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Trip Report

0-377

Travelers: Mr. Raymond Baker, INTRAH
Associate Director for Administration

Country Visited: NIGERIA

Date of Trip: August 24 - September 11, 1986

Purpose: To meet with MOH/HMB officials in Bauchi, Imo and Kwara States to collect technical/financial reports and to prepare for and schedule audits in each state.

DPE-3031 C-00-4077

Program for International Training in Health
208 North Columbia Street
The University of North Carolina
Chapel Hill, North Carolina 27514 USA

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
SCHEDULE DURING VISITii
I. PURPOSE AND OBJECTIVES OF THE VISIT	1
II. ACCOMPLISHMENTS	1
III. BACKGROUND.	2
IV. DESCRIPTION OF ACTIVITIES	3
V. OBSERVATIONS, CONCLUSIONS AND RECOMMENDATIONS	8

APPENDICES

- A. PERSONS CONTACTED
- B. SAMPLE AUDIT INSTRUCTIONS FOR BAUCHI STATE
- C. KWARA STATE LETTER DATED AUGUST 29, 1986
- D. UBA BAUCHI BRANCH SEPTEMBER 8, 1986 FOLLOW-UP

SCHEDULE OF ACTIVITIES

Saturday August 23	Departed Chapel Hill	3:00 p.m.
Sunday August 24	Arrived Lagos	7:10 p.m.
Monday August 25	Departed Lagos Arrived Owerri	12:30 p.m. 4:00 p.m.
Tuesday August 26	Meetings with Imo State MOH Permanent Secretary and members of his staff	
Wednesday August 27	Departed Owerri Arrived Ilorin (via Lagos)	8:30 a.m. 4:45 p.m.
Thursday August 28 & Friday August 29	Meetings with the Kwara State Chief Health Officer and members of his staff	
Saturday August 30	No meetings	
Sunday August 31	Departed Ilorin Arrived Lagos	10:50 a.m. 11:30 a.m.
Monday September 1	Meeting with AID Affairs Officer Meeting with Coopers & Lybrand representatives	9:30 a.m. 2:30 p.m.
Tuesday September 2 through Friday September 5	(Covered in a separate Raymond Baker and Teresa Mirabito Lagos State contract development trip report)	
Saturday September 6	Departed Lagos Arrived Bauchi	1:30 p.m. 6:00 p.m.
Sunday September 7	No meetings	
Monday September 8	Meetings with Bauchi State Commissioner for Health and members of his staff	

Tuesday September 9	Meeting with Project Coordinator and Accountant; meeting with United Bank for Africa accountant	
Wednesday September 10	Meeting with United Bank for Africa accountant Departed Bauchi Arrived Lagos	9:00 a.m. 11:00 a.m. 7:00 p.m.
Thursday September 11	Debriefing at AID Affairs Office Meeting with United Bank for Africa officials Meeting with staff of Coopers & Lybrand Departed Lagos for Frankfurt	9:00 a.m. 11:00 a.m. 1:30 p.m. 11:50 p.m.
Friday September 12	Arrived Chapel Hill	6:50 p.m.

I. PURPOSE OF TRIP

The primary purpose of the trip was to assist three states (Imo, Kwara and Bauchi) in bringing their financial reports up to date. A result of this effort was to determine what, if any, cash balances remained and to plan ahead for the proper disposition of these funds. Additional purposes included an on-site review of financial records in anticipation of audits and development of arrangements with Coopers and Lybrand, Lagos, for financial audit of the three state projects.

II. ACCOMPLISHMENTS

1. Financial reports were prepared and signed which brought accounts into current status as follows:
 - a. Imo State - July 31, 1986
 - b. Kwara State - June 30, 1986
 - c. Bauchi State - August 31, 1986
2. Visits to the local branch offices of the United Bank for Africa (UBA) in all three states provided certification on statements of current balances. These balances were reconciled with state records and preliminary discussions were completed concerning the transfer of residual cash to the INTRAH prime account number 205-00010-2 with UBA, Lagos.
3. In all three states, copies of INTRAH Audit Instructions were provided to the Project Coordinator and accountant. The instructions were reviewed and explained (see Appendix B).

4. In all three states, the financial records and financial correspondence were reviewed in preparation for the audit. No significant discrepancies were found. It was noted that all the states had spent varying sums for vehicle maintenance in an urgent need for participant and trainer transport.
5. Arrangements were made with Coopers & Lybrand (C&L) to audit accounts in all three states. Copies of the Audit Instructions were reviewed. Coopers & Lybrand expressly understand that audits will not be initiated until:
 - a. They receive a commissioning letter from INTRAH.
 - b. Their cost estimate has been received and approved.
 - c. They have provided advance written notice to the states to confirm an established, mutually convenient date.

