



UNIVERSITY OF IBADAN  
IBADAN, NIGERIA

# AUDIT MANUAL

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## Foreword

This Internal Audit Manual is a revised version of the 2006 edition. It is in furtherance of the Quality Assurance effort of the Internal Audit Department of the University of Ibadan under the leadership of the current Director of Audit, **Mr. Babs O. Akinremi**.

The manual contains 10 chapters. Chapter one presents an introduction; comprising the definition, objectives and responsibilities of the Internal Audit Department of the University. It also gives an overview of the organization of the Department. In chapter two, issues such as planning, budgeting process and procedures relevant for auditing are addressed, while chapters three to seven address the general audit assignments and procedures needed to conduct a standard audit. Chapter eight focuses on audit assignments in areas of revenue to the University while chapter nine is basically on the procedures involved in Cash Office Audit. Chapter ten ends the manual with specialized audits in such areas as Teaching and Research Farm, Livestock, Rabbit, Sheep, Goat etc; and finally audit of Investment Centres and Final Accounts.

Various materials were sourced and utilized in ensuring completion of the manual. Inputs were also obtained from individuals, institutions and firms. They include: Standard Internal Audit Manual for Nigerian Universities, Obafemi Awolowo University, Ile-ife, University College Hospital, Ibadan, Auditing Standards Committee (Institute of Chartered Accountants of Nigeria) among other sources.

It is apposite at this juncture to appreciate the efforts of the members of the Audit Manual Committees led by the Director, Mr. B.O. Akinremi. Others include Mr. K.A. Davidson, Mr. A. L. O. Faniran, Mr. O. J. Folorunso, Mrs. O. O. Omisore, Mrs. Y. O. Efuntoye, Mr. R. O. Ibironke, Mrs. C. O. Ogunwole and Mrs. A. A. Atanda.

Special appreciation also goes to Professors Kabiru Isyaku, B. O. Oke, Labode Popoola and M. O. Abatan, Dr. G. A. Adeniran, Ambassador L. A. Shunni, Prof. J. B. Salka, Prof. A. Soyibo and Prof. Kassey Garba, present and past internal and external members of the Governing Council of the University of Ibadan and the secretariat staff are also duly acknowledged.

I believe that this manual will improve the effectiveness and efficiency of its users, thereby ensuring quality service-delivery to the numerous clients of the Internal Audit Department of this great University and indeed other institutions. I therefore, recommend its use to all stakeholders.

**Professor Isaac Folorunso Adewole, FAS**  
*Vice – Chancellor*

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# **Chapter One**



## **1.0 INTRODUCTION:**

### **1.1 PREAMBLE**

The contents of this manual are consistent with the requirements of the Standard Internal Audit Manual for Nigerian Universities set out by the National Universities Commission (NUC) and the Auditing Standards Committee of the Institute of Chartered Accountants of Nigeria.

This document shall serve the purpose of regulating audit processes and practice at the University of Ibadan subject to the relevant laws and extant circulars from relevant authorities from time to time.

### **1.2 DEFINITION OF INTERNAL AUDITING**

Internal Auditing has been defined as “an independent appraisal within an organization for the review of accounting, financial and other operations as a basis for protective and constructive service management” (International Auditing Guidelines)

This manual is a type of control, which functions by measuring and evaluating the effectiveness of other types of control.

### **1.3 OBJECTIVES OF INTERNAL AUDIT MANUAL**

The main objective of the Audit Manual is to ensure compliance with Audit best practices

**The Scope of this manual includes:**

- to sensitize the University community of the expectation of the Internal Audit Department.
- to define and describe the regulatory environment of the Audit Department.
- to prescribe the audit processes and procedure

*They also include*

- a) periodic examination of the internal control system,
- b) detailed examination of income and expenditure to ensure that they are correctly recorded, classified and /or allocated,
- c) adherence to established budgets and implementation of budgetary control,
- d) verification of assets and liabilities,
- e) ensuring accurate checks against fraud, errors and mistakes,.
- f) appraisal of final accounts prepared by the Bursary prior to auditing, and
- g) collaborating generally with the statutory auditors on all matters affecting statutory audits.

**1.4 RESPONSIBILITIES OF THE INTERNAL AUDIT DEPARTMENT**

- i) Ensuring that the University's assets are properly safeguarded and accounted for,

- ii) ascertaining that transactions are promptly and completely recorded,
- iii) ensuring that the institution is secured against fraud, waste and other avoidable losses,
- iv) evaluating and ensuring the total compliance with Council instructions, management guidelines and directives of the National Universities Commission, and
- v) reviewing continually internal control systems applicable to different departments and faculties of the University with a view to ensuring that the controls are adequate, relevant and are strictly adhered to.

**1.5 ORGANISATION OF THE INTERNAL AUDIT DEPARTMENT**

The Internal Audit Department of the University of Ibadan has an autonomous status with reporting line to University Council through the Vice-Chancellor. The Department has gone through several stages over the years with different sections springing up at various points of growth. Currently, it has seventeen (17) Resident Audit Offices/Sections with Resident Auditors /Sectional Heads reporting to the Director of Audit (Table 1).

The audit procedure being adopted by the various units/sections is uniform as income and expenditure items are identical in all forms. However, there are some typical situations where specific methods of audit could be applied. Generally, two forms of audit approach are adopted:

- i The Pre-Audit Approach
- ii The Post-Audit Approach

The former is adopted on Local Purchase Orders (L.P.Os), payroll, advances, contracts certification, pension and gratuities and other vouchers, while the latter is relevant to the examination of imprests, petty cash books, salaries and allowances, ledgers and final accounts.

## Chapter Two



### 2.0 PLANNING AND BUDGETING PROCESSES

#### 2.1 PREAMBLE

The accounting manual of the University includes the planning and budgeting processes of the University and its Units. Management in addition makes other arrangements to ensure that plans are a product of consensus of the best brains around and that implementation is pursued to achieve optimal results. These processes include:

- 1) establishing planning and budget preparation and review committees that have their membership drawn from across the University and which are reconstituted from time to time,
- 2) establishing a planning and budget implementation committee to review and consider progress reports on on-going projects with a view to ensuring that they are progressing according to plan,
- 3) establishing and running a budgetary control apparatus in the estimates and expenditure control unit of the Bursary Department to ensure that extra-budgetary commitments are not approved unless extra funds are assured,.
- 4) establishing and running a bills payment system that ensures full division of labour, strict adherence to the rules and regulations and best practice, and which ensures that



payments are made only in respect of certified and duly received values, and

- 5) keeping and updating all such control records as contract registers and contract files; local and overseas purchase registers from where information on the projects and cost plans can be extracted for further control action.

## 2.2 AUDIT PROCEDURE

*The Auditor should:*

- 1) start by confirming that call letters for plans and estimates are timely and contain all the information and guidelines required;
- 2) check and ensure that submissions are sent in on time to schedule officers namely: the Bursar (for recurrent estimates and plans), the Director of Academic Planning (for new and modifications of existing programmes and academic briefs) and the Director of Physical Planning (for infrastructural development). He/she should ensure that these submissions are faithfully collated and presented to the appropriate committee for consideration and recommendation;
- 3) obtain a list of on-going projects and confirm that they passed through due process. For example, competitive tendering in all purchases through local purchase orders and other contract biddings should pass through the Expenditure Control Unit of the Bursary Department;
- 4) ensure that all contracts awarded for supplies, services and construction are properly documented;
- 5) ensure that in the case of recurrent estimate proposal,

submissions from cost centres, comprising expenditure and income proposals are collated by the Bursar with the assistance of the Director of Academic Planning. He should ensure that a report is sent to the Finance and General Purposes Committee and to Council to effect necessary adjustments;

- 6) ensure that an objective method of arriving at the cost centre allocations is observed and that the recurrent budget maintains balances;
- 7) ensure that operation of the budget encourages delegation of authority and strict accountability, on the part of cost centre managers;
- 8) ascertain the authorization limits of committees and officers and by comprehensive vouching ensure that these limits are strictly adhered to;
- 9) carry out comprehensive examination of the expenditure control cards or records, especially those for codes on which no transactions have been recorded, those whose allocation have been fully committed early in the budget period, and revenue codes that are not performing and issue a report for corrective action; and
- 10) ensure that the periodic interval reports to vote and project managers are timely, factual and duly acted upon.

