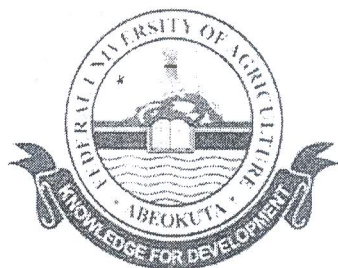


**CENTRE OF EXCELLENCE IN
AGRICULTURAL DEVELOPMENT AND
SUSTAINABLE ENVIRONMENT
[CEADESE]**

**FINANCIAL MANAGEMENT
MANUAL**



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PART A

FUNAAB Bursary Accounting Manual and Operational Procedures



**FEDERAL
UNIVERSITY OF AGRICULTURE
ABEOKUTA**

**BURSARY
ACCOUNTING MANUAL AND
OPERATIONAL PROCEDURES**

NOVEMBER, 2011

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PREFACE

Consequent upon the adoption of the Directorate system in the Bursary Department, as approved by the Governing Council of the University, it has become necessary to review the existing Accounting Manual with a view to making it more purposeful and result oriented and in line with the new organizational structure and the full Computerization of the Bursary accounting system.

This Manual provides information about the operations of the Bursary through the three Directorates, the duties of various Sections and Units under the Directorates and how they interrelate with each other, in addition to the specific procedures for the execution of the duties.

Staff are required to study the Manual to be guided on their respective responsibilities and to maintain the standards that have been prescribed.

My profound appreciation goes to all and sundry for contributing towards the successful completion of this Manual and I hope we will all find it very useful.

M. O. Ilesanmi
Bursar

November, 2011

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BURSARY ACCOUNTING MANUAL AND OPERATIONAL PROCEDURES

1.0 INTRODUCTION

The need to have an update of a comprehensive Accounting Manual for the Bursary Department of the Federal University of Agriculture, Abeokuta (FUNAAB) has become imperative and necessary in view of the recent transformation and re-engineering of the operations of the Department.

Accounting Manual is an essential instrument for understanding the structure and workings of Bursary. It is therefore a useful tool for training of new staff and for guiding the existing staff in their day- to -day functions in the performance of financial and accounting operations.

2.0 DUTIES OF THE BURSARY DEPARTMENT

The Bursary is the Department of the University charged with the main responsibility of managing the financial resources of the institution. The Department is under the headship of the Bursar, who is the Chief Financial Officer of the University, and is responsible to the Vice-Chancellor for the day-to-day administration and control of the financial affairs of the University. The Department's duties consist, among others, of the following:

- Establishment and maintenance of good internal control system in order to safeguard the University's Assets and Liabilities.
- Establishment and maintenance of proper books of accounts and records for the University's financial transactions.
- Preparation, allocation and control of the University Annual Budget for effective management of the University's Resources.

- Ensuring that all the Grants and Internally Generated Revenue of the University are properly accounted for in the manner prescribed by the extant financial rules and regulations.
- Ensuring that all books of accounts are properly maintained
- Ensuring that the financial statements of the University are properly prepared and presented for auditing within three months after the end of each financial year.
- Providing relevant information on financial matters to assist management in decision-making.

3.0 BURSARY STRUCTURE/ORGANOGRAM

The Bursary Department has recently undergone significant transformation, and re-structuring, in order to strengthen and position it for better performance. Presently, the Department operates under the following Directorate:

- Directorate of Treasury
- Directorate of Final Accounts and College Finance
- Directorate of Expenditure Control and Budget.

In addition to the Directorate System, the Collegiate Accounting System was introduced to handling most of the accounting transactions in the University's Colleges and Academic Units.

3.1 OFFICE OF THE UNIVERSITY'S BURSAR

The Bursar is the Chief Financial Officer of the University. He is responsible to the Vice-Chancellor for the day-to-day administration and control of the financial affairs of the University. As the head of the Bursary Department of the University, the duties of the Bursar include the following:

- i. Overall responsibility, under the Vice-Chancellor, for the organisation of the University's accounting system and operations.
- ii. Chief adviser to the Vice-Chancellor on Financial matters
- iii. Primary responsibility for the interpretation of all financial circulars and instruction pertaining to the University's financial operations.

3.2 DIRECTORATE OF TREASURY

The Directorate of Treasury is sub-divided into the following Units for efficient discharge of its responsibilities:

- i. **Payroll Unit:** This Unit handles all University Payroll functions.
- ii. **Cash Office Unit:** The Unit is responsible for performance of the procedure for depositing and accounting for all cash collection and bank lodgments.
- iii. **Insurance and Investment Unit:** This unit is responsible for the management of University's Funds and Investments and liaising with Insurance Brokers in all aspects of insurance administration.
- iv. **Mandate Unit:** The Unit is responsible for the preparation of e-payment schedules in respect of payments from all University's Bank c accounts.

3.3. DIRECTORATE OF FINAL ACCOUNTS AND COLLEGE FINANCE

This Directorate takes care of preparation of the University's financial statements and also the management of College finances.

The Directorate is sub-divided into the following Units for optimal performance:

- i. **Bank Book Unit:** This Unit maintains the University's cash or bank book for the purpose of recording cash receipts and bank payments.

- ii. **Bank Reconciliation Unit:** This Unit reconciles the bank statements with the University's cash or bank book.
- iii. **General Ledger Unit:** This Unit maintains the General Ledger and extracts proper Trial Balance from the General Ledger to produce the University's final accounts.
- iv. **Fixed Assets Management Unit:** This Unit maintains memorandum records of Fixed Assets and monitors the assets until eventual disposal or obsolescence.
- v. **College Finance Unit:** The collegiate accounting system ensures proper recording of all financial transactions of the Colleges and or other Academic Units.
- vi. **Information and Communication Unit:** This Unit is charged with the responsibility of managing the Bursary Computerisation and ICT requirements.

3.4 DIRECTORATE OF EXPENDITURE CONTROL AND BUDGET

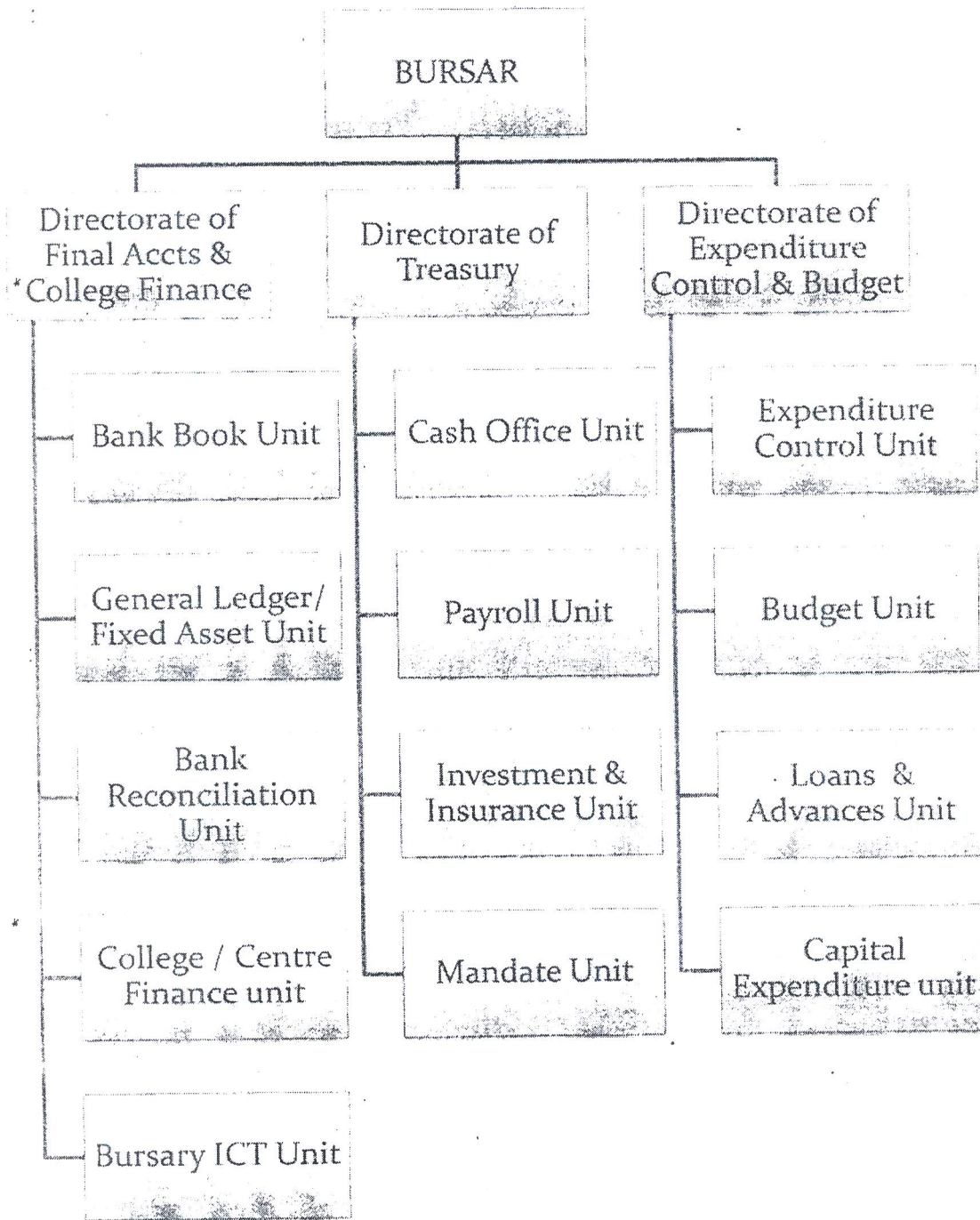
This Directorate is mainly responsible for the preparation of the annual University's Approved Recurrent Budgets and for the proper monitoring/control of the University's expenditure in line with approved budget.

The Directorate is sub-divided into:

- i. **Expenditure Control Unit:** This Unit maintains the vote book to accumulate expenditure in respect of allocations to budget heads and sub-heads and ensuring that such allocations are not exceeded.
- ii. **Loans and Advances Unit:** This Unit manages cash advance payments and ensures its retirement. It also manages all forms of loans given to staff in the University.

- iii. **Budget Unit:** This Unit handles the collection of data input for the preparation of University's Approved Recurrent Budgets and also prepares Budget and performance reports.
- iv. **Capital Expenditure Unit:** The Unit prepares payment vouchers for certified payments to contractors in respect of building and infrastructural capital projects that are funded from annual capital appropriations or from internally generated revenue sources. The Unit also maintains the Contract Register to document and monitor stage payments in capital projects.

3.5 BURSARY ORGANOGRAM



4.0 BURSARY CHART OF ACCOUNTS

The Chart of Accounts is the coding format that determines the level of details at which record of financial transactions will be maintained in the books of the University. It contains sets of codes created for easy identification and description of financial transactions in respect of Revenue, Expenditure Assets, Funds and Liabilities. It is arranged to fall in line with the Financial Reports formats adopted and in use by the University.

4.1.0 CODING SYSTEM

The University coding system has the following attributes:

- (a) Uses as few codes as possible
- (b) Is logical in sequence
- (c) Is flexible enough to allow for amendments, expansion and contraction
- (d) Is easily understood and used by even the lowest grade of staff
- (e) Is capable of meeting the reporting needs of the University's management and other external interest parties

For easy references the Bursary Chart of Accounts is categorised into the following main codes.

4.1.1. Revenue

The University revenue comprises of the following:

DESCRIPTION	CODES
1. Undergraduates fees	010101
2. Foreign Student fees	010102
3. Postgraduate fees	010103
4. Income from Enterprises	010103
5. Investment Income	010302
6. Endowment	010401

7. Donations (specific and General)	010501
8. Consultancy	010601
9. Internally Generated Revenue	010701

4.1.2. Government Grants

Government grants are divided into the following heads

DESCRIPTION	CODES
1. Personnel Grant	010801
2. Overhead Grant	010802
3. Library Cost Grant	010803
4. Direct Teaching and Laboratory Cost Grant (DTLC)	010804
5. Other Grant	010805
6. Capital Grant	058001001

4.1.3. Expenditure

The University's expenses are grouped into the following heads:

DESCRIPTION	CODES
1. Personnel Cost	020101
2. Administrative Expenditure	020301
3. Central Vote expenditure	020401
4. Direct teaching and Laboratory Cost (DTLC)	020501
5. General Academic Expenses	020601

4.1.4. Assets

The University's assets include the following:

1. **Fixed Asset:** Under the fixed assets (0301) we have the following sub-head:

DESCRIPTION	CODES
i. Land acquisition and Compensation	030101
ii. Landscaping and Campus	030102
iii. Buildings	030103
iv. Furniture, Fittings and Equipment	030104
v. Plant and Machinery	030105
vi. Motor Vehicle	030106
vii. Road and Drainages	030107 *
viii. Computers and Networking	030108
ix. Fencing Projects	030109
x. Electrical Distribution and Installation	030110
xi. Reservoir and Fish Ponds	030111
xii. Farm Houses/Centre	030112
xiii. Petrol Station	030113
xiv. General Development Plan(Isale Igbein Campus)	030114
xv. Water Supply Projects	030115
xvi. Academic Robes	030116
xvii. Plantation	030117
xviii. Work-in-progress	030201 *

4.1.5 Investment:

The University has various investments in form of Shares, Interest and Fund Placements. These are grouped into the following codes:

DESCRIPTION	CODES
a. Investment in FUNNAB Consult Ltd	030301
b. Investment in FUNNAB Microfinance Bank	030302
c. Investment in FUNNAB Agro Allied Industry Ltd	030303
d. Investment in Integrated Fish Production Project	030304
e. Investment in FUNNAB Palm wine Bottling Project	030305
f. Investment in Bank Deposits	030306
g. Investment in commercial farming	030307

4.1.6 Current Assets:

Current assets comprise of the following

DESCRIPTION	CODES
a. Inventory	030401
b. Debtors	030407
c. Custodians of University Fund	030404
d. Advances	030405
e. Prepayments	030406
f. Banks	030408
g. Cash	030409

4.1.7. Liabilities:

The University's Liabilities can be grouped into the following heads:

DESCRIPTION	CODES
i. Long-Term Liabilities	040101
ii. Current Liabilities	040201
iii. Statutory Deductions Payments	040202
iv. Union Dues	040203

1.8. Control Accounts:

Control Accounts are created to regulate and control certain financial transactions and to be self balancing accounts such as:

DESCRIPTION	CODES
i. Cash Control Accounts	030409003
ii. Salary Control Account	040301001
iii. Inter-Bank Transfer	030404004
iv. University's Loan Deductions Control Account	040204

4.1.9. Funds Accounts:

They are made up of the following;

DESCRIPTION	CODES
i. Special Funds	050101
ii. Endowments Fund	050102
iii. Research Fund	050103
iv. Accumulated Fund	058001003

5.0 BURSARY COMPUTERIZATION

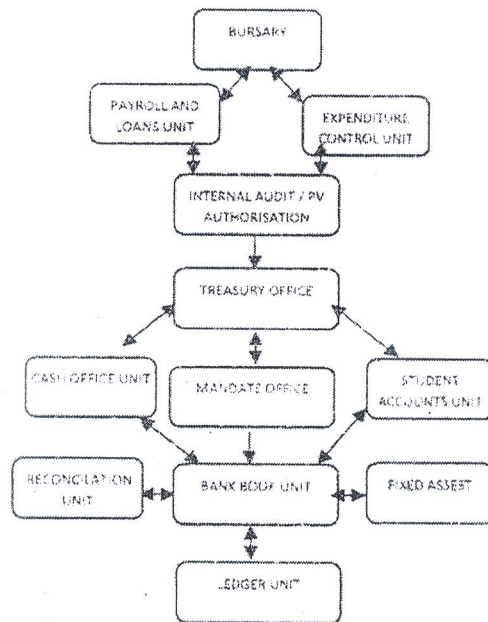
Information technology application has been a very useful tool in recording financial transactions. In order to be in tune with developments in information and communication technology (ICT), the University decided to completely computerize the Bursary operations.

The computerization was contracted to a Financial Software Company, Business Information Solution Management Ltd (BISM), Lagos. The Company sold two of their software to the University namely, AdmonPayroll and AdmonBursary.

The AdmonPayroll is a software designed to carry out the complete processing of the University's Payroll while the AdmonBursary is to cater for complete Bursary accounting functions. It makes use of MicrosoftSQL Server as its back-end (Database Engine) and Microsoft Visual Basic 6.0 as the front-end (User interface).

5.1.1 Chart of Bursary Computerization

The diagram below shows the working of the BISM AdmonBusary software with respect to the units of the University Bursary Department.



5.2.0 AdmonPayroll

The AdmonPayroll Software is complete payroll software that takes care of processing of staff emoluments. It computes salaries for staff on monthly basis with cognizance to variation input.

The software is scalable. It has ability to accept variation input in salary; and also to expand and adjust salary structures.

The workings/procedures of Admonpay is by:

- Entering of salary tables for each category of staff (Academic and Non-Academic Staff) indicating which is basic salary and which is allowance.
- Entering the bio data of each staff such as Names, Salary Grade level, Department and Bank information.
- Setting of percentage or amount for all statutory deductions like Payee, Pension Fund, Union Dues etc.
- Entering of Variations for staff concerned.
- And finally computing and generating different reports as needed be or payment of salary and preparation of University Accounts.

5.3.0 ADMONBURSARY

5.3.1 Expenditure Control Unit:

This Unit makes use of the budgeting module and accounts payable to prepare both the University's recurrent and capital Budgets.

5.3.2 Budgeting Module:

- The budgeting module takes care of input and allocation of the University's expenditure budget into various department, centers and units of the University. Also there is ability to generate expenditure budget performance for any vote at a particular time and list commitments made for each vote.
- Ability to input budgeted revenue, and generate its performance at any time of the year.

