

AFRICA CENTRE OF EXCELLENCE

WORLD BANK PROJECT

**AFRICA CENTRE EXCELLENCE IN FUTURE ENERGIES AND ELECTROCHEMICAL
SYSTEMS (ACE-FUELS)**

FEDERAL UNIVERSITY OF TECHNOLOGY OWERRI

PROJECT INTERNAL AUDIT (IA) REPORT

KEY INFORMATION ON THE PROJECT

PROJECT NAME	African Centre Of Excellence In Future Energies & Electrochemical Systems.
STATE	Imo State
Project ID	P169064
IDA Credit /Grant No	6510 – NG
Implementing Agency	National University Commission/Federal University Of Technology Owerri
Effective Date	January 29, 2019
Closing Date	June 29, 2025
Credit /Grant Amount	USD 6 million
Project Duration	5 years of 9 months
Remaining period to closing	6 months
Disbursed amount to date & percentage	USD 5,011979.81 or 83.53%
Period covered by review	July 1 st to December 31 th 2024
Internal Auditor	Onuoha Lucky .N

EXECUTIVE SUMMARY

This routine audit covered the period July 31st to December 31st 2024. The following records were examined:

- a. Cash book
- b. Payment vouchers,
- c. Bank account statements,
- d. Bank reconciliation statements.

The purpose of the audit is to ensure that cash were posted as at when due, errors and omission were detected and corrected and that reconciliation were carried out as prescribed by the financial regulations. Other records examined included the work plan. This was to enable us determine whether the expenditures carried out were budgeted and to compare the budgeted with the actual expenditure. The variances were noted and analyzed.

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

The following were our major findings from this exercise in total;

The sum of N1,257,143,572.80 was left for the half year under review from the total budget of N1,902,160,640.70 for the year 2024. This sum represents 66.1% of the total budget for the year. The actual expenditure from the second semester was N717, 941,774.35 representing 42.8% of the budget for the semester.

2.0. INTERNAL AUDIT REVIEW: FINDINGS & ACTION PLAN

2.1. BUDGETING:

The budget/work plan was mainly focused on strengthening the Africa Centre of Excellence to actualize the aims and objectives for which Future Energies and Electrochemical Systems (ACE-FUELS) was set up.

The summary of budget and actual expenditure for the project from July to December 31, 2024 is show below

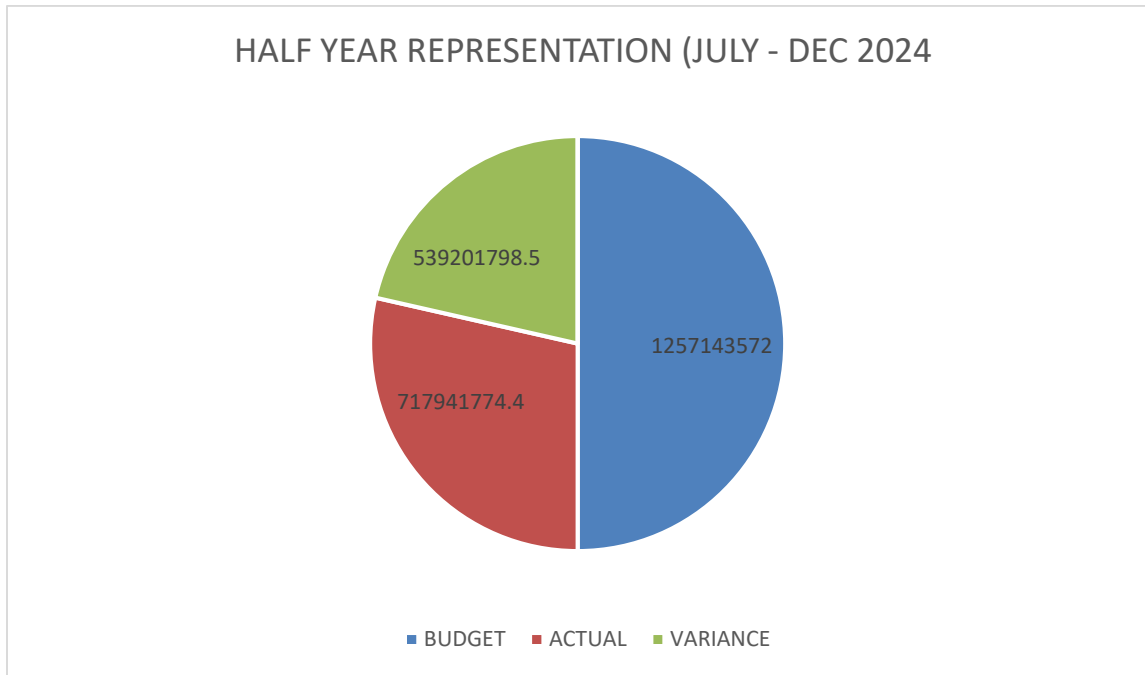
TABLE 1: HALF YEAR GRAND TOTAL (JULY 2024 – DECEMBER 2024)