## Chapter Three



### 3.0 FIXED ASSETS

#### 3.1 PREAMBLE

The fixed assets of the University are made up of items of capital value with relatively long life spans. These assets include:

- i) Lands and Buildings
- ii) Laboratory Equipment
- iii) Motor Vehicles
- iv) Office Furniture
- v) Office and Household Equipment
- vi) Workshop Equipment

Audit must ensure that adequate control measures are put in place by the Management and adhered to.

**Balance brought forward:** The accumulated value of all classes of assets must first be ascertained and agreed with documentation in the fixed assets register.

**Additions:** This relates to the acquisitions made during a particular review period relative to all classes of asset. The emphasis here would relate to authorization and physical controls.

**Disposals:** Assets can be transferred, sold or scrapped at periodic intervals. The audit must ensure that these

transactions are carried out in line with laid down regulations and relevant authorizations.

In summary, the following will be applied in the auditing of Fixed Assets: Cost, Effectiveness, Documentation of Information, Streams and Controls (CEDISC).

#### 3.2 PROCEDURE:

- 1) Balances brought forward should be checked and agreed in relation to the previous periodic fixed assets balances
- 2) An asset listing of acquisitions made during the period should be obtained.
- 3) Internal check over the custody of the asset should be examined and ascertained.
- 4) The Audit staff should ask for copies of minutes of Finance Committee meetings/Management Committee meetings with a view to ascertaining if the acquisition was authorized.
- 5) Cost of acquisition should be audited for reasonableness
- 6) The auditor should carry out physical verification of all fixed assets and where expert opinions are involved, documentation must be sighted and obtained.
- 7) The audit staff should check the en-coding of the assets and ensure that the right coding pattern is applied.
- 8) Request for copies of Local Purchase Order alongside receipts affirming beneficial ownership.



- 9) Disposal of assets must be properly approved. The report of the Board of Survey should be requested and its authenticity determined.
- 10) Audit must ensure that there is proper documentation for disposal of fixed assets.
- 11) In the case of transfers, the auditor must ensure that there is proper approval from appropriate officers.
- 12) On items that require insurance policies such as motor vehicles, insurance certificates should be requested for sighting by the audit staff.
- 13) All advances and I Owe You (I.O.U.) when duly approved for the purpose of acquisition of fixed asset should be properly recorded in the relevant Unit.
- 14) Clearance of the advances/I.O.U. with the relevant advance vouchers and supporting documents should be sighted.

### 3.3 CAPITAL PROJECTS

**Preamble:** Funds used for capital projects are usually budgeted and controlled by the University Management. The Bursar should make payments based on approved certificate values. In the effective management of capital projects, the following documents are essential: Capital Grant Register and Contract Register. The former records all Capital Grants received from various sources while the latter contains names

of projects, the Contractor, the period of contract, value of contract, and variations, if any.

### 3.4 SCOPE

The main audit objectives in capital projects management are to ascertain that capital funds are used for the purpose for which they were granted, and in compliance with guidelines made by donors, and University Management. Other objectives include the following:

- a) The assets with which the funds were built, procured and used are protected.
- b) Due process is followed right from planning to execution stage and all documentations in relation thereto are adequate and prepared in accordance with government guidelines.
- c) Proper coding of expenditure pertaining to the classification of the project is done so that it is properly presented in the Final Accounts.
- d) Account is fully rendered on all grants and other funds from whichever source(s).
- e) Ensure that payment is made only for work done.
- f) Ensure that payment is made in accordance with the terms of the Contract Agreement.
- g) Ensure (where there is a variation in the conditions of the agreement) that the variation instructions are properly documented and complied with and are processed for approval through appropriate organs of the University.

- h) Ensure that necessary deductions e.g. retention, tax, mobilization refund are made.
- i) Ensure that Advance Payments or Down Payments are adequately insured by bond and with adequate stamp duty.
- j) Ensure that the genuineness of the bond is confirmed.
- k) Enforce non-fluctuation of contract unless provided for and approved by the appropriate organ of the University.

### Audit Objectives

Ensuring that:

- i) payment is made in accordance with the terms of the contract agreement;
- ii) payment is made only for work done;
- iii) where there is any variation in the conditions of the agreement, that such variation instructions are properly documented and complied with; and
- iv) necessary deductions e.g. retentions, tax, mobilization refund are made.

### 3.5 PROCEDURE

- 1) The file of each project should be thoroughly read so as to understand the terms and conditions of the contract;
- 2) it must be ensured that contract agreements have been entered into and signed accordingly;
- 3) ensure thorough review of terms and conditions of contract;
- 4) examine the letter of Award of Contract to ascertain that the conditions stipulated had been strictly adhered to;
- 5) approved rate of Professional Fee must be applied on all

- payments due to any consultancy, Electrical/Mechanical, Quantity Surveyor or any other discipline stated in the booklet;
- 6) the Bill of Quantities on the projects should be obtained;
- 7) ensure that the certificate issued for payment to the contractor is thoroughly examined to ascertain the correctness of the computations of the following:
  - i) Gross valuation figures: This should agree with the documents attached to the certificate.
  - ii) Retention Fee of 5% (or as the case may be) must be worked out and deducted from gross valuation figure.
  - iii) Previously certified figures on the certificate should agree with the figure on the last certificate.
  - iv) Amount due to sub-contractors stated on the details attached to the certificate issued for payment must be supported with certified documents.
  - v) Accuracy of every detail of the documents attached to the certificate must be ascertained.
  - vi) Nothing should be taken for granted in the process of pre-auditing the capital project vouchers. Auditor must ensure that he is kept abreast of the systems guiding the payment of contractors' bill.
  - vii) A visit must be made to the site of the project to determine the extent of work done and compare with payments already made (i.e. audit must be done beyond the books).

- viii) Ensure that all transactions are recorded.
- ix) Periodically agree the records in the Audit with value of capital project with the Finance Officer or Bursary.
- x) Ensure that correct taxes are deducted and remitted.
- 8) ensure that the mobilization fee is paid only when there is evidence of commencement of the works; and
- 9) Request for site Quantity Surveyors' and Architects' drafts to ensure proper monitoring of progress of work.
- 10) Obtain Minutes of Project Monitoring Committee

### 3.6 DIRECT LABOUR PROJECTS

These are projects which in the opinion of the Vice-Chancellor are capable of being executed internally.

These may be done through:-

- a) Local Purchase Orders (LPOs)
- b) Cash Advances

*The major audit focus are:-*

- a) ensuring that materials paid for are supplied and used for the project;
- b) ensuring that cash advances are utilized for the purpose for which they are taken; and.
- c) ensure that workers are properly recruited and perform optimally

#### Procedure

- 1) A copy of the duly approved cash advance form should be obtained;

- 2) inspection of all items bought with the advance should be carried out;
- 3) sending profile with accompanying documents should be vouched;
- 4) certificates of honour should be demanded for un-receipted expenses; and
- 5) ensure that unspent balance is returned to the cash office

### 3.7 MINOR/PETTY CONTRACTS

#### Audit Objectives

- 1) Ensure that materials to be paid for are supplied and used for the project;
- 2) ensure that cash advances taken are spent for the purpose for which they were taken; and
- 3) ensure that daily-paid workers and/or *ad hoc* support staff were properly employed and that they work during the period.

#### Procedure-

- 1) Purchases through the Central Stores:  
Same as the procedure for checking Central Stores purchase.
- 2) Purchases through L.P.Os:-  
Same as the procedure for checking departmental L.P.Os.
- 3) Purchases through Cash Advance:
  - i) Obtain a copy of the duly approved cash advance application form;
  - ii) inspect all items bought with the cash advance before they are used;

- iii) vouch the spending profile with the accompanying documents; and
- iv) ensure that the unspent balance is paid to the Cash Office.

