

# AFRICAN CENTRE OF EXCELLENCE

## WORLD BANK PROJECT

### AFRICAN CENTRE OF EXCELLENCE IN FUTURE ENERGIES AND ELECTROCHEMICAL SYSTEM (ACE-FUELS)

### FEDERAL UNIVERSITY OF TECHNOLOGY OWERRI

#### PROJECT INTERNAL AUDIT UNIT (IA) REPORT

#### KEY INFORMATION ON THE PROJECT

<b>PROJECT NAME</b>	African Centre Of Excellence In Future Energies & Electro Chemical Systems.
<b>STATE</b>	Imo State
<b>Project ID</b>	P169064
<b>IDA Credit /Grant No</b>	6510 – NG
<b>Implementing Agency</b>	National University Commission/Federal University Of Technology Owerri
<b>Effective Date</b>	January 29, 2019
<b>Closing Date</b>	June 29, 2025
<b>Credit /Grant Amount</b>	USD 6 million
<b>Project Duration</b>	5 years of 9 months
<b>Remaining period to closing</b>	1 year
<b>Disbursed amount to date &amp; percentage</b>	USD 4,125026.81 or 68.75%
<b>Period covered by review</b>	January 1 <sup>st</sup> to June 30 <sup>th</sup> 2024
<b>Internal Auditor</b>	Onuoha Lucky .N

#### EXECUTIVE SUMMARY

This routine audit covered the period January 1st to June 30<sup>th</sup>, 2024. The following records were examined: cash book payment vouchers, bank account statements, fixed assets register and bank reconciliation statements. The aim of the audit is to provide assurance on key areas of financial Management. The review covered all major systems within the centre to ensure compliance with the rules/guideline of the financing agency and other stakeholders.

The work plan of the Centre was examined to determine whether the expenditures incurred were budgeted in line with the procedures and rules. Then to compare the budgeted expenditures with the actual expenditures and the significant variances were noted and analyzed.

We also examined the entire system of internal control for compliance in order to identify weakness that may exist.

We had discussions with the Centre Leader, Project Accountant, Procurement Officer, Monitoring and Evaluation Officer and Communication Officer. The essence was to confirm our findings from the records checked.

Our major findings from the exercise in total are; the sum of **N1,902,160,640.70** was budgeted but the actual expenditure was **N645,017,068.22** having positive variance of **N1,257,143,572.48** representing **66.10%** variance recorded.

We noted that the bank reconciliation statements were prepared for the various accounts. Also noted is the work of Audit Committee that reviewed the records of the Internal and External Auditors report respectively for the year 2023. However, Internal Audit report for this period shows that the Project Financial Management (FM) system is adequate with reasonable assurance that the funds are being used for Intended purpose and in line with World Bank guidelines

## **2.0. INTERNAL AUDIT REVENUE: FINDINGS AND ACTION PLAN FINDINGS AND ACTION PLAN.**

These were our findings

### **2.1. BUDGETING / WORKPLAN**

It will be noted that budgeted items covers periods which exceeded the period under review i.e January 1<sup>st</sup> to June 30<sup>th</sup>, 2024, it becomes expedient to apply pro-rata apportionment to the items.

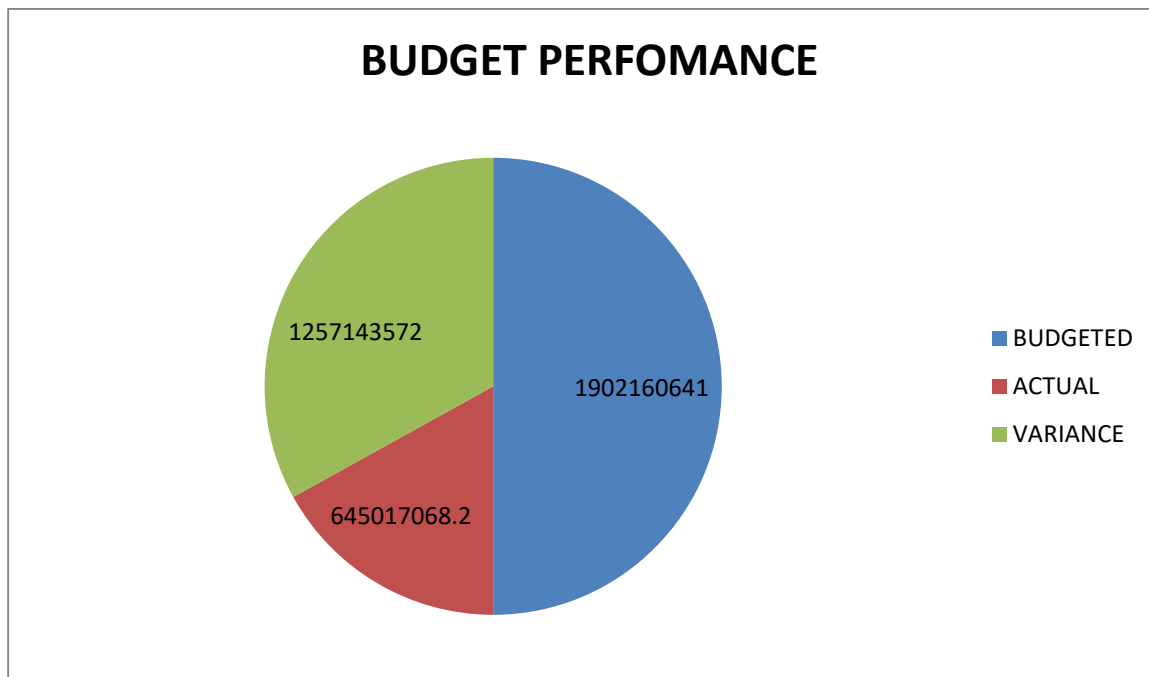
The work plan was mainly focused to actualize the aims and objectives for which Excellence in Future Emergencies and Energies and Electro Chemical Systems (**ACE-FUELS**).

