

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

**MANAGEMENT LETTER ON INTERNAL AUDIT
REPORT
JANUARY 2023 TO JUNE, 2023**

We have concluded the review of the 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, and the following observations were made in the course of our audit exercise.

1. Most of the payment vouchers were not checked by another staff . Apart from the signature of the approval officer, no other officer counter signed as an evidence of been checked. Example:
 - i) PV/2023/UNN-1/0003
 - ii) PV/2023/UNN-1/00002 etc.

Implication and risk:

The officer who raised the payment voucher may make some mistake by putting a different amount from the amount approved leading to lose of Project fund.

Management Response: This is well noted.

Recommendation:

The officer raising payment voucher should give to another officer to cross check amount approved with the amount in the payment voucher and sign if they are correct.

2. There were no evidence of attendance to workshops and Training approved for some staff as neither boarding pass nor receipts was attached as an evidence of attendance as evidenced in PV/2023/UNN-1/0000013 by Ezenne G I

Implication and Risk:

The person concern may collect the money and pocket it without attending the Training or Workshop and the knowledge which could have contribute in moving Centre forward will be lost.

Management Response: The concerned person has been notified to provide the required evidence.

Recommendation:

Any staff approved to attend workshop or Training must retire his or her cash Advance or out of pocket expenses claim request with receipts for the expenses incurred in the course of the training and workshop.

3. Payments of stipends to ACE-SPED Regional students . No student signed against his or her name as an evidence of the receipt of the stipend as shown in PV/2023/UNN 1-/000029

Implication:

This may lead to the occurrence of fraud both on the part of the staff and students.

Management Response

Noted. We shall call those foreign students involved to come and sign accordingly.

Recommendation:

Students should sign against their names as an evidence that he or she has received the money.

4. Many of the cash Advances given to the staff are yet to be retired as seen in the following payment vouchers.
 - I) PV/2023/UNN-1/00002 of 1/2/23.
 - II) PV/2023/UNN-1/000017 of feb 23
 - III) PV/2023/UNN-1/00022 of 27/1/23

Management response: This is noted. We will ensure that further advance is not disbursed without appropriate retirement of advance.

Recommendation:

There should be a police put on ground which should stipulate the maximum period to retire cash advance by the staff. Secondly nobody should collect another cash advance while having another cash advance standing in his name unretired.

5. The receipts attached for out of pocket expenses claim request can be used for another claims as no line was drawn across the receipts as an evidence of been used. See PV/2023/UNN-1/000028.

Implication/ risk:

This can be used to make another claims as there was no evidence that they have been presented for a claim that has been paid. This can lead to loss of project money.

Management Response: This is noted for compliance.

Recommendation:

All the receipts presented for the claim of out of pocket expenses or for the retirement of cash advance should be drawn lines across to avoid representation.

Ugwu, Alphonsus O

Internal Auditor

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

**INTERNAL AUDIT (IA) REPORT
JANUARY 2023 TO JUNE, 2023**

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY
DEVELOPMENT (ACE- SPED) UNIVERSITY OF NIGERIA, NSUKKA
INTERNAL AUDIT (IA) REPORT
JANUARY 2023 TO JUNE, 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	Two Years
Disbursement Amount to Date	
Period Covered by Review	Six Months
Internal Auditor	Ugwu Alphonsus Odo

EXECUTIVE SUMMARY.

This audit covered the period 1st January, 2023 to 30th June, 2023. 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, Audited Report for the year 2022 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 accounts was prepared with postings accordingly. The Centre maintains one bank account and the cash book 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 also 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 AND ACTION PLAN

Accounting:

Observation:

- (a) International Public Sector Accounting Standard (IPSAS) was used in preparing the accounts. Also, the uniform accounting software for all ACE Centres in Nigeria was deployed for the preparation of books of accounts.

(b) Payment Procedures:

- i) All payments were done via transfers using the remita e-payment platform.
- ii) Payments were raised in favour of approved beneficiaries as evidenced on the payment vouchers and the actual payment was made to the beneficiary's personal account.
- iii) The centre operates one bank account. A Naira Treasury Single Account (TSA) with the Central Bank of Nigeria (CBN).
- iv) Bank reconciliation Statements for the account was satisfactorily prepared within the period under reviewed and the Cash book for the account adjusted to reflect the adjusted cash book balance after reconciliations.

