

**AFRICA CENTER OF EXCELLENCE FOR NEGLECTED TROPICAL DISEASES AND  
FORENSIC BIOTECHNOLOGY**

**AHMADU BELLO UNIVERSITY ZARIA**

**INTERNAL AUDIT REPORT**

**JULY - DECEMBER 2017**

<b>Project Name and State</b>	<b>Africa Center of Excellence for Neglected Tropical Diseases and Forensic Biotechnology</b>
<b>Project ID</b>	<b>P126974</b>
<b>IDA/Grant No.</b>	
<b>Implementing Agency</b>	<b>Ahmadu Bello University Zaria</b>
<b>Effectiveness Date</b>	<b>29-Jan-2014</b>
<b>Closing Date</b>	<b>31-Jul-2018</b>
<b>Credit Grant Amount</b>	<b>4,000,000 Dollars</b>
<b>Project Duration</b>	<b>5 years</b>
<b>Remaining Period to Closing</b>	<b>2 years</b>
<b>Disbursed Amount to Date &amp; Percentage</b>	<b>1,643,378.28 dollars</b>
<b>Period Covered by Review</b>	<b>01/07/2017 – 31/12/2017</b>
<b>Internal Auditor</b>	<b>Umar Abubakar</b>

## **EXECUTIVE SUMMARY**

In accordance with the requirement of the ACE World Bank funded projects the ACENTDFB is mandated to produce bi-annual internal audit reports covering periods of twelve months.

This internal audit report for the period seeks to review and provide assurances that the existing operational structure is most suitable for a functional system of internal controls which guarantees the attainment of set project objectives. Furthermore the review also seeks to ascertain the extent of compliance with relevant bank and institutional policies, procedures and operations of the project.

The Audit reports of internal controls over financial reporting, management processes and procedures as it relates to the operations of the Center is enshrined in the Project Appraisal document as a DLI.

In performing the audit work for the review period, access was given to basic accounting records which included implementation plan, annual work plan, annual procurement plan, payment vouchers for the review period, interim financial report, statement of expenditures, cash books, bank reconciliation statement, fixed asset register, cash advance ledgers and other relevant document.

The activities of the African Center of Excellence on Neglected Tropical Disease and Forensic Biotechnology (ACENTDFB) for the period July to December 2017 have been commendable in light of achieving its set objectives.

## **GENERAL OVERVIEW**

The activities for the second half of the year were efficiently and effectively accelerated with the view to meet deadlines and project deliverables. Thus, more of follow up activities on observed lapses in the first part of the year was apparent. There is however, an array of lapses which (though Center Management is working hard to correct them) needs to be addressed as soon as possible.

Below are summarized findings of internal audit review of ACENTDFB Center for July to December 2017. Particular emphasis was placed on the level of performance and response to observed infractions from standard procedures.

## **FINDINGS**

### **BUDGETING:**

- Budget performance has been dismal with overall fund usage hovering around Fifteen percent (15%) for the whole year. This risk posture can deter reimbursement and possibly fund reallocation to other centers. **See Appendix A**

### **ACCOUNTING:**

- Basic financial information with respect to project activities are generated through the use of customized Microsoft Excel spreadsheet.
- The Center has maintained proper books of account and other relevant records.
- The project audited annual financial statement is usually submitted To NUC. The report is aggregated as part of the country wide ACE's audit report
- The Center have adopted the Financial Management Procedures Manual of the University, which is been updated.

## INTERNAL CONTROL:

The review of internal controls disclosed the following exceptions

- **Appointment Letters:** Members of the project management team are still yet to receive their formal appointment letters clearly stating definite responsibilities. The possibility of potential disproportionate allocation of specific responsibilities and resources still loom large.
- **Regional and International collaborations:** Substantial collaboration in which MOUs will be signed is ongoing.
- **Unretired Advances:** The process of retiring cash advances has been amended and adequate. The standard procedure obtainable within University accounting system is now practiced in this regard.
- **Insufficient Supporting Documents:** The supporting documents in respect of all payment have been adequate for the review period.
- **Ineligible Expenditures:** The review period did not witness any ineligible expenditure.
- **Excessive use of one project category e.g. operating costs:** All project financial activities affecting each category have received their fair share of cost allocation based on approved budget.
- **Slow implementation progress on major project activities:** The level of implementation was a bit slow in the second half of the year. This was partially attributed to the difficult nature of the entire process of procurement.
- **Segregation of duties:** The segregation of Individual duties was apparent, but its practicability has not been fully implemented.