5.3.3 Accounts Payable Module:

Payment vouchers are raised for different purposes, i.e. Reimbursement, Advance, Capital Project, Salaries etc using appropriate code (expense, Assets,

salary etc). Also the amount involved is committed to the appropriate vote so as to monitor the budget utilization.

5.3.4. Payment Vouchers Authorisation

All prepared payment vouchers needed to be authorized before being paid. Only successfully audited payment vouchers are authorized either by the head of the Expenditure Control Unit or Treasury as the case may be.

5.3.5 E-Payment Module

This Module is used by the mandate office for payment of authorized payment vouchers. In this module, the mandate office would have to assign the relevant University's paying bank account to each of the authorised payment vouchers with the mandate number which will serve as reference for the payment.

5.4.0 Ledger/Bank Book Section

5.4.1 Bank Book Module

This is where the bank books for various University bank accounts are prepared and generated.

5.4.2 Memorandum Ledger Module:

All payment vouchers that have been authorized and paid move to this module awaiting the final cross checking of the transactions involved with the payment vouchers. Final correction is made here (if applicable) before it finally hits the general ledger for the production of the accounting reports for the year.

5.4.3 General Ledger

This module shows each month/period summary for a specific accounting code for the whole accounting year or specified period of the accounting year.

However, details of each month/period ledger for specific code can also be produced.

5.4.4 Bank Reconciliation Module

This module is expected to capture soft copies of bank statements into the system. It thereafter compares the debit side of the University bank book with the credit side of the electronic bank statement (and vice-versa) for a specific accounting period. The reports generated include list of bank charges made in the bank statement, list of incorrect and missing entries in both bank book and bank statement among others.

5.4.5 Account Receivable

This module takes care of all receipts transactions, both income and refunds.

5.4.6 Income Mode

For income, all cash/cash-like income groups (cash, draft, cheques) *debits the cash control and credit the specific income code*. The reports expected include cash/cash-like income journal and cash/cash-like lodgement journal, Non-cash income ledger etc.

5.4.7 Refund Mode

This module receipt refunds from unspent cash advance, overpayments of any kind from staff and other sundry payment from staff e.g. loans offset. If the refund is cash advance, the user is expected to specify the payment voucher that is being refunded. The software is expected to post the refunded amount as credits to the staff advance edger so as to make the retirement of the advance to be only for the balance.

The cash/cash-like refunds *debits the cash control and credit the specific expense code* while the non-cash refunds *debits the Bank account and credits the specific expense code*.

5.4.8 Cash Control Reports

These reports include:

- Report that prints all cash/cash-like transaction for a specific bank.
- Report that prints a specific cash/cash-like mode of payment transactions e.g. cheques lodged for a specific bank.

5.4.9 Payments Deductions Module

This module generates all deductions that have been made from authorized and paid payment vouchers into different categories, VAT, Bursary Service Charge (BSC), Donations etc. This helps in processing receipt for the deduction made for to different companies concerned.

5.4.10 Student Accounts Module

This module is used in generating receipt for student payments like school fee, hostel fee, Acceptance fee etc. It also keeps record of student payments for easy referencing and validation. The software takes care of both undergraduate and postgraduate students and helps in monitoring correct payment of student fees as such fee would have been initially setup in the system. The reports generated include list of all students that have paid for any particular fee in a particular session; student fees journals etc.

The module monitors distribution and sales of scratch cards at different terminals (banks) with reports of list of sold and unsold scratch cards.

5.5.0 SECURITY AND USER ROLES IN THE COMPUTERISATION

5.5.1 Access Logs/Audit Trail

Access Log is created for each module of the software so as to be able to know and watch the activities of each user. This makes it easy to trace authority of any transaction.

5.5.2. Administrators

The administrator set up all the necessary parameters in the software, both for the Admonpay and AdmonBursary and prints the reports of the setup records for keep. He also has complete software modules access and has ability to create and delete uses and assign user roles. He can upgrade and denote users.

5.5.3 Super Users

Head of Unit Role

The head of the unit has access to only all modules that concerns his unit.

Sub head of Unit Role

The sub-head of the unit has access to all modules that concern his unit except for access logs on the modules and approvals.

5.5.4 Specific User Role

This role is for users with specific task like Receivables, Payables,, E-payment etc.

6.0 DUTIES OF VARIOUS DIRECTORATES AND UNITS

The Units duties and procedures in all the three Directorates in the Bursary Department are stated below:

6.1.0. DIRECTORATE OF FINAL ACCOUNTS AND COLLEGE FINANCE

6.1.1 BANK BOOK UNIT

Schedule of Duties:

1. Taking custody of copies of paid payment vouchers from Cash Office
2. Registering all payment vouchers received into a register for proper documentation.
3. Ensuring that all received payment vouchers are properly filed.
4. Preparation of bank books for all bank accounts from the payment vouchers, Tellers and bank statements.
5. Reconciliation of all bank books by both bank book officers and reconciliation officers.
6. Preparation of journal vouchers from the reconciled bank books.
7. Journal vouchers sent to general ledger unit for posting into the ledgers.

Procedures

- i. Receive payment vouchers and tellers from Cash Office.
- ii. Post the payment vouchers and tellers into the bank book.
- iii. Send the bank book to reconciliation unit for bank reconciliation.
- iv. Bank book officer and reconciliation officer work together to reconcile the bank book.
- v. Prepare journal vouchers.
- vi. Journal voucher approved by Chief Accountant

- vii. Send the journal vouchers and reconciled bank books to the General Ledger Unit.

Internal Check in Existence

1. All payment vouchers and tellers are transferred to and resident in the Bank book unit for posting.
2. Movement register is maintained for the payment vouchers.
3. All bank books are independently reconciled.
4. Reconciled bank books and Journal Vouchers pass through checking and approval before being forwarded to General Ledger Unit.

Output or Reports Generated

- Bank Books for each University bank Account on a monthly basis.
- A pair of Journal Vouchers for each bank for each month (one for payments and the other for receipts).

6.1.2 BANK RECONCILIATION UNIT

Schedule of Duties:

1. Reconciliation of University Bank Accounts with the relevant University Bank Books.
2. Periodic reconciliation of prepared bank reconciliation statement balances with the relevant ledger balances.
3. Informing the bank book unit of any adjustment as may be necessary.
4. Informing the Bursar formerly of any unauthorized entry or irregularity on the bank statement and following up for correction.
5. Keeping all records and document relating to reconciliation of bank accounts.
6. Any other directives as may be issued from time to time.

Procedures

On collection of Bank Statements from the Banks and Bank Books from the Bank Book Unit, the following procedures are carried out to effect the reconciliation:

- i. Trace the entries on the debit side of the bank book against the credit entries on the bank statement and vice versa. Entries in the debit side of the bank book not in the credit side of the bank statements would be listed as reconcilable items. Entries on the credit side of the bank statement not on the debit side of the bank book would also be listed out.
- ii. Trace the entries on the credit side of the bank book with those on the debit side of the bank statement and vice versa. Entries found on the credit side of the bank book and not on the debit side of the bank statements are listed as reconcilable items. Such items should be treated as credit in the adjustment bank book.
- iii. Adjusted cash book is prepared using the list of reconcilable items.
- iv. The reconciliation statement should be prepared using either the adjusted bank book balance or bank statement balance as the opening balance. The reconciliation items as obtained from (1) above should be deducted or added depending on whether the adjusted bank book balance or the bank statement balance is used as the opening balance in reconciliation statement. Similarly, the reconciliation item in (2) above should be deducted from or added to the bank statement balance or the adjusted bank book balance as the case may be.

v. a. **Adjusted bank book format:**

Opening balance b/d	XX	
Add: Credit items in bank statement not in bank book(i.e regular incomes)		XX
Less: Debit items in bank statement not in bank book (i.e. regular charges)	(XX)	
Closing balance c/d		<u>XX</u>

b. **Reconciliation Statement:**

Bank Statement Balance as at end of period		X	
Add: Uncredited lodgement	X		
Unauthorised debits in bank statement		<u>X</u>	X
Less: Undebited Mandate	X		
Unauthorised credits in bank statement	<u>X</u>		(X)
Closing balance per bank book		<u>XX</u>	

The closing balances in adjusted bank book and reconciliation statement should agree, otherwise, the difference should be investigated.

The Identified Internal Check

The duty of preparation of the reconciliation statement is segregated as follows:

- i. The reconciliation statement is prepared by an officer.
- ii. The prepared statements are checked by the Unit Supervisor.
- iii. The statement is finally approved by Chief Accountant, Final Accounts,

Output or Report Generated

The following reports are generated by the reconciliation Unit:

- i. : Reconciliation Statement
- ii. Schedule of Uncredited Lodgements
- iii. Schedule of Undebited Mandates
- iv. Schedule of Unauthorized Debit/credit in bank statements
- v. Correspondences to bank, with copy to Bursar, requesting for reversal of unauthorized debit and effecting uncredited lodgement.

6.1.3 GENERAL LEDGER/ FIXED ASSET UNIT

Schedule of Duties:

1. Checking the accuracy of all the journal vouchers received from Bank Book unit
2. Ensuring all received journal vouchers are posted into general ledger.
3. Maintenance of General Ledger.
4. Monthly reconciliation of the ledger balances with supporting schedules
5. Reconciliation of all the Control accounts in the general ledger.
6. Extraction of monthly, quarterly and annual trial balances
7. Review of all the balances on the trial balances with supporting schedules
8. Posting of fixed assets vouchers into fixed asset register.
9. Reviewing payment vouchers of fixed asset nature to make sure it is properly Coded.
- 10.Updating the fixed assets register on regular basis.
- 11.Posting of journal vouchers that relate to fixed assets
- 12.Reconciliation of fixed assets register figures with General ledger figures
- 13.Preparation of the University financial statements.

14. Attending to the Internal Auditors needs during the audit exercise
15. Attending to the External Auditors during the audit exercise
16. Responding to any observations raised by both the Internal and External Auditors

Procedures

- Receive journal vouchers and reconciled bank books
- Post all the journal vouchers into the general ledger
- Reconcile all the control accounts
- Extract trial balance after all the control accounts have balanced
- Review all the balances on the trial balance.
- Collect all bank books and payment vouchers for onward posting into the fixed asset register.
- Reviewing voucher code before posting into the fixed asset registers
- Collect all journal vouchers for onward posting into the fixed asset register
- Prepare the financial statements of the University.
- Review the draft financial statements with Bursary's Management
- Send draft financial statements with all supporting schedules to the University external auditors.

Internal Check Existing

- All journals received must have passed through checking and approval before being accepted.
- The Journals are then inspected for inconsistent casting and coding before posting.

- The General ledger has a series of Control Accounts that must balance or nil out or else effort must be made to investigate and correct all errors causing the discrepancies.
- All adjustment Journal Vouchers must be properly authorized and approved.
- At the commencement of audit all Payment Vouchers, tellers and source documents are moved to the general ledger unit.
- At the conclusion of Audit all Source documents are moved to the bursary record stores.

Output or Reports Generated

- General Ledger.
- Trial Balance.
- Income and expenditure statement
- Balance Sheet
- Notes and Schedules to the Accounts.
- Adjustment Journal Vouchers.

6.1.4 COLLEGE FINANCE UNIT

Schedule of Duties

The Collegiate accounting system was introduced, in order to take care of the colleges and other centres financial requirements. Each college has its finance unit headed by college Accountant and expected to carry out the following duties:

A. * Receipts

1. The College Accountant is responsible for ensuring that all monies due or accruing to the colleges/centres are received as and when due.

2. The College Accountant should ensure that all monies received are properly recorded, receipted and banked and that such monies are not misapplied.
3. The College Accountant must maintain a Receipt Cash Book in which all daily transactions are recorded and balanced DAILY.
4. The College Accountant should ensure that all monies received are lodged in the bank daily within 24 hrs of receipt except monies received on Fridays which should be banked first thing on Monday.
5. The College Accountant should advise the Bursar on monies received for and on behalf of the College from all sources whatsoever from time to time, whether internally generated, donated or otherwise.

B. Payments

1. The College Accountant should ensure that all claims are supported by necessary approval for payment at the appropriate level.
2. The College Accountant must ensure that all payments for goods and services rendered are not only approved, but certified by the user department and internal audit as having met the specification, in good order and can be paid for, before authorizing payment voucher to be raised.
3. Where LPOs are issued, the purchase must conform with the specifications and other terms of the LPO.
4. The College Accountant must satisfy himself that all necessary checks have been made before passing requests for payment.

C. Books of Account/Report

The College Accountant must keep/raise the following books on regular basis:

- The General ledger has a series of Control Accounts that must balance or nil out or else effort must be made to investigate and correct all errors causing the discrepancies.
- All adjustment Journal Vouchers must be properly authorized and approved.
- At the commencement of audit all Payment Vouchers, tellers and source documents are moved to the general ledger unit.
- At the conclusion of Audit all Source documents are moved to the bursary record stores.

Output or Reports Generated

- General Ledger.
- Trial Balance.
- Income and expenditure statement
- Balance Sheet
- Notes and Schedules to the Accounts.
- Adjustment Journal Vouchers.

6.1.4 COLLEGE FINANCE UNIT

Schedule of Duties

The Collegiate accounting system was introduced, in order to take care of the colleges and other centres financial requirements. Each college has its finance unit headed by college Accountant and expected to carry out the following duties:

A. Receipts

1. The College Accountant is responsible for ensuring that all monies due or accruing to the colleges/centres are received as and when due.

- The General ledger has a series of Control Accounts that must balance or nil out or else effort must be made to investigate and correct all errors causing the discrepancies.
- All adjustment Journal Vouchers must be properly authorized and approved.
- At the commencement of audit all Payment Vouchers, tellers and source documents are moved to the general ledger unit.
- At the conclusion of Audit all Source documents are moved to the bursary record stores.

Output or Reports Generated

- General Ledger.
- Trial Balance.
- Income and expenditure statement
- Balance Sheet
- Notes and Schedules to the Accounts.
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6.1.4 COLLEGE FINANCE UNIT

Schedule of Duties

The Collegiate accounting system was introduced, in order to take care of the colleges and other centres financial requirements. Each college has its finance unit headed by college Accountant and expected to carry out the following duties:

A. Receipts

1. The College Accountant is responsible for ensuring that all monies due or accruing to the colleges/centres are received as and when due.

1. **Bank Book:** This is maintained to record all transactions passing through the college bank account.
2. **Journal Voucher:** This is to code the summary of entries in the bank books.
3. **Bank Reconciliation Statement:** The College Accountant must ensure that bank reconciliation statements are prepared monthly or at agreed interval.
4. **Fixed Asset Register:** The College Accountant has the responsibility to open and maintain a fixed Asset Register to record all capital items of the college.

General Procedure

A. Receipts

1. Printed pre-numbered official receipts in use.
2. A receipt register is maintained to record all receipts issued to the College Accountant
3. All monies received by the College Accountant shall be evidenced by the issuance of cash receipts.
4. The College Accountant will maintain a Receipt Cash Book in which all daily transactions are recorded and balanced daily.
5. All cancelled receipts shall be crossed with two parallel lines with the word "cancelled" within and should be folded neatly and left in the receipt booklet.
6. The College Accountant must ensure that all monies received are lodged in the bank daily within 24 hrs of receipt except monies received on Fridays which should be banked first thing on Monday morning.
7. Copies of all Bank Tellers duly stamped by the Bank as evidence of lodgment should be properly filed.

8. The College Accountant must ensure that the receipt posted in the cash books are in agreement with bank lodgements.

B. Payments

1. All payments for claims, reimbursement and LPO must be properly checked for approvals before payment vouchers are raised.
2. Payment vouchers should be entered in the vote book after ensuring that:
 - a) there is authority to incur the expenditure
 - b) no previous payment has been made on the same request
 - c) all calculations and additions are arithmetically correct
 - d) The approval is within appropriate expenditure approval threshold.
 - e) the appropriate accounting codes are correct.
 - f) all taxes and other deductions like Bursary service charge are deducted.
 - h) the College Account must satisfy himself that all necessary checks and controls are in place before passing requests for payment and raising of mandate for e-payment.
 - i) the College Accountant should ensure that all payment vouchers are entered in the bank book
 - j) the bank book must indicate among others
 - (i) Date
 - (ii) Payee
 - (iii) Payment Voucher No.
 - (iv) Code
 - (v) Amount

C. Controls

1. The College Accountant must ensure payment through e-payment and ensure that payments are made to the right contractor/supplier
2. The College Accountant must ensure that Due Process is followed as relates to ordering of goods and services.
3. The College Accountant should ensure that bank statements are collected from the bank within the first 5 working days after month end.
4. The College Accountant should reconcile any difference between the bank statement and bank book balances.
5. The College Accountant should prepare budget performance on monthly/quarterly basis as the case may be.

Reports

The College Accountant must on monthly basis or as requested should submit the following to the final accounts unit:

1. Bank Book
2. Journal Vouchers
3. Reconciliation Statement
4. Budget Performance
5. Schedule of Acceptance/Students fees
6. Expenditure from DTLC allocation.

6.1.5 BURSARY ICT UNIT

The Bursary ICT unit is responsible for overseeing the Computerization of Bursary operations in order to enhance smooth running of all Bursary activities.

Its duties are as follows:

C. Controls

1. The College Accountant must ensure payment through e-payment and ensure that payments are made to the right contractor/supplier
2. The College Accountant must ensure that Due Process is followed as relates to ordering of goods and services.
3. The College Accountant should ensure that bank statements are collected from the bank within the first 5 working days after month end.
4. The College Accountant should reconcile any difference between the bank statement and bank book balances.
5. The College Accountant should prepare budget performance on monthly/quarterly basis as the case may be.