III. BACKGROUND

In January 1985, INTRAH-IHP representatives visited Nigeria and developed three subcontracts:

<u>Agency</u>	<u>Estimated Cost</u>	<u>No. of Activities</u>	<u>Effective During</u>
MOH-Imo State	\$104,751	8	Mar 1, 1985-Sept 15, 1986
MOH-Kwara State	\$123,281	9	Feb 15, 1985-Dec 31, 1986
MOH-Bauchi State	\$ 78,731	6	Sept 1, 1985-Oct 31, 1986

All three contracts were approved by the AID Affairs Officer, Lagos, the cognizant offices at AID/Washington and had been fully signed by the Contract Administration officials at the University of North Carolina at Chapel Hill and their Nigerian counterparts. The training activities had been executed essentially as scheduled except that the concluding "Review and Follow-Up" activity remained to be done in Kwara and Bauchi States. It was therefore appropriate for INTRAH to plan for contract closing and cash reconciliation, and to make the necessary arrangements for an audit of the financial records of each contract.

IV. DESCRIPTION OF ACTIVITIES

A. Coopers & Lybrand

1. The following financial reports were reviewed and approved:
 - a. July 14-18, 1986 evaluation workshop in Jos.
 - b. July 21-25, 1986 evaluation workshop in Ibadan.
 - c. April/May 1986 - six state evaluation.
2. The current INTRAH balance in account number 20-5000-10 at the United Bank for Africa was determined.
3. The necessary preliminary arrangements were made for audits of the following projects:
 - a. Project 35607 Kwara State "Accelerated Delivery of Family Planning and Oral Rehydration Therapy."
 - b. Project 35608 Imo State "Training of Family Planning Service Delivery Personnel."
 - c. Project 35609 Bauchi State "Training of Family Planning Service Delivery Personnel."

Copies of the following documents were provided:

- a) the contract.
- b) all technical/financial reports available as of September 10, 1986.
- c) INTRAH audit instructions as applicable to each state.

Yet to be provided are final financial reports and copies of correspondence dealing specifically with fiscal matters. Coopers & Lybrand were instructed not to start the audit until they receive an INTRAH authorizing letter and have submitted a cost estimate which INTRAH has accepted. They are also aware they must provide each state with prior notice of proposed audit dates. Contact names and phone numbers were furnished for this purpose.

B. Imo State

The Imo State training program had proceeded as planned but the reporting record had not kept pace. The last financial report was through June 14, 1985; this despite INTRAH requests for current data. The records reflected an unreported balance on hand of \$40,000 U.S.

During the visit a financial report was prepared and signed which brought the account up through July 31, 1986 and reduced the unreported balance to \$3,512.18 U.S. Since there were some travel expenses yet to be paid, the contract was unilaterally extended from August 31, 1986 to September 15, 1986 in order to authorize these payments. It is understood that upon receipt of the final report (October 1986) any residual balance (less 100

naira to keep the bank account active) will be transferred to the INTRAH account with the United Bank for Africa (UBA) in Lagos.

C. Kwara State

Again the reporting action had not matched the good training record. INTRAH had received only three reports which brought the account up through December 31, 1985. The unreported balance was \$50,000 U.S. During this visit, financial report #4 was completed and signed which brought the account up through June 30, 1986 and reduced the unreported balance to \$25,704.33 U.S. The final "Project Review and Follow-up" activity was scheduled to take place after this visit (September 15-20, 1986); and, INTRAH had, by previous action, unilaterally extended the contract from July 31, 1986 to December 31, 1986. Since it was known this last activity would not cost \$25,000, the Chief Health Officer prepared a letter on August 29, 1986 (Appendix C) requesting permission to conduct one 35-day service delivery workshop for 22 participants during October-November 1986. Copies of the letter were delivered to the AID Affairs Officer, Lagos, and INTRAH, Chapel Hill, for consideration. The MOH is aware that any residual balance (less 100 naira) will be transferred to UBA, Lagos.

D. Bauchi State

The Bauchi State program got off to a slow start. Although the contract was effective March 1, 1985, the MOH did not sign until May 29, 1985 and the first funds were transferred on August 14,

1986. The reporting history had been irregular. No technical reports had been received. Five financial reports had been received which covered the period from September 23, 1985 through March 31, 1986. During this visit financial report #6 was completed and signed which brought the account up through August 31, 1986 and reduced the unreported balance to \$5,965.17 U.S.

