

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

**INTERNAL AUDIT (IA) REPORT  
JANUARY, 2024 TO JUNE, 2024**

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 JANUARY - JUNE 2024  
 AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY  
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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	Six Months
Disbursement Amount to Date	
Period Covered by Review	Six Months
Internal Auditor	Ugwu Alphonsus Odo

**EXECUTIVE SUMMARY.**

Our Internal audit report covered the period 1<sup>st</sup> January, 2024 to 30th June, 2024. This is risk-based internal audit. It 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 capacity level. Some Accounting records of the project were examined, These includes Work Plan for the year 2024, Cash book, Bank Account Statement, Bank

Reconciliation statements, Payment Vouchers, Non-Current Assets Register and Interim Financial Report. This 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. This also enabled us to determine whether or not the expenditures carried out were budgeted for and to compare budgeted with the 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.

Receipts and Payments account was prepared with postings accordingly. The Centre maintains three bank accounts. These are two (2) naira accounts and one (1) USD account 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 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.

It was observed that the audit committee has made impacts on the project. There was adequate segregation of duties. 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 Centre uses uniform accounting software for all ACE Centers in Nigeria 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 previous audit, we commented on the practice of the Centre where, the Centre leader approves the expenditure and the Account Clerk raised payment vouchers and the payment is made. We stated that it is a weakness of internal control.

## **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 six months remained going by the initial arrangement. 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 affect the Project negatively because the Centre is not 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 as the objective of the project is not achieved.

**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 in our country as the project is very sensitive to development.

2.6. The Audited Financial Statements for the Centre as at 31<sup>st</sup> 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 scrutinized. 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 31<sup>st</sup> 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

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## **2.9 Fraud and Corruptions**

There was no trace 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.

**Ugwu, Alphonsus O.**  
**Internal Auditor**  
**10<sup>TH</sup> July, 2024**

**AFRICA CENTRE OF EXCELLENCE FOR  
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**MANAGEMENT LETTER ON INTERNAL AUDIT**

**REPORT**

**JANUARY, 2024 TO JUNE, 2024**



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 cross-checked the vouchers as shown in the following payment vouchers. There was approvals by the Centre leader for those payments.
  - (i) Pv/2024/UNN-1/0000003 of 05/01/2024 for N200,000 ifo of Chukwuemeka Omeje for running ACE-SPED Centre
  - (ii) PV/2024/UNN-1/00000076 of 26/1/2024 for N588,000 ifo Donwa Victor for setting up fibre connection for ACE-SPED facilities.
  - (iii) Pv/2024/unn-1/00000040 of 23/2/24 for N2,170,500 ifo Eneh Joy Nnenna for participation in the Tea-LP forum in Kigali

**Management response:**

**Risk:**

This practice may perpetrate fraud. It can also lead to payment for ineligible 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 checked and counter-signed by another senior staff for accuracy.

2. Some payments for the purchase of some items were made but these purchases were not backed up with receipts. These items purchased were not carried to the store as there was no store papers attached and were not checked by the auditor as seen in this payment vouchers
  - (i) Pv/2024/UNN/1-00000043 for N628,300 ifo Nweke Egede Friday for the Purchase of Load/ Flood Light at the Solar grid
  - (ii) Pv/2024/0000104 of 20/3/24 ifo V- Blue Integrated Services Ltd for the supply of Installation of Electrical Components for N1,009,125.

**Risk:**

There was approval for the purchase of these items but these materials were not carried to the Store for receipt. There was neither SRV and SIV as an evidence of been presented to the central Store. Fictitious purchases may result from this practice.

**Management Response**

Noted

**Recommendation:**

Every Payment voucher raised for the supply of items must carry SRV and SIV to prove that they have been check by the Store officer before payment.

3. We observed that some payment vouchers raised for expenses incurred by the Centre were not signed by the officer that raised the payment voucher and were not cross checked by another as shown in the following vouchers below.

i) PV/2024/UNN-10000100 of 16/3/24 ifo Ejiogu Emenike for N698,550 for attending the 2024 Edition of the West and Central Africa Research and Education network.

ii) PV/2024/UNN -0000093 ifo SLOTS NIG. LTD for N4,834,333.45 of 8/3/24 being the outstanding work in reconstruction of structures DEF.

**Risk:** This practice may lead to wrong payment as the staff under certain condition may enter wrong figure and paid. It can also result loss of funds by the Centre and reconciliation may be difficult.

**Management response:**

Noted

**Recommendation:**

Any payment voucher raised by accounts clerk should be cross checked by another senior officer to confirm that the figure he/she entered are in agreement with what was approved.

**Ugwu, Alphonsus Odo**

**Internal Auditor**

**13<sup>th</sup> July, 2024**

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE  
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UNIVERSITY OF NIGERIA, NSUKKA**

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

**January, 2024 TO June, 2024**

**EXECUTIVE SUMMARY**

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

The Centre has a functional Procurement Committee and the Centre convenes meeting before any procurement is carried out. 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 for any category. They put on advertisement, tenders were received and there is schedule for opening of the tenders submitted before the award.

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 to 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
- (i) The location of the asset
- (ii) 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**

**29<sup>th</sup> July, 2024**

**MINUTES OF THE UNIVERSITY MANAGEMENT AUDIT COMMITTEE HELD ON TUESDAY 30<sup>TH</sup> July, 2024 AT UNIVERSITY OF NIGERIA, NSUKKA (ELECTRICAL ENGINEERING DEPARTMENT).**

**Opening:** The meeting was called to order at 1.05 pm and Professor J.U.J Onwumere 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 welcomed the members to the meeting especially those members from Enugu Campus despite the short notice given for the meeting. She gave glory to the Almighty God for journey mercies granted to all the members to this meeting and pray to god to continue to guide us in all our deliberations.

She informed the members that the meeting will not take much of our time as we have few things to discuss. The minutes of last meeting was read and little corrections was made before adoption.

**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:**

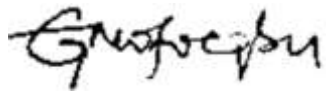
The Committee started deliberating on the business of the day. The Internal Auditor's Report was read and some corrections and additions were suggested before its final submission to the NUC and World Bank.

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.

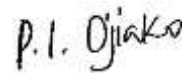
The Committee visited the permanent site of the Africa Centre of Excellence for Sustainable Power and Energy Development (ACE-SPED) building. The Committee expressed their happiness for the speed the work is going on at the site.

**Closing:**

In the absence of any other item to be discussed, the meeting came to an end at 3.45 pm with a closing prayer said by Professor G N. Ofoegbu.



Prof. Grace N. Ofoegbu  
Chairperson  
University Audit Committee



Mrs. Ogochukwu Anyanwu  
Secretary  
University Audit Committee