Reports

The College Accountant must on monthly basis or as requested should submit the following to the final accounts unit:

1. Bank Book
2. Journal Vouchers
3. Reconciliation Statement
4. Budget Performance
5. Schedule of Acceptance/Students fees
6. Expenditure from DTLC allocation.

6.1.5 BURSARY ICT UNIT

The Bursary ICT unit is responsible for overseeing the Computerization of Bursary operations in order to enhance smooth running of all Bursary activities.

Its duties are as follows:

C. Accounting Software solutions Sections

1. Designing of computer solutions to accounting problems using Microsoft Excel
2. Designing of computer solutions to accounting problems using Microsoft Access
3. Designing of computer solutions to accounting problems using Visual Basic
4. Designing of computer solutions to accounting problems using Microsoft SQL
5. Designing of computer solutions to accounting problems using Account Software
6. Implementation of Accounting Software so solve Bursary operations problems

6.2.0 DIRECTORATE OF TREASURY

6.2.1 CASH OFFICE UNIT

Schedule of Duties:

The Cash Office is one of the significant unit in the Bursary Department. The unit is responsible for receiving income for the university and also takes custody of this income before taking to the bank.

The unit further performs other functions such as remittance of tax deductions from contractor's claims and PAYE from staff salaries.

The unit is also responsible for custody of vouchers and some vital documents.

The processing of payments on domiciliary account is prepared by cash office.

The these duties are performed by the following officers;

- a) Chief accountant
- b) Receiving cashier

c) Paying cashier

Procedures

1. The receiving cashier accepts payments of cash and cheques from contractors, students, staff and donors and issue receipt to the payer with the value of cash or cheque received. The amount collected is normally taken to bank for lodgement within 24 hours.
2. All receipts issued are posted into the Admon Bursary module in order to generate the cash book. The cash takings are checked daily by the head of unit by comparing the total amount of cash and cheques lodged into bank with the total value of receipts issued in a day.
3. The income and lodgement journals are raised by the receiving cashier at the end of each month.
4. The journals are properly checked by the head of the unit in order to determine the cash control.
5. When payment vouchers are brought to the Cash Office from the mandate office, the vouchers are recorded into the register according to on the bank from which payment was made.
6. After recording of vouchers the beneficiaries are notified of the payment into their accounts. The beneficiaries come to the Cash Office to sign the voucher and the duplicate copy is given to the beneficiaries. The vouchers are filed serially in the RICO file and transferred to the Final Account Section for bank book posting.
7. The VAT and WHT deductions are extracted from the payment vouchers after which schedules are prepared for the total value of VAT and WHT extracted. The mandate is raised for the total value on the schedule and remittances are paid to FIRS and state Board of Internal Revenue through the bank.

8. The receipts are obtained from the FIRS and State Board for the tax* remitted. Tax receipts and certificates obtained are released to the respective beneficiaries.
9. The processing of payments on domiciliary accounts is also performed by the paying cashier. The payment voucher raised for the release of fund are normally checked and signed by the head of the Unit after which the vouchers are taken to the Internal Audit. The cheque is normally raised and released to the beneficiaries after it has been signed.

6.2.2 INVESTMENT AND INSURANCE UNIT

A. INVESTMENT

1. **Monitoring of University Short Term Investments**
 - a. Monthly collection and analysis of Certificates of Deposits
 - b. Monthly reconciliation of relevant Bank Statements to effectively trace the movement of these funds.
 - c. Prompt confirmation and comparison of interest offered by various Banks and advising the Bursar on the highest yield option taking into consideration the safety of funds.
 - d. Continuous monitoring of relevant commercial Banks to ensure that appropriate action is taken to safeguard the University's funds.
 - e. Quarterly preparation of schedules showing the constituent funds and the interest earned thereon.
2. **Preparation of Weekly, Monthly, Quarterly And Annual University Banks Account Position**
 - a. Personal contacts with the University Accounts officer of the relevant Banks to obtain information

- b. Weekly analysis of the current Bank Account statements.
- c. Preparation of schedule indicating the balances in the various University bank accounts as at the close of work every Thursday of the week.
- d. Submission of the prepared schedule to the Bursar for his perusal and endorsement for onward transmission to the Vice-Chancellor.

3. Preparation of Form M for goods importation by the University

- a. Confirmation of Budgetary provision and availability of funds for the proposed import.
- b. Obtaining relevant information and the Proforma Invoice from the exporter which must contain all the details as required by the enabling law.
- c. Carefully completing the Form M and getting it endorsed by the signatories to the University accounts
- d. Getting the insurance cover for the import .
- e. Forwarding of the Form M to the relevant commercial Bank for prompt processing.
- f. Confirmation of the successful opening of Form M for the import.

4. Preparation of Form A for the Remittance of Funds Overseas

- a. Establishment/confirmation of budgetary provision and availability of fund to cover the remittance.
- b. Collection of all relevant information especially the invoice and bank details for the transfer
- c. Completion of the Form A which is normally employed whenever an individual or body corporate intends to remit foreign currency using local currency denominated bank account.

- d. Getting the completed Form A endorsed by the signatories to the University bank accounts
 - e. Following up on the form A after forwarding it to the processing bank until remittance is confirmed and telex copy of transfer issued.
5. **Preparation of request for Inter and Intra Bank Fund transfer.**
- a. Initiation of request for transfer through the Bursar to the Vice-Chancellor
 - b. Upon the Vice-Chancellor's approval the processing goes through the normal University payment system
 - c. Confirmation of actual transfer of instructed fund through prompt analysis of the Bank Statement.
6. **Preparation and Opening of New Bank Account for the University**
- a. Preparation of letter of request addressed to the commercial bank stating the University's intent of opening a new bank account.
 - b. Collection of relevant documents from the bank and getting them duly completed and returned to the bank.
7. **Monitoring Of All University Accounts In UMF**
- a. Daily and weekly monitoring of the movement and balances in all the University Accounts in the FUNAAB Micro finance Bank.
 - b. Continuous reconciliation of balances on these accounts to ascertain the effective balance in these accounts which will determine the quantum of transfer which is in full compliance with the extant directive of the Governing Council of the university that the sum of N1million shall be the maximum

balance in all University accounts with FUNAAB Microfinance Bank.

- c. When there is need to transfer, a memo is drafted from the bursar to the Vice-Chancellor asking for approval for the transfer of the stated amount from an identified University Account with FUNAAB Microfinance Bank, to any presented account.
- d. The approval when obtained is passed to the Expenditure Control Unit for processing.

8. Monitoring Of Receipt Of Federal Government Grants

1. Continuous confirmation of remittance of Federal Government Grants such as Personnel cost grant, Overhead Grant, Direct Teaching and Laboratory Cost Grant, Research Grant, Education trust Fund, (TETFUND) grant, Capital Projects, Grant and others.
2. Requests for the issuance of credit note by the receiving bank.
3. Periodic collation of the remittance of these grants to ascertain regularity of remittance and completeness.

B. INSURANCE

1. It deals with the following in respect of insurance administration:
 - a) The payment of premium
 - b) Coverage and Claim settlements
2. Setting in motion process of securing cover on the University Buildings, vehicles and other products like agricultural products.
3. Minimizing loss to the University through active intervention and collaboration with Insurance Brokers.

4. Liaising with Insurance Brokers who act as intermediaries between the University and Insurance Underwriters.
5. Building a credible database for the University in respect of both comprehensive and third party portfolio in a way to serve as a reference point for any further activities.
6. Providing values for building and vehicles on an annual basis to serve as reference point for fixing premium by Insurance Underwriters.
7. Providing supporting documents and statistics for the Board of Survey
8. Deals with change of ownership and any other services needed to enhance the process of vehicle administration and portfolio management.
9. It provides technical, accounting services for the management of NHIS in FUNAAB

6.2.3 PAYROLL UNIT

Schedule of Duties:

- (i) Variation entries in respect of starters (new staff), deletions, amendment of staff records, salary arrears payment, and deductions for various authorized purposes.
- (ii) Initiation of monthly salary computation using the Payroll software, Admonpayroll, and monitoring of the smooth running of the computation processes.
- (iii) Making necessary adjustment to salaries of "staff with negative pay" and those with net pay less than 1/3 of their gross pay.
- (iv) Checking to ensure the validity, accuracy and completeness of the monthly pay roll exercise as presented vide the voucher reports, personnel cost report, nominal roll reports, summary listing, the bank listing and the pay advices/slips in respect of staff.

- (v) Raising of the payment vouchers for the payment of staff salaries and remittance of the various deductions there from.
- (vi) Double checking to ensure the validity and accuracy of the monthly payroll exercise as presented in the Voucher Report, Personnel Cost Reports, Nominal Roll Reports, Summary Listings, the Bank Listing and the Pay Advices.
- (vii) Approval of printing of the salary Payment Vouchers for salaries when all the error and omissions contained in the summary listings, voucher report, personnel cost reports and nominal roll have been spotted and corrected.
- (viii) Authorization of the salary payment vouchers for the payment of net salaries and remittance of deductions from gross salaries.
- (ix) E-payment Mandates preparation for both net pay and deductions.
- (x) Preparation of the salary comparison statements of present and preceding month
- (xi) Computation of staff monthly overtime claim of the affected staff.
- (xii) Computation and preparation of monthly non regular staff Wages/allowance for: Casual drivers, Gardeners, Crèche workers, Cleaning and Security, Contract staff, Youth Corpers, Graduate fellow/FPY demonstrators, NDE and OGRUGADS, Associate lecturers, Resident Architects and any other authorized payments in relation to personnel cost.
- (xiii) Computation and implementation of salary arrears arising from new salary scale/allowance.
- (xiv) Documentation of reports generated, ensuring safe keeping of copies of voucher report, personnel cost report nominal roll and summary listings.

Other Duties

- (i) Preparations of staff nominal roll as requested by Registry and other external bodies.
- (ii) Making necessary reconciliation of account for the purpose of preparation of final account.
- (iii) Preparation of Personnel cost budget performance for staff salaries.
- (iv) Compilation of annual PAYE deducted from staff salaries as requested.
- (v) Preparation of letter conveying paid salaries and PAYE deduction to tax authority in respect of staff who want to process tax clearance certificate and other purposes.
- (vi) Any other duties that may be assigned from time to time.

Procedures

Approved and duly authorized mails are minuted from the Bursar to the Chief Accountant (payroll). The Principal Accountant (Payroll) arranged the mails in order of urgency and priority, then categorizes the mails according to staff categories (i.e. Academic Staff, Senior Non-Teaching Staff and Junior Staff); and submits the mails to the Chief Accountant. The Chief Accountant after proper documentation and collation of mails gives instructions to the schedule officers as regards entry of variation, computation of salary, raising of payment vouchers and other necessary actions.

Staff members in the university are categorized into three in order to ensure proper segregation of duties, a schedule officer is put in charge of each category of staff. The Principal Accountant then sorts out mails into the three categories and dispatched to the three schedule officers designated to handle them. The schedule officers treat the mails as per the directives on the memo.

There is double checking by the Principal Accountant to ensure the validity and accuracy of computation, payments, entries on payment vouchers, voucher reports, personnel cost report and all other reports generated by the Principal Accountant.

The Chief Accountant does the final checking to ensure there are no errors and mistakes.

Identified Internal Check

- As a result of segregation of duties mentioned above, mistakes are easily spotted and corrected. The assignment performed by the officers of each category are exchanged and checked before handing it over to the Principal Accountant and Chief Accountant for approval.
- Salary comparison of individual staff salary with previous month salary.
- Ensure harmonisation of all reports generated.
- Checking of variations entries to ensure correctness and completeness of input.
- Aside guiding against human errors, there is a Computer System Analyst that sees to the technical aspects of payroll program to minimize if not totally eradicate error.

Reports Generated

The followings are the reports being generated in payroll unit:

1.	Summary Listings.	It shows details of salary of each staff according to Gross Salary (permanent payments), Arrears (Temporary payments), Statutory deductions (Permanent Deductions), and other deductions (Temporary Deduction).
2.	Voucher Report for the three categories	This indicates the summary of payments and deductions according to pay-items used.

	of staff	
3.	Nominal Roll with personnel emolument	Shows the number of staff in each College/Department of the university and the net pay.
4.	Personnel Cost summary Report Analysis	This shows the number of staff, gross salaries, deductions and net pay in each College/department within the university.
5.	Bank Specification (Listing).	Names, account numbers and amount payable in respect of members of staff that maintain salary account in each bank.
6.	Pay Advice/Pay slip	This is a statement of salary being paid, distributed to all regular staff at the end of each month.
7.	Salary Comparison Report.	It compares present month gross salaries, deductions and net pay with those of the preceding months.
8.	E- Payment Mandate.	This is a document instructing the banks to credit the accounts of staff with their net-pay and also to debit the personnel cost accounts.
9.	Salary Journal Voucher(s)	It summarizes the salary prepared and paid for the month with respect to codes in the charts of accounts.
10.	Deductions Schedule	This lists the details of staff deductions.

6.2.4 MANDATE UNIT

Schedule of Duties:

1. Preparation of mandates to various banks for payment from the University accounts.
2. Presentation of prepared mandates for signature.
3. Presentation of signed mandates to the designated banks.
4. Numbering of payment vouchers and forwarding them to cash office.
5. Maintenance of mandates records for easy reference and reconciliation.
6. Validation of mandates for preparation of bank books.

7. Writing of cheques for the University domiciliation accounts.
8. And any other duties as may be assigned by the Bursar.

Procedures

On the receipt of duly completed, audited and authorized payment vouchers or other payment instruction from the Bursar or his appointed representative, the following procedures are always taken:

- a. Ascertain the University bank account that the payment will be made from
- b. The mandate must be addressed to the Branch Manager or Branch Controller (CBN) of the paying bank.
- c. It must contain a schedule clearly showing the name of the payee, name of the payee's bank, purpose of the payment, the value of the payment due to the payee.
- d. The aggregate of all the individual payments in the mandate must be clearly stated both in words and figures.
- e. Two (2) authorization spaces are created immediately after the schedule table with the name and designation of the authorizing officers of the University. One of whom must be signatory "A" mandate and the other/signatory "B" or any other combination as may be contained in the signature/authorized mandate form when the relevant account was opened.
- f. Because of the importance of the information contained in the mandate, it is strongly advised that a revalidation of entries in the mandate is done before copied (burned) into a non rewriteable DVD Rom.
- g. It must be emphasized that the main essence of having the mandate on a soft copy is to facilitate posting at the bank end of the transaction. This

implies that soft copy of mandates containing only one or two payees may not be necessary.

- h. The duly signed mandate (Hard and soft copies) is to be dispatched to the paying bank, where it will be duly received and acknowledged.

6.3.0 DIRECTORATE OF EXPENDITURE CONTROL AND BUDGET

6.3.1 EXPENDITURE CONTROL UNIT

Schedule of Duties:

1. Preparation of payment vouchers for all approved requests.
2. Checking all payment vouchers to ensure completeness and correctness.
3. Ensuring that all requests for commitment of funds are provided for in the Approved Recurrent Estimates and that there are sufficient fund for them at the point of commitment into vote books.
4. Endorsement of all payment vouchers processed on duly committed expenditure.
5. Ensuring that processed vouchers are recorded in the Audit
6. Register indicating the particulars of such payment vouchers and the date dispatched to the Directorate of Internal Audit.
7. Monitoring the vouchers dispatched to the Audit to ensure they are returned within 48 hours after which such payment vouchers can be retrieved to avoid payment delay.
8. Preparation of Monthly/Quarterly/Annual Statement of Budget Performance- Report.
9. Maintaining vote books for Departmental, General, special recurrent expenditures and capital from recurrent expenditures except the Colleges.

10. Commitment of LPOs before Bursar's endorsement for execution of orders for academic departments, the commitment of LPOs is one by the College Accountant.
11. Resolving Audit query, if any, on processed vouchers.

Procedures

Vote Book Control

- i. Approved requests are received and distributed by the Chief Accountant (**Expenditure Control**) to Vote Control Officers.
- ii. Reading through the minutes on the requests for proper understanding of what is expected to be done.
- iii. Requests are checked to ensure appropriate authority and approval.
- iv. Vote book Control Officers check if there is sufficient balance in the quarterly allocation to accommodate the request.
- v. Having ensured sufficient fund, commitment is made into the vote book against the relevant vote head/subhead and commitment stamp affixed on the memo covering the request to indicate action taken.
- vi. If there is no sufficient fund, a Vote Ascertainment Slip is attached to the request indicating allocation for the quarter, total commitment for the quarter, balance available, amount being requested, and how much is needed to make up the shortfall.

Payment Voucher processing

- i. Preparation of payment vouchers by vote book control Officers on the computer system checking the correctness of: Payee, narration capturing what the payment is for, code, account name, amount and sponsor head.

- ii. The system generated PVs are passed to the assigned Senior Officer to check for accuracy, correctness and completeness of the payment Voucher.
- iii. Checked PVs are passed to the Head of Unit who endorses the PV on behalf of the Bursar having satisfied himself or herself that the PV is correctly raised.
- iv. Payment vouchers are passed to the Despatch Officer who records them into the Audit Register indicating dates and time of despatch. The PVs are then taken to the Internal Audit Directorate and the acknowledgement of the Officer who receives them is obtained by way of endorsement of the dispatch book.
- v. The returned audited PVs are noted in the remark column to determine the vouchers that have not returned from Internal Audit.
- vi. The Despatch Officer would then go back to the Internal Audit to retrieve PVs forwarded to the Audit and not returned within 48 working hours.
- vii. All audited vouchers are then authorized on the system after which they are despatched to the mandate Office for processing of bank mandate for payment. A Mandate Register is maintained for this purpose.