### **Audit Procedure**

- 1) read contract letter and understand the logical interpretation;
- 2) ascertain that there is adequate authority for the award of the contract;
- 3) check the accuracy of the calculations on the contractors' vouchers after ensuring that the contract was duly awarded;
- 4) check the L.P.O. or letter of award to ascertain that every payment falls within the period of payment so as not to pass vouchers prepared for expired contract;
- 5) contact Head of Department concerned where necessary for job carried out in any section to ensure that the job was done satisfactorily; ensuring that responses are documented, appropriately.
- 6) visit the site or section where the job was carried out and confirm satisfactory completion by measuring the volume of such work done. Invite an officer of relevant discipline to confirm satisfactory completion where necessary;
- 7) discuss any observations with the officer connected with the processing of the payment vouchers;

- 8) ensure that correct tax is deducted and remitted to relevant tax authority; and
- 9) record all transactions.

## Chapter Four



### 4.0. INTERNAL AUDIT OF PAYROLL

#### 4.1 DEFINITION OF PAYROLL

Payroll simply means a register of all employees in the University, permanent or temporary indicating their profiles and remunerations in conformity with the relevant labour laws and conditions of employment.

The Salaries and Wages System in the University of Ibadan covers the policies and procedures for authorisation, payment procedure and accounting for salaries and wages paid to the University employees.

Payment of salaries is made to three categories of regular staff on the University pay-roll namely Academic staff, Senior Staff and Junior Staff. Auditing of salaries can be divided into two viz: pre and post payment audit of salaries.

#### 4.2 PRE-PAYMENT AUDIT OF SALARIES

This is the verification of staff salaries before actual payment is made. This covers the following areas:

- collection of input working papers used in the preparation of the salaries for new entries e.g. leave allowance, promotion arrears, etc.;
- checking and cross-checking of figures and the additions with the working papers;
- ensuring that payment voucher is attached to each bank

schedule indicating the name of the receiving bank;

- ensuring that the name of the receiving bank is as indicated against the bank code number on the bank schedule summary and cross-checking the amount on the voucher with the amount on the bank summary;
- ensuring that the narrations are properly written, indicating the period, category of staff with the amount in figures corresponding with the amount in words; and
- ensuring proper authorization of the payment, the level of authority of the person giving the approval, and the document duly stamped;

#### 4.3 POST-PAYMENT AUDIT OF SALARIES

This is carried out after payment of salaries has been made. It is done using the current and immediate past payrolls.

*The procedure involves the following:*

- verifying the name and department of the staff;
- verifying the cadre and the step the staff should be in the salary schedule;
- verifying the basic pay and other allowances due to the staff;
- ascertaining the gross pay and identifying any variation therein;
- where any variation exists, ascertaining the reason for the variation and the amount involved;
- verifying the various deductions made; and
- ascertaining the net pay due.

Where the verification is for a new staff, the procedure in addition with the general procedure indicated above, will include the following:

- ascertaining the cadre of the staff as indicated on the letter of appointment.
- ascertaining the correctness of the salary placement as contained in the appointment letter.
- ascertaining the date of assumption of duty and ensuring that the payment is prorated accordingly.

## Chapter Five



### 5.0 STAFF ADVANCES AND STAFF DEBTORS

These are guided by the manuals of financial and/or administrative regulations approved by the Council including the Accounting Manual and the Condition of Service for Staff. These manuals, together with the minutes of Council meetings, accounting standard and guidelines, auditing standard and guidelines, communications from the Federal Government and other regulatory agencies, provide rich sources of information on controls that regulate various aspects of financial and other transactions, including loans and advances to staff, in the universities.

#### 5.1 TYPES OF LOANS AND ADVANCES

Various types of loans granted to staff include the housing loan, vehicle loan, car refurbishing loan, and short-term salary advances for newly employed staff or those in need of financial assistance.

##### 5.1.1 HOUSING LOAN

This is granted to members of staff upon the presentation of relevant documents and evidence of approval by the Housing Loan Committee.



### 5.1.2 VEHICLE REFURBISHING LOAN

This is granted to members of staff if approved by the University management and committee saddled with the responsibility.

#### Key roles of Audit are to ensure:

- i) proper deduction from the beneficiaries at source as contained in the agreement; and
- ii) prompt remittance of appropriate amounts deducted to the participating banks or sources of the loan funds.

## 5.2 CLEARANCE OF ADVANCES

There are two types of advances namely: salary advance and cash advance.

### 5.2.1 Salary Advance

This is granted to individual staff for personal use and it is deductible from the salary of the beneficiary from the source in six equal installments with accrued interest deducted together with the first deduction. The work to be done includes the following:

- obtain a copy of deduction form duly signed by the beneficiary indicating the amount collected, the accrued interest and the period of deduction;
- ascertain whether the deduction together with the accrued interest is deducted in the first month of deduction as contained in the deduction form; and
- where no deduction was made for any of the period or

month as indicated, liaise with the Salary Section in order to ascertain the reason.

### 5.2.2 Cash Advance

These types of advances are meant for official use. They are used for the procurement of items which are for immediate use or which cannot be delayed for Local Purchase Order (LPO) to be raised because of the exigency. These advances are to be retired and cleared within a prescribed period. Failure to do this would lead to deduction from the salary of the concerned staff. *The clearance procedure involves the following:*

- checking and cross-checking the name on the clearance form with the name on the application form;
- ensuring that the amount is within the approval limit of the approving officer;
- where the amount involved is beyond the Head of Department/ Unit's approval limit, the approval of the Departmental Finance Committee (DFC) should be attached to the clearance;
- ensuring that the appropriate authorisation is sought and obtained from the Bursar and the Vice-Chancellor where required;
- ensuring that the advance is spent for the purpose for which it was required to avoid misapplication of funds;
- casting and cross-checking the attached receipts with the amount obtained and the analysis of expenditure on the clearance form together with the budget or estimate earlier submitted;

- where there is variation in the above, adequate and satisfactory explanation should be given;
- where the amount obtained was not fully spent, the excess should be paid into the Finance Office, receipt obtained and attached to the clearance form;
- every supporting document should be adequately endorsed (e.g. by crossing) to forestall representation; and
- ensuring that a copy of the clearance form together with a copy of the application form is kept in a file.

## Chapter Six



### 6.0 LOCAL PURCHASES, CLAIMS AND ALLOWANCES

This involves checking the genuineness and the authenticity of claims. There are various forms of claims namely: honorarium, Local Purchase Order (LPO), overtime, imprest, night allowance, mileage, grants, out-of-pocket expenses or refund, among others.

*The procedure includes:*

- i) checking and crosschecking the name of the recipient or claimant with the name on the supporting document;
- ii) verifying the nature and the genuineness of the claim together with the necessary approval obtained;
- iii) checking for the proper authorisation of the claim by the head of department or unit involved;
- iv) ensuring that the vote from which the payment is to be made is sufficiently indicated on the payment vouchers;
- v) checking the narration and ensuring that there is no variation in the amount written in figures and in words;
- vi) ensuring that no single person initiates and processes the payment to the end; and
- vii) ensuring that the voucher carries proper authorisation of the relevant officers.

For Local Purchase Order (LPO), the following additional actions are required:

- i) Ensuring that minimum of three quotations are obtained and attached to the voucher;
- ii) ensuring that items have been received and inspected by the Audit with the satisfaction of the user departments ascertained; and where necessary guarantee can be obtained on the asset;
- iii) ensuring that the name of the unit or department is written on it; and
- iv) seeking for professional advice where professional opinion is necessary and required.

### 6.1 TREATMENT OF LOCAL SUPPLIERS' INVOICES

The role of the auditor is to ensure that all local suppliers' invoices are monitored through proper inspection. Auditors must be in attendance at Tenders Board Meetings.

#### Procedure:

The auditor shall:

- i) check and test-check the accuracy of the invoice;
- ii) ensure that at least three quotations are received and the best picked;
- iii) ascertain that the goods are not over-invoiced; and
- iv) ensure that goods supplied and works carried out are done according to specification.

### 6.2 PAYMENT TO LOCAL SUPPLIERS

After the auditors have ascertained that the goods and work done are actually carried out according to specification, he shall monitor the payment.

### Procedure

- i) ensure that the actual amount is paid;
- ii) check the mandate or cheque register that the right suppliers are actually paid;
- iii) obtain price list of goods that are regularly required from suppliers for comparison with figures in the LPO;
- iv) ensure that payment is not made before verification of goods supplied; and
- v) ensure that all purchases are made from most competitive suppliers.