There is the summary of the budget and actual expenditure for the period under review as stated below

### Table Summary of budgeted and actual expenditure

<b>BUDGETED (N)</b>	<b>ACTUAL (N)</b>	<b>VARIANCE (N)</b>	<b>VARIANCE %</b>
1,902,160,640.70	645,017,068.22	1,257,143,572.48	66.10

Below also is the graphical representation of the budget performance i.e in pie chart within the period under review,



From the Table I & pie chart above actual expenditure for the period under review was N645,017,068.22 or 66.10% less than the budgeted of N1,902,160,640.70 in the work plan which the analyses was shown in the table below.

**Table 2. Breakdown of budget performance**

<b>COMPONENTS</b>	<b>BUDGETED (N)</b>	<b>ACTUAL (N)</b>	<b>VARIANCE (N)</b>	<b>VARIANCE %</b>
Goods	724,819,930.20	105,010,397.87	619,809,532.33	85.5
Works	38,738,115.00	14,859,661.83	23,878,453.17	61.6
Training	254,479,617.00	124,427,896.41	130,051,720.59	51.1
Operating Cost	574,218,068.50	400,207,512.11	174,010,556.39	30.3
Consulting Services	8,939,565.00	411,600.00	8,527,965.00	95.4
Non Consulting	5,661,724.50	100,000.00	5,561,724.50	98.3
<b>TOTAL</b>	<b>1,902,160,640.70</b>	<b>645,017,068.22</b>	<b>1,257,143,572.48</b>	<b>66.1</b>

The following were major findings of the budget performance. During the period under review, the sum of **N724, 819,930.20** was budgeted for goods; the expenditure incurred was **N105, 010,397.87**. This implies a significant positive variance of **85.5%**. Works component incurred actual expenditure of **N14, 859,661.83** out of the budgeted sum of **N38, 738,115** earmarked for it. This amounted to a significant positive variance of **81.6%**. the operating cost was budgeted the sum of **N374,218,068.50** while the actual expenditure was **N400,207,512.11** with a significant positive variance of **30.3%**.

In training component , the sum of **N254,479,617** was budgeted but the actual amount incurred within the period under review was **N24,427,896.41** leading to a positive significant variance of **51,1%**. Consulting services and non consulting services not left out in having positive significant variances.

## **FINDINGS**

Audit observed that the low performance of the budget in the first semester reflects a weak implementation process of the budgeting system of the Centre.

Furthermore, due to the harsh economic environment of the country affected all sectors.

## **RECOMMENDATION**

We recommend that the actions should be taken during the second semester to remedy the shortfalls. A periodic budget / work plan review should be carried out by the Centre

Audit Review Committee. This will help to review significantly positive or negative variance to the barest minimum.

## **2.2. ACCOUNTING**

### **FINDINGS AND OBSERVATION**

- a. International Public Sector Accounting Standards (IPSAS) was deployed in the preparation of the accounts. The Centre used uniform accounting software of all ACE Centres in Nigeria for its account books preparation.
- b. We observed measures of internal control in the accounting units of the Centre such as segregation of duties in the preparation of the accounting transactions.
- c. Payments were done through transfer via remita.
- d. We observed that the Centre's cash book account was prepared using the accounting software.
- e. Bank reconciliation statements for all accounts were prepared satisfactorily within the period under review.
- f. There were outstanding retirements of advances during the period under reviews.
- g. There is an established Assets Register for ther Centre by the Project Account and her team to enable the Center Management keep track of its assets.