LPO Commitment

1. The vote control Officer in charge of the vote from which the LPO is to be financed will ensure:
 - a. Appropriate authority and approval for the order.
 - b. Check if there is sufficient balance in the quarterly allocation to accommodate the request.

- c. Having confirmed sufficient fund, commitment is made into the vote book against relevant vote head and commitment stamp placed on the LPO to indicate that the LPO has been committed.
- d. The vote of charge should be inserted in the column provided for it on the LPO
- e. The LPO is then sent to the Bursar for endorsement

6.3.2 LOANS AND ADVANCES UNIT

Schedule of Duties

The Loans and Advances Section is a Unit under the Expenditure Control Division. The Unit Head of the Section is a Chief Accountant who is responsible to the Deputy-Director Expenditure Control. Its activities are in two folds:

(a) Processing and Documentation of Staff Loans

Staff Loans currently being administered in the University are as follows:

- Vehicle/Bicycle Loan
- Furniture Loan
- FGN Housing Loan
- New UNAAB Land Loan
- New UNAAB Housing Loan
- Special Loan

(b) Processing and Documentation of Staff Advances in Respect of:

- (a) Salary Advance
- (b) Purchase advance
- (c) Special Advance

Procedures: Staff Loan

- (i) The Loan Application and Loan Agreement forms duly completed by loan applicants, in respect of the particular staff loans, that have been recommended by the University Loans Committee are forwarded to the Bursar with the memo conveying the Vice Chancellor's approval.
- (ii) The Vice Chancellor's approval is conveyed to the Section by the Deputy-Director, Expenditure Control for processing of payment to the beneficiaries.
- (iii) In processing payment, the loan forms are scrutinized to ensure proper completion as to the amount of loan required and the number of instalments over which the repayment of the loan will be made. These information are then entered for processing on the ADMON PAY Loan Module, thereby creating personal Loan Ledger Account for individual loanee.
- (iv) Payment vouchers are raised by the assigned officer, cross-checked for correctness by the Chief Accountant and endorsed for payment by him/her on behalf of the Bursar.
- (v) A copy each, of the loan application and agreement forms executed by the loanee are kept in the personal file of the loanee.
- (vi) Payment vouchers are then entered into a Dispatch Book for conveyance to the Internal Audit Unit for the purpose of pre-payment audit.
- (vii) After payments have been effected, copies of the bank mandates for which payments are made are forwarded to the Loan and Advances Section. These are used for authorizing the deductions of

installmental repayment of loans through the ADMON Pay Loans Accounting Module.

- (viii) In Addition to the ADMON Pay Module which automatically maintains a personal loan ledger for each loanee, the Loan and Advances Section also maintains a spreadsheet on the computer to monitor amount of loan granted, and the monthly repayment in respect of each loanee. The spreadsheet balances are compared with the corresponding balances generated by Admon Pay Module at the end of each month, to ensure accuracy of the latter.
- (ix) The inputs required for the compilation of the spread sheets are,
 - (i) the deduction schedules forwarded to the Unit by the Payroll Unit at the completion of each monthly payroll exercise,
 - (ii) evidence of direct payment of outstanding loan to Cash Office and
 - (iii) the initial loan approval schedule, as approved by the Vice Chancellor.
- (x) The Loans and Advances Section maintains a memorandum bank a/c to monitor the amount of funds available in the bank account for the revolving loan scheme. The account is updated, with information on new loans disbursements; the monthly repayments schedules of payroll deductions vide staff salaries and direct repayment of outstanding loans to the Cash Office by staff.
- (xi) From time to time, balances in the memorandum account are compared with balances as per the bank statements, to check for the accuracy of the latter.

C. Procedures: Staff Advances

- i. Salary Advances are normally processed for new members of staff who require such advances, within six months of their assumption of duty.
- ii. Application for salary advances are approved by the Vice Chancellor on the recommendation of the HOD/HOU of such staff.
- iii. The amount of the salary advance is the monthly basic salary of the new staff.
- iv. Salary Advance are recoverable from the monthly salaries of the staff in 3 equal monthly installments, beginning from the month immediately following the month in which the advances were processed.
- v. Payment vouchers are raised by the Loans and Advances Section based on the Vice-Chancellor's approval forwarded by the Deputy-Director Expenditure Control. The applicant's basic salary, which forms the basis for the preparation of the payment voucher, is obtained from the Payroll Unit.
- vi. Approved payment vouchers are dispatched to the Internal Audit Unit for the purpose of prepayment audit.
- vii. Evidence of payment of salary advance is collected from the Mandate office, and used for authorization of monthly repayment deductions through the Admon Special Loan Module, which is domiciled in the Loans and Advances Section.
- viii. A spreadsheet is maintained by the Loans and Advances Section for maintenance of memorandum personal advances ledger, for each staff to whom salary advance was processed.

Procedures: Purchase Advance

- (i) Purchase advances are granted on approved requests within the authorization limits of designated officers. Such advances are used for purchase of goods and payment for services rendered, where appropriate, in place of normal ordering for goods through Local Purchase Orders or award of contracts.
- (ii) Payment vouchers for which purchase advances have been processed are forwarded to the Loans and Advances Section by the Expenditure Control Section for further processing.
- (iii) Such advances are documented through Purchase Advances Register, conveying the following information:
 - a. Name of applicant
 - b. Amount of advance
 - c. Purpose for which advance was granted
 - d. Date on which the advance was processed
 - e. Remark column where the date of retirement of the advance is stated
- (vi) Memos of retirement of advances, with attachment of original copies of receipts for purchases made or services enjoyed, are forwarded to the Section by the Deputy-Director Expenditure, for scrutiny and updating of the Purchase Advances Register.
- (vii) In scrutinizing such retirement papers, it must be ensured that the items purchased or services enjoyed, are in accordance with the purpose for which the advance was granted in the first place, and that the attached receipts have been duly vouched by the Internal Audit Unit.

- (viii) The Loans and Advances Section must constantly review the Advances Register to ensure that purchase advances so granted are retired within two weeks from the dates they were granted, except in cases where a longer period is required to execute the purpose for which the advance were granted..
- (ix) It is the responsibility of the Section to draw up a schedule of purchase advances which remain unretired within the stipulated two weeks period.
- (x) Circularization letters are to be forwarded to defaulting staff, giving them another one week of grace within which the advance must be retired.
- (xi) Schedules of unretired cash advances after the additional one week period are forwarded to the Bursar through the Deputy-Director Expenditure Control, for authorization of stoppage of the salaries of the staff, until such advances are fully retired.
- (xii) All retirement papers received and passed are to be cross-referenced to the entries in the Advances Register and properly filed. They must be readily accessible to the Final Account Unit staff for the update of the Fixed Asset Registers.

Procedure: Special Advances:

Special Advances, such as loans given for particular ventures which must be repaid after the execution of such ventures, are also processed and documented by the Loans and Advance Section. A Special Loan Advances Register is also opened for monitoring the granting and repayment of such loans. Failure to repay at the expected time would cause demand notices to be issued and forwarded to the loanees. If repayment of loan is not made within

one week thereafter, the matter is brought to the attention of the Bursar for necessary action by the University Management.

6.3.3 CAPITAL EXPENDITURE UNIT

Schedule of Duties

1. Commitment of Payment Voucher
2. Checking of Payment Voucher
3. Maintenance and updating of contract register
4. Approval of Payment Voucher
5. Reconciliation of cumulative payment balances with physical Planning Unit.
6. Preparation of Capital Expenditure Schedule
7. Preparation of Bank Book
8. Preparation of Journal Voucher
9. Any other duties assign as relate to Capital Expenditure Reports

Procedures

The procedures involved are:

1. Receipt of approved certificate/payment request from Director of Budget & Expenditure control.
2. Commitment of such payment approval into Contract Register.
3. Preparation of Computer Generated payment voucher via Admon platform.
4. Checking and approval of voucher prepared by Accountant I Capital unit by Senior Accountant Capital Unit.
5. Submitting the approved payment voucher(s) to Internal Audit for Vouching/verification.

6. Submission of audited payment voucher to Expenditure Control for Authorization of Payment.
7. Submission of authorized payment voucher to Treasury Unit for * documentation and payment processing by Mandate Unit

Identified Internal Check:

1. Checking of payment voucher by Superior officer other than the officer who prepared the payment voucher.
2. Approval of payment voucher by Senior Accountant
3. Authorization of audited payment voucher by Expenditure Control Unit.
4. Monthly reconciliation of prepared Bank Book against CBN statement of account by Reconciliation Unit.
5. Maintenance of processed payment vouchers by Cash office/Final account.

Report Generated:

1. Capital Expenditure (Appropriation) Journal.
2. Capital Expenditure Performance Report
3. Bank Book for Capital Expenditure(Appropriation)
4. Ad-Hoc Report and Analysis relating to CBN,ETF & IGR Projects

6.3.4 BUDGET UNIT

Schedule of Duties:

The Budget Unit is responsible for the preparation of the University Recurrent Budget. The preparation of the budget is based on a budget time-table which should be strictly followed throughout the year to ensure that the budget is ready at the beginning of the University's financial year. The activities involved in the preparation of the budget are as follows:

1. Sending out circular to Heads of Departments/Deans, Directorates, Units for their requests to be submitted within a time frame, based on guidelines prepared by the Bursary.
2. Coordination and summary of submissions by Colleges/Centres and Department for consideration of the University Budget Preparation Committee.
3. Production of the Draft Recurrent Budget by compilation and factoring of the following information and input:
 - i. The indicative figures of Personnel and Overhead Cost Grants expected from the Federal Government for the budget year.
 - ii. Estimated internally generated income from student fees and hostel accommodation based on projected student enrolment and availability of hostel bed spaces.
 - iii. Projected income from other existing and additional internally generated sources based on figures for previous year and anticipated efforts for the budget year.
 - iv. Staffing profile and departmental overhead expenditure patterns on recommendation of the University Budget Preparation Committee at the meetings where budget requests of the Colleges Centres, Departments and Units were considered.
 - v. Projected allocations to General Administrative and Academic Capital from Recurrent Expenditures of Recurrent Funds.
 - vi. Pre-estimate approvals of the Vice-Chancellor which had been kept in view for incorporation into the next budget.

4. Presentation of Draft Recurrent Budget to Finance and General Purpose Committee for consideration and recommendation to the University Council.
5. Incorporation of amendments recommended by the Finance and General Purpose Committee.
6. Presentation of Draft Recurrent Budget to Council for final approval.
7. Incorporation of amendments of Council (if any).
8. Collation, printing and binding of Approved Recurrent Budget.
9. Distribution of Approved Budget to College Deans, Directors of Centres, Heads of Departments/Units and other relevant sections of the University Bursary Department.
10. Keeping tracks of records of all pre-estimate approvals by the Vice-Chancellor for incorporation into the next budget, e.g. new Departments/Units.
11. Keeping record of Supplementary Budget approved by the Council.
12. Presentation of Capital and Recurrent Estimates in the format outlined by the Federal Ministry of Finance and the National Universities Commission.

7.0 OTHER FINANCIAL INFORMATION

7.1.0 Authority Levels and Approval

Spending limit and approval are fixed for the various levels of officers within the University:

Limits are set for:

Head Departments/Units	- up to N25,000
Deans/Directors	- up to N60,000
Principal Officers	- up to N150,000
The Vice-Chancellor	- up to N5,000,000 for good and services
	- up to N10,000,000 for works

The Tenders Board - up to N50,000,000 for goods and services
- up to N250,000,000 for works

7.2.0 PROCUREMENT UNIT

Schedule of Duties

1. Secretary to the Procurement Planning Committee, Tenders Board and Tender Opening Committee of the Tenders Board;
2. Placing of advertisement on notice boards within the campus for projects that fall below N10,000,000.00 as approved by the Vice-Chancellor;
3. Monitoring of University advertisements on projects in the national dailies and collection of contractors' submissions for pre-qualification on behalf of the Registrar;
4. Processing of contractors' submissions for pre-qualification for Procurement Planning Committee's consideration as directed by the Vice-Chancellor;
5. Issuing of letters of invitation to tender for projects to contractors as approved by Procurement Planning Committee and directed by the Vice-Chancellor;
6. Ensuring that the submitted tenders are opened by the Tender Opening Committee immediately the application closes, in the presence of representatives of the tendering companies and the consultant (s) for the projects;
7. Handing over the tender documents submitted by the contractors immediately to the Consultant for analysis;
8. Processing the tender documents duly analysed by the Consultant and the Physical Planning Unit for Procurement Planning Committee's consideration as directed by the Vice-Chancellor;

9. Preparing Procurement Planning Committee's recommendations for Tenders Board's consideration;
10. Preparing Tenders Board's decisions for the approval or noting of the University Governing Council as vetted by the Vice-Chancellor;
11. Issuing of letters of contract award duly signed by the Registrar to contractors as directed by the Vice-Chancellor;
12. Preparing 'Certificates of No Objection' for all projects that have been recommended by Procurement Planning Committee and approved by the Tenders Board with the letters of award already issued;
13. Carrying out any other duties as assigned by the Vice-Chancellor from time to time.

Procedures

1. Advertisement on the local notice boards or in the National Newspapers for pre-qualification of Contractors that are interested in any of the projects advertised. The advertisement opens for 2 weeks.
2. At the close of 2 weeks, profiles of Contractors are analysed by the Procurement Planning Committee and the user departments using the criteria/bench mark stated in the Bureau of Public Procurement Act 2007. Contractors that score the minimum of 70% and above are invited to tender for the projects they applied for in the advertisement. The invitation to tender opens only for 2 weeks.
3. At the expiration of the two (2) weeks submission closes by 12:00 noon. The Tender Opening Committee opens the bids in the presence of Consultants and Company representatives at 1:00pm same day.
4. After opening, the tender documents are handed over to the Consultant of each project for analysis and to be submitted within 24 hours.

5. After submission, the procurement Planning Committee meets to consider the recommendations of the Consultants and Physical Planning Unit for the award of the project.
6. The Procurement Planning Committee recommends the best evaluated responsive bid to the Tenders Board.
7. Tenders Board meets and considers the recommendations of the Procurement Planning Committee and approves the award of contract to the contractor that submitted the best evaluated bid.
8. Letters of award issued to the Contractors that won the bid.

7.3 PROCEDURE FOR SCHOOL FEES COLLECTION

1. A student pays through the designated bank.
2. Collects a teller (a replica of the original)
3. The teller alongside a pin voucher that would have been also obtained from a designated bank or cash office is used to register online.
4. A copy of the teller is presented by the student to the College Accountant who collects the teller from the student in exchange for official bursary receipt.
5. The college Accountant on a weekly, monthly or as instructed analyzes the tellers according to bank, department, name and amount paid by the student.
6. The weekly or monthly returns are passed through the Chief Accountant Colleges to the Director, Final Accounts and College Finance.
7. The bank book is being prepared presently from the bank statement (reason being that most students on online registration refuse to change their tellers to receipt except at their convenience).

7.4.0. OTHER REVENUE GENERATION UNIT

Apart from the student charges, which constitute bulk of the University Internally Generated Revenue (IGR) also known as Extra-Government Earning (EGE), there are other income generation Units in the University, in order to strength the revenue base of the institution. These include:

1. FUNAAB Staff School
2. FUNAAB International School
3. Institute for Human Resources Development (INHURD)
4. Industrial Park Unit (IPU)
5. Teaching, Research and Farms Directorate
6. Royal Greens Guest House
7. FUNAAB, Microfinance Bank
8. Information and Communication: Technology Research Centre (ICTREC)
9. Management Committee on Transportation (MANCOT)

7.5.0 SIGNATORIES TO THE UNIVERSITY BANK ACCOUNTS

The signatories to the University's Bank Accounts are categorised into two:

Category "A"

- Vice-Chancellor
- Registrar

Category "B"

- Bursar
- Director, Treasury Directorate

7.5.1 SIGNATORIES TO COLLEGES BANK ACCOUNTS

- College Dean
- College Accountant

PART B

*Addendum to the FUNAAB Bursary Accounting
Manual and Operational Procedures for
Operations of World Bank Africa Centre of
Excellence in Agricultural Development and
Sustainable Environment (CEADESE)*

FEDERAL UNIVERSITY OF AGRICULTURE

ABEOKUTA

**BURSARY ACCOUNTING MANUAL AND OPERATIONAL
PROCEDURES**

**ADDENDUM FOR THE OPERATIONS OF WORLD BANK
AFRICA CENTRE OF EXCELLENCE IN AGRICULTURAL
DEVELOPMENT AND SUSTAINABLE ENVIRONMENT**

(CEADESE)

2014

8.0 INTRODUCTION

Additional provisions on Financial Management to complement the Bursary operational manual for the ACE operations are as stated below. These provisions are in the areas of:

1. Withdrawal application and Disbursement
2. Interim Financial Reports (IFRs)
3. Anti-Corruption systems
4. Compliance with IPSAS or IFRS in reporting.

9.0 WITHDRAWAL APPLICATION AND DISBURSEMENT

9.1.0 Withdrawal Application

Withdrawal application shall be made to the World Bank for every component aspects of the disbursement as specified in the Disbursement Letter, Project Approval Documents and the Project Implementation plan. The withdrawal application shall be in the format approved by the World Bank.

9.1.1 Supporting Documentation for Withdrawal Application

The following documents shall be attached to every withdrawal applications;

- A. For Requests for Reimbursement;
 - i. Accounts for disbursement reimbursement showing details of Eligible Expenditure Programs (EPPs) i.e. salaries for CEADESE staff and other operating expenditures.
 - ii. Interim Financial Reports showing sources and utilization of funds.
- B. For Requests for Direct Payment and Special Commitments; Records evidencing eligible expenditures e.g. copies of receipts, authorized suppliers invoices and documentary evidence of delivery and acceptance of contracted goods or services.