### 6.3 STORES CONTROL

Stores control is one of the controls established by management. The auditor has a duty to ensure that controls put in place are adhered to.

#### Procedure:

The Auditor shall:

- i) ensure there is proper documentation.(Stock card, Goods-Received-Notes and Goods-Issued-Notes etc.);
- ii) ensure that goods in store are safeguarded;
- iii) ensure that receipt and issue of items are properly accounted for;
- iv) ensure that all issues from the store are supported by SIV (Store Issue Voucher);
- v) ensure that all goods received are supported by SRV (Store Receive Voucher);

- vi) ensure that physical stock verifications are carried out in conjunction with the Bursary Department;
- vii) take proper notice of slow moving items or obsolete items; and
- viii) carry out annual stock-taking in Faculties, Departments and Units in the University.

## 6.4 FIXED ASSETS

### Procedure

The Auditor must:

- i) examine the internal checks put in place by enquiring for the authorization of purchase.
- ii) ensure that there is proper documentation; and
- iii) ensure approval limit is strictly adhered to.

## Chapter SEVEN



### 7.0 PENSION AND GRATUITY

#### 7.1. Preamble

Pension schemes are contracts, formal or informal (formal in most cases), between employer and employees specifying what benefits accrued to employee upon the attainment of a specified age or length of service and other obligations and responsibilities of the parties.

A pension is a contract for a fixed sum to be paid regularly to a person, typically following retirement from service.

- i) There are many types of pensions, including defined benefit plans, defined contribution plans, as well as several others.
- ii) Pension should not be confused with severance pay; the former is paid in regular installments, while the latter is paid in one lump sum.  
The terms retirement plan and superannuation refer to a pension granted upon retirement of the individual.
- iii) Retirement plan may be set up by employers, insurance companies, the government or other institutions such as employers associations or trade unions.

A funded retirement scheme (defined contribution plans) is one in which there is a periodic payment by the parties concerned to an agency that manage the plans.

Unfunded scheme (defined benefit plans) on its part does not require periodic payment. That is, whenever pension liability

arises; the employer will have to look for where to source fund (internal or external).

The common use of the “word” pension is to describe the payments a person receives upon retirement, usually under pre-determined legal or contractual terms. A recipient of a retirement pension is known as a *pensioner* or *retiree*.

### ***Eligibility***

#### ***Old Scheme (Defined Benefit Plans)***

All permanent employees of the University who have completed the normal Probationary period are eligible for Pension and Gratuity.

The period of qualifying for pension is ten (10) years while the period of qualifying for Gratuity is five (5) years.

#### ***Circumstances in which pension and gratuity may be granted***

Pension and gratuity shall be granted to an officer on his retirement in any of the following circumstances:

- a) On voluntary retirement after qualifying for pension and gratuity.
- b) On compulsory retirement after attaining the statutory age of retirement.
- c) On advice of a medical board certifying that the officer is no longer mentally or physical capable of carrying out the function of his office.
- d) On total or permanent disability while in service.
- e) On compulsory retirement for the purpose of facilitating improvement in the organization of the department so that greater efficiency may be achieved.

### ***Statutory age of retirement***

- a) Every officer shall retire upon attaining the age of sixty five (65) years and seventy (70) years for Professors and shall give the University three month notice prior to such retirement.
- b) If an officer upon attaining the age of retirement in either case fails to serve the University three month notice prior to his retirement, the University shall send the officer on compulsory retirement, after three months notices of his retirement to do so.
- c) Retirement could commence anytime on attainment of age forty-five (45) years and above for which pensions would commence immediately. However, if retirement occurs before age forty-five (45), pension would be deferred to age forty-five while the gratuity will be paid immediately after retirement.

#### ***New scheme (Defined contribution pension plan)***

Here all retiring officers are eligible to pension depending on circumstances of retirement upon attaining the age of fifty (50) years.

### **7.2 Gratuity**

This is governed by the Pension Act 102 (1979) with the table of computation attached to the Act. In addition to the various provisions as contained in the Act, it is also guided by the various pronouncements and regulations as released by the Federal Government from time to time.

Gratuity is payable to any permanent employee who disengaged from the services of the University with service

period of 5 years and above but less than 10 years. Where the affected employee has served for a period of more than 5 years but less than 10 years, he shall be paid gratuity only at the entitled rate between 100 percent and 132 percent of his last gross emolument (*Table 2*).

#### Death gratuity

Where an employee died while still in active service and has only served for a period of more than 5 years but less than 10 years, he shall only be entitled to death gratuity at the appropriate rate payable to his next-of-kin or designated survivor as contained in record of service.

Before 1st of June 1992, the minimum period of qualification for gratuity was 10 years with the maximum amount payable at the rate of 140 percent. However, this has been reduced to 5 years effective from that date i.e. 1st June 1992 with the maximum amount payable at the rate of 132 percent.

After ensuring that all the internal controls have been adequately adhered to, the internal auditor shall, upon the receipt of the personal file of the disengaging officer, carry out the following:

- i) verify the name of the disengaging officer and his last place of work as appropriate on the personal file;
- ii) ensure that the name on the personal file is in no way different from the name on the record of service;
- iii) establish the corrections of the rank of the disengaging officer upon which computation is based;
- iv) examine the terms of employment as contained in the letter of appointment together with the mode of

employment i.e. permanent, temporary or contract;

- v) examine the letter of withdrawal of service;
- vi) check for the date the disengagement takes effect;
- vii) in case of an officer who died while in active service, check for the date of death as contained in the notification;
- viii) determine the number of years for which he has served the University;
- ix) ensure that the last payslip of the officer is attached in order to know his last gross pay;
- x) determine the correctness of the computation based upon the last salary gross pay;
- xi) ascertain the amount owed to the University by the affected officer (if any) and ensure that such amount is deducted from his entitlement(s);
- xii) ensure proper authorisation of the payment.

Where the employee died while still in active service but due for gratuity, the following additional document shall accompany the personal file:

- a letter of administration duly signed and issued by court stating the name of the next-of-kin or administrator or beneficiary or designated survivor;
- a death certificate from a medical practitioner who has a registered office;
- a passport photograph of the next-of-kin or administrator or beneficiary or designated survivor for record purpose.

### 7.3 Pension (Old Scheme)

This is also governed by the Pensions Act 102 (1979) with the table of computation attached to the Act (*Table 2*). It is also



guided by the various pronouncements, circulars and regulations as released by the Federal Government from time to time in addition to the various provisions as contained in the Act.

Pension is payable to any officer who has served for 10 years and above but for maximum of 35 years or has attained compulsory retirement age of 60 years (for non teaching staff) and 65 years (for teaching staff) whichever comes earlier.

The amount payable shall be a function of his last gross emolument which shall be based on the appropriate percentage between 30 percent and maximum of 80 percent. The maximum rate of pension was increased from 70 percent to 80 percent of terminal final pay with effect from 1 June 1992. However, where the retiring officer is a teaching staff and has served for 15 years or more as a professor, he shall be entitled to 100 percent of his final pay as pension.

In addition to the pension due to the retiring officer (where an officer qualifies for pension), such officer shall also be entitled to receive gratuity at the appropriate rate of 100 percent and maximum of 300 percent subject to the qualified years of service.

Where an employee retired from the University service and he is entitled to pension but has not attained the age of 45 years, he shall not receive pension until he attains age of 45 years.

#### *Death benefit*

For an employee who died while still in active service, he shall be paid a guaranteed pension for 5 years payable to his next-of-kin or administrator or beneficiary or designated survivor

who shall receive the balance of the 5 years pension. This shall be in addition to the gratuity payable at the appropriate rate.

#### **7.4 Merging of service**

Where the retiring officer had worked in any University or other government establishment before joining the University, pension and gratuity payable shall be paid by the University after apportionment based on the years spent in the various establishments and after acceptance of liability by other establishments where he/she has served.

