



UNIVERSITY OF BENIN
BENIN CITY, NIGERIA

CENTRE OF EXCELLENCE IN REPRODUCTIVE HEALTH INNOVATION
(CERHI)

FINANCIAL MANAGEMENT MANUAL

Issued by the Bursary
University of Benin

Chapter 1

1.0 **Introduction: Project Financial Management**

1.1 This manual is essential as it documents the accounting and financial management arrangement for the project. The manual provides adequate guidelines for the project and is to be used to complement other financial management procedures such as financial regulations, financial instructions, and treasury circulars that are being used by the University. Hence it closes the likely gaps that may exist in some of these financial guidelines.

1.2 The primary purpose of evolving this manual is to harmonize the Financial Management contents embedded in the project. Specifically, elements of accounting, financial reporting and auditing have been adopted as the guidelines or standards for the implementation of the project. Aside from serving as broad guidelines for complying with the World Bank rules appertaining to financial management, they also serve to provide the needed information for gauging progress and success of the project.

1.2 Accounting Basis And Accounting Standards

1.2.1 The basis of accounting and the accounting standards in use for recording and reporting the financial transactions in the University is the Cash Accounting, which implies that transactions and other events are recognized when cash or its equivalent is received or paid.

1.2.2 Other basis recognised by the International Public Sector Accounting Standards and other International Accounting Standards are Modified Cash Accounting and Accrual Accounting.

1.2.3 Modified Cash Accounting implies that transactions and other events are recognised when cash or its equivalent is received or paid, and a limited range of assets and liabilities are recognised, recorded and reported in the notes to financial reports and statements. Non-cash items like assets and liabilities such as receivables, payables, borrowings and other liabilities, non-cash assets and accruing revenues and expenses, commitments and contingent liabilities under the modified cash basis accounting are to be disclosed in the financial statement with notes.

1.2.4 Accrual Accounting entails transactions and other events being recognised when they occur (and not when cash or its equivalent is received or paid). The transactions and events are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. Elements recognised are assets, liabilities, net assets/equity, revenue and expenses.

1.2.5 The basis of accounting, accounting standards and any additional financial accounting policies/standards in use for the project is to be specified in the annual financial statements of the project.

1.2.6 The Accounting Basis and Accounting Policies in place are those adopted by the University of Benin, (ie cash basis), which fall in line with those of Government Financial Regulations, International Public Sector Accounting Standards (IPSAS) etc.

1.2.7 The accounting policies on fixed assets, depreciation, accounting bases, income recognition, matching concept, sources and uses of funds etc are in line with provisions of the International Public Sector Accounting Standards.

1.2.8 Without prejudice to the cash basis of accounting currently in use in the University, which the IPSAS recognizes, migration from cash to accrual basis is anticipated for the project. The public sector organizations in Nigeria are expected to adopt accrual basis of accounting in 2016.

1.2.9 The government financial year is from January to December which is divided into 12 reporting periods. Although the Financial Year for the World Bank is from July to June, the Government Fiscal year in Nigeria is from January to December.

1.3 Foreign Currency Translation

Any transaction in US dollars or other currency must be converted to Nigerian Naira at the official daily exchange rate of the day of the transaction that is declared by the Central Bank of Nigeria (CBN).

Chapter 2

2.0 **Budget, Budgetary Performance And Control**

2.01 Budgeting is the process of estimating the financial requirements of the project, identifying sources of funds and adopting measures to ensure that such funds are made available on time. Budgeting continues throughout the life of the project. Of all organizational activities, budgeting is one of the most important, and therefore requires detailed attention.

2.02 Budget is a formal statement of the financial resources set aside for carrying out specific activities in a given period of time in a coordinated manner. Budgetary control is a control technique employed by organizations in a manner of comparing actual results with budgets. Differences (or variances) observed are made the responsibility of specified individual who is expected to either exercise control action or revised the original budget.

2.03 An annual **work plan** and annual budgets are to be prepared for the Project. In the matter of the project implementation, budgets and annual work plan are mutually exclusive. That is to say, the ACE's budgets must be based on the annual work plan. Work plan should be part of your annual planning and budgeting cycle.

2.04 A work plan is a short-term schedule for implementing an action, monitoring, or operational plan. The plan stipulates tasks required, those responsible for each task, when each task will need to be undertaken, and the amounts of resources needed to complete each task etc. A work plan

is normally short-term by nature and covers a year or more or even less than a year. It is essentially a calendar or schedule that links the tasks to be achieved together with the resources needed.

2.05 The work plan identifies specific tasks required, when to execute them, those assigned to complete each task, and how much fund that will be required. These activities are usually recorded in a table, chart, or project calendar. Work plan should be reviewed and revised at periodic intervals such as monthly, quarterly, or at least six-month intervals by the Budget Monitoring and Implementation Committee.

2.06 For the ACE, the annual work plan and the budget set the tone for expenditure allocations and project revenue targets for the year. The annual work plan and budgets require Governing Council approval at the ACE level as well as the National Steering Committee at the higher level. After approval, the annual work plan and budgets are submitted to the World Bank for noting and endorsement.

2.07 Budgets can be revised whenever there are major changes or variations in the annual work plans or overall project plans. Approved variations or revisions of the annual work plans or budgets must be promptly advised to the appropriate authority for noting and endorsement.

2.08 There shall be a strong and functional budget committee that draws its membership from all departments and units of the University. Budget

Committee is to co-ordinate the budget process. Timeline for budget implementation must be set for the funds and it is the responsibility of the Budget Committee to ensure that this is done.

2.09 Annual budget shall be operated for the funds. Budget inputs from stakeholders are to be invited and details collated. Budget process starts with call circular in the 3rd quarter of year before the budget and inputs are collected, collated and discussed. Targets are set for income upon discussion with operators. Expenditure is planned on the basis of projected income.

2.10 Budget normally covers Recurrent and Capital projects. Recurrent expenditure contains Personnel and Overhead Costs (or cost of operation), while the Capital Expenditure is for projects that are of capital in nature.

2.11 Project owners and task team leaders are invited by the Budget Committee for discussion and defense of their inputs, to ensure that inputs are in line with the general plan and overall goal of the ACE.

2.12 Draft Budget proposals are produced and discussed by the Management. The Draft Budget is then presented to the Finance and General Purpose Committee of the Council for further deliberation. The Draft Budget is then presented for Governing Council approval before the year of operation.

2.13 Budget implementation is always followed by budget performance report. Budgets should be monitored every month and there should be quarterly preparation of budget performance reports.

2.14 A budget shall be a yardstick against which actual performance is measured and assessed. Control is equally provided by comparisons of actual results against budget plans. The budget performance report is to compare actual performance against planned budget for the period (monthly and quarterly) to determine variances. Departure from budget shall be investigated and the reasons for the differences can be divided into controllable and non-controllable factors. Significant variances that emerged are to be analyzed, investigated and explained, and actions taken.

2.15 The budget performance report is to be presented to the Budget Monitoring Committee, for evaluation and further analysis, before passing same to the Finance and General Purpose Committee of the Council, for further review.

2.16 Control actions are taken and management is directed to enforce necessary controls to avoid further deviations. Reports are reviewed and sent to the World Bank in keeping with requirements to do so. Such reports are also to be made to the Ministry of Education.

2.1 Budget Committee

2.1.1 A budget committee shall consist of senior members of the ACE. Every part of the organization shall be represented on the committee. The Committee shall have roles of coordination or preparation of the budget and manual, issuance of time tables for budget preparation, provision of information about budget preparation etc.

2.2 Budget Manual

2.2.1 There shall be a document to known as Budget Manual. The manual shall serve as chart to the organization and provide details about budget procedures, account codes for items of expenditure and income, time table for the process as well as clearly defined responsibilities of persons involved in the budgeting system.

2.3 Budget Officer

2.2.1 There shall be a budget officer who shall be in charge of budget administration. He shall serve as the liaison officer between the budget committee and various sections or units involved in the project. It shall be his responsibility to deal with budget control problems and to ensure that deadlines are met. He shall educate people about budgetary control.

2.4 Cash Flow Budgeting

2.4.1 Cash flow budgeting shall ensure that funds are available when required by the ACE. It shall be a cash plan for a defined period (eg month) that summarises receipts and payments.

2.4.2 The process of Cash flow budgeting shall involve estimating the amount and timing of payments for expenditures and of receipts for revenues.

2.4.3 The estimate shall be based on the estimated physical progress of activities and estimated timing of the contract payment, or payment of operational expenditure and receipts.

2.4.4 The cash flow estimates for funds requirements for each month must be reviewed and updated such that any changes to the cash flow budgets must be reported so that project implementation activities are not derailed.

2.5 Project Funds Flows

2.5.1 The flow of funds for projects from the World Bank to the ACE shall be as specified in the Documents of the ACE project.

2.5.2 Variation to the endorsed flow of funds shall be according to the agreed positions of the ACE, Ministry of Education, the National Steering Committee and the World Bank.

2.5.3 As part of the funds flow, the bank account requirements of the project shall be as specified and agreed to at the pre-implementation stage of the project.

Chapter 3

3.0 **System of Internal Control**

3.01 Internal control is fundamental toward the operations and success of an organization. The scope of internal control is very broad. It encompasses all controls involved in an organization's strategic management and corporate governance and management processes. Internal control covers the organization's entire range of activities such as financial operations and reporting, compliance matters and performance.

3.02 Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in relation to effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

3.03 In an environment of internal control system, there shall be cost/benefit equation. Cost/benefit considerations should be taken into account in the overall design of the system and in the context of risk identification, assessment and prioritisation.

3.04 In Internal control, Control is not synonymous with managing and does not constitute everything involved in the management of an organization.