2.3 Internal Controls:

Observations:

- a) Internal Control was adequate to a certain extent but not absolute. The present practice is, the Centre Leader approved the expenditures and the account Clerk raised payment voucher and payment is made. This is shown in these payment vouchers listed below:
 - i) Pv/2023/UNN/00002 of Feb. 2023 in respect of short course attended
 - ii) PV/2023/UNN-000029 Payments to Regional Students
 - iii) Pv/2023/unn-1/00028 payment for out of pocket

Implication and Risk:

This practice may lead to errors and mistakes which may lead to loss of Project funds as no one counter check what was raised by the initiator.

Management Response: All approvals are passed through the Project Accountant to the Accounts officer that raises the voucher. This has been the practice.

Recommendation: The payment for any expenditures should be raised by the Project Accountant and the head of Admin or any other officer assigned by the Centre Leader

must vet the raised voucher as approved 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

The effectiveness of Management oversight for the Centre is considered adequate within the period. There is a project Steering committee headed by the Vice-Chancellor of the University of Nigeria, Nsukka. This Committee performs various oversight functions and is made up of various officers with assigned responsibilities.

Sub-Committees exist to carry out specific tasks. These committees include:

- i) Audit Committee
- ii) Procurement Committee

The effectiveness of the audit committee is adequate. The Committee has been involved in issues relating to the project, including review of both Internal Audit and External Audit reports and Management Letters.

2.5 Fund Flow:

There was disbursement to the Centre within the period under review. There was no observed complaint from suppliers, Project Staff or beneficiaries regarding payments for the period under review.

2.6. The audited annual financial statements and management letter for the period ended 31st December, 2022 were presented for the audit exercise. These were not integrated with that of the University's Accounts.

As at the time of this review exercise, the semi-annual report for the half year ended 30th June, 2023 has been sent to the World Bank and was examined during the exercise.

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.

2.7 External Audit

The audited annual financial statements and management letter for the period ended 31st December, 2022 were presented for the audit exercise. The Auditor gave an unqualified opinion on the financial statements presented.

In their view, the financial statements give a true and fair view of the financial affairs of the project as at 31st December, 2022 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.

2.8 Fraud and Corruption

To the best of our knowledge, there was no case of fraud and corruption reported or observed within the period under review.

2.9 Physical Verification:

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

Management Response: This observation is duly noted for compliance.

Recommendation:

Non-Current assets should be coded with engraving machine immediately after purchase or supply.

2.10. Procurement Activities:

There was a procurement Plan. Accordingly, there were several procurement activities within the period. Although there exist Procurement Committee, the Centre Leader and Procurement Officer are responsible for the preparation, presentation and defence of the work plan subject to approval by the World Bank team. Procurement within the Period Followed due Process.

Ugwu, Alphonsus O.

Internal Auditor

4th July, 2023

**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
JANUARY 2023 TO JUNE, 2023**

EXECUTIVE SUMMARY

There was a procurement plan in the Centre . Accordingly, there were several procurement activities within the period under review.

There exist a functional Procurement Committee in the Centre . The Centre Leader and the Procurement Officer are responsible for the preparation, presentation and defence of the procurement plan, subject to approval by the World Bank Team.

In our opinion, the procurement within the period followed due process after checking the under mentioned records.

Minutes of Meetings of all the approvals for the purchase / supply or contract award were reviewed, An evidence of advertisement in the Newspapers for prequalification and bid invitation was reviewed.

Tender evaluation reports for prequalification for each contract were checked. Copies of invoices with dates of submission for each contract were reviewed.

The names of members of procurement Committee was observed with the attendance sheets for the various meetings held within the period.

We equally reviewed some copies of stores receipt vouchers for each supply contract and payment vouchers for each supply contract were reviewed.

INTERNAL AUDIT REVIEW: FINDINGS AND ACTION PLANS

These are our findings:

1. Fraud and Corruption:

In the course of our review and to the best of our knowledge, there was no case of fraud and corruption reported or observed within the period under review.