#### **7.5 Pension Reforms Act (2004)**

Before 25 June, 2004, government had been solely responsible for the payment of pension and gratuity of its retired University employees as it had been operating unfunded non-contributory pension scheme. However, the new Pension Act which was promulgated on 25th June 2004 is fully funded and contributory. The Act, among other things, stipulates that a minimum of 15 percent contribution is to be made by both the employer (the government) and the employee. In other words, the employer is to contribute 7.5 percent and the employee to contribute additional 7.5 percent

#### *Framework:*

The new pension scheme is expected to be operated as follows:

- it is contributory;
- it is fully funded;
- every employee participant is to have an individual retirement savings account (RSA);
- it will be privately managed;

- the pension assets are fully secured and in custody of a third party; and
- it will be strictly regulated by the National Pension Commission (PENCOM).

### Objectives

The new pension scheme is to be operated based on the following objectives:

- i) to ensure that every employee has a stake in the pension scheme;
- ii) to make it mandatory that every retiree receives his benefits promptly; and
- iii) to encourage savings in order to guarantee sustainable livelihood during old age.

### For employees on the old scheme:

After ensuring that all the internal controls have been adequately adhered to, the Internal Auditor shall upon the receipt of the personal file of the disengaging officer carry out the following:

- i) verify the name of the disengaging officer and his last place of work as appropriate on the personal file;
- ii) ensure that the name on the personal file is in no way different from the name on the record of service;
- iii) establish the correctness of the rank of the disengaging officer upon which computation is based;
- iv) examine the terms of employment as contained in the

- letter of appointment together with the mode of employment i.e. permanent, temporary or contract;
- v) examine the letter of withdrawal of service where the employee voluntarily withdrew his service;
  - vi) check for the date the disengagement takes effect;
  - vii) in case of an officer who died while in active service, check for the date of death as contained in the notification letter;
  - viii) determine the number of years for which he has served the University;
  - ix) ensure that the last payslip of the officer is attached in order to know his last gross pay;
  - x) determine the correctness of the computation based upon the last gross pay;
  - xi) ascertain the amount owed to the University by the affected officer (if any) and ensure that such amount is deducted from his entitlement; and
  - xii) ensure proper authorization of the payment.

Where the employee died while still in active service but due for gratuity, the following additional document shall accompany the personal file:

- i) a letter of administration duly signed and issued by a court stating the name of the next-of-kin or administrator or beneficiary or designated survivor;

- ii) a death certificate from a medical practitioner who has a registered office; and
- iii) a passport of the next-of-kin or administrator or beneficiary or designated survivor for record purpose.

## 7.6 POSTING FROM JOURNAL TO LEDGER

**The auditor has a duty to ensure that:**

- i) all journals and vouchers are properly coded;
- ii) each document carries proper authorization;
- iii) all postings are done accurately to the relevant ledgers;
- iv) reconciliation of cashbooks with bank statement is carried out as at when due.
- v) discrepancies observed in both cashbooks and bank statements are immediately addressed.

# Chapter Eight



## 8.0 REVENUE

### 8.1 OBJECTIVE

The main Audit objective for revenue is to ensure that all monies generated by and all allocations to the University are adequately collected and documented in line with the extant Federal Government Financial Regulations.

### 8.2 SCOPE

- 1) ensure proper internal control systems, mostly in the area of printing, issuing and keeping custody of receipts;
- 2) ensure that the objectives for which funds are made available to the University are met;
- 3) ensure that rules, regulations, policies and procedures are complied with;
- 4) ensure the prevention of loss of cash through fraud or theft; and
- 5) ensure adequate collection of all monies from all revenue sources by authorized persons using official receipts.

### 8.3 PROCEDURE

- 1) identify the sources of revenue generated by the University.

These include but not limited to:

- a) Federal Government Subventions.
- b) Hall accommodation fees.
- c) Sales of Postgraduate application forms.
- d) Rent, telephone and electricity charges.
- e) Disposal of unserviceable fixed assets.
- f) Postgraduate and foreign students' tuition fees.
- g) Income from investments.
- h) Undergraduate fees.
- i) Research Grants.
- j) Change of course fees.
- k) Institution application forms.
- l) Graduation fees.
- m) Tender fees.
- n) Donations/Benefactions and other legitimate revenues;

- 2) ensure that the source of official receipts used for collection of revenue is from Internal Audit Department of the University; that such receipts are collected by authorized accounting officers who will be in custody of the receipts and stock registers and also be held responsible for any loss of used and unused receipts booklets. On no account should unofficial receipts be used and no Faculty, Department or Unit is

expected to print receipts for official operations/transactions except through the Internal Audit Department;

- 3) ensure that all cancelled receipts are in triplicate and are retained in the booklet;
- 4) identify any alteration and cancellation of a receipt;
- 5) ascertain that the number of receipts collected from the Internal Audit tallies with the receipts registered in each accounting Unit;
- 6) identify any loss of receipt booklet and make official report to the Director of Audit who will take necessary action;
- 7) ensure proper hand-over procedure between revenue collectors; chief cashier as regards all receipts booklets, cash and all other security documents; and
- 8) identify any un-explained cash surplus and write to report to the Director of Audit for necessary action.

## 8.4 REMITTANCE OF REVENUE

### Role of Audit

- a) examine and ensure proper internal control systems in relation to the remittance of revenue;
- b) ascertain the accuracy of the amount on each booklet and confirm the total amount collected;
- c) compare the register of receipts in the Internal Audit with that of the accounting unit; also compare account unit

- register of receipt booklets with that of each Department;
- d) compare the balance on each receipt booklet with the Chief Accountant's cash books to confirm adequacy of records;
  - e) examine every revenue collector's cash book and receipt books submitted to the Chief Cashier to confirm intervals at which collection is paid; and
  - f) confirm and vouch lodgements of University monies collected by an officer who is neither a Revenue Collector nor a Chief Cashier in the course of his official duties.

## 8.5 LODGEMENT OF MONIES INTO UNIVERSITY ACCOUNTS

### Role of Audit

- 1) examine and ensure proper internal control systems in relation to the lodgement of revenue into the various University accounts;
- 2) trace all receipt balances to the Chief Cashier's ledger and cash book;
- 3) trace all the balances in the cash book to bank tellers.
- 4) confirm that all monies are paid to the bank.
- 5) identify each payment as a component of total collections before payment into the bank and write a report on it;
- 6) ensure that no deduction is made from any collection to adjust a previous over credit (in case there is any); and

- 7) identify any loss by reason of neglect or fault of any officer, and ensure refund. In case of any default, report should be made to the Director of Audit for necessary action.

## 8.6 FEDERAL GOVERNMENT SUBVENTIONS

Federal Government Subventions to Federal Universities are paid monthly through the Federal Ministry of Finance. The monthly remittance received by the Bursar should be audited to confirm adequacy and authorization.

### 8.6.1 Procedure:

- 1) request for copies of "Payment Advice" from the Federal Ministry of Finance and evidence(s) of payment into the University Account.
- 2) trace the evidence to University's official receipts issued for collection of such amount; and
- 3) investigate the investment of unutilized cash into time or call deposits accounts (if any).

## 8.7 SALE OF FORMS

NOTE: Forms are sold either electronically (scratch card, pin buying payment platform such as e-transact inter-switch etc) or physically (bank-draft, direct payment to University Cash Office).

### Audit procedures:

Procedure of auditing revenue from sale of forms is the same as in normal revenue generation as follows:

- a) examine the adequacy of internal control over the forms being issued;
- b) check draft register or e-payment report and trace this to

- the number of receipts issued in favour of each applicant;
- c) trace the list of drafts in the register to bank teller to confirm payments to bank;
- d) check for accuracy and proper recording of all drafts collected; and
- e) report any variance or deviation to the Director of Audit.

## 8.8 RENT ON UNIVERSITY LANDED PROPERTIES (Including Staff Housing).

### Objectives

To ensure that all rents are paid into the University accounts and ascertain the expected amount chargeable and actually paid by each tenant.

Procedure for rent payable by University staff.

- 1) collect staff allocation list to know the number of staff on payroll for rent deduction;
- 2) check the rate of deduction for each level of accommodation and vouch to confirm accuracy of recording;
- 3) trace the amount payable by each staff to deduction schedule on the payroll to confirm that adequate deductions are made; and
- 4) confirm the total deductions made and trace the remittance to the designated account.