3.05 While internal control can help to ensure that reliable information is made available for decision-making, implementation and monitoring, it

does not take the place of the management in making strategic and operational decisions. Rather it facilitates assessment and reporting on the results of actions taken.

3.06 A sound system of internal control shall to provide reasonable, but not absolute, assurance that an organization will avoid being hindered in achieving its objectives.

3.07 The management shall exercise its judgment to determine the nature of the controls that need to be in place to effectively in achieve the desired objectives.

3.08 A sound system of internal control shall encompass the policies, processes, tasks, behaviours and other aspects of an organization that, taken together, shall facilitate effective and efficient operation to enable it to respond appropriately to significant operational, financial, compliance and other risks.

3.09 Internal control can facilitate Safeguard of assets from inappropriate use or from loss and fraud. Controls ensure that liabilities are identified and managed early enough.

3.10 Through internal control, maintenance of proper records and processes that will generate a flow of timely, relevant and reliable information both from within and outside.

3.11 Compliance with applicable laws and regulations, and internal policies can equally be facilitated by internal control system.

3.12 An effective Internal control system shall contain five inter-related components to achieve the organization's objectives. The components include control environment, risk assessment, control activities, Information and communication, and monitoring.

3.2 Who Does the Internal Control and Risk Management

3.2.1 The purpose of a system of internal control is to keep an organization on course towards achieving its performance and set goals. In this regard, the University Governing Board shall communicate the objectives and goals throughout the organization. The immediate aim of internal control is to help to provide a reasonable level of assurance that will meet the agreed objectives and goals. It has a key role in the management of risks that are significant to the fulfillment of organizational objectives.

3.2.2 It is the Governing Board's responsibility to ensure that the ACE maintains sound and effective internal controls to safeguard investments and assets at all times. To fulfill this responsibility, there is need to annually conduct a review of the effectiveness of the system of internal control and report this in their Corporate Governance Report (Report of the Council). The review should cover all material controls, including

financial, operational and compliance controls and risk management functions.

3.2.3 The board shall evaluate any change in the internal control that has occurred during the interim reporting period, and which has materially affected, or is reasonably likely to materially affect, the organization. Consideration should also be given to disclosing any significant failing or weakness in internal control and its impact on the ACE in the interim report, in order to appraise the positions.

3.2.4 Reviewing the effectiveness of internal control is an essential part of the board's responsibilities, while the management is accountable to the board for designing, operating and monitoring the system of internal control and for providing assurance it is in place. The board shall review and form its own view on effectiveness of the system on ground.

3.2.5 The board may delegate detailed aspects of the review work to board committees, e.g., the audit committee, the risk management committee, etc.

3.3 Risk management

3.3.1 The process of risk management involves: understanding organisational objectives; identifying the risks associated with achieving or not achieving them and assessing the likelihood and potential impact of particular risks; developing programmes to address the identified risks;

and monitoring and evaluating the risks and the arrangements in place to address them.

3.3.2 Risk may affect many areas of activity, such as strategy, operations, finance, technology and environment.

3.3.3 The governing board shall determine the type and extent of risks that are acceptable to the University, and strive to maintain risks within these levels. Internal control is one of the principal means by which risk is managed.

3.3.4 Because of changing events in the operating environment, there should be a thorough and regular evaluation of the nature and extent of the risks inherent in that environment.

3.3.5 The purpose of internal control is to help manage and control risk appropriately, rather than to eliminate it.

3.3.6 Internal Control system entails all the policies and procedures adopted by management of the University to assist in achieving orderly and efficient implementation of the project. The guiding principle are compliance with government and donor policies and rules, safeguarding of financial resources, complete and reliable processing, recording and reporting of financial transactions and events, timely issue of financial

management reports for monitoring and management decision making, and the detection of fraud and error.

3.4 What to Achieve with Internal control

Ensuring that the accounts and records, are reliable and complete. Securing compliance to legislative, statutory and project agreements' requirements. Adherence to organizational policies and procedures. Protect the assets, especially cash receipts, from being lost or stolen. Safeguarding assets against wastage, fraud and inefficiency. Discouraging dishonesty. All these goals are achieved through a sound, effective and efficient system of internal control.

3.5 Responsibility for Internal Control

The University management, and in particular the Project Team is responsible for developing, implementing and monitoring a sound system of internal controls.

3.6 The critical elements of internal control

3.6.1 Management must be committed to effective internal control. Management shall be responsible for maintenance and review of the control structures on a regular basis to ensure that all key controls are operating effectively. Management shall through its attitude enforce strong internal control in order to make it effectiveness.

3.6.2 Duties and functions should be well segregated. Separation of these duties within finance and the accounting systems tend to help detect and prevent errors, fraud or misuse of funds.

3.6.3 There shall be clear specification of financial authorities and delegations for internal controls to be effective.

3.6.4 ACE should engage qualified and experienced people from both formal and informal areas. On-the-job training to staff can assist them to effectively carry out their assigned duties.

3.6.5 Internal controls should be clearly documented in procedure manuals and job descriptions and the staff should have access to them. All staff involved in accounting for expenditure, revenue, assets and liabilities must understand government and project policies and procedures. Documents should be as simple and easy to use as possible.

3.6.6 Management controls include preparation of plans such as corporate plans, functional and work plans, annual budgets, procurement plans etc. There shall be regular reporting of progress against plans, variation analysis and timely decision making based on regular management information.

3.6.7 Operational controls include sequence checking, use of control totals, reconciliations and independent checks. Regular reconciliations of

bank accounts, error suspense accounts, and control accounts will help ensure that the accounting systems are functioning properly and the accounting data is being accurately recorded and maintained.

3.6.8 Physical controls are required to safeguard cash and other negotiable instruments (eg cheques) as well as inventories and assets. Receipt books, and cheque books must be kept secure and records must be kept for issues and usage of assets. Physical assets must be safeguarded and properly maintained to retain their value and effectiveness. All the shall be achieved through strong internal control arrangement.

3.7 Financial Delegations and Authorities

3.7 The delegations and authorities shall be as documented in the project Financial Management Manual, the University of Benin Financial Instructions etc..

The following delegations and authorities are the minimum that should be addressed in establishing the financial arrangements and internal control system for projects:

3.7.1 Operation of Project Bank Accounts

Authorised signatories for drawing funds from the project bank accounts and the signing requirements for payment withdrawals shall be in line with the mandates contained in the financial manual.

Authorised signatories for credit/grant replenishment withdrawal applications shall equally be as stipulated in the financial manual.

The Vice Chancellor shall have Authority to approve contracts for civil works, goods and services, and shall delegate the Authority to certify the completion/acceptance of civil works, goods and services.

3.8 Expenditure Payments

The Vice Chancellor shall have Authority to approve expenditure claims and vouchers. However, for the ACE project, this function shall be delegated to the Project Team Leader and appropriate approval ceilings for Project Team members may also be granted for their petty cash expenditure claims, advances of funds etc.

3.9 Authorities to receive funds and issue official receipts

3.9.1 The Vice Chancellor shall delegate financial and administrative control functions to the CERHI Leader. The financial delegations and authorities should operate in conjunction with administrative systems and controls. Administrative system controls consist of measures adopted by management to help promote operational efficiency and adherence to prescribed policies within the organisation, and achievement of its goals.

3.9.2 The Vice Chancellors may delegate administrative controls in the area of maintenance of employee personnel records and job descriptions, to

ensure that the employees are performing the correct duties and these are within their capabilities;

3.9.3 The Vice Chancellor may delegate administrative controls in the area of maintenance of travel records to support and verify claims for fares and per diems; maintenance of vehicle usage to ensure proper use of assets and operational expense claims.

3.9.4 The Project Team shall review the nature of the activities of the project and ensure that appropriate administrative authorities and delegations are defined to control the project activities in conjunction with the financial delegations and authorities and documented in the project arrangements.

3.10 Internal Controls issues on General Financial Matters

Financial controls shall consist of measures adopted by management to protect assets and to ensure the accuracy and reliability of the accounting records and financial reports. The following internal controls issues need to be carefully noted and applied by the ACE:

3.10.1 Staff shall be Competent and Reliable. Employees shall be adequately trained and properly supervised to enable them to carry out their duties and responsibilities effectively.

3.10.2 There shall be Separation of Functional Responsibilities. Transactions in the ACE should not be a one man affair. There should be clear understanding as to who will approve, what is to be approved and the limitations of authorisation. The approving officers should not have responsibility for posting or the ability to change accounting records.

3.10.3 There shall be Assignment of Responsibility for Every Function. To avoid duplication and overlapping, responsibilities among employees should be clearly defined. Staff of the ACE must know their responsibilities and whom to report to.

3.10.4 The system shall Separate Asset Custodianship and Accounting function. Accounting function should be separated from the custody of assets. At the same time the cashier should be different from officer in charge of cash journals or ledgers or bank reconciliation.

3.10.5 There shall be adequate measures and techniques to protect the assets of the organization. Accounting data and reports can be protected by the use of mechanical devices such as vaults and cash registers, use of control accounts and subsidiary ledgers.

3.10.6 There shall be provision in the work process for supervision of staff. The supervisor should pay particular attention to details about the process of setting the work, recording of transactions, and the preparation of the end product or financial statements.

3.10.7 The Director of Audit shall ensure that Internal auditors do regularly review and evaluate the system of internal controls to determine whether it is functioning effectively as planned.

3.10.8 For transactions to be properly controlled, every transaction must be duly authorised, approved, executed and recorded in line with the procedures.

3.10.9 Documents (such as cheques, invoices and vouchers) shall be serially numbered for completeness of transactions.

3.10.10 The Accounting control system should be based on Sequencing. Accounting control system should be set up and followed according to the steps. Payment for goods or services should not be before the approval.