- **Stock controls:** The control of stock has been satisfactory, largely due to management effort at enforcing departmental measures aimed at ensuring proper and judicious usage by end users.
- **Physical controls:** The centers procured equipment and other relevant assets have strict physical control especially in terms of access and usage.
- **Approval and authorization procedures:** The Center Leader is the only officer who is saddled with the responsibility of approving and authorizing all payments except where the Vice Chancellor's further consent is required.
- **Cost control procedures:** The cost control procedures over projects assets as its affects fuelling and oils, repairs and maintenance for project vehicles were well within the approved work plan. Furthermore asset register and insurance cover over assets are up to date with value for money.

**Recommendation:**

- Management should ensure that each member receives his appointment letter with define responsibilities.
- The center management should ensure strict implementation of segregation of duties.

**EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEE:**

- The center's (ACENTDFB) audit committee does have a member of the University council and is on the verge of becoming a fully-fledged committee at the University council. However, audit did observe the absence of inaugural activities which will usher in the new audit committee.

- The available documented interaction between the audit committee and both internal and external auditors of the project needs to be more comprehensive and frequent.

#### **FUND FLOW:**

- The Center expended the sum of Fifty Three Million Eight Hundred and Ninety Five Thousand Five Hundred and fifteen Naira Twenty Six Kobo **(N53,895,515.26)**.
- The review of funds flow revealed weakness, because there was no complaint from any supplier or project staff.
- The entire process of accessing IDA funds was satisfactory especially with regards to timeliness of submissions for reimbursement.

#### **Recommendation:**

- The center management should fast-track activities with collaborators which have revenue generating potentials

#### **FINANCIAL REPORTING**

- The requisite interim financial report for the period has been submitted by the Accountant.

#### **EXTERNAL AUDIT:**

- The external audit report for the period in question has been completed and also submitted to the center management and the audit committee.

#### **DISBURSEMENT AND SUBMISSION OF WITHDRAWAL APPLICATION (WA):**

- The Center submission for withdrawal application are aggregated by NUC and subsequently submitted to World.

#### **PAYMENT PROCEDURE:**

- The payment procedure to suppliers and service providers is sufficiently adequate. There was no complaint from any supplier or service providers for the period under review.

#### **PHYSICAL VERIFICATION BY ONSITE VISITS:**

- The physical verification of procured equipment and other consumables during the period was carried out. This was due to the availability of a comprehensive asset register with clear description of all assets in use.

#### **PROCUREMENT ACTIVITIES:**

- The centers procurement activities were conducted to ensure efficiency and value for money. Procurement was designed in lots and the monetary value of each lot was well within approved budget.
- National competitive bidding (NCB) was the procurement method used and have been efficient in this regard.
- The scheduling of procurement activities was quite effective, however planned and actual dates of procurement delivery varied. These variations were at no cost to the center and did not affect items to be delivered.

**Other matters:**

- Apart from reorganization of the entire team the project has so far maintained relevant staff and no changes are envisaged in the near future.

Umar Abubakar

**Project Internal Auditor**



## Appendix A

IFR JUL DEC 2017					
SUB-COMPONENT	BUDGETED DOLLAR	BUDGETED	ACTUAL	VARIANCE	% USAGE
Initiation, procurement & installation of central lab. Equip.	\$450,000.00	137,250,000.00	1,470,021.25	-135,779,978.75	1.07%
Core laboratory supplies	\$100,000.00	30,500,000.00	3,944,922.93	-26,555,077.07	12.93%
Establishment of Bio-bank	\$30,000.00	9,150,000.00	0.00	-9,150,000.00	0.00%
Equipping vaccination dev. Program	\$76,800.00	23,424,000.00	0.00	-23,424,000.00	0.00%
Upgrade the ICT facility	\$21,500.00	6,557,500.00	9,327,367.00	2,769,867.00	<b>142.24%</b>
NgREN Basic service subscription	\$234,212.00	71,434,660.00	0.00	-71,434,660.00	0.00%
Support to student & faculty research activities	\$207,000.00	63,135,000.00	11,869,920.00	-51,265,080.00	18.80%
Dissemination of research output	\$20,000.00	6,100,000.00	3,950,000.00	-2,150,000.00	<b>64.75%</b>
Exchange program for faculty students	\$40,000.00	12,200,000.00	0.00	-12,200,000.00	0.00%
Public Relation and communication of Project activities	\$68,605.00	20,924,525.00	0.00	-20,924,525.00	0.00%
International student Fellowship	\$7,000.00	2,135,000.00	0.00	-2,135,000.00	0.00%
Students & Faculty research facility	\$487,000.00	148,535,000.00	0.00	-148,535,000.00	0.00%
Strengthening Centre's research capabilities	\$132,600.00	40,443,000.00	15,468,014.00	-24,974,986.00	38.25%
	<b>\$1,874,717.00</b>	<b>571,788,685.00</b>	<b>46,030,245.18</b>		<b>8.05%</b>