

BENUE STATE UNIVERSITY MAKURDI
CENTER FOR FOOD TECHNOLOGY AND RESEARCH

16th August, 2016

The Vice Chancellor,
Benue State University,
Makurdi.

Through

The Center Leader,
BSU CEFTER,
Benue State University,
Makurdi.

Dear Sir,

**INTERNAL AUDIT REPORT COVERING THE PERIOD
OCTOBER 2015 TO JUNE 2016**

Following our routine Audit of the affairs of CEFTER, BSU for the period October 2015 to June 2016

We present our report as follows:

- | | |
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| 1. PROJECT NAME AND STATE: | BSU, Center For Food Technology and Research, Benue State |
| IMPLEMENTING AGENCY: | Benue State University |
| EFFECTIVENESS DATE: | 31 st July, 2015 |
| PROJECT DURATION: | 5 Years |
| DISBURSED AMOUNT TO DATE: | ₦149,787,326.55 |
| PERIOD COVERED BY REVIEW: | 1 st October,2015 – 30 th June, 2016 |
| INTERNAL AUDITOR: | SAAWUAN, Celestine. T. |

2. EXECUTIVE SUMMARY

In order to ensure compliance and also ensure that mistakes and errors were detected and corrected before payments were made, prepayment audit was carried out on all payments made during the period under review. We ensured however that unnecessary delays were avoided in order to ensure timely execution of all assignments.

The internal audit was carried out in accordance with World Bank policies and regulations. All records of the center as well as its assets have been verified including their location and in our opinion, expenditures are within budget limits and the accounting systems as well as internal controls are also adequate.

3.0 PREPAYMENT AUDIT:

Prepayment audit was carried out on all payments in order to ensure that all mistakes and errors were detected and corrected before payments were made. In the process, we ensured that unnecessary delays were avoided in order to ensure timely execution of projects and assignments. So far, no delay in the project implementation process has been reported on account of the adoption of prepayment audit for the Center.

4.0 RECORDS CHECKED

Records checked during this period include cash book, general ledger, payment vouchers, bank statements, bank reconciliation statements, assets register, stores receipt vouchers etc. These were properly maintained and kept up to date except, the assets register which is still being updated.

Recommendation:

Efforts should be made to ensure that records are properly maintained at all times.

5.0 BUDGETING:

Budgets have been prepared and actual expenditure compared during the period. There were however a few significant variances between the budget and actual expenditure for the quarter. Some expenditures were not budgeted for but in view of their necessity, they had to be incurred. These include; purchase of project utility vehicle, repairs and maintenance and stakeholders planning workshops. For avoidance of doubt, an extract of budgeted and actual expenditure is herewith attached as appendix I to this report. In the case of the project utility vehicle however, it was explained that this was budgeted for in the year 2015 but full payment was made in the year 2016 in view of the cash accounts basis of expenditure approved by the World Bank.

Recommendation:

It is our recommendation that all necessary items/activities be budgeted for at the appropriate time to avoid extra budgetary expenditure.

6.0 ACCOUNTING:

The accounting system in use by the university is the Sage line accounting software which is very adequate and same has been adopted for the project. The project financial management manual as reviewed is also very adequate.

Recommendation:

It is our recommendation that the Sage line accounting software be used for the project and staff of the Center be adequately trained to ensure that it is properly applied.

7.0 INTERNAL CONTROLS

The internal controls so far in place are very adequate. To ensure that these controls are maintained, payment vouchers for all categories of payments were audited before payments were made during the period under review. This was to ensure that controls including approval, authorization and general segregation of duties were strictly adhered to. This did not however pose any delays in project implementation process as payment vouchers were passed within 24 hours. So far, no weaknesses have been observed in the internal control system.

Recommendation:

This practice should be allowed to continue.

8.0 MANAGEMENT OVERSIGHT

There is a university governing council project monitoring committee on ground whose function is to monitor progress on all university projects including CEFTER. This committee is also very functional and effective.

9.0 FUNDS FLOW

Since the initial disbursement was received by the center, there has not been any handicaps in assessing the funds.

Recommendation:

This practice should be allowed to continue

10.0 FINANCIAL REPORTING

Financial reports have been adequately and timely prepared in compliance with IFRS. Expenditures as reported are appropriate and eligible.

11.0 EXTERNAL AUDIT

The External Auditors report revealed that payments amounting to ₦4,578,345.52 which were supposed to be paid from the centers account were mistakenly paid from the university's TISHIP Account. This has resulted to an indebtedness of the center to the university. It was however confirmed that the Center Leader has applied for funds from NUC including the above amount. When the money is finally released, the university's TISHIP account will be refunded with the amount.

Recommendation:

It is our recommendation that this amount be refunded to the university as soon as funds are available.

12.0 FRAUD AND CORRUPTION

No incidence of fraud and corruption has come to our notice during the period of this review.

Recommendation:

This practice should be allowed to continue.

13.0 PAYMENT PROCEDURES

The process of payment to suppliers, services and other beneficiaries was also reviewed and no delays nor unacceptable practices were noticed. It was however discovered that payments amounting to ₦4,578,345.52 for CEFTER activities was wrongly paid from the university's TISHIP Account. This resulted to an indebtedness of the Center to the University in this sum of money.

Recommendation:

This practice should be allowed to continue. However, the amount of ₦4,578,345.52 wrongly paid from the University's TISHIP Account for CEFTER activities be refunded as soon as funds are available.

14.0 VERIFICATION OF ASSETS

The Assets of the center were verified and their location and effective utilization also confirmed. An Asset Register is maintained in the Center but it is yet to be brought up to date.

Recommendation:

Assets Register should always be updated to ensure that all assets of the center are properly accounted for.

15.0 PHYSICAL VERIFICATION BY ON-SITE VISITS, THIRD PARTY/BENEFICIARY CONFIRMATION

The major third party beneficiary from CEFTER BSU is Akperan Orshi College of Agriculture, Yandev(AOCAY) whose MOU was signed on 1st August, 2014. This institution was granted a sum of ₦3,895,970 by CEFTER BSU in December, 2015 to carry out activities in line with the MOU.

The AOCAY CEFTER was visited in May, 2016 to confirm the proper utilization of funds granted to the college.

During the visit, actual take off of the center was confirmed as well as actual usage of funds for the purpose granted.

List of Assets verified during the visit include;

1. One No HP Desktop computer with accessories.
2. Two No HP Laptop computers.
3. One No Sharp Photocopier.
4. A block of offices.
5. Two No lecture halls which were undergoing renovation.
6. It was also confirmed that a website was developed for the project and it was functional at the time of the visit.

In addition, students were also confirmed to have been matriculated into AOCA Y CEFTER and were in session during the time of the visit.

Photographic evidences of these investments on site are attached herewith as Appendix II for avoidance of doubts.

16.0 PROCUREMENT

The world banks procurement policies were not violated during the period.

Recommendation:


Efforts should continue to be made to ensure that the World Bank Procurement Policies are strictly adhered to.

CONCLUSION

We wish to appreciate the cooperation we received from the management of CEFTER during the period of this review.

Thank you

Yours Faithfully,

 16/Aug/2016

Saawuan Celestine. T.



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BLOCK DONATED TO AOCAY CEFTER



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COMPUTERS AND PRINTERS



MATRICULATION OF AOCAY CEFTER STUDENTS



RENOVATION OF CEFTER BLOCK