3.11 There shall be transaction processing control system. A sound transaction processing internal controls enables duties to be arranged, records and procedures to be designed for the purpose of effective accounting control over assets, liabilities, revenues and expenditures. The control aspect is work is divided so that no one employee performs a complete cycle of operations.

3.12 General Objectives of Internal Control

3.12.1 Project Team and team members are to understand the following objectives of internal control:

Validity: Recorded transactions are valid and documented.

Completeness: All valid transactions are recorded and none omitted.

Authorisation: Transactions are authorized according to the ACE and World Bank/Government policy.

Classification: Transactions are properly classified in the accounts.

Accounting/Posting: Transaction accounting is completed.

Proper period: Transactions are recorded in the proper period.

3.13 Computerised Accounting System Controls

3.13.1 Internal control system shall encompass the security and back up of financial accounts and records in order to remain relevant in a computerised accounting systems environment. There is need to a adopt some key computerised accounting system internal controls as follows:

3.13.2 Password Protection – All computerized accounting systems must be pass-worded.

3.13.3 Back up Procedures - There must be regular back up (probably in a remote location, in external hard drives, discs etc) for all Accounting Software. There must be procedures to restore data or software in the event of any failure, operational disruption, etc.

3.13.4 Emergency procedures – There shall be an emergency procedures following loss of systems. All computer systems must be backed up to external media (e.g. tape, disk) on at least a daily basis. Daily printouts of

daily transactions (journals) of the ACE shall be made checked and signed by the Project accountant and filed for future reference. Emergency procedures detailing what actions to take and including manual procedures to be followed in the event that computer systems problems should be fully documented and the staff made aware of the documented emergency procedures.

3.13.5 Virus Protection - All computer systems must be protected against the threat of software viruses during and after the project. Regular scan disk should be done at least once a week.

Chapter 4

4.0 **Flow Of Funds And Operation Of Bank Accounts**

4.01 The flow of funds stems from the work plan on how to use the ACE funds. It is based on a budget which costs annual work plan. The budget is approved before the year of its operation.

4.02 Funds are released by the World Bank to Ministry of Finance. Ministry of Finance releases the fund from Central Bank to entity's designated banks account with commercial banks.

4.03 Implementing units/departments within the ACE get their releases through their respective bank accounts in commercial banks.

4.04 Spending from the accounts needs approval and must be accounted for at the end of every month.

4.05 There shall be, a designated dollar account domiciled in the Central Bank of Nigeria, a designated dollar account with a Commercial bank and a project account in the name of the ACE in local currency denomination in Commercial bank. There shall be a Revenue Account for the other incomes that will be generated for the ACE.

4.1 **Bank Accounts**

4.1.1 **Operation of Bank Accounts**

4.1.2 Since this project is a world bank project, the bank accounts are called special accounts. For the ACE, the bank accounts are called project bank accounts. There shall be separate Bank account for the purpose of loan disbursements.

4.1.3 The Bank accounts shall be opened with the Central Bank of Nigeria, two Commercial Banks (Zenith Bank Plc and First Bank of Nigeria Plc), because of their proven capabilities and facilities. They have the ability to handle large volume of transactions; they can issue Letters of Credit. They can execute foreign exchange and local transactions. They are can provide reliable and timely bank statements on a monthly basis and on request.

4.1.4 The bank accounts must be in the name of the project and should be in a currency that is stable (such as US Dollars) and convertible to the Nigerian Naira.

4.2.1 **Designated Domiciliary Account**

There shall be one or more designated accounts into which ACE loans/grants (withdrawn from the Grant Account for the purpose of paying for eligible expenditures as they are incurred) will be deposited. These accounts are to be known as **Designated Accounts**.

4.2.2 The ACE shall have in place adequate internal control mechanism, in terms of administrative and accounting controls to enable conducive grounds for use of designated accounts.

4.2.3 The use of Designated Accounts in new projects must be free of other undocumented advances or loans in the Designated Accounts that have not been refunded, within two months after the Disbursement Deadline Date for such loan.

4.2.2 Designated Domiciliary account is to be opened with the Central Bank of Nigeria for the payment of proceeds of the loan and another domiciliary account to be opened in Commercial bank for other income or grants from other sources. These accounts are to be a US Dollar Account.

4.2.3 Stemming from 4.2.2, Designated Accounts may be established in one of the two ways set out below:

(a) Segregated Account: this is an account of the ACE into which only proceeds of the grant may be deposited;

or

(b) Pooled Account: this is an account of the ACE into which the loan proceeds of other financing for the operation (e.g., school fees and/or financing by other development partners) may be deposited.

4.2.4 Designated Accounts must be in a freely convertible currency acceptable to the World Bank. In this project, the Currency will be United

States Dollars (US\$). The ACE will bear all risks associated with foreign exchange fluctuations between the currency of denomination of the loan and the currency or currencies of project expenditures.

4.2.5 The ACE shall report on the use of grant proceeds advanced to the Designated Account at intervals specified by the World Bank.

4.2.6 ACE shall ensure that all amounts deposited in the Designated Account are accounted for and their use reported prior to the Disbursement Deadline Date. After this date, the ACE must refund to the World Bank any advances still unaccounted for or remaining in the Designated Account.

4.2.7 **Project Accounts**

4.2.8 Project accounts for the flow of funds (possibly US Dollars) received from the Ministry of Finance for the ACE shall be opened in Commercial banks. Another account in Naira has already been opened with First Bank of Nigeria, while the process of opening in Zenith Bank is on as in 4.1.3. These are the accounts from where payments are to be made and where other fund contributions and local revenue will be made.

4.2.9 **Signatories To Bank Account**

4.2.10 The University Authorized signatories for running of the University operations shall be in two (2) groups: viz Group 'A' from Bursary and Group 'B' from the Administration.

4.2.11 For the ACE project, under the delegated powers of the Vice Chancellor, the **Category A signatories** include the **Project Head/ Project Team Leader, Deputy Team Leader and another team member** while **Category B signatories** include the **Bursar, Deputy Bursar (Capital Projects), Deputy Bursar (Expenditure Control)**.

4.2.12 The certified specimen signatures of the officers authorized to sign Bank Mandates drawn on the ACE project Accounts shall be made available to the World Bank.

4.2.13 For the avoidance of doubt, they are as reflected on

4.2.13 above. Prompt notification to World Bank shall be given when an officer's authority to sign is revoked, probably due to fraud or other unacceptable financial misdemeanour.

4.2.14 To be valid, Bank mandate, (in the case of e-Payment), drawn against ACE Accounts, shall be signed jointly by two signatories, one from each group. For the avoidance of doubt, a **combination of A+B or AB makes the mandate valid.**

4.2.15 The Project Bank Account must be maintained by the ACE at the Central Bank of Nigeria or other approved banks.

4.2.16 Replenishment and withdrawal applications are made direct to the World Bank/Ministry of Education by the ACE, when approved funds are transferred.

4.2.17 **Special Account**

4.2.18 The special accounts must be maintained at the Central Bank of Nigeria, or other approved banks, in the name of the ACE. Under the delegated authority, the ACE may carry out transactions covering project expenditures.

4.2.19 The Special Account will have an authorised allocation/ceiling and an initial withdrawal advance which are set out in the grant agreements of the Project. The total amount of funds held in the Special Account **must not exceed the authorised allocation/ceiling**. Based on forecast of expenditures against each component and disbursement category, details of ceiling will be provided every three months using Interim Financial Reports (IFRs).

4.2.20 All expenditures from the Special Account must be by bank transfers or e-payments and may be in local or foreign currencies.

4.2.21 Project payments to a supplier for amounts in excess of what is stipulated in the Grant agreement cannot be made from the Special Accounts. Instead, Commitment or Direct Payment procedures must be used in such cases.

4.2.22 Applications to replenish the Special Account must be submitted to the World Bank regularly, preferably monthly (but not less than quarterly) or when the amounts withdrawn equals 20 percent of the initial advance, whichever comes first.

4.3 Bank Reconciliations

4.3.1 The quality of financial information for the project depends on the integrity of data held in the general ledger. This in turn relies upon accurate capturing and entry of data into the ledger.

4.3.2 Reconciliation of bank accounts is one of the most critical internal controls used to guarantee the accuracy of data being captured and entered into the ledgers and to safeguard the cash holdings.

4.3.3 Bank reconciliations involve reconciling the accounting record balance of a bank account as recorded in the project ledger to the balance of the bank account as shown on the bank statements provided by the relevant financial institution.

4.4 Internal Controls Elements in Reconciliation

4.4.1 Reconciliations must be conducted at least monthly for each bank account of the project. Bank statements should be received at least once a month from the relevant financial institution.

4.4.2 Officers responsible for project bank accounts must ensure that the monthly reconciliation of each account within three weeks of the end of each month and must be signed by superior officer.

4.4.3 Each reconciliation must be checked and approved by one of the authorised signatories of the bank account.

4.4.4 Reconciliations and supporting documents must be retained for management control and audit purposes.

4.4.5 Reconciliations must reconcile the bank statement closing balance to the ledger account or ledger/cashbook closing balance for the bank account as at the end of the month.

4.4.6 All transactions shown on the bank statement must be traced back to the relevant cash transactions in the project's accounting ledgers. Any differences between the two balances or in transaction amounts or items must be promptly followed up and action taken to resolve the differences. Unknown transactions should be promptly reported to the relevant financial institutions for explanation and/or correction.

Chapter 5

5.0 Issue Of Disbursements And Reimbursements

5.01 Disbursement or Withdrawal refers to the withdrawal of funds to meet project expenditure. Disbursement of the loan or grant funds shall normally be made by: Advances, Special Commitment, Direct payment or Reimbursements.

5.02 Loan Withdrawals must be in accordance with the disbursement procedures of the World Bank. Disbursement deadline date is 4 months after the closing date specified in the Financing Agreement. The ACE and their projects teams must be conversant with the World Bank Disbursement Handbook. The project staff need to be trained in these procedures.

