

**AFRICA CENTER OF EXCELLENCE ON NEGLECTED TROPICAL DISEASE AND
FORENSIC BIOTECHNOLOGY**

AHMADU BELLO UNIVERSITY ZARIA

INTERNAL AUDIT REPORT 2015

Project Name and State	Africa Center of Excellence on Neglected Tropical Disease and Forensic Biotechnology
Project ID	P126974
IDA/Grant No.	
Implementing Agency	Ahmadu Bello University Zaria
Effectiveness Date	29-Jan-2014
Closing Date	31-Jul-2018
Credit Grant Amount	8,000,000 Dollars
Project Duration	4 years
Remaining Period to Closing	2 years
Disbursed Amount to Date & Percentage	147,172,325.55
Period Covered by Review	01/04/2014 – 31/12/2015
Internal Auditor	Umar Abubakar

EXECUTIVE SUMMARY

The Africa Center of Excellence on Neglected Tropical Disease and Forensic Biotechnology (ACENTDFB) domiciled in Ahmadu Bello University Zaria has received a World Bank loan. The main objective of the loan is to promote regional specialization among participating universities in areas that address regional challenges and strengthen the capacities of these universities to deliver quality training and applied research.

The total amount awarded is Eight Million Dollars (N8.000.000), which will be disbursed across the expected project lifespan of three years (i.e. 2015-2018). Even with the spread, access to the loan will be based on achieved disbursement linked indicators (DLI's) as reflected in the project appraisal documents (PAD).

GENERAL OVERVIEW

Overall the project finances since inception has been managed adequately, however there is need for further improvement.

The annual audit encompasses the review of relevant bank and institutional policies, procedures and operations of the project.

The audit work was carried out based on the audit plan for the year with specific attention to risk levels inherent in the two main components of the project. The report covers the period April 2014 to December 2015, and was prepared based on World Bank Financial management, disbursement policies, procedures and institutional accounting policies.

In performing the audit work, access was given to basic accounting records which included cash books, payment vouchers, bank reconciliation statement, fixed asset register, ledgers and other relevant document.

Key findings and action plan can be found below under relevant categories

BUDGETING:

- From post effectiveness date to 31st December 2015, a comprehensive budget document was not received by audit in good time, and as such no review of variances was possible.

Recommendation:

- The Accountant should endeavor to forward/copy all project related and relevant documents to the Auditor whether both in soft and hard copy format in good time for audit purpose.

ACCOUNTING:

- Although the in-house development of enterprise wide software is at an advance stage, the computerized accounting information system in the University and by extension project financial operation is basically generated through the use of customized Micro soft excel spreadsheet.
- Project related accounting records were complete as at the time of this report, The ledgers, fixed asset register, bank reconciliation statement for relevant months, trial balances, appropriate classification of expense and revenue codes as reflected in the vote book, chart of accounts and comprehensive cash book were up to date.
- For the period under review the project audited annual financial statement was not been in included in the federal/state government financial statement.

Recommendation:

- The project financial operations should immediately be fully computerized by purchasing an off the counter accounting software, and subsequently be integrated with the University wide accounting software when finally deployed.
- Pending the deployment of computerized accounting information system, all project related accounting records and document should be maintained in hard copies and archived by the secretary or Accountant.
- The project audited annual financial statement when ready should be included in the federal/state government financial statement

INTERNAL CONTROL:

The review of internal controls disclosed the following exceptions

- A substantial amount of cash advances have being retired.

- A large portion of approved payments have attached supporting documents which are quite sufficient.
- The comprehensive fixed asset register is yet to be updated due to recent procurements.
- Controls over segregation of duties were adequate, as approval, authorization and standard operational procedure for all project activities were visible.

Recommendation:

- The Accountant should update the cash advance register and ensure that cash advances to staff are duly retired immediately an assignment is completed, and all outstanding cash advances should be duly retired by beneficiaries before subsequent request are approved.
- The Accountant should endeavor to draw up an updated asset register and a schedule of insurance cover for relevant project assets.

EFFECTIVENESS OF MANAGEMENT OVERSIGHT INCLUDING AUDIT COMMITTEE:

- The center's (ACENTDFB) audit committee has deployed adequate supervisory function over project financial management.

FUND FLOW:

- Pre and post effectiveness receipts and disbursement were adequate. The sum of Twenty million naira (N20, 000,000) was received as initial funding from the University and a subsequent sum of One hundred and forty seven million naira (N147, 000,000) was received from IDA through NUC.
- The sum of US\$ 31,470 was paid by WHO into the Domiciliary Account of ACENTDFB in favor of Dr Emmanuel Balogun on grant ID B40103 as Training grant on Neglected Tropical Diseases (NTD).
- The review of funds flow revealed no delay or weakness, because there was no complaint from any supplier or project staff.

Recommendation:

- The Accountant should ensure that hard and soft copies of SOE's and WA's are made available in good time for audit purposes.

FINANCIAL REPORTING

- A physical check revealed the absence any submitted Interim financial report (IFR) and a verbal confirmation from the Accountant corroborated such status. Hence there was no review of IFR in this respect.

EXTERNAL AUDIT:

- There was no external audit report for the period in question, largely due the fact that the process for appointing an external Auditor was recently imitated and is yet to be completed.

DISBURSEMENT AND SUBMISSION OF WITHDRAWAL APPLICATION (WA):

- The Center had submitted only one withdrawal application since inception (i.e. pre effectiveness) and audit review of the submitted withdrawal application is scheduled for execution in subsequent report.

Recommendation:

- The Accountant should endeavor to avail the Auditor access/copy of all submitted withdrawal applications in good time.

FRAUD AND CORRUPTION:

- The project has since inception registered no single act/tendencies for corruption.

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:

- Since internal audit report is conducted in post mortem, only physical verification of equipment and computers was feasible.

PROCUREMENT ACTIVITIES:

- Although the project at present has not completely embarked on major procurement activities, a large portion of these procurement activities have been scheduled for next year as indicated in the project annual work plan for 2016.

Other matters:

- The project has so far maintained relevant staff and no changes are envisaged in the near future.
- From document made available for audit purpose the center project risk profile could not be accessed and hence the lack of review by audit in that respect.
- The status of Implementing the findings of previous reviews was not feasible because this is the first internal audit report submitted.

Umar Abubakar

Project Internal Auditor