*
9.1.2 Authorised Signatories on Withdrawal Application

For the purpose of delivering applications to the World Bank, authenticated authorized signatories shall sign on behalf of CEADESE jointly to deliver applications and evidence on terms and conditions specified by the World Bank. The authorized signatories for CEADESE withdrawal applications are as follows:

- Vice Chancellor
- Director, CEADESE (Project Director)
- Bursar (Project Finance Officer)

9.1.3 Submission of Withdrawal Applications

* The first withdrawal application shall be made after the signing of financing agreement but within four (4) months of the signing of agreement. Submission shall be made to the address below and for the attention of the Country Director for Nigeria.

The World Bank
Nigeria Country Office
102 Yakubu Gowon Crescent
Asokoro, Abuja
Federal Republic of Nigeria
Attention: Marie-Francoise Marie-Nelly
Country Director for Nigeria

9.2.0 Disbursements

* CAEDESE shall submit disbursements application within the project components financing to the IDA. Timely request for disbursement shall be made under the following components:

9.2.1 COMPONENTS;

A. Component 1:

This is a result based financing and includes funding for academic, technical and administrative staff, operational cost, investment in goods, training, services and limited civil works in line with Disbursement Linked Indicators achieved. Disbursements shall also be sought for selected budget lines

financed by the University referred to as Eligible Expenditure Programs (EEPs).

B. Component 2:

This is transaction based financing and disbursement will be based on statement of expenditures.

9.2.2 METHODS OF DISBURSEMENT

CEADESE shall use the following disbursement methods for the IDA financing;

- a) Reimbursement
- b) Direct payment
- c) Special commitments
- d) Advances

9.2.3 DISBURSEMENT DEADLINE DATE

Disbursement deadline date is four (4) months after the closing date specified in the financing agreement. Applications for withdrawal shall be submitted within this time for disbursement.

10.0 INTERIM FINANCIAL REPORTING (IFRs)

CEADESE shall make Interim Financial Reports on the project on half yearly basis to the IDA. The Interim Financial Reports shall be signed by the Project Director (Director, CEADESE) and the Project Finance Officer (the Bursar).

10.1 FORMAT FOR REPORTING

The format for reporting is as approved by the World Bank as contained in annexure I – III.

10.2 COMPOSITION OF IFRs

Interim financial Reports (IFRs) for the IDA shall contain the followings;

- 10.2.1 Statements of sources and uses of funds (Annex I) containing information on funds from various sources and utilization of funds. The statement will be for current half year and cumulative to date.

10.2.2 Statement of Details of Expenditures Sub-components (Annex II). A statement containing information on expenditures sub classifications that are summarized in Annex I.

10.2.3 * Statement of Disbursement Linked to Indicators (DLIs, Annex III). Statement showing specific action by CEADSE for qualifying disbursements in line with achieved indicators showing amount allocated to each indicator, amount disbursed from the allocations and the undisbursed balances on each allocation.

10.1.4 Bank statements for the Designated and Project Accounts and their Reconciliation statements.

10.3 DEADLINE FOR SUBMISSION OF IFRs

Interim Financial Reports shall be prepared and submitted within 45 days of the end of the reporting period.

11.0 ANTI-CORRUPTION SYSTEMS

* A local unit of an anti-Corruption Agency, known as Independent Corrupt Practices and Other Related Offences Commission/Anti-Corruption and Transparency Unit (ICPC-ACTU) is set up in the University, where cases of corruption could be reported and investigated. The presence of the body on campus poses psychological hindrances to corruption as everybody is conscious of being watched for his/her actions. In addition, the following operational regulations and structure are in place.

(i) All University's procurements are guided by the Public Procurement Acts 2007. The Procurement Acts 2007 provided for compliance with due process, accountability, transparency, value for money and fitness for purposes whenever procurement decisions are made or there is need to make any financial commitment.

* (ii) The internal control arrangements over financial matters clearly delineate responsibilities and ensure that duties are segregated to prevent an individual from handling a transaction solely from beginning to the end.

- (iii) Approval limits and thresholds are clearly stated to prevent abuses.
- (iv) All transaction should be appropriately authorized, properly documented, duly recorded, checked and endorsed.
- (v) Violations are taken through disciplinary process for appropriate sanctions. *

12.0 COMPLIANCE WITH INTERNATIONAL PUBLIC SECTOR STANDARDS (IPSAS) IN REPORTING

Currently, the financial statement of the University like other federal Universities in Nigeria is prepared in line with the International Accounting Standard (IAS) and the local Statement of Accounting Standards published by the Nigerian Accounting Standard Board. Implementation of IPSAS in the public sector in Nigeria has been scheduled for January, 2016. For International comparability which the World Bank seeks to enforce among its Centres of Excellence, CEADESE Financial Statement will be prepared in compliance with IPSAS with effect from 1st January, 2014.

12.1 Deadline For Preparation And Submission of Audited Financial Statements *

Annual accounts shall be prepared within three (3) months after end of the financial year. Audited financial statements shall be submitted to IDA within 6 months after the end of the financial year.

ANNEX I

Name of ACE
AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECT (125974)
 Statement of Sources and Uses of Funds
 for the semi-annual period ending.....

Sources of Fund	Semi Annual Period ending	Cumulative for Financial Year End
Opening Cash Balance		
Government Funds		
World Bank IDA Funds		
Others		
Total		
Add Receipts		
Government Funds		
World Bank IDA Funds		
Others		
Total Financing		
Less: ACE Expenditure		
Expenditure Classification 1		
Expenditure Classification 2		
Total Uses of Funds by Components		
Closing Balances		
Government Funds		
World Bank IDA Funds		
Others		
Total Closing Cash Balance		

PART C

FUNAAB Internal Audit Guidelines

PREFACE

The Internal Audit Department of Federal University of Agriculture, Abeokuta started operations as a Unit on January 2, 1988 with a total of six (6) staff with Mr. I. Koleoso an Internal Auditor I as the pioneer head. Other staff of the Unit then are; a Higher Executive Officer, Executive Officer, Senior Clerical Officer, a Typist and Office Assistant. In 1994, Mr. A. O. Akinduko FCA was appointed as the first Chief Internal Auditor of the Unit while in 2000, Mr. A. I Ademofa FCA was appointed as the next Chief Internal Auditor after the departure of Mr. A. O. Akinduko and he was later transferred to the Micro Finance Bank of the University as the General Manager and Mrs. F. T. Aroyeun FCA was appointed as Chief Internal Auditor in 2002.

However, in 2004, the Unit was upgraded to the status of Directorate by the Management in order to cope with the vast increasing activities of the University and the complexities of management and Mrs. F. T. Aroyeun was appointed as Deputy Director, Internal Audit in 2005 and was appointed the first and a full-fledged Director in 2008. Due to the increasing nature, size of the University, physical structures, student population size, increase in number of Colleges, growth in volumes of fund and effective internal audit functions, the manpower of the Directorate was boosted with the appointment of two (2) Deputy Directors in 2012. At present, the Directorate has eighteen (18) professional staff in its audit team with three (3) administrative staff and two (2) drivers.

The Directorate has continue to develop and increase in strength with the consistent growth in size and complexities of University's activities which has led to creation of Units and Section within the Directorate in line with National University Commission proposal to enable Internal Audit Department in Nigerian Universities meet up with the current challenges in the financial and non-financial matters of our educational system.

The overall objective of Federal University of Abeokuta Internal Audit Directorate is to

assist all levels of Management to discharge their duties and responsibilities properly in order to enhance effective and efficient utilization of University resources. It also ensures that the University achieves its set goals and objectives at the least cost and in accordance with laid down rules and regulations of Council/Management, International Reporting Standard and the law of the Federal Republic of Nigeria.

This Manual has been prepared to respond to the above statements and the growing complexities of our financial system and other general need of the University in order to provide a practical and supportive working tool for the present and future staff of the Directorate. It will also create awareness and educate the University community on the practice and operation of Internal auditing in attaining the set goals and objectives of the University.

It is therefore, important to note that this Manual serves a specific purpose for FUNAAB in view of the fact that the Manual of Uniform internal audit system produced for Nigerian University by the Committee of Internal Auditors may not be after all Universally/generally applicable to all Universities due to their varying financial/operational peculiarities, hence, the urge/challenges to have this document in place for the University.

This first edition of Internal Audit Manual for FUNAAB is divided into chapters. Chapters one to three deal with introduction, qualities/attributes expected of Internal Auditor and Code of Ethics and Internal Audit Operating Divisions and Units while Chapters four to six contain Internal Audit job description, Internal Audit Operating Procedures and General Schedule of Duties of Internal Audit. It is hoped that this manual would complement the acquire professional skill of the audit staff in carrying out their legitimate duties efficiently and effectively.


Mrs. F. T. Aroyeun BSC, MBA, MICT, FCA, FCIT, AMNIM
Director, Internal Audit

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CHAPTER ONE

INTRODUCTION

PREAMBLE

Today, Internal Auditing has emerged as a profession of its own. No longer is it an appendage to the accounting profession, but rather, it stands as a distinct activity whose concerns spans the entire scope of the corporate organization; it is now more proactive and also boasts of professionals whose training encompasses not only accounting but the broad spectrum of all the functional areas of management of the modern organization (University System inclusive). It has now been observed that the emphasis of Internal Audit should shift from detection to prevention. Internal Audit resources are also being directed to functions, which can contribute proactively and add value to the organizational growth and development. Internal Audit has been brought into the mainstream of corporate governance due to the increasing growth in size, complexity, structure of organizations, political governance experienced and increase legal requirements in most countries during the last century, the Internal Audit function faced challenges which compelled it to expand its scope and review its methodologies. In addition, the enhanced capacity to generate and manipulate information, which came with the computer age, has placed enormous pressure on internal auditing to develop appropriate methodologies for handling its assurance function. Internal Auditing appeared on the business scene much later than auditing by public accountants (external auditors). It arose purely out of the need to be able to evaluate or review the operations carried out by certain individuals or units of the organisation by some other independent party (Internal Auditors) within the organization so as to provide a measure of comfort or assurance to top management that all was well.

In short, the growing recognition by management of the benefits of good internal control required to contend with the growth in size and complexities of the activities in

organizations has therefore led to the development of internal auditing as a form of control over all other internal controls. The overall objective of internal auditing therefore, is to assist all levels of management to discharge their responsibilities properly to enhance effective and efficient utilisation of government funds. Nevertheless, the internal audit is to ensure that the University achieves its set objectives at a minimum cost and in accordance with laid down rules and regulations of Council/Management, standard accounting practice and the laws of the Federal Republic of Nigeria.

What is Internal Auditing?

Internal Auditing has been traditionally defined in so many ways by so many authorities as:

1. An independent appraisal function involving the review of an organization's activities as a service to all levels of management. Such a service involves measurement, evaluation and reporting on the effectiveness and adequacy of the internal control system/financial procedures put in place as a contribution to the efficient use of resources within the organization.
2. A review of operations and records of an organization to ensure the adequacy and effectiveness of operational controls in the protection of business assets.
3. A systematic and objective appraisal exercise to determine whether or not financial operating information from the records are accurate and reliable in order to identify risks to the organization and proffer measures to minimize them. This is also designed to enforce compliance with regulations and procedures for running the

organization and to ensure that resources are used efficiently and economically to achieve the objective of the organization.

4. Internal Auditing is an element of the internal controls system set up by the management of an organization to examine, evaluate and report on accounting and other controls on operations. It exists either because of a management decision or in certain circumstances because of statutory requirement. It is an independent appraisal function, which examines and evaluates the activities of an organization as a service to that organization. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analysis, appraisals, counsel, recommendations and information concerning the activities reviewed.

5. A watchdog function which enables management to enforce internal control, safeguard assets from misuse and loss, ensure reliability of accounting and other records, ensure adherence to laid down managerial policies, procedures and orderly conduct of the business of the organization.

INTERNAL CONTROLS

An internal control system has been defined as the whole system of controls, financial or otherwise, established by the management in order to carry on business of the University in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible completeness and accuracy of records.

Types of Internal Control

(a) **Organization:** enterprises should have a plan of their organization, defining and allocating responsibilities and identifying lines of reporting for all aspects of the

enterprise's operation, including the controls. The delegation of authority and responsibility should be clearly specified.

The source of basic organization structure of Nigerian Universities, in the statute establishing each University which spells out the organizational structure of such university. The law delegates authority to bodies/offices established under the statute to establish structure and assign responsibilities to other organizational units relevant to the University goals.

(b) Segregation of Duties: One of the prime means of control is the separation of those responsibilities or duties which, if combined enable one individual to record and process a complete transaction. Segregation of duties reduces the risk of intentional manipulation or errors and increases the element of crosschecking. Functions that must be separated include those of authorization, execution, custody and recordings and in the case of computer-based accounting system, system development and daily operations.

Segregation of duties between different bodies and offices in the University is spelt out in applicable enabling law of each University. For example the Chancellor, the Pro Chancellor and the Vice Chancellor, the Registrar, the Bursar, the Senate, the Council, the Congregation, etc all have their functions and duties spelt out.

(c) Physical: These are concerned mainly with the custody of assets and involve procedures and security measures designed to ensure that access to assets is limited to authorized personnel.

This includes both direct and indirect access via documentation. These controls assume importance in the case of valuable, portable, exchangeable desirable assets. The sources of authorization to have custody of assets are to be found in the enabling law

as well as the University rules and regulations, especially in the accounting, manual and financial instructions or any other similar document approved by council.

(d) Authorization and Approval: All transactions should require authorization or approval by an appropriate responsible person. The limits of these authorizations must be specified. For example; spending limits and approval are fixed for the various levels of officers within FUNAAB as follows:

Head of Departments/Units	-	up to N25,000
Deans/Directors	-	up to N60,000
Principal Officers	-	up to N150,000
The Vice-Chancellor	-	up to N5,000,000 for goods & services
	-	up to N10,000,000 for works
The Tenders Committee	-	up to N50,000,000 for goods & services
	-	up to N250,000,000 for works
Procurement Unit	-	the duties and functions of this Unit will be discussed in full details in later chapter of the manual.

(e) Arithmetical and Accounting: These are controls within the recording function which check that the transactions to be recorded and processed for payment have been authorized, that they are all included and that they are correctly recorded and accurately processed. Such controls include checking the arithmetical accuracy of the records and maintenance and checking of totals, reconciliations, control accounts and trial balances and for accounting documents.

(f) Personnel: There should be procedures to ensure that personnel has the capabilities commensurate with their responsibilities. Inevitably, the proper functioning of any system depends on the competence and integrity of those operating it. The qualification, selection and training as well as the innate personnel characteristics of the personnel involved are important features to be considered in setting up any control

system. Most of the rules and procedures relating to ensuring that personnel have the capabilities commensurate with their responsibilities are normally to the Appointments and Promotions Guidelines approved by Council.

g) Supervision: Any system of internal control should include the supervision by responsible officials of the day to day transactions and the recording thereof. This can partly be ensured by a properly designed organizational structure, training and assignment of responsibilities.

h) Management: These are controls exercised but the management outside the day to day routine of the system. They include the overall supervisory controls exercised by management, the review of the University accounts and comparison with budgets, the internal Audit function and any other special review procedures.

Four principal facts emerge from our responsibilities, namely:-

1. Internal auditing is an internal function, which means that it is conducted by the employees of an organization, specially assigned for this purpose.
2. The internal auditor's function is to review and appraise an organisation's operations and records.
3. Internal audit is a service to management, consequently, the scope and objectives depend upon management's assessment of what is needed, and its willingness to assign the task to the internal audit.
4. Internal audit, being a review and appraisal function to be conducted effectively requires the status of independence. This means independence from the administrative and operating departments which the internal auditor is reviewing and on which he is reporting.

NECESSITY FOR INTERNAL AUDIT IN NIGERIAN UNIVERSITIES

The phenomenal growth of Nigerian University since the establishment of the University College, Ibadan in 1948, has over the years led to complex administrative structures in the universities, requiring the application of new management techniques and ideas in the management of these universities.

The major objective for the existence of Internal Audit Department in Nigerian Universities is to carry out an independent appraisal function of the activities within the University at all levels of management e.g. Colleges, Centres, Departments/Units, etc

All Deans, Directors and Heads of Departments/Units shall be obliged to offer the Internal Audit Department all information and explanations that shall enable the Internal Auditor to satisfy himself as to the correctness or otherwise of any matter under examination and report to the Vice-Chancellor.

In addition to the periodic report, the Internal Auditor shall inform the Vice-Chancellor of any financial irregularity or suspected irregularity including those affecting cash, property or stores without delay.

The Directorate serves as a control mechanism that measures, evaluates and reports on the effectiveness of all other forms of control (finance, administrative and otherwise). In other words, the Internal Audit Department serves as a watchdog to the Management in:

- i. Enforcing internal control
- ii. Ensuring adherence to laid down policies, regulations and procedures
- iii. Ensuring orderly conduct of the business of the University
- iv. Ensuring reliability of accounting and other records
- v. Preventing fraudulent practices

- vi. Safeguarding assets from misuse, theft and other losses
- vii. Detecting and/or preventing errors and/or frauds

SCOPE AND OBJECTIVES OF INTERNAL AUDIT

The scope and objectives of Internal audit vary widely and are dependent upon the responsibilities assigned to it by management. The areas to be covered include all the University's financial transactions. The accounting and other operations of the University will be appraised from time to time by the Internal Auditor so as to verify compliance with existing rules and regulations. Some of the scopes are highlighted below:

- a) Examining and evaluating the adequacy and effectiveness of the systems of internal control including those pertaining to the deterrence, detection and investigation of fraudulent or illegal acts.
- b) Reviewing the reliability and integrity of financial and operation and the means used to identify, measure, classify and report such information.
- c) Reviewing the system established to ensure compliance with those policies, plans, procedures, laws and regulations, which could have a significant impact on operations and reports and determining whether the organization is in compliance.
- d) Reviewing the means of safeguarding the assets of the University and verifying the existence of such assets.
- e) Appraising the economy and efficiency with which resources are employed and the quality of performance in carrying out assigned responsibilities.