5.03 The ACE through the Ministry of Education is responsible for submitting withdrawal applications to the World Bank. Loan/credit/grant withdrawals may be made for:

- Special Account Initial Advance,
- Special Account Replenishment,
- Reimbursement of Expenses Incurred,
- Direct Payment to Supplier or Contractor,
- Special Commitment.

5.1 Disbursement Methods

5.1.1 The Disbursement arrangements for the project shall be agreed with the World Bank.

5.1.2 The World Bank shall disburse proceeds from the Loan Account established for the ACE through the use of one or more of the disbursement methods set or determined by the World Bank.

5.2 **Withdrawal of Loan Proceeds**

5.2.1 **Authorized Signatures.**

5.2.2 Before loan proceeds may be withdrawn or committed from the Loan Account, the authorized representative of the ACE must furnish to the World Bank: (a) the names of the officials authorized to sign applications for withdrawal and applications for a special commitment (collectively, "Applications"), and (b) the authenticated specimen signatures of the officials.

5.2.3 The ACE shall indicate clearly if more than one signature is required on Applications and must notify the World Bank promptly of any changes in signature authority.

5.3 **Applications.**

5.3.1 Applications must be provided to the World Bank in such form and include such information the World Bank may reasonably request.

5.3.2 For withdrawal from the Loan Account for **Advances**, the ACE shall provide an **original signed application for withdrawal**. ACE may apply for an advance in an amount up to the Ceiling less the aggregate amount

of those advances previously received by the CERHI for which the CERHI has not yet provided supporting documentation.

5.3.3 For withdrawal from the Grant Account for **Reimbursements** and **Direct payments** and for **Reporting on the use of advances**, the ACE shall provide an original signed application for withdrawal together with one copy of supporting documents.

5.3.4 For a **Special commitment** from the Grant Account, the ACE shall provide an original signed application for a special commitment together with one copy of the letter of credit.

5.3.5 Electronic Delivery: The use electronic means for delivery of applications and supporting documents may be considered based and on terms and conditions specified by the World Bank. Applications and supporting documentation delivered in this way will be deemed to have been provided to the World Bank for the purposes of satisfying the requirements set.

5.3.6 Minimum Value of Applications: The minimum value of applications set by the World Bank shall be observed by the ACE for Applications for reimbursement, direct payment, and special commitment. The Bank reserves the right not to accept Applications that are below such minimum value.

5.4 Loan Disbursing Period.

5.4.1 ACE shall note that the Bank processes Applications only after the Grant Agreement has been **declared effective**. The expenditures for which the Applications are made must be:

(a) paid for (i) on or after the date of the Grant Agreement, or (ii) in the case of operations that permit retroactive financing, on or after the earlier date specified in the Grant Agreement for that purpose; and

(b) incurred on or before the closing date specified or referred to in the Grant Agreement ("Closing Date"), except as otherwise specifically agreed with the World Bank.

5.4.2 The grant disbursing period deadline ends on the final date established by the World Bank for receipt of applications for withdrawal and supporting documentation. The Disbursement Deadline Date may be the same as the Closing Date, or up to four months after the Closing Date. Normally, to support orderly project completion and closure of the Grant Account, the Bank does not accept applications for withdrawal or supporting documentation received after the Disbursement Deadline Date.

5.5 Disbursement Conditions/Supporting Document Requirements

5.5.1 If the Grant Agreement contains a disbursement condition for a specific expenditure category, the World Bank will disburse grant proceeds for that category **only** after the disbursement condition has been fulfilled and the Bank has notified the CERHI to this effect.

5.5.2 ACE shall provide supporting documentation to show that loan proceeds have been or are being used to finance eligible expenditures.

5.5.3 In the case of special commitments, the relevant commercial bank shall provide its confirmation directly to the World Bank indicating that conditions for release of payments committed for withdrawal have been met.

5.6 Terms and Conditions Applicable to Advances

5.6.1 Ceiling: The ACE shall be notified of the maximum amount of loan proceeds that may be on deposit in a Designated Account. The World Bank, at its discretion, may establish the Ceiling as either (a) a fixed amount, or (b) an amount that is adjusted from time to time during project implementation based on periodic forecasts of project cash flow needs.

5.6.2 Withholding Advances: ACE shall note that deposits into the Designated Accounts shall not be made if:

- (i) It is determined that payment of the deposit will result in exceeding the Ceiling (in the case of Applications for Advances);
- (ii) The ACE's planned project expenditures justify the deposit.
- (iii) The CERHI fails to provide any of the audited Financial Statements required in accordance with, and within the period of time specified;

- (iv) It is determined that all further withdrawals of grant proceeds should be made by the ACE directly from the Grant Account; or
- (v) The Bank has notified the ACE of its intention to suspend ACE's right to make withdrawals from the Grant Account.

5.6.3 Excess Advances: If it is determined that there is Excess amount deposited in the Designated Account to cover further payments for eligible expenditures, ACE shall promptly take one of the following actions:

- a. Provide satisfactory evidence that the Excess Amount will be used to pay for eligible expenditures. The evidence shall be furnished within the time period specified otherwise the ACE must promptly refund the Excess Amount to the Bank; or
- b. Refund the Excess Amount promptly.

5.7 Internal Controls Issues in Fund Withdrawal

5.7.1 Withdrawal of Funds may only be from the loan/credits/grants for expenditures of the project which are authorised and are specified in the project grant agreements.

5.7.2 Authorised expenditures are as defined in the project agreements. Projects shall be spelt out as authorised and unauthorised expenditures.

5.7.3 ACE is responsible for ensuring that authorised signatories for withdrawal applications are established and maintained up-to-date at all times. The ACE must maintain the copy of the authorised signatories and

provide copies to the Ministry of Education and the originals to the World Bank.

5.7.4 Withdrawal applications must be signed by an authorised signatory or signatories.

5.7.5 Withdrawal applications must be sequentially numbered starting with the number one.

5.8 Types of Supporting Documentation

5.8.1 Copies of the original documents evidencing eligible expenditures (Records) or summary reports of expenditure (Summary Reports), must be provided by the ACE.

5.8.2 Records include such documents as invoices and receipts.

5.8.3 A Summary Report may be either (a) the Interim Un-audited Financial Report **or** (b) a Statement of Expenditure summarizing eligible expenditures paid during a stated period (Statement of Expenditure).

5.8.4 In all cases, the ACE is responsible for retaining the original documents evidencing eligible expenditures and making them available for audit or inspection.

5.8.5 The types of supporting documentation will be specified based on the disbursement method used. The supporting documentation may be the following:

(a) **For applications for reimbursement:**

- (i) Interim Financial Reports,
- (ii) Statements of Expenditure,
- (iii) Records, or
- (iv) Records required by the Bank for specific expenditures and Statements of Expenditure for all other expenditures;

(b) **For reporting on the use of advances:**

- (i) Interim Financial Reports,
- (ii) Statements of Expenditure,
- (iii) Records, or
- (iv) Records required by the Bank for specific expenditures and Statements of Expenditure for all other expenditures;

(c) **For applications for direct payments:**

- (i) Records; and
- (ii) Any other supporting documentation that the Bank may request by notice to the borrower.

5.9 Failure to Provide Audited Financial Statements.

5.9.1 ACE is to note that if the audited Financial Statements required are not provided within the period of time specified the World Bank may decide not to accept applications for withdrawal supported by Summary Reports, even if such reports are accompanied by Records.

5.10 Initial Advance Withdrawal Application

5.10.1 The World Bank may advance loan proceeds into a designated account of the borrower to finance eligible expenditures as they are incurred and for which supporting documents will be provided.

5.10.2 The Project Team shall complete the relevant withdrawal application form in 2 copies for the initial advance, citing the clause in the loan/credit/grant agreement that specifies the authorized allocation of the advance.

5.10.3 ACE is to note that the maximum amount of the advance (authorized allocation) is specified in the grant agreement.

5.10.4 The Withdrawal Application Form must be signed by the authorised signatories and submitted to the World Bank.

5.10.5 The ACE Project Team shall record the Withdrawal Application (WA) in the Withdrawal Application Register (WAR).

5.10.6 The World Bank reviews the completed forms and disburses the advance for credit to the Project's Special Account.

5.10.7 The Project Team shall seek written advice of the funds receipt into the Special Account from the relevant bank where the Special Account is maintained.

5.10.8 Once the written advice is received from the bank, the receipt of the funds shall be recorded in the General Ledger and the Withdrawal Application Register.

Dr Special Account xxx

Cr WB Grant Account xxx

5.11 **Special Account Replenishment**

5.11.1 Replenishment withdrawal applications shall be made at intervals specified in the grant agreements.

5.11.2 Usually this is on a monthly basis or when the balance of the Special Account reaches its minimum level or is down to 20% of the advance.

5.11.3 Replenishments may be made using full documentation of expenses incurred or the Statement of Expenditure (SOE) method. The SOE method is used to reimburse the project when documentation is difficult or large.

5.11.4 The loan/credit/grant agreements indicate the types of expenditure for which SOEs may be used and where appropriate, the contract value below which SOEs are to be used for selected activities.

5.11.5 Under the SOE method, the Project Team keeps the supporting documents, including contracts and procurement documentation, and evidence of payment in a central location for examination by independent auditors and World Bank staff during supervision missions.

5.11.6 The Project Team completes a Special Account Withdrawal Application Form and applicable Summary Sheets and SOE (two copies of each).

5.11.7 The Project Team prepares a reconciliation of the Special Account. The following documentation must be attached to the Withdrawal Application Form:

- Summary Sheets

- Statement of Expenditures

- Bank Statements

- Special Account Bank Reconciliation Statement

- Other documentation to support the withdrawal application.