2. Procurement within the period followed due process. There were store documents attached to the invoice for item supplied

Implication and Risk:

The sub-standard items supplied may be detected by the second checker and this showed that the internal check is working perfectly. .

3. Asset Register:

The asset register was not properly kept to show the details of the assets procured. There are some assets that have not been coded.

Implication/Risk

The ownership of the assets may be questionable and this may lead to loss of some assets by the Project either by thefts or other ways. The Centre cannot at any point in time state the value of her assets.

Management Response:

The arrangement has been concluded with the artist that will on these assets for engraving.

Recommendation

The assets Register should show amongst other information the followings:

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

4. The attendance sheets for the procurement Committee meetings were observed. This showed that the Centre has a functional Procurement Committee and the Committee hold meeting for any contract /supply.
5. There was no evidence of asset disposal during the period under review. All the assets purchased are active and are functioning optimally.

Ugwu, Alphonsus Odo

Internal Auditor

4th July, 2023

MINUTES OF THE UNIVERSITY MANAGEMENT AUDIT COMMITTEE HELD ON TUESDAY 1ST AUGUST, 2023 AT THE FACULTY BOARD ROOM OF THE FACULTY OF BUSINESS ADMINISTRATION, UNIVERSITY OF NIGERIA, ENUGU CAMPUS.

Opening: The meeting was called to order at 2.25 p.m. and Prof. Stella Madueme led in the opening prayer.

Attendance: Present at the meeting were:

Professor Grace N. Ofoegbu (Chairperson)
Professor Stella Madueme (Member)
Professor J. U. J. Onwumere (Member)
Professor V. A. Onodugo (Member)

The Chairperson welcomed members of the committee and thanked them for attending the meeting. She informed members that the secretary to the committee, Mrs Ogochukwu Anyanwu took ill and would not be able to participate in the meeting; hence a lecturer from the Department of Accountancy, Dr Mrs P. I. Ojiakor, was invited to take the minutes.

Objectives of the Meeting:

The Chairperson informed the members that their duty here is to look into the report of the Internal Auditor of the Project.. She informed members about the objectives of the meeting, which were:

- a). to consider the report of the Internal Auditor and make recommendations where necessary.
- b). to suggest way forward on how to sustain the project. Deliberations:

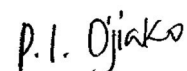
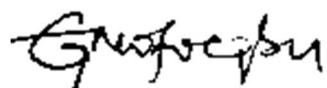
At this juncture, the committee started deliberations on the business of the day. The committee read the report and made some corrections which they agreed that should be rectified before submission to the World Bank.

After going through the Management letter, the Committee emphasized on the important and urgent correction of the exceptions found out by the Internal Auditor and to ensure that those exceptions should not feature in the report of the Ext

The committee also resolved to visit the Permanent Site of the African Centre of Excellent for Sustainable Power Development. The Committee were happy for the progress going on at the site.

Closing:

In the absence of any other item for discussion, the meeting rose at 4.00 pm with a closing prayer said by the Chairperson, Prof. G. N. Ofoegbu.



Prof. Grace N. Ofoegbu
Chairperson
University Audit Committee

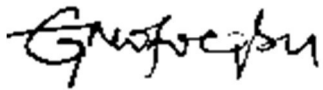
Dr. Mrs P. I. Ojiako
For: Mrs. Ogochukwu Anyanwu
Secretary

The committee also resolved to visit the Permanent Site of the African Centre of Excellent for Sustainable Power Development. The Committee were happy for the progress going on at the site. The visit will make the members of the committee acquaint themselves with the following:

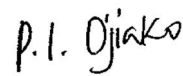
1. The accounting system in operation,
2. The Internal control system,
3. Management Audit and Queries and responses,
4. External Auditors' queries and responses, and
5. Rules and Regulations of the centre.

Closing:

In the absence of any other item for discussion, the meeting rose at 1.00 pm with a closing prayer said by the Chairperson, Prof. G. N. Ofoegbu.



Prof. Grace N. Ofoegbu
Chairperson
University Audit Committee Secretary



Dr. Mrs P. I. Ojiako
For: Mrs. Ogochukwu Anyanwu