- f) Reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether operations or programmes are being carried out as planned.
- g) Special Investigations;

The list above is not exhaustive, internal auditing can be applied to many aspects of University Administration and Management depending on the extent of authority which the University Management is willing to grant to its auditors.

RESPONSIBILITIES OF INTERNAL AUDIT

To accomplish the objectives and purposes of establishing Internal Audit Department, the Internal Auditors must carry out certain responsibilities, which must be in line with the requirement of achieving effective Internal Control System on the organization. These could be classified into two; Technical and Administrative.

1. Technical

The internal auditor has among others, the underlisted technical roles to play:

- i. To examine data or accounting records in respect of all the financial transactions in order to enforce compliance with necessary policies of the Management and/or the professional principles
- ii. To ascertain the reliability of the evidences presented in respect of any financial transactions

- iii. To contribute to the expenditure control efforts of the management by ensuring effective pre-payment verification of transactions and ensuring that competitive tendering is applied in all purchases (where ever practicable).
- iv. To ensure that excess expenditure are not incurred over the budgeted figures.
- v. To ensure that all expenditures incurred are legitimate, genuine, duly authorised, fair and reasonable as far as the organizations objectives are concerned.
- vi. To confirm that the quantity and quality of work or services rendered are satisfactory and/or conform with specification/order.
- vii. To ensure that all necessary books of accounts are kept and maintained by the organization.
- viii. Vouching all books of accounts and related records (including ledgers, payment and receipt vouchers, register, etc) as a cut-off procedures towards forming opinion on the true and fair view of the financial statements prepared and presented for management decision making.

2. Administrative

Further to the above, the internal auditor also perform the following administrative roles to enable it achieve the objectives of ensuring effective resources management and efficient financial performance.

- i. Developing and executing a comprehensive audit programme for the evaluation of the management accounting and financial controls provided over all the organisation's economic activities.

ii. Reviewing procedures and records for their adequacy to accomplish intended objectives and appraising policies and plans relating to the financial activity of the organization.

iii. Examining the effectiveness of all levels of management in their stewardship of resources and their compliance with established financial policies and procedures.

iv. Recommending improvement of management controls designed to safeguard corporate resources, promote growth, and ensure compliance with government laws and regulations.

CHAPTER TWO

QUALITIES/ATTRIBUTES EXPECTED OF INTERNAL AUDITOR

The qualities of an internal auditor include the following:

- i. **Honesty:** internal Auditor must be honest and straight forward. He should always work conscientiously so as to be able to give unbiased assessment of the activities of people and the affairs of the organization.
- ii. **Objectivity and Courage:** Internal Auditor should not be biased or subjective in his decisions. He should be objective in his findings, reports and recommendations. He should be courageous to report actual findings and proffers solution to any deficiency observed.
- iii. **Professional Competence:** Internal Auditor needs to possess the necessary requirements such as academic and professional qualifications, expertise, experience, etc to e able to discharge his duty effectively and efficiently. Competence of an Internal Auditor has a high potential for Affecting and influencing the end result of an audit job which in turn affects and influences the confidence/attitudes of the members of the organization.
- iv. **Intelligence:** Internal Auditor should possess an intellectual ability that is capable of learning quickly. He must be intelligent in observing, gathering, selecting, evaluating and analyzing data. Creative imagination, originality in thinking and ability to synthesize and generalize ideas are also part of the intellectual ability needed to anticipate and evaluate human reactions, gain people's confidence, trust and respect.

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auditor who approaches his work with suspicion, verging on paranoia, eyeing each transaction as a likely fraud would never finish his task; and would antagonize those whose cooperation he most needs.

A desirable sense self confidence-not arrogance- is essential for an auditor. Without confidence, an auditor will be reluctant to raise sensitive enquiries nor confront the auditee with unpalatable findings.

In general the following should be borne in mind by the internal auditors

- Do not victimize or pursue anybody with your position and authority.
- Do not be overzealous. Internal auditing is for those with sound mind and large heart.
- Be objective and balanced in your report. Do not concentrating on problems only. Give commendations where it is deserving.
- Knowing that you are not a know-all, do not appear to teach experts their job. By virtue of their training and experience on the job, they may be far better than you in various fields of the university operation.
- Do not accept an assignment where the conclusion to be arrived at has been given to you .Do not make up your mind as to likely result before embarking on any special investigation. Have an independent mind.

CODE OF ETHICS

Ethics is the study of principles or standards of human conduct. It is a branch of philosophy which studies what is good and right for human beings.

Generally, Internal Auditors are required to observe proper standards of professional conduct and specifically to refrain from conduct which includes but is not confined to, any act or default likely to bring discredit to themselves.

Professional accountancy bodies in different countries have issued different standards of recommended practice covering many aspects of rules of conducts in relative *to different circumstances which a member may face. Most of these standards are aimed at addressing situations which members in practice may face and same can be adapted to guide Accountants and Internal Auditors in employment.

However, the following articles of the Code of Ethics for Internal Auditors by the Institute of Internal Auditors (USA) can be adapted to guide our University Internal Auditors in carrying out their work.

- i. Internal Auditors shall have an obligation to exercise honesty, objectivity and diligence in the performance of their duties and responsibilities.,
- ii. Members, in holding the trust of their employees shall exhibit loyalty in all matters pertaining to the affairs of their employers or to whoever they may be rendering a service. However, Internal Auditors shall not knowingly be a party to any illegal or improper activity.
- iii. Internal Auditors shall refrain from entering into any activity which may be in conflict with the interest of their employers or which would prejudice their ability to carry out objectively their duties and responsibilities.
- iv. Internal Auditors shall not accept a fee or a gift from an employee, a client, a customer or a business associate of their employers without the knowledge and consent of their senior management.

v. Internal Auditors shall be prudent in the use of information acquired in the course of their duties. They shall not use confidential information for any personal gain nor in a manner which would be detrimental to the welfare of their employer.

vi. Members, in expressing an opinion, shall use all reasonable care to obtain sufficient factual evidence to warrant such expression. In their reporting, Internal Auditors shall reveal such material facts known to them, which, if not revealed, could either distort the report of the results of operations under review or conceal unlawful practice.

vii. Internal Auditors shall continually strive for improvement in the proficiency and effectiveness of their service.

viii. Internal Auditors shall abide by the by-laws and uphold the objectives of the professional institute. In the practice of their profession, they shall be ever mindful of their obligations to maintain the high standard of competence, morality and dignity, which they established.

CHAPTER THREE

INTERNAL AUDIT OPERATING DIVISIONS AND UNITS

1. MAIN ADMINISTRATIVE DIVISION:

- a. Secretarial Unit
- Taking of minutes
 - Typing of documents
 - Sorting and filing of mail, etc

b. Records Unit

Keeping and maintenance of:

- Inward and outward Payment Vouchers Registers
- Inward and Outward Query Registers
- Local Purchase Order (LPO()) Registers
- Quotations/bills for processing Registers
- Cash advances retirement Registers, etc

2. PRE-PAYMENT DIVISION

- a. Contracts and Services Unit
- Minor contracts and supplies
 - Major/Civil works and supplies
 - Direct Labour Services
 - Repairs and maintenance Services
 - Utilities and other related/essential services
 - Grants, donations, financial assistance and sponsorships

- Insurance Policies

b. Salaries and Wages Unit

- Academics (Salaries & Excess Workload Allowance)
- Senior (Technical, Administrative and Technologists) salaries and overtime claims
- Junior Staff salaries and related matters
- Casual Labourers Wages
- Pension and Gratuity
 - Death Benefits
 - Retirement Benefits

3. POST-PAYMENT DIVISION

a. Expenditure Control Unit

- Departmental Imprest Accounts
- Out-of-pocket expenses
- Processing of estimates from staff for cash purchases/touring advances
- Budgetary control/verification of vote books

b. Loans and Advances Unit

- Salary advances
- Purchase/Cash Advances
- Soft Loans
- Car Refurbishing Loans
- Car Loans

- Furniture Loans
- Housing Loans

c. Cash Flow Management and Final Accounts Unit

- Cash Office and Cash Book Management
- Bank Reconciliation
- General Ledger
- Trial Balance
- Financial Reports

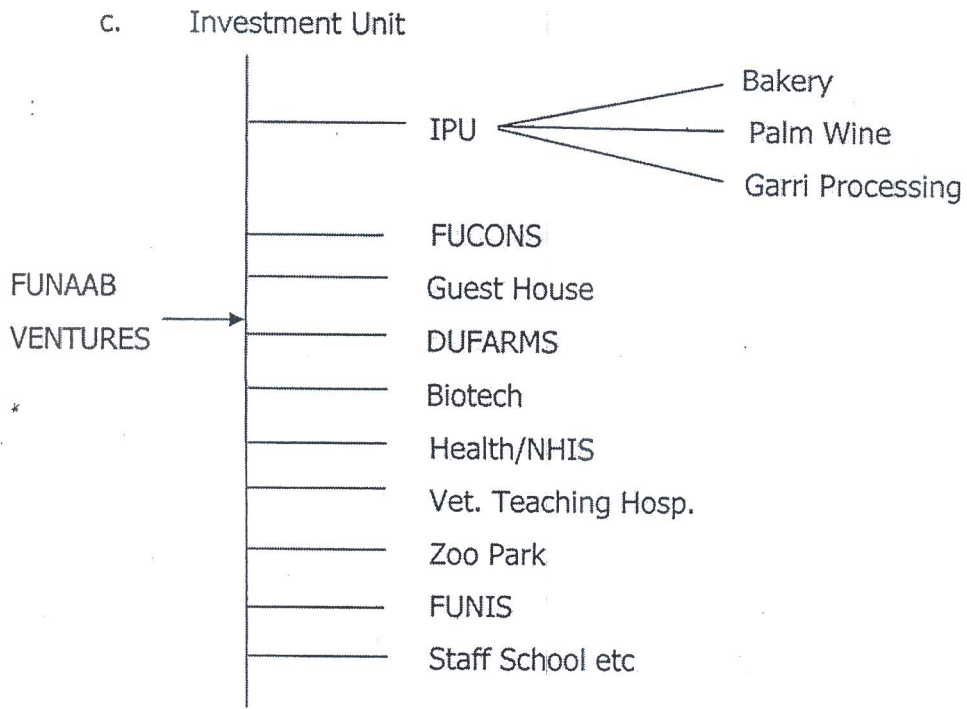
4. SYSTEMS AND SPECIAL INVESTIGATION DIVISIONS

a. Price Intelligence Unit

- Market Survey exercise and reports
- Processing of quotations/bills passed to Internal Audit

b. Special Audit Assignments Unit

- Internal Control evaluation
- Work Procedure review and productivity assessment
- Investigations
- Risk Management
 - Identification
 - Assessment
 - Strategies Development to minimize risk



CHAPTER FOUR

INTERNAL AUDIT JOB DESCRIPTION

1. SALARIES AND WAGES UNIT

- (i) Treating of mails in respect of all appointments, redeployments, upgrading, annual leave, suspensions, demotions ,salary stoppages etc. as they relate to staff.
- (ii) Period inspection of staff on duty to determine genuineness of overtime claims made.
- (iii) Site spot-checks on the casual labourers and their attendance record books for correctness and genuineness of claims.
- (iv) Verification of salary variation report sheets and payroll register to ensure that necessary corrections are effected on the audit observation(s) raised before final payments of monthly salaries.
- (v) Verification of pension and gratuity (retirement) benefits payable.
- (vi) Verification of death benefits payable.

2. EXPENDITURE CONTROL UNIT

A. STANDING AND SPECIAL IMPREST ACCOUNTS

- (i) Checking and vetting of retirement papers forwarded to the unit by all imprest holders and recommending reimbursement as may be necessary.
- (ii) checking and passing Imprest vouchers.
- (iii) reporting any observations /findings to the Heads of Department as may necessary from time to time.

B. REIMBURSABLE EXPENSES

- (i) Determining the justification for the expenses incurred.
- (ii) Assessing the reasonableness of all the out-of-pocket expenses made by any officer.

- (iii) Assessing the reasonableness of prices.

3. LOANS AND ADVANCES UNIT

A. CASH/TOURING ADVANCES

- (i) Reviewing all requests for advances in line with the provisions of the University Edicts and Financial Regulations and Operational Guidelines to justify their necessity and relevance to the University.
- (ii) Performing all necessary audit tests to ensure compliance with the internal control procedure put in place by the University.
- (iii) Ensuring genuineness and accuracy of documents in respect of night allowance and mileage claims.
- (iv) Determining the authority/genuineness and accuracy of claims as they relate to Council and its committees' allowances.
- (v) Verifying all retirement papers in respect of workshops, seminars/conferences etc. to determine their authenticity, genuineness, and relevance and reliability.
- (vi) Collation of all expired/overdue unretired cash advances as a basis for control and repot writing.

B. HOUSING LOAN, CAR/CAR REFURBISHING LOANS, FURNITURE LOAN AND SALARY ADVANCES

- (i) Reconciling payment vouchers with enabling approved documents.
- (ii) Keeping proper records of all approved loans.
- (iii) Ensuring appropriate and prompt deductions of all approved loans by Salaries and Wages Unit of the Bursary Department.

4. FINAL ACCOUNTS UNIT

- (i) Periodic spot-checks on the cash office for the examination of records and daily cash balances.
- (ii) Vouching Cash Books and receipts.
- (iii) Vetting payments through banks, postings into the cash book, ledger accounts and analyses of cheques stubs.

- (iv) Appraising Bank Reconciliation Statements of all University bank accounts on periodic basis.
- (v) Verifying the University General Ledger Accounts.
- (vi) Ensuring proper update of all account head(Income and Expenditure Accounts)
- (vii) Reporting findings and suggesting ways of probable improvement on preparation and presentation of financial information.
- (viii) Verifying University annual Management Account(s)
- (ix) Lending necessary assistance to the University External Auditors to enhance the achievement of effective internal control for the University financial system.

5. CONTRACTS & SERVICES UNIT

A. MAJOR CONTRACTS AND SERVICES

- (i) Ensuring compliance with the University's due process procedures on the award of contracts.
- (ii) Ensuring that contractors are duly registered and periodically reviewing their performances and relationships with the University.
- (iii) Testing the arithmetical accuracy of Bills of Quantities.
- (iv) Agreeing Bills of Quantities with the amount on letters of award.
- (v) Verifying certificates issued on each stage of job completion for *all contract jobs.
- (vi) Agreeing payment vouchers with the certification received.
- (vii) Noting and analyzing the inflationary trends and their effects on projects as a basis for checkmating any variation on contract sums.
- (viii) Monitoring trend of payments to avoid double payments.
- (ix) Ensuring accurate calculation of Withholding Tax, VAT, Bursary Charges, Donation and appropriate retention fees.
- (x) Attending site meetings of on-going capital projects.

B. DIRECT LABOUR/REPAIRS AND MAINTENANCE SERVICES

- (i) Ensuring the correctness of information contained in the Local Purchase Orders.
- (ii) Reviewing current requests in the light of previous related ones to avoid duplications and or wastages and loss of funds.
- (iii) Agreeing bills with current prices in the audit market prices control ledger.
- (iv) Reconciling payment voucher with the approval sums in the enabling documents e.g. L.P.O etc.

C. UTILITY BILLS AND INSURANCE POLICIES

- (i) Periodic review of insurance policies in respect of all University Assets.
- (ii) Subjecting all premium paid or payable to necessary audit tests as they affect different insurance companies.
- (iii) Recommending the review of any of the policies as may be necessary from time to time.
- (iv) Vouching and processing payment vouchers in respect of utility bills and other essential services rendered to the University such as Electricity, Telecommunication, etc.

- D. (i) Reconciling donations with the enabling document
- (ii) Ensuring proper documentation of donations/sponsorships
- (ii) Carrying out all necessary audit tests.
- (v) Ensuring proper documentation of all grants received.

6. PRICE INTELLIGENCE UNIT

- (i) Vetting of quotations submitted by contractors/suppliers as a pre-condition for issuance of Local Purchase Order (LPO)
- (ii) Carrying out periodic market survey exercises.
- (iii) Updating the market survey control ledger with current market price as may be necessary from time to time.
- (iv) Ensuring reasonableness of prices for goods and services.

7. INVESTMENTS UNIT

- (i) Instituting proper internal control measures (where necessary) to safeguard assets, ensure adequate returns on investments and prevent wastages and/or losses.
- (ii) Giving professional advice/recommendation to enhance profit maximization.
- (iii) Generalizing reports as may be necessary for effective management decision-making process.
- (ix) Suggesting measures for improvement of internal revenue generation drives.

CHAPTER FIVE

INTERNAL AUDIT OPERATING PROCEDURES

1. AUDIT OF CAPITAL PROJECTS

Audit Control Objectives

- (i) To ensure that due process is followed for the procurement and award of contracts.
- (ii) To ascertain that capital funds are utilized for the purpose for which they were granted and in compliance with guidelines made by the provider of the capital funds.
- (iii) To ensure strict compliance with approval/spending limits as may be applicable to the Bursar, Vice-Chancellor and the Governing Council and its committees.
- (iv) To ensure that all payments are made in accordance with the terms of the contract agreement and for only work done and appropriate tax(es)/rates are taken care of.
- (v) To ensure that variations are properly documented and approved by appropriate awarding body.