5.11.8 The Withdrawal Application Form must be signed by the authorized signatories and submitted to the World Bank.

5.11.9 The Project Team records the Withdrawal Application in the Withdrawal Application Register.

5.11.10 The World Bank reviews the completed forms and disburses the replenishment for credit to the Project's Special Account.

5.11.11 The Project Team should seek written advice for the funds receipt into the Special Account from the relevant bank where the Special Account is maintained.

5.11.12 When the written advice is received, the receipt of the funds should be recorded in the General Ledger and the Withdrawal Application Register as follows:

Dr Special Account xxx

Cr WB Grant Account xxx

5.12 **Reimbursement of Expenses Incurred**

5.12.1 The Project Team completes two copies of the corresponding Summary Sheet form.

5.12.2 The Project Team attaches a photocopy of the following supporting documents to each Withdrawal Application:

The contract,

A copy of the invoice/bill/claim and delivery receipt.

Evidence or receipt of payment showing the amount paid, the date receipt, and the payee.

5.13 Reimbursement with Statement Of Expenditures (SOE)

5.13.1 The ACE may be reimbursed for expenditures eligible for financing that the ACE has pre-financed from its own resources.

5.13.2 The Project Team completes and signs the appropriate SOE form (two copies). There are three types of forms:

- a) SOE Form contract items, mostly related to civil works.
- b) SOE Form for non-contract items, mostly related to operating expenses and overheads.
- c) SOE Form (free format) for items not provided in the other SOE forms.

5.14.1 Force Account Works (Direct Labour Civil Works)

5.14.2 Force Account works is used for reimbursing the ACE for expenditures in carrying out certain approved civil works for the project using its own work force, equipment and other resources.

5.14.3 Such methods are usually used when the size, nature, and location of the works make competitive bidding unsuitable.

5.14.4 In such circumstances, **two certificates** are completed and attached to the Withdrawal Application:

- Project's physical progress (Part 1);
- and Financial progress (Part 2).

5.14.5 The Withdrawal Application (WA) Form must be signed by the authorized signatories and submitted to the World Bank.

5.14.6 Other steps in the procedure are as highlighted in above cases.

5.14.7 When the written advice is received, the receipt of the funds should be recorded in the General Ledger and the WA Register as follows:

Dr Expenditure Account xxx

Cr WB Grant Account xxx

5.15 Direct Payment to Supplier or Contractor

5.15.1 Third party such as suppliers, contractors, or consultants for eligible expenditures may be directly paid on request of ACE.

5.15.2 The Minimum Value of Applications for Direct Payments and Special Commitments is US\$200,000. The Project Team completes:

A Withdrawal Application Form (2 copies).

Separate withdrawal applications are required for each payment in different currencies.

Summary Sheets (2 copies)

5.15.3 The following documentation must be attached to the Withdrawal Application Forms:

Summary Sheets

Copy of Contract(s)

Supplier or contractor invoice or claim.

For civil work – summary of work progress certified by project technical officer/Engineer and approved by the relevant Project authorized officer.

For equipment and materials purchased - evidence of shipment, either a copy of the bill of lading or the forwarder's certificate Performance security such as a bank guarantee in the case of advance payments if required under the terms of the contract, or where an unusually large advance payment is made.

5.15.4 The Withdrawal Application Form must be signed by the authorised signatories and submitted to the WB.

5.15.5 The Project Team records the WA in the WA Register.

5.15.6 The WB reviews the completed forms and disburses the payment for credit to the Supplier/Contractor's bank account.

5.15.7 The WB advises the ACE when the payment has been executed to the supplier. When the written advice is received, the grant disbursement should be recorded in the General Ledger and the WA Register should be updated.

Dr Expenditure xxx

Cr WB Grant Account xxx

5.16 **Special Commitment**

5.16.1 The World Bank may pay amounts to a third party for eligible expenditures under special commitments entered into, in writing, at the request of the ACE.

5.16.2 To finance the purchase of goods under a project, the Project Team may need to open a letter of credit in favour of the supplier.

5.16.3 Under this procedure the WB issues to the commercial bank, normally in the supplier's country, its Commitment Letter agreeing to reimburse that bank for payments made or to be made under the letter of credit.

5.16.4 The Project Team will arrange with a bank to open a Letter of Credit (L/C) in favour of the supplier or contractor.

5.16.5 The Project Team completes a Commitment Letter Withdrawal Application (2 copies) for each Commitment Letter requested in a different currency.

5.16.6 The Project Team completes the corresponding Commitment Letter Summary Sheet (2 copies) using a separate sheet.

5.16.7 The following supporting documents must be attached to each Withdrawal Application:

Copy of pro-forma invoice of supplier or contractor

Summary Sheets

Copy of a contract., and

Two signed copies of the Letter of Credit (with valid expiry date) that the commercial bank proposes to issue

5.16.8 The Withdrawal Application Form must be signed by the authorised signatories and submitted to the WB.

5.16.9 The Project Team records the WA in the WA Register. WB receives the completed withdrawal application and supporting documents.

5.16.10 When the application is approved, the WB issues a Commitment Letter to the designated bank and sends a copy to the Project for information.

5.16.11 The commercial bank's first request for payment under the Special Commitment constitutes its acceptance of the terms and conditions of the WB and the implementing entity.

5.16.12 Promptly after each payment or negotiation of documents by the commercial bank under the letter of credit, the commercial bank claims payment from the WB.

5.16.13 The WB makes the payment to the commercial bank. ACE Project is notified by the WB that the payment has been executed. The ACE may also be notified of the payment upon its inquiry directly with the WB

5.16.14 Project records the grant disbursement and expenditure in the general ledger.

Dr Expenditure xxx
Cr WB Grant Account xxx

5.17 Refunds

5.17.1 Decision to Refund.

5.17.2 The ACE may with a written notice to the World Bank, refund all or any amount of the loan on deposit in the Designated Account to the Bank for credit to the Grant Account.

5.18 Consequence of Refunds.

5.18.1 Refunds of loan proceeds may result in swap termination fees and/or unwinding costs for amounts for which the interest rate basis or currency has been converted or hedged.

Chapter 6

6.0 **CONTRACT AND OTHER PROJECT EXPENDITURES**

6.1 Contract and other project expenditures must be in accordance with the World Bank and government Procurement policies and procedures which are set out in the Procurement Manual.

6.2 Contracts register must be maintained for each contract. Important details of the contract must be recorded in the register. Expected items include such details as contractors full name and address, total value of the contract, special terms and conditions of the contract, construction schedule, performance and security bonds requirements, details of approved contract variations and other relevant details.

6.3 Matters of Contracts involve several special features such as Bid Securities, Performance Securities/bonds, Mobilisation Advances, Retention Monies/fund, require specialized financial accounting and management treatments.

6.4 **Procedures**

6.4.1 **Bid Security/Bid Bond/Bid Guarantee Deposit**

6.4.2 In order to ensure that only genuine bidders participate in the contract bidding process, the ACE may request bidders to deposit a bid bond or a bid security or bid guarantee deposit at the time of submission of their bids. That is at the bidding stage.

6.4.3 After the successful bidder has been selected, the bid bonds must be returned to each bidder.

6.4.4 The bid security may be paid in cheque or by bank guarantee to the ACE and must be recorded in the Contract Security Register of the Project, with specific details as follows: Bidders Name, Form of security such as cash, bank cheque, security bonds, or bank guarantee, Name of the Issuing bank and reference, Amount of security, Date of Cheque or Guarantee, Validity date, Type of Security (bid/performance), Currency of security, Date of receipt /date of liquidation etc.

6.4.5 If the bid security is in Cash, it must be deposited into the Special Account and recorded in the General Ledger. Other forms of security must be kept in a fireproof secure location and are to be returned to the bidders after a successful bidder has emerged. In the General Ledger, the Accounting Entries are as follows:

Dr Special Account
Cr Bid Securities

6.4.6 Any Contractor that withdraws his bid during the validity period or refuses to accept the award of a contract if awarded will forfeit his bid bond. The contractor may also be excluded from bidding for other contracts supported by the Project for a period of time.

6.4.7 After the contract is signed with the successful bidder, all Bid securities must be returned to their owners. With regard to cash bid securities, a disbursement (or Payment voucher) will be prepared. The entries of the payment to the General Ledger against the Bid Securities ledger account will be as follows:

Dr Bid Securities

Cr Special Account

6.4.8 Details of the return or payment of bid securities must equally be reflected in the Contract Security Register to capture: Payment Date, Disbursement/Payment Voucher No., Interest on Late Payments, Penalty Payments, etc.

6.4.9 In situations where bid bond is forfeited, the forfeited amount is kept by the project and deposited in the Government Counterpart Contribution account and reflected in the General ledger in the following manner:

Dr Government Counterpart Contribution Account.

Cr Miscellaneous Receipts Account.

6.4.10 The Miscellaneous Receipts Accounts should be explained by way of a note to the financial accounts.

6.5 Performance Bond

6.5.1 A performance bond may be obtained from the contractor when the contract is signed to ensure that the contractor commences and completes the work under the terms of the contract.

6.5.2 The size of this performance bond will be agreed upon during contract negotiations. This security bond will be returned upon the satisfactory completion of the contract.

6.5.3 The performance bond may be paid in cash or by bank guarantee to the ACE and must be recorded in the Contract Security Register of the Project and should contain all details highlight in 6.4.4.

6.5.4 The accounting entries are as explained above in this order:

Dr Special/Imprest Account
Cr Performance Securities

6.5.5 A performance bond must be returned to the contractor after the satisfactory completion of the contract.

6.6 Mobilization Payments

6.6.1 In the contract for consultant services and civil works, it may be necessary to pay mobilization advance to the contractor to provide funds for initial materials and investment.