### Procedure for rent paid by non-university staff

- a) obtain the correspondence file for affected tenants;
- b) ascertain in advance, details of the amount payable annually as recommended by the Director of Works and Maintenance;
- c) ascertain details of last rent payments made, date next

- payments are due and as well review necessary adjustment made to rent payable;
- d) trace "b" & "c" to receivable register of non-University staff to confirm its recording in account;
- e) check through debit note or demand note files and confirm timely collections; and
- f) vouch the necessary documents and trace officially issued receipts to Cash Office.

## 8.9 ELECTRICITY CHARGES

### Objective

To ensure that all necessary deductions in relation to electricity charges are made from source and remitted adequately to the bank.

### Procedure

- a) check field meter card to ascertain monthly recording of meter reading;
- b) check individual domestic electricity account sheets on which electricity consumption is cast and billed to the affected staff with a copy each to the staff and general section for deduction from staff salaries;
- c) check field meter book to confirm authorization and adequate approval by the Electrical Engineer;
- d) vouch the bills prepared by Executive Officer (Accounts) to confirm adequate recording and authorization; and
- e). in the case of pre-paid meter, ensure that the revenue is remitted.

## 8.10 TELEPHONE CHARGES

Telephone charges is another source of revenue which the Auditor should audit.



**Audit objective:**

To ascertain the total amount payable from telephone charges and total remittance to University of Ibadan account.

**Audit procedure:**

- i) check the record of telephone traffic;
- ii) check telephone traffic data for the computation of Revenues and examine the details of telephone records;
- iii) vouch the receipts used for collection of cash proceeds;
- iv) check the debit note file to confirm total amount charged and disbursement made to appropriate quarters; and
- v) trace record of payment to General cashier (Cash Office) for proper auditing.

## Chapter Nine

**9.0 AUDITING OF CASH OFFICE OPERATIONS****Audit objective**

To ensure proper documentation of all financial transactions in the cash office.

**REVENUE COLLECTION****Audit objective:**

To ensure that all revenue generated from all Units in the Cash Office are officially receipted on behalf of the University.

**9.1 PROCEDURE AND OPERATIONS IN CASH OFFICE**

- a) ascertain that source of official receipts used in the Cash Office is in line with financial regulation (i.e., collection of all official receipts must be from Internal Audit and every used booklet should be submitted to the Director of Audit;
- b) ensure that a general receipt is used for collection of Federal Government Subvention as well as for payments by the general public; and
- c) ensure that students' receipts are used for all monies received from students:
  - i) to ensure that master receipts are used for receipts of money from cashiers; and
  - ii) confirm that every official receipt is in triplicate, and each with University crest

## 9.2 AUDITING OF COLLECTIONS MADE BY RECEIVING CASHIERS

### Objective:

To ensure compliance with financial regulations as regards collection of revenue in Cash Office by receiving cashiers.

### Procedure:

- 1) Request for the underlisted documents:
  - a) Daily Income book
  - b) Stubs of receipt booklets.
  - c) Evidence of remittance of cash collected daily to chief cashier.
  - d) Daily income return file.
  - e) File of duplicates of receipts detached showing daily batches.
- 2)
  - a) Carry out substantive test on the above to confirm accuracy, authorization and efficiency.
  - b) Carry out compliance test to ascertain operation of Internal Control System.
  - c) Trace all the receipts in usage to Chief Cashier's receipts register and report any missing receipt to Director of Audit for necessary action.
  - d) Trace all the daily collection to Chief Cashier's ledger to confirm collection of monies by the Chief Cashier.
  - e) Cast receipt collected.

## 9.3 ACCOUNTANTS

- 1) confirm the status of banking officer if different from approved officer;
- 2) check the entries into bank lodgments book as below:-

- a) Master Receipt Number
  - b) Amount
  - c) Bank Account Number
  - d) Name of paying-in-officer
  - e) Signature and Date
  - f) Payment verified by
  - g) Date verified.
- 3) trace bank paying-in-slip to bank lodgments book; and
- 4) confirm bank authorization to check "payment" verified by column of the bank signed and dated on bank payee only.

## 9.4 BANKING OF ALL TAKINGS

### Objective

To ensure that all takings are banked at the appropriate time and place

### Procedure

- 1) examine the relevant internal control procedure over lodgments and confirm its adequacy;
- 2) trace the cash book balances to the bank tellers with pay-in slip to ascertain date and amount deposited in the designated bank;
- 3) compare the amount received as per cash book balances with total amount deposited in bank to confirm any deviation;
- 4) in case of any deviation, clarify reason for the deviation and report to the Director of Audit;
- 5) confirm daily takings and confirm prompt banking every morning;
- 6) trace all cheques received through the mail to cheque register and also to bank pay-in-slip; and

- 7) check attestation of the Chief Cashier to confirm proper checking of bank pay-in-slip.

## **BANK LODGMENTS**

### **Objective**

- 1) To ensure proper documentation of all relevant information related to bank lodgment book;
- 2) to see that it is done by qualified staff; and
- 3) to confirm that all revenue collected are paid as gross.

### **Procedure**

- 1) Ascertain total amount lodged by the banking officer; and
- 2) confirm authorization for banking by Chief Cashier or Cash Office.

## **9.5 POINTS OF SALES (POS) TERMINAL**

POS terminal is a portable device that allows local debit cardholders make payment for goods and services in a retail environment. This system is advantageous to the University like any establishment in the following ways:

- a) Improved efficiency, minimises cash handling and aids reconciliation.
- b) Increase in income as an organization has access to both cash and card-carrying customers.
- c) Instant confirmation of payment.
- d) Reduces cost of personnel and equipment for handling cash receipts.
- e) Reduces exposure to loss due to armed robbery or pilferage by staff.

- f) Eliminates the inconveniences of cheque confirmation and clearing period.

However, despite the merits of this system, necessary controls should be put in place to take full advantage of POS resource. As such, adequate and proper controls must be put in place in order to address the issue of access, operations, maintenance and contingency plans of Point of Sales Terminals (POS).

### **Objectives**

To ensure that all POS transactions (receipts) are duly captured or reflected appropriately on the bank statement; and are properly reconciled.

### **Audit Procedure**

- 1) Ensure that there is control over access to users' log-on identification codes and passwords.
- 2) Ensure that other features of the POS system are properly secured.
- 3) There should be unique system access POS cashier and the supervisor.
- 4) A senior and responsible officer should be assigned the responsibility for overseeing the day-to-day operations of the POS system. As such, confirm that he/she monitors the functioning of operational controls like repair, replacement, servicing and monitoring of security equipments.
- 5) Ensure a routine analysis of POS system logs, routine system audits or edit checks.
- 6) Ascertain that daily receipts reports are generated and

timely action taken on observed exceptions or deviations; which should be communicated to the management

- 7) Daily POS print-outs (duplicate copies) is being reconciled with the amount on the bank statement daily to ensure that there is no transaction failure.
- 8) Ensure that the POS terminal is properly maintained by the contractor to avoid destructive system breakdown.

## 9.6 CASH OFFICE PAYMENTS

### Objective

To ensure proper processing of payment vouchers in compliance with University regulations from any University account.

### Audit procedure

- i) confirm the source of payment voucher;
- ii) ascertain that the stamp of the Internal Audit Department and signatures are on every officially approved payment voucher.
- iii) check for the account code from which the money is to be paid;
- iv) ascertain whether the amount requested for payment is within the limit of amount to be paid in cash (as stated in University Financial Instruction) otherwise any other payment shall be made by crossed cheques and stamped A/C payee only – Not negotiable. In case of any deviation from the above, report to the Director of Audit; and
- v) check all attached receipts & invoices for reimbursement of petty cash for Audit stamps and signatures with date and names of auditor.

## 9.7 PAYMENTS THROUGH MANDATE TO BANKS

### Objective

To ensure that mandates are properly prepared, authorised and paid to beneficiary in accordance with financial regulations of the University.