Audit Programme

- (i) Ensure that all contract given out are duly budgeted for and approved by appropriate authority.
- (ii) Ensure that all contract awarded are evidenced by issue of a letter of award, and execution of a contract agreements enforceable at law, after due procedures for tendering and award have been fully met.
- (iii) Ensure the execution of performance bond by a reputable bank is obtained.
- (iv) Engineers/architect certificate must be scrutinized before payment is approved and retention monies deducted.

- (v) Where mobilization fee have been paid, ensure the amount is deducted from subsequent payments/certificates.
- (vi) Ensure that insurance against any loss or damage to all materials and goods brought on to the site are obtained before mobilization is paid.
- (vii) Ensure correct deduction of taxes e.g VAT and withholding tax as may be applicable.
- (viii) Scrutinize the contract agreements to ensure that the work is progressing according to agreement.
- (ix) Where any variations are authorized and same shall increase the contract sum, ensure it is within the authority and approved budget of the University.
- (x) Ensure that retention fees are paid only after the date specified in the contract and after clearance certificate of all defects.

Audit of Local Purchase Order (LPO)

Audit Programme

- (i) Ascertain that the LPO raised has been certified in the Budget section of the Bursary Department that there is budgetary provision for the intended purchases through the LPO.
- (ii) Ascertain that application to issue LPO has been approved by a competent officer of the University.
- (iii) Confirm that the Head of Department /Unit that authorized an LPO does not exceed his limit.
- (iv) Ensure that the LPO has been attached with at least three quotations/Price lists from three(3) different suppliers.
- (v) Ascertain that the lowest price quoted for items to be supplied are very reasonable when compared with the price survey report being carried out by Price Intelligence Unit of the Internal Audit Department from time to time.

AUDIT OF FIXED ASSETS

Audit Programme

- (i) That a Fixed Asset Register is maintained for all fixed assets.
- (ii) That all fixed assets belonging to the University should be marked with identification numbers for control and verification purposes.
- (iii) That fixed assets are disposed off following laid down procedures.
- (iv) If any asset is disposed of during the year, check authority for disposal.
- (v) Confirm that the disposal has been recorded.

AUDIT OF LIBRARY BOOKS/JOURNALS

Audit Control Objectives:

- (i) To ensure that Due Process Procedures, in accordance with appropriate regulations, are followed for procurement and award of contracts for acquisition of books as well as in the spending limit of the University Librarian and the Vice-Chancellor.

Audit Programme:

- (i) Ascertain that the Local Purchase Order in respect of supply of books/journals has been duly approved by the appropriate authority (i.e. Vice-Chancellor and University Librarian without exceeding their limit)
- (ii) Confirm that order raised have been certified by budget section of the Bursary Department that there is budgetary provision for the order.
- (iii) On the receipt of books/journals ordered for, verify against the order, the quantity and titles and then append the Internal Audit stamp and signature of the auditor if satisfied.

AUDIT OF PAYROLL SYSTEM

Payroll entails the determination of the wages and salaries due to all categories of University staff whether Permanent, Temporary, Contract or Casual staff.

Audit Control Objectives:

- (i) Ensuring that every staff emoluments agree with his grade and level(status) as stated in his letter of appointment or last promotion.
- (ii) Ensuring that salaries are not paid to unauthorized persons i.e person who do not have authentic letter of appointment signed by the Registrar or his designated officer(s).
- (iii) Ensuring that all authorized deductions from staff salaries are remitted to the beneficial third parties.
- (iv) To guide against unauthorized deferment or omission of statutory and other deductions from staff salaries.
- (v) Ensuring that all unclaimed wage are duly returned to the University coffers with proper documentation/recording in the unclaimed wages register.
- (vi) Ensuring proper documentation, coding, description and analysis of salaries and wages.

Audit Input Requirements:

From Registry

- a. Appointment Letters
- b. Assumption of Duty Certificate
- c. Promotion/Salary Adjustment Letter
- d. Resignation/Salary Adjustment Letter
- e. Staff Clearance Forms

From Bursary

- a. Payroll Salary Payment Vouchers
- b. Bank Schedule Listings
- c. Staff Summary Listings
- d. Variation Input Forms/Sheets
- e. Printout of Computer Voucher reports showing summary of departmental payroll summary.

A. SALARIES AND WAGES

Audit Programme:

- (i) Check to ensure that all names in the payroll have valid appointment letters, assumption of duty certificate, promotion letters and other matters relating to staffs' emoluments emanating from the Registrar or other competent officers from the Registrar's office to whom such an authority has been delegated.
- (ii) Compare entries in previous month's summary listing with current month entries and note any difference. Any difference especially on the basic salary must be supported by appropriate documentation e.g. annual increment paper or promotion
- (iii) Check the names on the payroll into the staff listing of the University to ensure that salaries are not prepared for ghost workers.
- (iv) Check calculations and additions of gross pay, deductions and net pay.
- (v) Verify that gross salaries and including allowances agree with that on the variation sheets.
- (vi) Trace basic salary and allowances on Pay Sheets to the University appropriate salary scale allowances.
- (vii) Compare net pay on salary voucher report with net payable on salary summary listing to see that payrolls bear adequate evidence of prior computations and agreement.
- (viii) Compare the number of staff paid in a month with that of the previous month. Abnormal increases or decreases should be investigated.
- (ix) Compare the totals of salaries paid month by month to ascertain whether there have been any large and significant fluctuations.
- (x) Compare total deduction from payroll with vouchers for deductions made for third parties e.g. Unions, Thrift, Inland Revenue.
- (xi) Ensure that deductions are regularly paid to third parties.

(xii) Check casual labourer and their attendance record books with rate payable.

(xiii) Ensure that payroll summaries agree with journal vouchers.

B. VARIATION ADVICE AND CONTROL

(i) Report if the variation officer is also in charge of payroll preparation (i.e non-segregation of duties that may breed fraud)

(ii) Ensure that variation advice sheets are signed by the authorized officer and audited before incorporation into payroll.

(iii) Certify that the Developmental Vote Expenditure Allocation(DVEA) books for Personal Emolument are properly kept, balanced and initiated by the officer controlling expenditure.

C. MISCELLANEOUS CLAIM/HONORARIUM

(i) Ensure and examine that relevant documentary evidence is attached or accompany the claim vouchers.

(ii) For academics claims on part-time programmes, ensure that the application for claims forms and attendance sheets are duly filled.

(iii) Ensure that payment has been duly authorized and approved by the appropriate authorities.

D. PAYE(TAX) DEDUCTIONS

(i) Ensure that the gross earnings of the staff have been correctly entered on the tax deductions cards.

(ii) Confirm that tax deductions are periodically agreed with the employee's individual records.

(iii) Verify that tax deducted have been paid over to the Inland Revenue.

(iv) Inspect the receipt issued by the Inland Revenue.

E. OTHER DEDUCTIONS (UNION DUES,CMS ETC)

(i) Sample a few staff deductions and ensure appropriate deductions have been entered for each employee.

(ii) Confirm total deductions for each group from the payroll summary sheet.

- (iii) Examine the vouchers for payment and see that they have been properly authorized and approved.
- (iv) Verify that receipt were obtained from the different payee associations.

F. PENSION AND GRATUITIES

Audit Requirements

- a. Pension Reform Act of 2004
- b. Table of computation
- c. Current list of Pensioners

Audit Programme:

- (i) Ensure that the payment vouchers for final entitlement are accompanied with staff personal file.
- (ii) Check for information such as Name, Rank, Department, Date of Engagement, Term of employment-whether permanent, contract or temporary, Date of disengagement, and ensure that it tallies with the staff's record of service.
- (iii) Read through the file to check on any past debts or dues not yet settled for deductions from the retirement benefits.
- (iv) Ensure that all clearance forms from all sections of the University are attached in the file.
- (v) Check calculations of entitlements and agree on the figure as per table of pension and gratuities.
- (vi) Ensure tax deduction on pension at current rate while gratuity is tax free.
- (vii) For contract officer, ensure contract addition and gratuity is paid only on basic pay.
- (viii) Check payment codes and ensure approval and authorization is gotten.
- (ix) Ensure monthly pension is also audited like salary payment vouchers.
- (x) Update the list of University pensioners monthly.

AUDIT OF HUMAN RESOURCES

Audit Control Objectives;

- (i) To ensure that competent and suitably qualified persons are employed.
- (ii) To ensure that the process of recruiting, deploying, training, using and removing staff from service, as stipulated in the conditions of service are adhered to.
- (iii) To ensure discipline is promoted and hard work is rewarded which should be reasonably proportional to the contribution made and should be as stipulated in the condition of service.
- (iv) To ensure that Government rules and regulations on staff, which apply to the Universities are duly enforced.
- (v) To ensure that staff members have information on their allowances, entitlement, right and privileges in order to bridge communication gap between management and staff.

Audit Programme:

- (i) Check to ensure that there is vacancy and budgetary provision for all appointments and promotions.
- (ii) Check to ascertain that all new appointment are made in accordance with the University laid down policies.
- (iii) Confirm that all appointment conform with approved job listing of Nigerian Universities published by Nigerian Universities Commission.
- (iv) Examine to ensure that the process of placement and removal of staff from payroll is working properly.
- (v) Consider the welfare of the University with a view to confirming whether or not they are being implemented or operated efficiently e.g. staff buses, staff schools etc.
- (vi) Examine the financial relief put in place for staff members with a view to determining their efficiency and effectiveness e.g. Housing, Vehicle and Furniture Loans, Salary and other advances.
- (vii) Confirm to ensure that the pension and gratuity scheme in place for the staff members who retire from the University service is functioning efficiently.

- (viii) Ensure that the pension and gratuity computations are based on prevailing Government rules and regulations.

BUDGETARY/EXPENDITURE CONTROL

1. BUDGETARY CONTROL

Audit Control Objectives:

- (i) To ensure expenditure on various votes do not exceed what had been budgeted for in the votes.
- (ii) To ascertain budget performance.

Audit Programme:

- (i) Check to ensure that vote control cards or books are open on annual basis for all recurrent expenditure and income codes in accordance with the approved annual recurrent budget.
- (ii) Check to ensure that vote control cards or records are kept and maintained for all capital projects.
- (iii) Ensure that all payment vouchers including those for supply of goods and services, capital projects, loans and advances, payroll etc are subjected to budgetary control process before passing them for payment.
- (iv) Ensure that no payment voucher for which fund is not available is allowed to be processed for payment.

2. AUDIT OF EXPENDITURE/PAYMENT

Audit Control Objective

- (i) To ensure that only duly approved claims are paid and to the appropriate beneficiaries.
- (ii) To confirm that expenses are made from only the appropriate votes.

Audit Programme:

- (i) Ensure that all payments vouchers are attached with appropriate enabling/authorizing documents for the payments.
- (ii) Ensure that all payment vouchers have passed through the budget and control section of Bursary Department for budgetary control purposes

- (iii) Ensure that every money spent is budgeted for and such expenses are committed to appropriate vote.
- (iv) Check the date of invoice or bill attached to the payment voucher to ensure that it relates to the period under consideration.
- (v) Ensure that only original copies of supporting documents are used *to support payment vouchers.
- (vi) Check all arithmetical calculations in the payment voucher and its supporting documents to ensure correctness.
- (vii) Ensure that the Head of the department certified that the goods and services for which payment is being made has been received and signed for.
- (viii) Ensure that payment voucher contain a section where the payee will sign on receiving cash or cheque, the name of the payee, cheque number and date of collecting the cash or cheque.
- (ix) Append Internal Audit stamp with the signature of Internal Auditor on every document supporting the payment voucher to preclude the use of such documents to support subsequent payments.

LOANS AND ADVANCES

This activity consist of granting short and long term loans and advances to staff members of the University.

Audit Control Objectives:

- (i) To ensure proper completion of forms and perfection of securities and or guarantees in respect of loans.
- (ii) To ensure proper authorization of loans and advances to eligible staff at approved rates.
- (iii) To ensure timely retirement of advances and discourage the holding of large sums of advances, particularly at accounting year-ends.
- (iv) To ensure advances are used only for purpose for which they are obtained.

- (viii) Ensure that the pension and gratuity computations are based on prevailing Government rules and regulations.

BUDGETARY/EXPENDITURE CONTROL

1. BUDGETARY CONTROL

Audit Control Objectives:

- (i) To ensure expenditure on various votes do not exceed what had been budgeted for in the votes.
- (ii) To ascertain budget performance.

Audit Programme:

- (i) Check to ensure that vote control cards or books are open on annual basis for all recurrent expenditure and income codes in accordance with the approved annual recurrent budget.
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- (iv) To ensure advances are used only for purpose for which they are obtained.

- (v) To ensure proper recording of advances in books of accounts and that monthly deductions of both principal and interest are posted on payroll and that these are deductible faithfully, monthly.
- (vi) To ensure correct reflection of unretired advances at the accounting year-end on the financial statements.

Audit Programme

A. LOANS

- (i) Confirm the source of funding for loans from which the University staff may benefit. Also ascertain the cost of funds with respect to the interest charge by the supplier of fund and the administrative cost incurred by the University in running the scheme.
- (ii) Confirm the current policy on recovery of the cost of loan funds from staff beneficiaries. Ensure that the interest recovered monthly from staff members, fully takes care of this cost.
- (iii) Check out the constitution and terms of reference of the various loans committees and confirm that their guidelines for recommending loans in favour of staff applicants is fair and strictly applied.
- (iv) Compare list of those granted loan with register.
- (v) Inspect the applications made and the approval given, see the term of the grant.
- (vi) Ensure that deductions are made as contained in the approval for the loan.
- (vii) Ensure that new loan granted are recorded in the loan register.
- (viii) Ensure that a valid agreement is signed for every loan.
- (ix) Ensure that the terms of granting loan and the repayments are being complied with.
- (x) Ensure that every loan is secured by dependable guarantors who make good the outstanding balances when the principal borrower defaults.
- (xi) Ensure that total monthly loan recoveries are promptly paid back to the bank to enable other applicants draw their own loans.

- (xii) Ensure that staff leaving service pay up their unpaid balance or some fully recovered from their pensions and gratuities.

B. ADVANCES

- 9i) Ensure that applications for advances are authorized by the Vice-Chancellor or vote controller and that the expenditure control unit of the Bursary department has evidenced the availability of funds.
- 9ii) Ensure that amount granted are correctly and promptly recorded in the register.
- (iii) Confirm authority and approval of the advances.
- (iv) Ensure that the advances are retired promptly and noted appropriately where advances are not wholly utilized, ensure pay-back or recovery of balance remaining outstanding.
- (v) Trade refunds of advances unexpected into the cash book.
- (vi) Notice should be sent on unretired advances giving specified period.
- (vii) List of unretired advances should be compiled monthly or quarterly and reported upon.
- (viii) Ensure that no advance was granted to staff that has not settled a previous advance.

AUDIT OF FINAL ACCOUNT

Audit Control Objectives:

- (i) To ensure that monies collected are properly and correctly receipted.
- (ii) To ensure that takings are banked in line with the banking policy of the University (e.g. banking gross and daily).
- (iii) To ensure that a register is maintained for all cheques received and sent for a clearing, as a control against uncleared cheques being concealed.
- (iv) To ensure that all receipts are provided and correctly recorded in the cash book.
- (v) To ensure that serial numbers of the receipt booklets in use at the cash office tally with those issued to them by the Bursar.

- (vi) To ensure that all payment vouchers are duly authorized and passed through the Internal Audit before payment.
- (vii) To ensure that all payments are correctly coded and recorded in the cash book.
- (viii) To ensure that all University accounts are promptly and properly reconciled and follow-up actions taken in respect of resultant differences.

Audit Input Requirements

- a. Used receipts booklets
- b. Cheque received register
- c. Main payment vouchers
- d. Petty cash voucher/register
- e. Cash book
- f. Bank statement
- g. Cheque stubs
- h. Bank Reconciliation Statements

Audit Programme

- A. AUDIT OF DAILY CASH ACTIVITIES/CASH SURVEY
 - (i) Ask the cashier to close his books for a cash count
 - (ii) The cashier should bring out all the cash vouchers from his safe
 - (iii) These would be counted and the amount after adjustment for unposted vouchers should agree with the balance in the cash book.
 - (iv) Check the receipts issued against the posting in the cash book and take note of the following:
 - a. The receipt number
 - b. The amount on the receipt
 - c. The name on the receipt
 - d. The date in which the receipt was issued
 - e. Ensure it tallies with the postings made
 - (v) Examine I.O.U if and where approved by the Bursar. In normal circumstances, I.O.U should not be allowed.

- (vi) Shortages or overages should be investigated and reported upon if found, for necessary corrective attention
- (vii) Check the total daily collection against the bank teller used for lodgement.
- (viii) Ensure cheques receipts and receipts are not mixed up.
- (ix) Ensure that "teaming and lading" is not in practice (i.e. splitting of lodgements by cashier while he makes private use of the money)
- (x) Check the amount on the bank teller against the Bank Statement.
- (xi) Reconcile all differences if any.

B. AUDIT OF SECURITY BOOKS

The internal auditor should ensure that security books e.g. mandates, receipt books, warrant, etc are in the custody of a senior officer, and are kept in a strong room or fire proof security cabinet.

RECEIPTS

- i. Ensure that receipt books are issued in strict serial order.
- ii. Ensure that receipt books are not transferred from one office to the other.
- iii. Ensure that security books are taken on charge in the stock and distribution register.
- iv. Ensure that officers render the monthly return of receipt in use, used and stocked.
- v. Ensure that any loss of receipt books is THOROUGHLY INVESTIGATED AND REPORTED.

MANDATES

Audit Control Objective: To check and control figures posted into cashbooks. Also to provide assistance in preparation of bank reconciliation statements and transcripts of accounts.