6.6.2 The 2007 Public Procurement Act has allowed payment of 15 percent of the contract sum as mobilization advance. Such payments are advance payments of contract moneys and must be recovered from future payments to the contractor.

6.6.3 Payment of Mobilization advances should be captured in the Contracts Advances Register to reflect the following details: Contractor/Suppliers Name, Form of security for the advance, Name of the Issuing bank and reference, Amount of security, Date of the Guarantee, Validity date, etc.

6.6.4 Payment of mobilization made to the contractor should be determined separately for the World Bank Grant and Counterpart funds components. To enable Advance Payment to the Contractor, Advance Payment Guarantee (APG) is needed.

6.6.5 The mobilization payment is to be posted to the Advances on Contracts account in the General Ledger as follows:

Dr Advances on Contracts

Cr Special Account

6.6.6 Recovery of the mobilization payment may be done as follows:

- a) The total amount advanced is deducted from the first contract payment to the Contractor;

- b) Or Proportional amounts of the total advance are deducted from future payments to the contractor as determined in the contract.

6.6.7 When a payment is made to the contractor for satisfactory completion of work, the advance payment is recovered and the amount recovered is recorded against the Advances on Contracts account in the General Ledger in the following order:

Dr Expenditure
Cr Advances on Contracts
Cr Special Account

6.6.8 Mobilization payments must be recovered in full before the final payments under the contract are made to the contractor.

6.7 Retention Monies

6.7.1 Contractors may be required to guarantee their work for a period of time, starting from the date of completion of the work and agree to make good, at their own expense, any defects that appears during that time due to quality of materials or workmanship.

6.7.2 Usually 5 per cent is deducted as retention sum for this guarantee and this is paid back to the contractor after 6 months of satisfactory work completion. When this period has expired, and if contracted goods or services remain in good condition, the retention monies will be released to the supplier.

6.7.3 Refund of retention moneys to the contractor is recorded in the project's General Ledger as follows:

Dr Retention on Contracts

Cr Special Account

Dr Expenditure

Cr Retentions and Securities

6.7.4 Retention moneys withheld from the payments due to the contractor are to be proportionately assigned between the World Bank grant and counterpart funds components.

6.7.5 Retention moneys are recorded in the General Ledger, both as an asset and a liability of the Project when they are withheld from the contractor's payment.

6.7.6 When the contract payment is posted to the General Ledger, only the actual amount paid to the contractor is recorded as expenditure. The retention moneys withheld are credited to the liability account, 'Retention on Contracts' to recognize the liability to the contractor and to recognize that expenditure has been deferred, a sub-ledger known as Retention and Securities is debited.

6.7.7 This procedure applies when accrual basis of accounting is used. In cases when only a cash accounting system is used, no posting of the liability account is made to the general ledger, but the amount owed to the

contractor by way of retention is recorded in the Contract Management Register. The accounting procedures are as follows:

Dr Expenditure
Dr Retentions and Securities
Cr Special Account
Cr Counterpart Funds Contribution
Cr Retention on Contracts

6.8 Payments to Contractors

6.8.1 From Special Accounts and Counterpart Funds Account

6.8.2 Contractor submits an invoice or request for payment, based on progress of work completed and in accordance with the terms of the contract, to the Project Team.

6.8.3 The project technical team verifies that the quantity of work completed, the quality of materials used and the quality of workmanship is in accordance with the contract.

6.8.4 The Technical team also checks that the construction is in accordance with the technical plans and compliance with any instructions given to the Contractor, based on which a Contract Progress Status Report is prepared.

6.8.5 Based on this Contract Status report and the certification by the engineer a payment certificate will be generated.

6.8.6 This payment certificate together with all the supporting documents will be submitted to the Project Team Leader for approval.

6.8.7 The authorised payment Certificate and the contractor's invoice are forwarded to the project accountant to execute the payment.

6.8.8 The payment is posted to the Ledger on the basis of the Payment Voucher or Disbursement Voucher and supporting documents in the following order:

Dr Asset/Work-in-Progress/Expense

Cr Special Account

6.8.9 The Contract Register is updated for the payment and the outstanding balance (amount committed but not yet paid).

6.8.10 Payment documentation with a copy of the e-payment mandate is filed with the Contract Register.

6.9 Payment of Other Project Expenses

Payment for other project expenses such as electricity, water and telephone accounts should be checked and verified by the accounting department in order to ascertain that the expenses are project related and are reasonable.

6.10 Such expenditures should be budgeted for in the project expenditure budget for the year. These payments must be properly authorised by the Project Team Leader and the Project Accountant before payments are made. Payments should be made by bank mandate.

6.11 Actual expenditures for such items must be compared against budgets and any significant variations should be properly analysed and reported to Management through the monthly accounts.

Chapter 7

7.0 **CONTROL OF EXPENDITURE**

7.01 **CONDITION FOR PROCESSING OF EXPENDITURE**

Disbursement of all University's monies shall be made by the Vice-Chancellor through the Bursar on the authority of the approval issued to the Bursar by the Vice-Chancellor or Faculty/Department/Unit Head within their authorization limits on the face of Demand Notes (invoices, advances request form L.P.Os. etc). However, in the case of the ACE Project this function has been delegated to the Project Team leader.

7.02 **THE VOTE BOOK**

It is the duty of every officer controlling a vote to watch very carefully, the expenditure of his Unit with reference to the amount provided in the Estimates and kept or cause to be kept a vote Book continuously posted up to date, in such a form as will clearly show in respect of each budget sub-head. In the same manner for the ACE Project, the Vote Book shall be kept by the Project Accountant for monitoring the budget implementation.

7.03 **RETURNS OF PAYMENTS**

The Bursary Department or any Unit Accounting so nominated as per 7.01 above, shall render a periodical (monthly/quarterly) return showing details of payments by sub-heads. The Project Accountant is equally to render periodic reports of the ACE.

7.04 UNAUTHORIZED PAYMENT

It is the duty of the officer controlling the vote, or such other officer acting under his instructions to investigate fully, without delay, any payments or charges appearing in the returns, made by the Expenditure Control Unit of the Bursary Department or Officer or such authorized nominee. The Deputy Bursar(Budget/Capital Projects) is to investigate and offer remedies to any unauthorized payments in ACE Project.

7.05 POSTING THE DVEA/ VOTE BOOK

The gross amount, i.e. the actual charge to the Vote of every Expenditure Voucher will be entered in the Departmental Vote Expenditure Analysis/ Vote Book. Similarly, all liabilities and commitments will be entered into the Vote Book, as soon as they are known or incurred.

7.06 VOTE BOOK POSTING - DELEGATION OF RESPONSIBILITY

An Accounting Officer may at his discretion delegate a subordinate officer to have the responsibility of keeping the Departmental Vote Expenditure Analysis (DVEA) Vote Book. The same procedure is adopted for the ACE Project.

7.07 COMMITMENT OF VOUCHERS

At the time of entry in the Vote Book, whether as a payment or noting of liability, all vouchers, claims, L.P.Os. etc should be

stamped, ENTERED INTO DVEA/Vote Book and initiated by the officer responsible for maintaining the DVEA/Vote Book. All officers authorized to incur expenditure must ensure by endorsing the entry in the DVEA/Vote Book and also appending their signatures to the Invoices, L.P.Os. and the supporting documents.

7.08 CLASSIFICATION OF EXPENDITURE

Expenditures must be classified strictly in accordance with Budget; and votes must be applied only to the purpose for which money was provided. Expenditure incorrectly charged may be disallowed by the Bursar. Charges to the votes should be cross-checked by responsible officers of the Bursary and expenditure incorrectly charged should be reported to the Bursar who will take appropriate action

7.09 PAYMENT PROCEDURES AND DOCUMENTATION

7.10 PAYMENT VOUCHER

All payments for goods and services shall be made using the University official vouchers. For the ACE Project, a customized Payment Voucher in the name of the ACE should be used. Each payment voucher shall be accompanied by the original of the relevant documents e.g.

- (a) Bills or Invoice or Debit Notes, giving details/evidence of goods supplied or services rendered;
- (b) Original receipt issued by the payee in acknowledgement of the amount paid;

- (c) Yellow copy of the Local Purchase Order/Contract Agreement/Commitment Letter, signed by the Head of the user Unit.
- (d) Delivery Notes indicating goods supplied or service rendered, or Job Completion Certificate or Measurement/Valuation Certificate.
- (e) (i) Signatures of authorized officers of Internal Audit on the payment voucher.
(ii) Inspection certificate/indication by the Internal Audit that materials supplied have been physically verified.
(ii) Internal Audit stamps on the payment documents.

7.11 PAYEE OF VOUCHERS

Vouchers shall be made out in favour of the person or firm to whom the money is actually due, and shall relate to goods supplied or services rendered to the University. In the case of contracts, compliance with the provision of the Stamp Duty Act is necessary.

7.12 FORM OF PAYMENT

All payments to University Contractors / Service providers shall be effected on e – payment mandate, indicating the bank, account number and sort/swift code of the beneficiary.

7.14 CERTIFICATE OF HONOUR

Submission of a payment mandate to the Bank shall constitute evidence of payment. No receipt shall be required from the payee.

7.15 PAYEE TO SIGN VOUCHER

A register shall be opened for the recording of the duplicate (pink) copy of all paid vouchers. All payees are expected to sign on the face of the payment voucher. With respect to staff claims/advance, same will be used for retirement of advances obtained for official journeys or approved purchases.