### Audit Procedures

Vouching of the payment vouchers needed to prepare mandates by ensuring

- 1) the level of internal control in the operation of preparing payment mandates.
- 2) that payment vouchers have been audited before being brought to the Cash Office for payment.
- 3) that “CHECKED AND PASSED” has been applied on the payment voucher and duly signed by staff of the Internal Audit Department.
- 4) that the correct number on the payment voucher should be indicated on the mandate.
- 5) that the name of the claimant and account details is specified on the mandate correctly.
- 6) that the mandate is appropriately dated.
- 7) that a number is allocated to the payment voucher and is indicated with marker and that such payment voucher number is serialized and in yearly order.

## e-RECIEPTS AND PAYMENTS

Appropriate procedure for auditing should be adopted as applicable in (1) to (7) above, using Computer Aided Technologies (CAATs)

## MANDATE SIGNATORY

### Objective

To ensure that the mandates raised by the University carry endorsements of the authorised signatories of Officers of the University.

### Procedure

Confirm the process of payment vide mandates to the payee by:

- 1) Ascertaining that payment is made in favour of the right Payee's Name and Amount on the Payment Voucher.
- 2) Ensure completion of register and containing the following information:
  - (a) Date (b) payee's name (c) amount (d) payee's signature (e) payment (PV) voucher no. and remarks (if any)
- 3) Confirm the acknowledgment of receipts by writing the amount received in words with full signature and date of receipt portion of the PV.
- 4) Check whether the PV with other supporting documents are stamped with "PAID" stamp and dated.
- 5) Check for proper posting of transactions original and duplicate PV together with supporting documents into the main cashbook of the respective accounts.

## Chapter Ten



### 10.0 SPECIALIZED AUDIT

#### 10.1 TEACHING AND RESEARCH FARM

##### Objective:

- i) to ensure that all expenses by the farm are authorized and that value is received for money spent; and
- ii) to verify purchases of, and the and use of animal feeds and drugs.

##### Procedure

##### Feeds

- i) Inspect deliveries of feeds and animal drugs to the farm and ensure that all necessary documents are prepared;
- ii) pay surprise visits to the Units and Feed Depot from where feeds are distributed to various Units;
- iii) occasionally check request form for supply of feeds from the Units to quantity supplied by the Feed Department;
- iv) there is always a chart of number of animals in each unit. This should be compared occasionally with the quantity of feeds supplied to find average consumption of the animals either daily or weekly; and
- v) ensure that control cards are used in all the Units.

#### 10.2 Livestock; Rabbit, Sheep, Goat, Swine, Cow and Fowls.

- 1) Ensure that there are adequate records of each animal. These records must include.
  - a) Weekly weight checks

- b) Pregnancy and confinements
- c) Deaths
- d) Culls for sale or slaughtering;
- 2) ensure that records for new intakes either by birth or purchase are maintained;
- 3) ensure that there are adequate authorized areas for culling of any of the animals or removal from pens;
- 4) ascertain the rate of sale per unit of live weight of these animals;
- 5) ensure that there are adequate records for the animals kept as well as produce, drugs and other relevant material;
- 6) ascertain average of egg production per day;
- 7) make unscheduled visits to the farm at the time of collection;
- 8) ensure proper entry of collection into the records; and
- 9) ensure that there are adequate records of culled animals.

### 10.3 CATERING SERVICES

#### Objective

This unit was created to provide catering services to the Vice-Chancellor's lodge, official visitors, official meetings and other Departments/Units in the University. The Audit objective is to monitor the operations of the Unit to ensure compliance.

#### Procedure

The section operates mainly with imprest account. Occasionally, it uses Cash Advances and L.P.Os for specific purchases as the need arises. All foodstuff purchased should be inspected physically before processing and use.

### 10.4 PUBLICATIONS

The publications unit of the University collects request for printing matters i.e. Faculty handbooks, journals, University wall calendars, diaries, greeting cards, gazettes and others

The University Publications Panel then invites quotations from reputable contractors and awards the contract accordingly. The Internal Audit ensures that the contractors perform strictly to specifications and in accordance with the terms of the contract. Delivery of printed materials is subject to physical inspection and all expenditure documents are checked before payments.

### 10.5 CLEANING SERVICES:

#### Audit Objectives:

- 1) to ensure that the terms of the services are complied with; and.
- 2) to ensure that the contractor has paid the cleaners by cross-checking their signatures on the monthly payroll.

### PROCEDURE

### 10.6 UNIVERSITY RENTED QUARTERS

- 1) Audit shall regularly update the list of staff occupying University quarters with a view to ensuring accountability.
- 2) For such Units as DLC, process the vouchers of landlords whose properties were rented:-
  - a) check current tenancy agreement between the University and Landlord to ensure that the contract is still valid;
  - b) cross-check the contract sum with the amount prepared;



- c) ensure adequate authorization for the payment;
  - d) ensure arithmetic accuracy of the payment; and
  - e) ensure that double payments are not made for the same period.
3. ensure that all rented quarters are being utilized by periodic inspection.

### 10.7 INVESTMENTS CENTRES

The Audit is involved in the following ways:-

**IMPREST:-** Same as the procedure for checking departmental imprest.

**SALARIES:-** Same as the procedure for checking salaries paid by voucher(s).

**CASH ADVANCE:-** Same as the procedure for checking Cash Advances.

**OPERATIONS:-** Carry out periodic examination of the operation of investment centres as follows:-

- 1) check duplicate of receipts into the books of Accounts;
- 2) compare and reconcile daily sales with lodgments into banks;
- 3) check and reconcile withdrawals with underlying records; and
- 4) advice the investment centre's management on methods of improvements.

### 10.8 POSTING FROM JOURNAL TO LEDGER

**The auditor has a duty to ensure that:**

- i) all journals and vouchers are properly coded;
- ii) each document carries proper authorization;
- iii) all postings are done accurately to the relevant ledgers;
- iv) reconciliation of cashbooks with bank statement is carried out as at when due.

- v) discrepancies observed in both cashbooks and bank statements are immediately addressed.

### 10.9 FINAL ACCOUNTS

**Objective:** *The final accounts should be subjected to review to ensure the following:*

- a) That the notes which form an integral part of the accounts are in agreement with the financial statements;
- b) that the accounts are in conformity with the approved standards and regulations; and
- c) that the account gives a true and fair view of the state of affairs of the University.

**Procedure:**

- 1) obtain a copy of the final accounts as prepared by Bursary;
- 2) obtain schedules or relevant break downs of significant ledger balances;
- 3) reconcile balances on schedules to ledger balances;
- 4) check prime books of accounts and verify accuracy and completeness of records;
- 5) raise relevant journals arising from review of accounts;
- 6) ensure that these journals are effectively incorporated into the accounts before the final statements are produced for Management; and
- 7) liaise with external auditor where necessary during statutory audit.