### **OBSRVATION: UNRETIRED ADVANCES**

We have observed that a large sum of money amounting to N1, 134,650 stood as unretired advances by the Centre staff within the period under review.

This list is stated below

<b>DATE</b>	<b>PATICULARS</b>	<b>AMOUNT RECEIVED (N)</b>
18/09/2023	Payment for regional students travel papers	91,000.00
19/02/2024	Request for cash advance	291,500.00
18/03/2024	Request for cash advance	70,000.00
08/04/2024	Request for cash advance	32,000.00
16/04/2024	Request for cash advance	150,000.00
16/04/2024	Request for cash advance	31,000.00
02/05/2024	Cash advance for hostel maintenance	192,000.00

02/05/2024	Cash advance for hostel maintenance	199,000.00
08/05/2024	Cash advance for purchase of examination materials	26,100.00
15/06/2024	Request for cash advance to procure business cards	52,000.00
<b>TOTAL</b>		<b>1,134,650.00</b>

### **2.3. INTERNAL CONTROL EFFECTIVENESS OF MANAGEMENT OVERSIGHT**

- a. Internal control generally was adequate and in compliance with the financing agreement / works plan in executing major projects budgeted for the first half of 2024.
- b. We also observed that the University Audit Management Committee saddled with the responsibility of reviewing the audit reports of the Centre had down functional.
- c. Segregation of duties was adequate. The procedure in place indicates that the Project Accountant vetted, certified by the Project Auditors and approved by the Centre Leader.
- d. There were various Committees constituted by the Centre Management for oversight functions like:
  - i. Budget monitoring committee.
  - ii. Tender's board committee.
  - iii. Academia board committee.
  - iv. Procurement committee.
  - v. Short-term courses committee.

### **3.0. FINANCIAL REPORTING**

#### **3.1. EXTERNAL AUDIT**

The Centre had carried out its annual financial audited account for the year ending December 31st, 2023 and has submitted its report to the World Bank.

#### **3.2. FRAUD AND CORRUPTION**

To the best of our knowledge, there was no case of fraud and corruption observed or reported within the period under review/. All approved funds for payment reached the expected suppliers/vendors and other beneficiaries as at when due.

### **3.3. DISBURSEMENT AND SUBMISSION WITHDRAWAL APPLICATION**

Withdrawal application was submitted within the period under review and disbursement was made based on verified result.

### **4.0. PHYSICAL VERIFICATION**

We were able to access the fixed assets register for the period under review. However, existence of assets purchased within the period was verified.

### **4.1. PROCUREMENT ACTIVITIES**

The procurement committee was responsible for the preparation, presentation and defence of the Centres work plan subject to the approval by the World Bank team. Any modification is effected by the committee. There was also a procurement plan and activities which passed through due process within the period under review.

### **OBSERVATIONS**

- a. We observed the procurement process in which quotations were obtained and evaluated in line with the procurement Act Guideline.
- b. Records of quotations and evaluations were retained for referral and security. Minutes of Tenders Board which include consideration of quotations for procurement of relevant items in order to ensure that there was clear and visible evidence of a fair and transparent selection process.

### **5.0. OTHER MATTERS**

#### **5.1. SECURITY**

The Centre has procured and invested in the modern security technology gadgets and personnel to protect its assets in the Centre as a way to prevent theft and destruction.

#### **5.2 LABORATORY AND ICT RELATED ACTIVITIES**

We observed a landmark achievements recorded by the Centre in these areas:

- a. Laboratory equipments

The Centre can now boast of commercial laboratories for industrialist within the city as a community impact contribution as a centre of excellence.

The Centre plans to carry out University wide information on how the students and industries can benefit from its state of art laboratory.

b. Information Communication and Technology( ICT)

The Centre had also performed very well in the establishment of digital infrastructure and network capacity to improve its ICT and the University Community

**5.3. ACTION PLAN**

<b>ISSUE</b>	<b>AGREE ACTION PLAN</b>	<b>BY WHO</b>	<b>STATUS</b>
Revenue generation	To establish a programme for sustainability	Centre Leader/ Mgt Team	In progress

**6.0. CONCLUSION**

We believe that our observations and recommendations will assist the Centre Management in providing independent assurance that the Centres risk Management, governance and internal control processes are operating effectively and efficiently.

Also, Management should intensify efforts to improve on the utilization of its work plan to enable the Centre achieve her aims and objectives.



***Onuoha Lucky.N***  
***Internal Auditor***