7.16 PRE-PAYMENT AUDIT NECESSARY BEFORE PAYMENT

All payment vouchers shall be subjected to pre-payment audit in accordance with internal audit procedures. It is the responsibility of the Internal Auditor to ensure that:

- (i) The goods and services have been received and taken charge;
- (ii) The Prices/Charges are according to the contract/and it verified prices;
- (iii) The calculations, additions and extensions are correct;

7.17 CONDITION FOR PAYMENT

The Paying Officer shall ensure on payment of the Voucher that:

- (i) The figures of the amount agree with the words stated on the Payment Vouchers;
- (ii) The Voucher has been duly audited and approved for payment;

- (iii) The Payee is the proper person and the proper discharge is obtained;
- (iv) No alternation is allowed on any payment voucher.

7.18 PAYMENT TO ILLITERATES

Where payment is made to a person who is an illiterate, the payee shall be required to impress his/her thumb for the purpose of discharge and he/she shall be witnessed by a third person known to the payee and acceptable to the paying officer. All witnesses should be responsible persons.

7.19 AUTHORITY TO PAY NOMINEE

Where payment is made to a person other than the one named on the payment vouchers, the payee's authority shall be attached to the vouchers and such authority shall be duly approved by the Bursar or his Deputies before the payment is executed.

7.20 PAYMENT MANDATE REGISTER

Payment Cashier shall maintain a Payment Mandate Register, properly categorized for all payments.

7.21 LOSS OF VOUCHER

If a Payment Voucher is reported lost, prompt investigation will be made. It must be established immediately whether payment has been made or whether the cash drawn is still on hand. If a loss or

fraud had occurred, prompt action shall be taken by the Bursar to establish the exact position and make appropriate report to the Vice-Chancellor.

7.22 DOCUMENTATION OF TRANSACTIONS

7.23 All transactions must be authorized through appropriate approvals.

7.24 Each transaction must be supported by payment voucher with complete documentation and authorization.

7.25 Each payment voucher must be pre-audited and validated by the Internal Audit before payment.

7.26 Strong internal check and internal control mechanisms with proper accounting and administrative controls are in place.

7.27 Job segregation and internal check provide additional controls

7.28 There exists fixed assets register which is regularly updated and reconciled with Control Ledger.

7.29 Based on the experience of other grants from other sources, reliable disbursement procedures have been worked out.

7.30 A section in the Bursary department has been assigned the task of documentation and disbursement of funds.

7.31 The Section which is headed by Deputy Bursar and assisted by the Project Accountant is divided into 4 units as follows: Budget & Monitoring, Financial Reporting, Expenditure Control and Financial Accounts.

7.32 FINANCIAL REPORTING

7.33 Appropriate reports in terms of cash book extracts, bank reconciliation statements are prepared on monthly basis. Trial Balance is prepared on month and cumulative. Monthly, quarterly and annual budget performance reports are made.

7.34 Financial Statements are prepared within 3 months after the end of the year and audited by External Auditors within 4 months after the end of the financial year.

7.35 Submitting audited reports by External Auditors to Ministry of Education and the World Bank within 6 months after the end of the financial year. Interim Financial Reports (IFRs) to be sent to the World Bank and Federal Ministry of Education within 45 days after the end of the quarter.

7.36 Budget performance Report is also prepared on monthly and quarterly basis.

7.37 Periodic Reports on status of fund disbursement and Balance, as well as statement of sources and uses of funds are prepared on quarterly bas

Chapter 8

8.0 **QUALITY ASSURANCE AND INTERNAL AUDIT**

8.01 To ensure that monitoring of compliance with applicable policies and procedures are in place, the Bursary Department works with the Internal Audit Department.

8.02 Through the use of the Departmental Vote Books of Expenditure, the budget performance is monitored and controlled and the Internal Audit regularly checks them to avoid deviation.

8.03 Where deviations arise, significant variances are analyzed, investigated and explanations are sought in order for the transaction integrity to be assured. The Audit and Risk Committee in the department conducts this exercise. The audit annual work plans shall accommodate the audit of ACE Project operations.

8.04 An extensive internal control mechanism shall be in place to validate and verify work of the Bursary Department. Periodic control reviews of the system shall be conducted. To this extent, there shall be a quarterly report on the project to ensure that it is on course.

8.05 Both administrative controls and accounting controls shall be enforced by an independent Internal Audit Department that reports to the Vice Chancellor. The proposed internal audit software is expected to be

integrated to the bursary computerization arrangement for efficient and effective auditing work.

8.06 There is a strong and independent Internal Audit Department that is manned by qualified professional staff in place with flare for value for money audit.

8.07 Internal Audit reports are prepared on monthly basis and are presented to the Audit Committee of the Governing Council.

8.1 AUDIT COMMITTEE

8.1.1 The audit committee plays an important role in the control and risk management framework of the ACE. The terms of reference of the audit committee shall include the specific duties relating to oversight of financial reporting system and internal control procedures.

8.1.2 The audit committee shall review the financial controls, internal control and risk management systems. It shall also discuss with the management the system of internal control and ensure that the management has discharged its duties diligently and effectively.

8.1.3 The audit committee shall consider findings of major investigations of internal control or audit matters as delegated by the Governing Board, or on its own initiative, and the management's response.

8.1.4 Audit committee shall in an environment of functional internal audit, ensure the co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing, and to review and monitor the effectiveness of the internal audit function.

8.1.5 The Committee shall be able to review the group's financial and accounting policies and practices; and to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response.

8.1.6 The 4 member Audit Committee of the Council headed by a Governing Council member has responsibility of following up on internal and external audit observations and the responses of the management to the issues raised by audit exercise.

8.1.7 The committee also enforces compliance to prescribed management policies and Council conclusions and hence strengthens internal control mechanisms. The Audit Committee meets on quarterly basis.

8.1.8 Functionally, internal auditors are to report to the Audit Committee of the Council, even though they are to report to the Vice Chancellor, administratively.

8.2 **GOVERNANCE AND ANTI-CORRUPTION**

8.2.1 Accounting standards are aligned to national and international standards (IPSAS & IFRS).

8.2.2 Accounting procedures are as tenable in the financial management manual, financial regulations, etc and are in line with international best practice.

8.2.3 There is Project Monitoring and Verification Committee, Resource Mobilization Committee, and Audit Committee, in place.

8.2.4 Complaints and suggestion boxes are in place to get feedback on what the ACE is doing so that solutions can be proffered.

8.2.5 The eleven man audit and risk management committee deals with anti-corruption and transparency matters.

8.2.6 There is a strong and independent Internal Audit Department that is manned by qualified professional staff in place with flare for value for money audit.

8.2.7 Internal Audit reports are prepared on monthly basis and are presented to the Audit Committee of the Governing Council.

8.2.8 Audit queries and reports are taken very seriously. Audit Committee of the Council works on the audit findings to ensure that they are adequately addressed.

8.2.9 An Audit Committee made up of non-executive members meets every quarter for follow up on both internal and external audit issues and actions taken by management.

8.2.10 Approved budgets and work plans for specialized funds like the IMF, World Bank, ADB etc shall be published on the website of the University.

8.2.11 Interim Financial Reports (IFRs) and related reports shall be published on the website of the University.

8.2.12 Audited Financial Statements and accompanying reports for the specialized funds shall be published in the University website.

8.2.13 Procurement process starts with advertisement in the national newspapers and University website while the whole procedure is witnessed by anti-corruption Non-governmental organizations.

Chapter 9

9.0 **IMPREST SYSTEM AND ADVANCES**

9.01 **DEFINITION**

The term "imprest" is a method of reimbursement, but has been accepted in Public Service Accounting as sums advanced to Department and Units to meet petty or minor expenditure/disbursements under the Recurrent Budget for which payment vouchers cannot be prepared by reason of size of expenditure.

9.02 **IMPREST APPROVAL**

The University Imprests are approved by the Bursar.

The ACE Imprests shall be approved by the Project Team leader.

9.03 **CLASSES OF IMPREST**

Imprests are of two classes viz:

- (a) Standing imprest which may be replenished from time to time during the financial year by submitting paid vouchers/receipts of expenses to the Bursary for reimbursement. Usually, items to be purchased out of this type of imprest are of small and petty values and a single expense shall not exceed one-fifth (1/5) of the total approved imprest at a given time.

- (b) Special Imprest granted for special purposes. These must be retired in full within the period allowed or when the assignment is completed.

9.04 **PROCEDURE FOR PAYMENT FROM IMPREST**

The procedures for payment from Imprest are as follows:

- (i) Every Imprest holder shall keep a Cash Book and will record therein all payments and reimbursements.
- (ii) All Imprest payments will be supported by Vouchers in the prescribed forms which will be correctly raised and approved and duly receipted when payment is made.
- (iii) Vouchers will carry the code of charge and the Imprest holder will retain a copy of each voucher.
- (iv) Entries will be made in the Cash Book on the day-to-day basis when they occur and will show full particulars of each payment or reimbursement.
- (v) The Cash Book will be regularly balanced and ruled off and the Cash in hand regularly checked by a senior officer who will certify the frequency of such checks having due regard to the size of the Imprest and the number of payments made. Imprest Cash will be kept separate from other monies at all times.
- (vi) Imprest holders should be officers on a salary not below CONTISS 06. He/she must be conversant with simple Book-Keeping in respect of posting and balancing of the Cash Book.

9.05 REIMBURSEMENT OF IMPREST

To obtain reimbursement for amounts paid from an Imprest, the holder will submit the properly completed and receipted vouchers for the amounts expended to the Bursary Expenditure Control Section/Units. The Payment Voucher will be classified into the votes/codes of charge concerned and not to the Imprest's Code.

9.06 RETIREMENT OF IMPREST

All standing Imprest must be retired on or before 31st December, the end of the University Financial Year in which they are issued. Special Imprest will be retired within the period allowed or immediately the purpose for which they were granted are accomplished, whichever is earlier.

