her happiness for the immediate response of the members to the meeting despite the short notice given for the meeting. She used the opportunity to give glory to the Almighty God who made it possible for us to see the New year, 2024 and prayed that God will give us more blessings this year.

She informed the members that one of the members, Professor J.U J. Onwumere sent a text that he will be a little bit late to the meeting because of the earlier engagement he had scheduled before the receipt of the notice of the meeting.

Objective of the meeting:

The chairperson informed the members that the only agenda of this meeting is to look into the report of the Internal Auditor of the Africa Centre of Excellence for Sustainable Power and Energy Development (ACE-SPED). In this case, she told the members that their duties here are:

- (i) To consider the report of the Internal Auditor and make recommendations where necessary and
- (ii) To suggest further improvements that can sustain the project.

Deliberations:

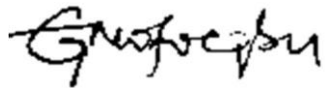
At this point, the Committee started deliberating on the business of the day. The Internal Auditor's Report was read and some corrections were pointed out to be corrected before final submission to the NUC and World Bank.

The Committee after going through the Management Letter, they emphasized seriously on the need and urgent correction of those exceptions pointed out by the Internal Auditor of Project. The committee warned that those exceptions observed by the Internal Auditor should not appear in the future reports of both the Internal and External Auditors' reports.

The Chairperson of the Committee suggested that it is nice for the Committee to visit the permanent site of the Africa Centre of Excellence for Sustainable Power and Energy Development (ACE-SPED) building. The Committee expressed their happiness for the speed the work is going on at the site.

Closing:

In the absence of any other item to be discussed, the meeting came to an end at 3.04 pm with a closing prayer said by Professor Stella Madueme.



Prof. Grace N. Ofoegbu
Chairperson
University Audit Committee



Mrs. Ogochukwu Anyanwu
Secretary
University Audit Committee