

**FEDERAL UNIVERSITY OF AGRICULTURE,  
ABEOKUTA (FUNAAB)**

**CENTRE OF EXCELLENCE IN AGRICULTURAL  
DEVELOPMENT AND SUSTAINABLE ENVIRONMENT  
(CEADESE)**

**DOMESTIC REPORT  
FOR THE YEAR ENDED  
31 DECEMBER, 2015**



**BENJAMIN AKANJI  
OMONAYAJO & CO.**

*(Chartered Accountants)  
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P. O. Box 5334, Totoro,  
Abeokuta, Ogun State,  
Nigeria.*

*Member FCA Group*

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Prepared by:

**Benjamin Akanji Omonayajo & Co.**

*(Chartered Accountants)*

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EXECUTIVE SUMMARY OF AUDITORS  
DOMESTIC REPORT AND CLIENT'S RESPONSE  
FOR THE YEAR ENDED 31 DECEMBER, 2015

FEDERAL UNIVERSITY OF AGRICULTURE, ABEOKUTA (FUNAAB)

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**EXECUTIVE SUMMARY OF AUDITORS DOMESTIC REPORTS AND CLIENTS  
RESPONSE FOR THE YEAR ENDED 31 DECEMBER, 2015**

	<b>OBSERVATION</b>	<b>RESPONSE</b>																					
2.0	<p><b><u>ADVANCE FROM CEADESE IGR</u></b> We observed that a cash advance of N965,500 was found in the record of the Centre, this was due to borrowing from Zenith IGR accounts to meet obligations that should have been met with funds from Zenith project A/c.</p>	<p>The sum observed was committed on Zenith IGR Account when fund was yet to be released into the Zenith Project Account. This money was returned into the IGR account in December, 2015 and was captured in the Zenith Bank Project bank book (Appendix 1 attached) which was certified by the Auditors during the 2015 Audit exercise.</p>																					
3.0	<p><b><u>ACCOUNTS PAYABLE</u></b> We observed a difference of N1,065,030 between the General Ledger balance on cash advances from FUNAAB. Twenty One Million, Five Hundred and Ninety Seven Thousand, Six Hundred and Ninety Six Naira, Ninety Eight Kobo (N21,597,696.98) was the ledger balance while the cash that was actually paid by the Centre was Twenty Two Million, Six Hundred and Sixty Two Thousand, Seven Hundred and Twenty Six Naira Ninety Eight Kobo (N22,662,726.98). The differences are highlighted below.</p> <table border="1" data-bbox="125 891 783 1265"> <thead> <tr> <th></th> <th></th> <th align="right">N</th> </tr> </thead> <tbody> <tr> <td></td> <td>Quarterly Departmental Allocation</td> <td align="right">382,730</td> </tr> <tr> <td>30/6/15</td> <td>Payment of Flight Tickets (ACE operating expenses)</td> <td align="right">696,300</td> </tr> <tr> <td>10/4/15</td> <td>Refund of Unspent Flight Fare by Prof. Onagbesan</td> <td align="right">(98,000)</td> </tr> <tr> <td>26/6/15</td> <td>Gifts for World Bank and Payment for Fuel</td> <td align="right">100,000</td> </tr> <tr> <td>16/10/14</td> <td>Refund on Refreshment and Courtesy Gifts</td> <td align="right">(16,000)</td> </tr> <tr> <td></td> <td></td> <td align="right">1,065,030</td> </tr> </tbody> </table> <p>The analysis above was as a result of omission of some vouchers and also delay by the University in supplying the Centre with details of their bank account to remit the unspent balance on cash that were initially collected from the University on behalf of the Centre. This was also evidenced on Hostel fees on scholarship which the Centre had raised payment vouchers for but the mandate have not been raised to effect the payment as a result of delay from the University in supplying its bank detail.</p>			N		Quarterly Departmental Allocation	382,730	30/6/15	Payment of Flight Tickets (ACE operating expenses)	696,300	10/4/15	Refund of Unspent Flight Fare by Prof. Onagbesan	(98,000)	26/6/15	Gifts for World Bank and Payment for Fuel	100,000	16/10/14	Refund on Refreshment and Courtesy Gifts	(16,000)			1,065,030	<p>The N1,065,030 represents monies released by the University directly to beneficiaries to meet expenditures on CEADESE operations and is distinct from advances released into CEADESE accounts. The N21,597,696.98 are advances released directly into the CEADESE Accounts which are recorded in the bank book and hence forms the ledger balance. The refund of N22,662,726.98 was in order as it is the total advances released by the University for CEADESE operations. This position was expressed to the Auditors during the Audit exercise. The evidence is attached as Appendix II.</p>
		N																					
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4.0	<p><b><u>IDENTIFICATION OF NON-CURRENT ASSET</u></b> We observed that the name of the Centre was yet to be inscribed on all the non-current assets acquired for the Centre of Excellence in Agricultural Development and Sustainable Environment (CEADESE).</p>	<p>Noted for Management action</p>																					