9.07 ADVANCES

9.08 CASH ADVANCES

Cash Advances can be granted in the following circumstances:-

- (a) Where it is necessary for goods and services to be procured by cash and the amount does not exceed N100,000;
- (b) Where staff undertakes a Research Project and some of the payments (e.g. allowance to field assistants) cannot be paid directly to third party;
- (c) Where the circumstances are such that the supplier requires Cash and would not accept L.P.O. or e-payment;

- (d) Where the price of the commodity allows considerable rebate for cash payment and it will be beneficial to the University to enjoy the Cash Discount.

9.09 APPLICATION FOR ADVANCES

In all case, applications for Advances shall be made on the prescribed Advance Request forms, to the Bursar through the Head of Department of staff concerned. In the case of ACE, application for advances shall be directed to the Project Team leader for approval.

9.10 RETIRING OF CASH ADVANCE

in the case of an advance taken to undertake a Research Project, the officer shall be required to retire the advance immediately after the completion of the transactions for which the Advance is drawn.

In the cases of cash purchases, retirement shall be made within ten (10) working days after the money was made available.

Chapter 10

10.0 **FINANCIAL ACCOUNTING SYSTEM**

10.1 The main objective of the financial accounting system is to record the financial transactions and events of the project in a systematic and controlled manner. It is also to report financial information for monitoring and controlling the project funds and project implementation.

10.2 The financial accounting system is made up of the General Ledger and sub-systems, accounts and records for processing, recording and reporting assets, liabilities, revenue and expenditure of the project.

10.3 **Accounting system**

10.4 The accounting system for the ACE project will mainly be a computerised system supported by some manual operations. In this vein, for the purpose of achieving timely, reliable and efficient reports, Peachtree or a similar appropriate off-the-shelf application shall be deployed. Accordingly accounting staff will be trained on the use.

10.5 The financial accounting system is a mix of source documents, accounting records, financial outputs and financial management reports.

10.6 Financial reports are generated from Financial accounting data which have been sourced from the source documents.

10.7 In the environment of both manual and computerised accounting systems, the flow of financial information starts when transactions are initially recorded manually on source documents.

10.8 The data from the source documents are then entered into the relevant sub-system accounting records and then transferred to the general ledger.

10.9 For a computerised accounting system, the data are entered into the relevant module/menu window and the computer processes the information and performs the tasks of recording and printing journals, posting to the ledger accounts and determining account balances.

10.10 Financial reports are prepared from the accounting data generated and held in the sub-system records and the ledgers.

10.11 **Project Accounting Process**

10.12 For this ACE, major activity points in the accounting process are as follows:

Transaction processing – Transactions are approved and keyed into the receipts and disbursements journal or general journal, thereby creating a record of events in order of date.

Ledger Accounts Entries – journals are used to post debit and credit entries from the appropriate ledger accounts to create a record classified by accounts.

Once the transactions are entered in the receipt and payment window of accounting software, they are all posted automatically in the general ledger.

Trial balance – Stemming from the above, the accounting system will automatically generate a trial balance. To produce a trial balance from the general ledger account balances and balance both debit and credit sides ledger balances are keyed in.

Month end adjustments – Control accounts are reconciled and adjusting General Journal entries are prepared and posted to the ledger accounts. Adjusting entries are automatically posted through the general journal entry module of accounting software. Transactions and events not captured at early stage in the month will be posted as part of month end adjustment.

Financial reports and financial statements – The demand for reports and statements can be met by the computerized accounting system. Such reports and statements are in form of income statement; statement of sources and uses of funds to show results of operation

for the period. Balance sheet is needed to show the financial position as of given period of time.

Journalise and post closing entries – For this project, the closing entries will sweep the revenue and expense accounts, making them ready for recording the transactions and events of the next accounting period.

Prepare an after closing trial balance - this step ensures that the ledger remains in balance after posting of the closing entries. Automatically the relevant accounts will be cleared to the balance sheet accounts when the function of closing the accounting period is selected.

10.13 **Primary Records of Account**

10.14 The following primary accounting records must be kept and maintained within the financial accounting system of a project are:

- Cash Receipts Journal/Book,
- Cash Disbursements Journal/Book,
- General Journal,
- General Ledger.

10.15 **Transaction Documents**

The source documents of the financial accounting system are:

Official Receipt - to document the receipt of cash and cheques.

Dr Bank Account xxx

Cr Liability/ Fund Receipt Account. xxx

Bank Receipt Voucher - to document the receipt of funds directly deposited to a bank account of the project,.

Dr Bank Account xxx

Cr Liability/Equity/Fund receipt Account xxx

Payment Voucher - to record payment transactions where mode of payment is by bank mandate/LC/Withdrawal slip. The fund is drawn from project's bank accounts.

Dr Asset/Liability/Expense Account xxx

Cr Cash in Bank/CA/name of bank xxx

Petty Cash Payment Voucher - to record payment of transactions from petty cash funds of the project. There is no direct posting of petty cash vouchers to the general ledger.

General Journal - to record non-cash transactions which affect the project's resources and obligations where there are no actual receipts or disbursements of funds. It is commonly used to record adjustments, accruals, reclassifications and settlement of cash advances.

Cash Advance Form - to record transactions of cash advances which are treated temporarily as advances until they are liquidated/cleared.

Purchase Order - to record official orders of goods to suppliers or contractors.

Chapter 11

11.0 **GENERAL LEDGER SET UP AND MAINTENANCE**

11.01 **Chart of Accounts**

11.02 The Chart of Accounts is a listing of general ledger accounts.

11.03 The Chart of Accounts of the project provides the structure for recording and controlling budget and accounting data and for summarising the data for monitoring and reporting.

11.04 The idea of coding for accounts is to ensure proper recognition of revenue and expenditure, as well as assets and liabilities of the project.

11.05 In construction of the chart of accounts, the following basic principles shall be observed:

- a) Accounts arranged and designated to give maximum information without the need for supplementary analysis.
- b) The account code structure designed to support accuracy in coding of financial transactions.
- c) Account titles prepared to reflect as far as possible the purpose as well as the nature of the revenue or expenditure.
- d) Account codes structured to enable identification and reporting of financial information for financial management of project activities and to facilitate monitoring of the quality and reliability of the financial information.

11.06 The Chart of Accounts for the projects will be structured to enable the following characteristics of transactions to be identified and reported:

Nature of transaction – Asset, Liability, Revenue or Expense, World Bank Disbursement Category, Source of Funds, Project Component, Project Sub-Component, etc.

11.07 The Chart of Accounts structure shall serve as supplementary information to the main FMM and guidelines on the use of the account codes should be provided to all relevant staff of the project.

11.08 The Chart of Accounts should be reviewed regularly to ensure that it adequately supports the financial management and internal control requirements of the project.

11.09 A review of the Chart of Accounts should be undertaken prior to the start of each financial year based on the annual work plans and annual budgets of the project.

11.10 Modifications to the Chart of Accounts must be controlled with the Deputy Bursar responsible for the project's finances being responsible for approving any required modifications.

11.11 For the receipt of funds for the project the coding is denominated by funding agency as there may be several funding agencies willing to support this project.

11.12 **Processing Controls**

11.13 All general journals for posting to the ledgers must be appropriately authorized and approved by authorized officer.

11.14 All general journals posted to the ledgers must be sequentially numbered and are processed accurately, completely and only once.

11.15 Journals are processed into the proper accounting period. Adequate explanatory details are to be provided.

11.16 **Computerised Accounting Controls:**

Restrict access to the journal posting function and data. Allow only authorised staff.

Chapter 12

12.0

CONTRACTS

12.01 **CREATION OF CONTRACTS**

University contracts shall be made in accordance with the ordinary laws of contract, through offer by one side and acceptance by the other.

12.02 **DUE PROCESS**

The principle of "Due Process" which was introduced in year 2001 by the Federal Government to execute Government business, gives an assurance that full regulations guiding budgetary, procurement and payment activity have been put in place by all parties concerned with contracts.

The certification of Due Process (now under Procurement Act of 2007 is called Certificate of No Objection) is to achieve among others:-

- Competitive bidding has been conducted in line with the procurement and contract award procedures of the University;
- the best/lowest evaluated bid was selected among the pre-qualified bidders;
- the cost is in conformity with comparable best value.

The main aims of this principle of "Due Process" are to ensure accountability, efficiency, probity and transparency in the award and

execution of contracts as well as meeting improved management of public funds.

A contract is deemed to be awarded as a result of competition by Tender(s) or quotation(s). The rules regulating the conduct of tenders and award of Contracts are as contained in the "Tenders Manual of the University of Benin" as approved by Council and the Public Procurement Act.

12.03 **APPROVAL THRESHOLD**

The Federal Government, in her determination to facilitate the full implementation of Projects and Programs in the Budget and enhance economic activities, has approved the review of the existing Guidelines and Thresholds for Service-wide Application and Special application to the composition of the Tenders Boards.

The Revised Guidelines are as follows:

	Approving Authority	Goods	Works	Non-Consultant Services	Consultant Services
1	Federal Executive Council approves	N100million and above	N1.0billion and above	N100million and above	N100million and above
2	Ministerial Tenders Board	N5million and above but less than N100million	N10million and above but less than N1.0billion	N5million and above but less than N100million	N5million and above but less than N100million
3	University Tenders Board (Resident Procurement Committee)	N2.5million and above but less than N50million	N5million and above but less than N250million	N2.5million and above but less than N50million	N2.5million and above but less than N50million
4	Vice-Chancellor-Accounting officer of the University.	Less than N2.5million	Less than N5million	Less than N2.5million	Less than N2.5million

All Accounting Officers are charged with the responsibility for the supervision of all procurement activities, appointing members of Tenders Board and Procurement Units in the procuring entities and are also required to guide against any form of abuse of the revised guidelines and strictly comply with the provisions of the Public Procurement Act, 2007.

**Organization Structure for ACE Project
(Finance Management Unit)**