BUDGETED (N)	ACTUAL (N)	VARIANCE (N)	% VARIANCE
1257143572.48	717941774.35	539201798.45	42.8

An examination of the budget performance for the period under review indicates an overall significant variance. This implies that fewer fund were utilized as provided for in the budget/work plan.

CHART 1

Pie Chart: HALF YEAR BUDGET REPRESENTATION (JULY –DECEMBER 2024).



From the above table 1 and chart 1, the actual expenditure for the period under review was N717,941,774.35 representing 57.2% of the semester budget. The sum of N1,257,143,572.48 was budgeted for expenditure for the period under review as analyzed in the pie chart above.

TABLE II: BREAKDOWN OF BUDGET PERFORMANCE BY EXPENDITURE SUB CATEGORY

CATEGORY	BUDGET (N)	ACTUAL (N)	VARIANCE (N)	% VARIANCE
GOODS	619,809,532.33	149,281,976.57	470,527,555.76	75.9
WORKS	23,878,453.17	26,912,324.90	(3,033,871.73)	-12.71
NON CONSULTING SERVICE	5,561,724.50	67500	5,494,224.50	98.79
CONSULTING SERVICE	8,527,965	2,450,500	6,079,965.00	71.31
TRAINING	130,051,720.59	233,099,274.80	(103,047,554.21)	-79.2
OPERATING COST	174,010,556.39	306,130,698.08	(132,120,141.69)	-75.9
TOTAL	1,257,143,572.48	717,941,774.35	539,201,798.45	42.8

The following were major findings of the budget performance.

During the period under review, the sum of N1, 257,143,572.48 was budgeted for sub category under the second semester of 2024. The allocations and performance as stated in the Table II above are as follows:

The sum of N619, 809,532.33 was budgeted for goods but the total expenditure incurred was N149, 281,976.57 with a positive variance of N470, 527, 555.76 or 75.9%.

Within the period under review, N23,878,453.17 was budgeted for the Works N26,912,324.90 expenditure was incurred as expenditure on this category leading to a negative variance of N3,033,871.73 or -12.71%. This is because the actual budget exceeded the budget.

In addition, the sum of N5, 561,724.50 was budgeted for non – consulting services but the actual expenditure incurred was N67, 500 showing a positive variance of N5, 494,224.50 or 98.79%. Furthermore, a total of N8, 527,965 was budgeted for Consulting Services but sum of N2, 250,000 was incurred as actual expenditure for the period under review showing a positive variance of N6, 077,965 or 71.31% of the amount budgeted for the category. Again, the sum of N130,051,720.59 was budgeted for Training within the period under review but the actual expenditure for the period stood at N233,099,274.80 indicating a negative variance of N 103,047,554.21 or -79.2%. Finally, the sum of N174,010.556.39 was budgeted for operating expenditure while the actual expenditure for the period stood at N306,130,695.08 implying a negative variance of N132,130,141.69 or -75.9%.

FINDINGS

The Audit analysis indicates that there were high performance of the budget in the semester compared to the first semester.

The negative variances in most sub categories shows that the Centre surpasses its work plan on those categories. Such subcategories were Works, Training and operating costs. They embarked on completion of all the works subcategory during the period under review. It also invested high on capacity building of her staff so as to cope with the sustainability of the Centre.

The operating expenses was not left out due to the economic situation in which Centre operates. There was a geometrical rise in cost of items during the period under review.

RECOMMENDATION

We recommend that actions should be taken during next year 2025 to remedy the areas where the Centre recorded low performance and strengthen areas of high performance. A periodic budget/work plan review should be carried out by Centre.