5.0	<p><b><u>CENTRE AUDIT COMMITTEE</u></b> We observed that the University is yet to constitute a functional audit committee for the Centre as reported in our last audit.</p>	Noted for Management decision																																
6.0	<p><b><u>WORLD BANK PROJECT FUND</u></b> We observed that Centre received the sum of N147,172,326.55 from World Bank via Zenith Bank account 1013907593 on 31 July 2015. However, the officer in charge could not produce documentary evidence to back up the fund.</p>	This is the first disbursement of money by NUC to CEADESE Project Account. The documentary evidence of this is the bank statement. This observation is noted for the purpose of requesting for such documents from NUC in subsequent disbursement. Find attached the bank statement for July 2015 as Appendix III																																
7.0	<p><b><u>BANK CHARGES</u></b> We observed in Zenith project account that there was an excessive bank charges which amounted to N7,824 in respect of management fee and N175,064.66 in respect of interest charges.</p>	<p>CEADESE funds were mopped by the Central Bank at the inception of TSA policy of Federal Government and were later reversed. The bank charged these amounts for management fee at the return of the funds into the IGR and Project accounts. A letter of complaint (attached as Appendix IV) was written to the bank and follow ups were made. The bank is yet to refund these excess charges. CEADESE is not relenting in ensuring that the excess charges are refunded.</p>																																
8.0	<p><b><u>COLLABORATORY PARTNERS</u></b> We observed that the Centre did not have any financial support from Collaboratory Partners to support its research programme on agricultural development during the year under review as required by the World Bank Africa Centre of Excellence (ACE).</p>	Conscious efforts were made to source fund from collaborative partners in the year under review. CEADESE is not relenting in its effort. It is hoped that the efforts will yield the desired fruit in the nearest future.																																
9.0	<p><b><u>BUDGETING AND PERFORMANCE EVALUATION</u></b> We observed that there was a variance between the Centre's actual performance evaluation against the budgeted estimates set by World Bank. The budget line analysis set by World Bank for 2015 is Two Hundred and Eight Five Million Eight Hundred Thousand Naira (N285,800,000) while the total amount expended by the Centre in the same year was Twenty Eight Million One Hundred and Fifty Six Thousand Three Hundred and Fifteen Naira (N28,156,315). This represent only 10% of budgeted amount and the analysis is as follows:</p> <table border="1" data-bbox="136 1523 793 1780"> <thead> <tr> <th>Budget Line</th> <th>Budgeted Amount</th> <th>Actual Expenditure</th> <th>Variance</th> </tr> <tr> <td></td> <td>N</td> <td>N</td> <td>N</td> </tr> </thead> <tbody> <tr> <td>DLR 1</td> <td>53,800,000</td> <td>13,622,980</td> <td>40,177,020</td> </tr> <tr> <td>DLR 2</td> <td>200,000,000</td> <td>11,177,335</td> <td>188,822,665</td> </tr> <tr> <td>DLR 3</td> <td>16,000,000</td> <td>3,356,000</td> <td>12,644,000</td> </tr> <tr> <td>DLR 4</td> <td>16,000,000</td> <td>--</td> <td>16,000,000</td> </tr> <tr> <td></td> <td><u>285,800,000</u></td> <td><u>28,156,315</u></td> <td><u>257,643,685</u></td> </tr> <tr> <td>Percentage</td> <td>100%</td> <td>10%</td> <td>90%</td> </tr> </tbody> </table>	Budget Line	Budgeted Amount	Actual Expenditure	Variance		N	N	N	DLR 1	53,800,000	13,622,980	40,177,020	DLR 2	200,000,000	11,177,335	188,822,665	DLR 3	16,000,000	3,356,000	12,644,000	DLR 4	16,000,000	--	16,000,000		<u>285,800,000</u>	<u>28,156,315</u>	<u>257,643,685</u>	Percentage	100%	10%	90%	There was no underutilization of project fund. The budget performance observed was as a result of the late release of project fund from the World Bank. The fund was released in July, 2015. Also, the requirements for due process as entrenched in the Public Procurement Act are a critical matter in the execution of project that has to be observed before any public expenditure.
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10.0