Audit Programme:

- I. Ensure that mandate summary registers were maintained for all the accounts and were maintained for all the accounts and were posted up to date and also ensures that the balance agree with the cashbook balance.

REVENUE

Audit Control Objective: To ensure that the prescribed revenue is collected and properly accounted for according to laid down provisions in the financial regulations.

Audit Programme:

- I. Ascertain the accounting codes for the types of revenue collected in the establishment.
- II. Ensure that prescribed receipts are issued for each sum paid. Temporary receipts are not acceptable.

C. BANK RECONCILIATION.

- I. Trace and agree daily lodgement of cash, since last check as recorded in Daily Taking Lodgement Book to the respective Bank statement.
- II. For every reconciliation statement collected, carry out the following:
 - a. Check cast and agree the stated balances to both the cashbook and the bank statement.
 - b. Scrutinizing and inquire into any unusual item appearing on the Bank statement.
 - c. Inquire into any "uncredited"/"undebited" item by the bank appearing on the reconciliation statement. Ascertain and record steps taken so far on such items.
 - d. Ensure that no stale cheque is shown as unrepresented on the statement. Stale cheques which are cheque not presented at the bank six months after the date of issue should be reserved.

STORES ACTIVITIES

It comprises those activities concerned with the receipt of goods into the store, the level of stock held, its storage and its issue for use.

Audit Control Objectives

- i. To ensure that stock quantities represent products, materials and supplies on hand, in transit, in storage or on consignment that belongs to the University.
- ii. To ensure proper and correct documentations in respect of stores receipts and issues.
- iii. To ensure proper maintenance of the stores ledger and the agreement of its closing balances with the outcome of physical stock count and valuation.
- iv. To ensure that stock is issued on approved requisition and goods issued note and also that actual stock stated as issued corresponds with amount posted on Bin Cards.

Audit Input Requirements

- i. Store ledger
- ii. Store Bin Cards
- iii. Stores Received Vouchers
- iv. Stores Issued Vouchers
- v. Physical stock count sheets and valuation

PURCHASES THROUGH LPO

Audit Programme:

- i. Examine the internal check for purchases, recording, receipt, issuance and disposal of stock and inventory.
- ii. Verify that invoices are supported by copy of Local Purchases Order (L.P.O) duly signed by the officers authorized to do so.
- iii. Ensure that the limits of authority of such officers have been observed.

- iv. Verify that invoices for supply of stores items are supported by store receipt voucher (SRV's) and goods are received in good order and in the correct quantity and quality as per order.
- v. Where prices are not indicated on the copy of LPO, verify the prices with contract agreements or other evidence including carrying out a market survey to determine fairness of prices.
- vi. Examine calculations of prices to ensure correctness.
- vii. Ensure that quantities and value of goods supplied have been recorded correctly in the bin cards and the store ledgers.
- viii. Test the numerical sequence of Store Receipt Vouchers (S.R.V) and inquire into missing numbers.

STOCKS AND STORES (e.g. Stationery, Furniture and Equipment, Maintenance Stores)

Audit Control objectives are to ensure that:

- I. Accurate detailed records are maintained for materials and supplies
- II. Adequate procedures are followed for issues and receipts of stores and for confirmation of the physical existence of stock recorded in the nominal ledger.
- III. Adequate steps are taken to identify all stock – slow moving, damaged or obsolete and unserviceable.

Audit Programme

- I. Verify that all goods ordered and delivered are entered in the store records.
- II. Confirm quantities and types from the paid invoices and purchases orders.
- III. Verify a sizeable number of store issue vouchers, with authorized requisitions.
- IV. Trace store receipt vouchers to store records.
- V. Examine the store issue vouchers and trace quantities issued into the bin cards.

- VI. Ensure that the issue vouchers are supported by properly authorized requisition forms.
- VII. Verify approvals for the issues.
- VIII. Compare the balances on bin cards with those on the ledger.
- IX. Check reconciliation of physical and bin card balances
- X. Examine reports of store keepers to management on the conditions and status of the store.

YEAR END STOCK-TAKING EXERCISE

- I. The store should be closed during the period of stock takings; no issue should be made without the sanction of the coordinator of stock taking/inspection team.
- II. The stock verifiers should make a physical count of the stock of each category inspected and compare against the Bin Card balance and the stock balance as shown on the ledger.
- III. Examine the records of stores issue and Receipt Vouchers and compare with the records in the Bin Cards and ledger. Also, test the arithmetical accuracy of the postings.
- IV. The excess stocks must be brought into the ledgers and bin cards if found during stock takings.
- V. There must be consistency in the method of valuation of stock. Any of the following methods may be applied:
 - a. FIFO
 - b. Weighted Average
 - c. Absolute Cost
- VI. The stock verifier or Internal Auditor will carefully examine the system to ensure:
 - i. That all store ledgers, stores issue vouchers and LPO which are security documents are kept under lock and key.
 - ii. That they system of locking the doors of the store room is not faulty.

- iii. Whether the installation of security alarm is necessary
- iv. Whether the security arrangements for the store are adequate ensuring that fire fighting appliances are provided.
- v. Whether adequate fire-fighting appliance are provided or installed and maintained in a serviceable condition.
- vi. Whether the receipt issue notes are issued when store items are issued out and SRVs are signed when goods are received.
- vii. Whether the store rooms are properly ventilated.
- viii. That store ledgers are balanced, periodically and when an officer hands over to another, a stores handing over certificate is completed.
- ix. That the ledgers and Tally cards are posted up to date and stock are property arranged in a conducive atmosphere.
- x. That the copies of LPO, Invoices, SRVs and SIVs are properly kept for easy reference.

VII. Report should be prepared for submission to the Vice Chancellor containing inter alia:

- a. A reference to the list of items found deficient, obsolete, unserviceable or surplus to requirements.
- b. An opinion as to the liability of the storekeeper and/or officer in charge of store for lapses in general state of the store, in particular, to the deficiencies, obsolete and unserviceable items.
- c. An opinion as to the adequacy and condition of the stores accommodation.

Recommendation to set up on Board of Survey for necessary action on deficiencies, obsolete and unserviceable items.

FUEL AND LUBRICANTS

1. An Award Letter, authorizing the supplies of Petrol/Diesel and Lubricant is usually issued out by the Bursary department to any major marketer/distributor/dealer. Ensure proper authorization and verify the signature of the awardees to be appropriate and competent.
2. On supply, ensure the correct quantity is supplied and ascertain the total number of litres or items.
3. Sight the way bill and verify the supplies with the invoice and award letter/LPO.
4. Endorse and verify the supplies with the Audit pen.
5. On presentation of same for payment, ensure it is the same supplies verified by the audit, noting the auditor's signatures and verification stamp thereon.
6. Fuel consumption is usually controlled as follows:
 - i. All users collect fuel/diesel for the vehicle from the University Petrol Station, the vehicles take fuel elsewhere only when there is none at the University Petrol station or when the vehicles travel outside the city.
 - ii. A fuel requisition form is filled by authorized heads of department units with which a fuel coupon is endorsed to the Petrol/Diesel Attendant after appropriate vote verification for absorption.
 - iii. The users similarly appends his signature as evidence of collection and concurrence with the attendant.

INVESTMENT UNIT

Audit Control Objectives:

- I. To make spot checks on their activities on quarterly basis.
- II. To carry out comprehensive audit on their accounts and financial statements at the end of the financial year.
- III. Issue management report on the unit that has been audited.

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Audit Programme

- I. Carry out a critical financial appraisal on all University's investments with a view to offering professional advice as to whether or not the University should continue to invest or carry out such business activities.
- II. Monitor and report on all University's investments for competitiveness of rates and returns and ensure realization of returns as at when due.
- III. Advise the management to invest idle funds in risk-free investments such as Treasury Bills, Government Bonds, etc.

CHAPTER SIX

GENERAL SCHEDULE OF DUTIES OF INTERNAL AUDITOR AND REPORTING

The schedule of the Internal Auditor will include the following:

- i. Pre-payment auditing of other charges payment vouchers
- ii. Pre-payment auditing of salary Pay-Rolls, Summary Payment Vouchers and Receipt Vouchers
- iii. Pre-payment auditing of payment vouchers raised for granting of various advances to Officers
N.B. The auditing in (i) – (iii) will be carried out to ensure compliance with *Financial Regulations and Treasury Circulars*.
- iv. Post-payment auditing of (i) – (iii) to detect any fraud or fraudulent practices which may occur after pre-payment auditing and during payment
- v. Internal Audit Inspection of the arrangements made for staff, cash security, books, other accounting books and records, assets of the University to ensure adequate security for the staff and property
- vi. Examination of schedules of duties of each section of the Accounts Division of the University to ensure enhancement of performance
- vii. Examination of goods supplied before payments are made
- viii. Verification of services rendered before payments are effected
- ix. Internal Audit inspection of the accounting books and records such as:
 - Used and unused receipt books
 - Used and unused cheque books
 - Departmental Vote Book
 - Cash Books
 - Cheque Summary Registers
 - Staff Salary Summary Listings
 - Stock and Distribution Register for security books

- Payment Voucher Register
 - LPO Register
 - Postage Stamps Register
 - Attendance Register
 - Advanced Ledger
 - Log Books for Motor Vehicles
 - Plant Registers and Inventory Books
 - Imprest Holders Cash Book
 - Monthly Transcripts, Bank Reconciliation Statements
 - Copies of Expenditure and Revenue Returns
 - Schedule of Duties
- x. Examination of the procedures for the control and collection of revenue to ensure that money collected is promptly and correctly brought into account by classifying to appropriate Head and Sub-heads.
- xi. Verification of stores in accordance with Financial Regulation and Treasury Circulars. Verification of stores will be carried out by inspecting the following accounting documents:
- Monthly Issue Statement
 - Stores Issue Voucher
 - Stores Receipt Sheet/LPO/Delivery Notes
 - Store Ledger/Bin and Tally Cards
 - Inventory Books
- xii. Arrangements of PAY PARADES during payment of salaries to identify staff with ID Cards before payment to prevent payment to ghost workers whenever required/desired.

HOW TO COMMENCE THE AUDIT

Before commencement of auditing, the Internal Auditors should:

- i. Re-familiarise themselves with the nature of the duties and operations of the department or section etc to be audited.
- ii. Review the points highlighted in the previous audit report(s)
- iii. Confirm the currency and adequacy of the principles and bases of accounting as well as the methods and procedures of operations.
- iv. Re-confirm the list of records kept and the names of officers responsible for keeping them
- v. Re-acquaint themselves with the provision of the Accounting Manual of the University and other management instructions whether financial or administrative
- vi. Re-affirm the laid down restrictions on disbursement of funds or revenue or usage of materials
- vii. Clear all outstanding audit observations which remained unsettled at the time of the commencement of the audit
- viii. Note any weaknesses in the accounting system and make a special report on same to the Vice-Chancellor for corrective action
- ix. If the above give positive signals, then review the system of Internal Check to establish that it is still adequate and effective. Thereafter, commence the examination or checking as there is a reasonable assurance that the data produced under such system would, all things being equal, be accurate and reliable.

REPORTING

AUDIT REPORT

Audit Control Objectives:

To ensure that internal auditors produce comprehensive and detailed audit reports, that such reports are timely and relevant, and that copies are submitted to the Vice Chancellor.

The Internal Auditor shall report monthly, quarterly, and half-yearly on the progress of the audit and submit copies of these reports to the Vice Chancellor.

STANDARDS FOR REPORTING

- i. Exposure of all breaches of the Financial Regulations and administrations instructions
- ii. Comments on defects in standards of presentation of data or of recording or in financial statements as may be consistent with generally accepted principles of accounting
- iii. Statement on consistency of the application of principles of accounting
- iv. Disclosures of weaknesses in the system of Internal Check, administrative systems and procedures
- v. And more importantly making recommendations for improvements.

ISSUES TO BEAR IN MIND

MONTHLY REPORT

Monthly report should address necessary facts of errors, discrepancies or system weaknesses and non-compliance with internal control system.

QUARTERLY REPORT

Quarterly report should address follow-up issues in the monthly report for the quarter that remained un-resolved or show how the issues were resolved.

HALF-YEARLY REPORT

Half-yearly report should address issues that were not covered in both monthly and quarterly reports or issues that remained unresolved for the period.

SPECIAL AUDIT REPORT

Special audit report should address issues of gross irregularities observed in the system that required prompt attention before great harm could occur. The report could arise from monthly, quarterly or half-yearly report.

TIMELY SUBMISSION OF REPORTS

Auditors should note:

- i. That internal audit reports submitted long after the due date are virtually worthless for purposes of corrective remedial action.
- ii. That Head of Internal Audit must still render timely reports even if the accounting books are not ready. In such cases, their reports are to state this deficiency and any other reason adduced for it.

AUDIT QUERIES

Audit Control Objectives:

To ensure that all outstanding audit queries are promptly attended to and that adequate records thereof are maintained.

Handling of Queries

- I. The auditor must ensure that query register are maintained
- II. Ensure that queries are attended to promptly.
- III. Examine long outstanding inter audit queries and ensure that steps are taken to address them.

INTERNAL AUDIT INSTRUMENTS

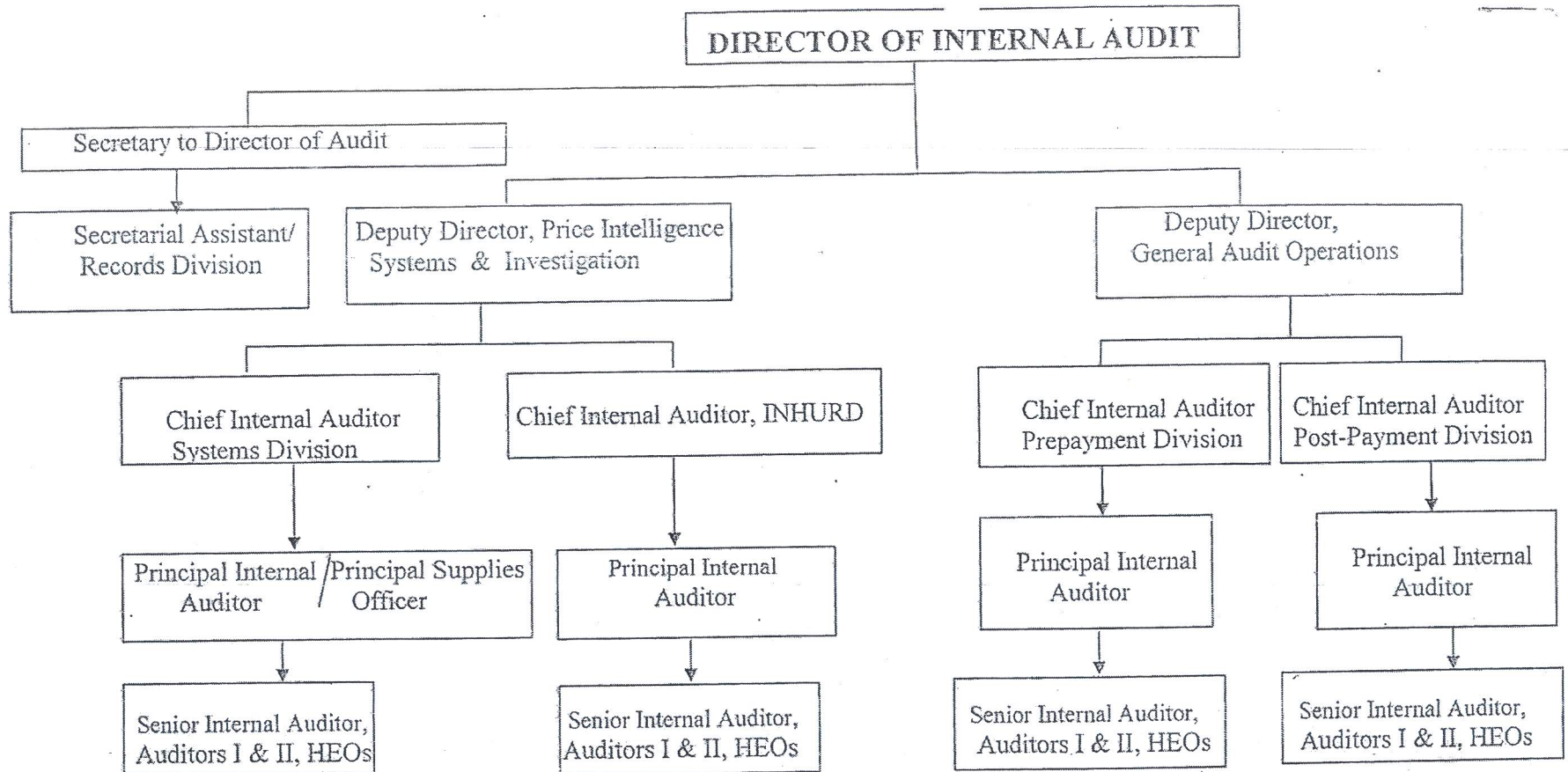
INTERNAL AUDIT PEN

Whenever the Internal Auditor is carrying out an audit inspection, he will use the Internal Audit Special Pen which is green, in ticking the accounting documents inspected.

INTERNAL AUDIT STAMP

On completion of the auditing of accounting documents, the Internal Auditor will stamp and date all the documents with the Internal Audit Special Stamp made for the purpose. These Internal Audit Instruments are used for control purposes.

PROPOSED ORGANOGRAM FOR THE DIRECTORATE OF INTERNAL AUDIT



Price Intelligence & Investigation

- Price Intelligence Monitoring
- Investigation
- ICT & Risk Assessment Audit
- Audit of INHURD activities

General Audit Operations

- Prepayment Audit
- Post Payment Audit
- Audit of Cost/Profit Centres
- Audit of Colleges
- Budget Performance Evaluation