2.2. ACCOUNTING:

FINDINGS AND OBSERVATIONS

- a. International Public Sector Accounting Standards (IPSAS) was deployed in preparation of the accounts. They used uniform accounting software of all ACE Centre 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. Bank reconciliation statements for all accounts were prepared satisfactorily within the period under review.
- d. Payments were done through transfer via remita.
- e. There is an established Assets Register for the Centre by the Project Accountant and her team to enable the Centre Management keep track of its assets.
- f. There were outstanding unretired advances during the period under review amounting to N3, 627,695. The list of unretired advance were presented and listed in this report.

UNRETIRED ADVANCES

DATE	DETAILS	AMOUNT RECEIVED (N)
19/2/24	Request for cash advance	291,550
08/4/24	Request for cash advance	32,000
02/5/24	Cash advance for hostel maintenance	192,000
02/5/24	Cash advance for hostel maintenance	199,000
08/5/24	Cash advance for purchase of exam materials	26,100
15/6/24	Request for cash advance to procure business cards	52,000
02/8/24	Cost incurred in clearing equipment spectrometer	235,875
02/8/24	Cost incurred in custom benchmark and clearing for spec.	383,720
2/10/24	Cash advance for purchase of gas regulations for lab	105,000
18/12/24	Cash advance for maintenance of building	229,000
18/12/24	Cash advance for supply of wall paper	383,000
18/12/24	Cash advance for installation of wall paper office room	193,500
18/12/24	Cash advance for installation of wall paper	292,950
18/12/24	Payment of Dec 2024 imprest	100,000
18/12/24	Cash advance for restoration of power to hostel	912,000
TOTAL		3,627,695

2.3. INTERNAL CONTROL EFFECTIVENESS OF MANAGEMENT OVERSIGHT

- a. There were various committees constituted by the Centre Management for oversight functions. These are:
 - i. Budget Monitoring Committee.
 - ii. Tenders Board Committee.
 - iii. Academia Board Committee.
 - iv. Procurement Committee.
 - v. Short – term Courses Committee, etc
- b. We observed that the University Audit Committee carried out their responsibility diligently in reviewing the audit report of the Centre.
- c. Internal control generally was adequate and in compliance with the financing agreement/works plan in executing major projects budgeted for the year 2024.
- d. Segregation of duties was adequate. The practice in place indicates that the Project Accountant vetted, certified by the Project Auditor and approved by Centre Leader.

3.0. FINANCIAL REPORT

3.1. EXTERNAL AUDIT

The Centre had submitted its annual financial report of 2023 audited accounts for the year ending December 31st, 2023 to the World Bank.

The annual financial audited account report for the year ending December 31st 2024 is ready for submission together with Internal Audit report and University Audit Committee Reports.

3.2. FRAUD AND CORRUPTION

We did not observe any case of fraud and corruption report within the period under review. All approved funds for payments reached the expected supplies /venders 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 were made based on verified results/claims.

4.0. PHYSICAL VERIFICATION

We were able to access the fixed assets register for the period under review. We also established the existence of Assets purchased within the period.

4.1. PROCUREMENT ACTIVITIES

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

Also, procurement audit was carried out by the Supervising Agency during 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 scrutiny purposes.

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 fair and transparent selection process.

5.0. OTHER MATTERS

5.1. LABORATORY AND ICT RELATED ACTIVITIES

The Centre has boasted its laboratory with modern equipment to handle various research activities by the students and for the commercial activities for industrialists within and out the environment it operates. This step was taken to enhance its sustainability plan beyond funding by the World Bank. These state of arts laboratory equipment are manned by well-trained laboratory scientists

The Centre has started University wide information on how the students and industries can be fit from this state of the art laboratory as its own community impact contributions as Centre of Excellence.

In the area of 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 for her students and University community.

5.2. SECURITY ACTIVUTY

The Centre procured and invested in the modern security technology gadget and personnel to protect its assets in the Centre as a way to prevent theft and vandalisation of its assets.

5.3. ACTION PLAN

ISSUE	AGREED ACTION PLAN	BY WHO	STATUS
Revenue generation	To establish programs and activity for suitability	Centre Leader/ Management	In progress
Unretired advances	To communicate to all staff involved. To retire their advances.	Project Accountant	In process

CONCLUSION

In our opinion, we believe that the observations and recommendations proffered will assist the Centre Management in providing independent assurance that the Centre risk management, governance and internal control process are operating effectively and efficiently. Management should intensify efforts to improve on the utilization of its funds to enable the Centre achieve her aims and objectives as Centre of Excellence



Onuoha Lucky .N
Internal Auditor