**ZENITH BANK ACCOUNT DOMICILIARY ACCOUNT**

We observed that there was no balance on Zenith Bank domiciliary account (5070318907) at the year ended 31 December, 2015. This is because the actual balance on the account of \$201.75 was mopped up by Treasury Single Account (TSA) policy of the Federal Government on the 19 November, 2015. Meanwhile, the University ought to have finalised the process of opening an account with Central Bank of Nigeria as required which has not been completed as at the period of our audit.

The University has opened accounts with Central Bank for CEADESE. CEADESE now has two CBN accounts for naira and dollar denominated currencies. (Attached as Appendix V).

DETAILED DOMESTIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER, 2015





# BENJAMIN AKANJI OMONAYAJA & CO.

(Chartered Accountants)

Member FCA Group

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16 June, 2016

The Vice Chancellor,  
Federal University of Agriculture,  
Abeokuta (FUNAAB),  
Alabata, Abeokuta,  
Ogun State.

Dear Sir,

## DOMESTIC REPORT ON AUDITED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2015

### 1.0 INTRODUCTION

Having completed the audit of Centre of Excellence in Agricultural Development and Sustainable Environment (CEADESE) for the year ended 31 December 2015, we wish to bring to your notice our observations, comments and recommendations for your consideration and necessary action. It is highly essential to emphasize that our observations were based on the audit test carried out on your CEADESE's records which were primarily designed to enable us form opinion on the accounts.

The report, therefore, outlines only those weaknesses discovered in the course of the audit and should not be taken as having brought to light all the weaknesses that might have existed in the system of internal control and accounting practice which only specific investigation would be required to uncover.

The contents of this report have been discussed with the Principal Officers of the Centre.

## 2.0 ADVANCE FROM CEADSE IGR

### 2.1 OBSERVATION

We observed that a cash advance of N965,500 was found in the record of the Centre, this was due to borrowing from Zenith IGR accounts to meet obligations that should have been met with funds from Zenith project A/c.

### 2.2 IMPLICATION

Advance cash balances between the bank balances owned by the Centre implies that the Centre is owing itself which contravenes generally accepted accounting principle.

### 2.3 RECOMMENDATION

We advise the Centre to ensure that all inter-bank balances should be settled before the year end.

## 3.0 ACCOUNTS PAYABLE

### 3.1 OBSERVATION

We observed a difference of ~~N~~1,065,030 between the General Ledger balance on cash advances from FUNAAB. Twenty One Million, Five Hundred and Ninety Seven Thousand, Six Hundred and Ninety Six Naira, Ninety Eight Kobo (~~N~~21,597,696.98) was the ledger balance while the cash that was actually paid by the Centre was Twenty Two Million, Six Hundred and Sixty Two Thousand, Seven Hundred and Twenty Six Naira Ninety Eight Kobo (~~N~~22,662,726.98). The differences are highlighted below.