Table 1

**UNIVERSITY OF IBADAN  
INTERNAL AUDIT DEPARTMENT  
THE OPERATIONAL ORGANOGRAM**

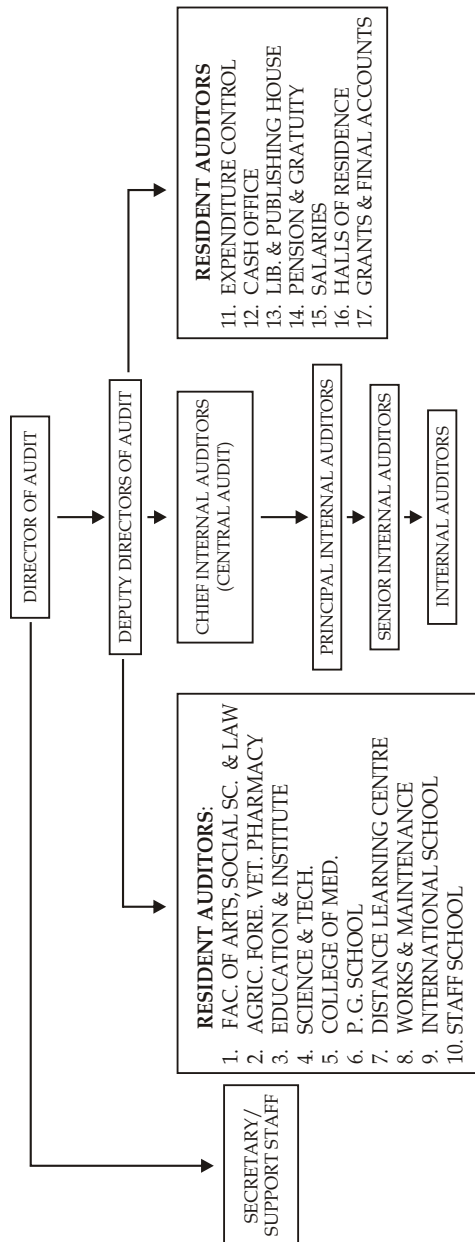


Table 2 PENSION AND GRATUITY TABLE

YEARS OF QUALIFYING SERVICE	GRATUITY AS PERCENTAGE OF FINAL TOTAL EMOLUMENT	PENSION AS PERCENTAGE OF FINAL TOTAL EMOLUMENT
5	100	-
6	108	-
7	116	-
8	124	-
9	132	-
10	100	30
11	108	32
12	116	34
13	124	36
14	132	38
15	140	40
16	148	42
17	156	44
18	164	46
19	172	48
20	180	50
21	188	52
22	196	54
23	204	56
24	212	58
25	220	60
26	228	62
27	236	64
28	244	66
29	252	68
30	260	70
31	268	72
32	276	74
33	284	76
34	292	78
35	300	80

Table 3a

PENSION HARMONIZATION TABLE w.e.f 2000

CI/HATISS	10 YRS	11 YRS	12 YRS	13 YRS	14 YRS	15 YRS	16 YRS	17 YRS	18 YRS	19 YRS	20 YRS	21 YRS	22 YRS
	30%	32%	34%	36%	38%	40%	42%	44%	46%	48%	50%	52%	54%
1 \ 0	5067.36	5405.12	5742.94	6080.76	6418.58	6756.40	7094.30	7432.13	7769.94	8107.75	8445.60	8783.42	9121.24
2 \ 1	5298.12	5641.12	5984.20	6326.80	6669.38	7011.96	7354.56	7697.16	8039.76	8382.35	8724.96	9067.56	9410.17
3 \ 2	5529.20	5884.16	6229.26	6573.61	6918.02	7262.43	7606.84	7951.25	8295.66	8639.07	8983.48	9327.89	9672.30
4 \ 3	5760.00	6120.00	6480.00	6840.00	7200.00	7560.00	7920.00	8280.00	8640.00	9000.00	9360.00	9720.00	10080.00
5 \ 4	5991.20	6361.20	6731.20	7101.20	7471.20	7841.20	8211.20	8581.20	8951.20	9321.20	9691.20	10061.20	10431.20
6 \ 5	6222.40	6602.40	6982.40	7362.40	7742.40	8122.40	8502.40	8882.40	9262.40	9642.40	10022.40	10402.40	10782.40
7 \ 6	6453.60	6843.60	7233.60	7623.60	8013.60	8403.60	8793.60	9183.60	9573.60	9963.60	10353.60	10743.60	11133.60
8 \ 7	6684.80	7084.80	7484.80	7884.80	8284.80	8684.80	9084.80	9484.80	9884.80	10284.80	10684.80	11084.80	11484.80
9 \ 8	6916.00	7326.00	7736.00	8146.00	8556.00	8966.00	9376.00	9786.00	10196.00	10606.00	11016.00	11426.00	11836.00
10 \ 9	7147.20	7567.20	7987.20	8407.20	8827.20	9247.20	9667.20	10087.20	10507.20	10927.20	11347.20	11767.20	12187.20
11 \ 10	7378.40	7808.40	8238.40	8668.40	9098.40	9528.40	9958.40	10388.40	10818.40	11248.40	11678.40	12108.40	12538.40
12 \ 11	7609.60	8049.60	8489.60	8929.60	9369.60	9809.60	10249.60	10689.60	11129.60	11569.60	12009.60	12449.60	12889.60
13 \ 12	7840.80	8290.80	8740.80	9190.80	9640.80	10090.80	10540.80	10990.80	11440.80	11890.80	12340.80	12790.80	13240.80
14 \ 13	8072.00	8532.00	8992.00	9452.00	9912.00	10372.00	10832.00	11292.00	11752.00	12212.00	12672.00	13132.00	13592.00
15 \ 14	8303.20	8773.20	9243.20	9713.20	10183.20	10653.20	11123.20	11593.20	12063.20	12533.20	13003.20	13473.20	13943.20
16 \ 15	8534.40	9014.40	9494.40	9974.40	10454.40	10934.40	11414.40	11894.40	12374.40	12854.40	13334.40	13814.40	14294.40
17 \ 16	8765.60	9255.60	9745.60	10235.60	10725.60	11215.60	11705.60	12195.60	12685.60	13175.60	13665.60	14155.60	14645.60

Table 3b

PENSION HARMONIZATION TABLE w.e.f 2000

CI/HATISS	23 YRS	24 YRS	25 YRS	26 YRS	27 YRS	28 YRS	29 YRS	30 YRS	31 YRS	32 YRS	33 YRS	34 YRS	35 YRS
	56%	58%	60%	62%	64%	66%	68%	70%	72%	74%	76%	78%	80%
1 \ 0	9429.06	9798.80	10168.54	10538.28	10908.02	11277.76	11647.50	12017.24	12386.98	12756.72	13126.46	13496.20	13865.94
2 \ 1	9660.24	10030.98	10401.72	10772.46	11143.20	11513.94	11884.68	12255.42	12626.16	13000.00	13373.84	13747.68	14121.52
3 \ 2	9891.42	10262.16	10632.90	11003.64	11374.38	11745.12	12115.86	12486.60	12857.34	13228.08	13598.82	13969.56	14340.30
4 \ 3	10122.60	10493.34	10864.08	11234.82	11605.56	11976.30	12347.04	12717.78	13088.52	13459.26	13830.00	14200.74	14571.48
5 \ 4	10353.78	10724.52	11095.26	11466.00	11836.74	12207.48	12578.22	12948.96	13319.70	13690.44	14061.18	14431.92	14802.66
6 \ 5	10584.96	10955.70	11326.44	11697.18	12067.92	12438.66	12809.40	13180.14	13550.88	13921.62	14292.36	14663.10	15033.84
7 \ 6	10816.14	11186.88	11557.62	11928.36	12299.10	12669.84	13040.58	13411.32	13782.06	14152.80	14523.54	14894.28	15265.02
8 \ 7	11047.32	11418.06	11788.80	12159.54	12530.28	12901.02	13271.76	13642.50	14013.24	14383.98	14754.72	15125.46	15496.20
9 \ 8	11278.50	11649.24	12019.98	12390.72	12761.46	13132.20	13502.94	13873.68	14244.42	14615.16	14985.90	15356.64	15727.38
10 \ 9	11509.68	11880.42	12251.16	12621.90	12992.64	13363.38	13734.12	14104.86	14475.60	14846.34	15217.08	15587.82	15958.56
11 \ 10	11740.86	12111.60	12482.34	12853.08	13223.82	13594.56	13965.30	14336.04	14706.78	15077.52	15448.26	15819.00	16189.74
12 \ 11	11972.04	12342.78	12713.52	13084.26	13455.00	13825.74	14196.48	14567.22	14937.96	15308.70	15679.44	16050.18	16420.92
13 \ 12	12203.22	12573.96	12944.70	13315.44	13686.18	14056.92	14427.66	14798.40	15169.14	15539.88	15910.62	16281.36	16652.10
14 \ 13	12434.40	12805.14	13175.88	13546.62	13917.36	14288.10	14658.84	15029.58	15400.32	15771.06	16141.80	16512.54	16883.28
15 \ 14	12665.58	13036.32	13407.06	13777.80	14148.54	14519.28	14890.02	15260.76	15631.50	16002.24	16372.98	16743.72	17114.46
16 \ 15	12896.76	13267.50	13638.24	14008.98	14379.72	14750.46	15121.20	15491.94	15862.68	16233.42	16604.16	16974.90	17345.64
17 \ 16	13127.94	13498.68	13869.42	14240.16	14610.90	14981.64	15352.38	15723.12	16093.86	16464.60	16835.34	17206.08	17576.82