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		1,065,030

The analysis above was as a result of omission of some vouchers and also delay by the University in supplying the Centre with details of their bank account to remit the unspent balance on cash that were initially collected

## **5.0 CENTRE AUDIT COMMITTEE**

### **5.1 OBSERVATION**

We observed that the University is yet to constitute a functional audit committee for the Centre as reported in our last audit.

### **5.2 IMPLICATION**

This may be a ground for the Centre to lose its financial supports from World Bank or be penalised and may not have access to World Bank fund.

### **5.3 RECOMMENDATION**

We recommend that the University should set up without further delay a functional audit committee for the Centre to avoid being sanctioned or penalized by the World Bank.

## **6.0 WORLD BANK PROJECT FUND**

### **6.1 OBSERVATION**

We observed that Centre received the sum of ₦147,172,326.55 from World Bank via Zenith Bank account 1013907593 on 31 July 2015. However, the officer in charge could not produce documentary evidence to back up the fund.

### **6.2 IMPLICATION**

The inability of the Management of the Centre to provide supporting documents for this amount implies that we did not get a third party confirmation of the amount.

### **6.3 RECOMMENDATION**

We advise the Management to ensure that all supporting documents needed to corroborate this amounts are collected and copy sent to us without further delay.

## **7.0 BANK CHARGES**

### **7.1 OBSERVATION**

We observed in Zenith project account that there was an excessive bank charges which amounted to ₦7,824 in respect of management fee and ₦175,064.66 in respect of interest charges.

## **7.2 IMPLICATION**

These are outrageous charges which required further explanation from the affected bank (Zenith Bank Plc).

## **7.3 RECOMMENDATION**

Although, we noted that CEADESE had written a letter to Zenith Bank demanding reason for the charges and reversal of the charges but we still advise that the Centre should write follow up letter and ensure that appropriate action is taken.

## **8.0 COLLABORATORY PARTNERS**

### **8.1 OBSERVATION**

We observed that the Centre did not have any financial support from Collaboratory Partners to support its research programme on agricultural development during the year under review as required by the World Bank Africa Centre of Excellence (ACE).

### **8.2 IMPLICATION**

The Centre relied largely on subvention from World Bank which is not good enough. The Centre cannot sustain itself with its Internally Generated Revenue (IGR) if there is delay from World Bank in releasing its annual subvention.

### **8.3 RECOMMENDATION**

We advise the Centre to do more in sourcing for Collaboratory Partners to support the World Bank project on agricultural development.

## **9.0 BUDGETING AND PERFORMANCE EVALUATION**

### **9.1 OBSERVATION**

We observed that there was a variance between the Centre's actual performance evaluation against the budgeted estimates set by World Bank. The budget line analysis set by World Bank for 2015 is Two Hundred and Eight Five Million Eight Hundred Thousand Naira (N285,800,000) while the total amount expended by the Centre in the same year was Twenty Eight Million One Hundred and Fifty Six Thousand Three Hundred and Fifteen

## 10.2 IMPLICATION

Failure to have an operational bank account with Central Bank of Nigeria (CBN) will prevent the Centre from having access to some of the fund in TSA to meet its obligation.

## 10.3 RECOMMENDATION

We recommend that the University should fast-track the process of opening an account with the Central Bank of Nigeria (CBN) on behalf of CEADESE to ease its operation.

## 11.0 CONCLUSION

We use this opportunity to thank the entire Governing Council members of the University and the Management most especially the Vice Chancellor, Bursar and members of staff of CEADESE for the co-operation accorded us during the audit.

We hope you will not hesitate to contact us should you have problems in implementing any of our recommendations.

We assure you of our best services always.

Yours faithfully,



Benjamin Akanji Omonayajo & Co.

(Chartered Accountants)

Abeokuta Nigeria

Engagement Partner: Mr. Benjamin Akanji Omonayajo

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