The final balance will be affected by:

- a. The "Final Review and Follow-up" activity which started September 8, 1986 and closed September 19, 1986. The accountant had advanced Mrs. Ahmed, the Project Coordinator, 2,500 naira (roughly \$2,000 U.S.) to cover initial expenses. Final accounting for this activity will be available about mid-October 1986.
- b. At the request of HMB, INTRAH had expedited a July 9, 1986 transfer of \$3,200 U.S. to ensure sufficient funds for the "Final Review and Follow-up" activity. The transfer, booked through UBA, had not been completed when this INTRAH representative arrived in Bauchi nearly two months later. When the funds were transferred, INTRAH telexed the HMB, UBA Bauchi and UBA Lagos to advise of the movement. All three telexes were delivered. INTRAH had followed with a July 10, 1986 letter re-advising of the transfer and requesting telex advice if not delivered in two weeks. The lack of follow-up is not easily understood. The HMB stated the July 10, 1986 letter was never received. The HMB also had adequate funds on hand. The Bauchi branch bank said it sent a follow-up telex to the home office in late August. It followed with another dated September 8 (Appendix D). This INTRAH representative checked with UBA, Lagos, on September 11 and was shown documents that transferred the funds to Bauchi State on September 2. It is estimated that when all transactions are completed, the HMB will have about \$5,500 - \$6,000 U.S. residual. The HMB was informed that the balance (less 100 naira) would be returned to the INTRAH holding account in Lagos.

The subcontract became inoperative after August 31, 1986, but the late program start had pushed the "Final Review and Follow-up" activity into September 1986. For these reasons, a unilateral amendment #1 to the contract, signed in Bauchi,

extended the effective period through October 31, 1986. This would allow the workshop to be conducted in September and the final Technical and Financial Report #7 to be written in October.

V. OBSERVATIONS/CONCLUSIONS AND RECOMMENDATIONS

OBSERVATIONS/CONCLUSIONS

1. The financial reports prepared on-site bring all three states' records up to date.
2. On August 29, 1986 Kwara State requested permission to conduct one additional training event during October/November 1986.
3. Each state will need to submit a final financial report.
4. The fiscal accounts at all three states are in condition for audit.
5. Each state will have a modest residual balance on hand at the conclusion of the amended contract.

RECOMMENDATIONS

1. The financial reports should be checked at INTRAH. If correct, they should be forwarded for incorporation into the account records at UNC/CH.
2. INTRAH/IHP should review and relay a prompt decision to the MOH, Kwara State.
3. Reminders should be sent to each state. The reports, when received, should be reviewed, corrected if necessary, and forwarded to UNC/CH.
4. As soon as the final fiscal reports are received, INTRAH should issue commissioning letters to Coopers & Lybrand, Lagos, to audit all three accounts.
5. The audit will record the final bank balance for each state. That balance, less 100 naira, should be transferred to the INTRAH account at the home office (Lagos) of the United Bank for Africa.

APPENDIX A

PERSONS CONTACTED

A. U.S. Embassy

Ms. Keys McManus, AID Affairs Officer (telephone 613825)

Mr. Lawrence Eicher, Health Development Officer

Ms. Shitta-Bey, Population Officer

B. Owerri, Imo State

Rev. T.N.A. Odoemela, Permanent Secretary (telephone
230203)

Dr. Reginald A. Eke, Chief Health Officer, Director of
Programs

Ms. Grace Ogbonna, Project Coordinator

Mr. Julius C. Onwuchekwa, Chief Finance Officer

C. Ilorin, Kwara State

Dr. David Olubaniyi, Chief Health Officer (telephone
221874)

Mr. G. D. Adeseke, Principal Nursing Officer

Ms. Alice O. Aje, Chief Health Sister

Mr. A. O. Ajayi, Sub-Manager, United Bank for Africa
(telephone 220150 or 220151)

D. Bauchi State

Health Management Board

Dr. Bukata Adamu, Commissioner of Health

Mrs. Nita Baba Ahmed, Assistant Senior Health Sister
(Project Coordinator)

Mr. Sulai Bura, Chief Accountant

Mr. Ahmed Bashar, Accountant

Federal Ministry of Health

Dr. Shehu Mahdi, Director, Primary Health Care Unit,
Zone D

E. United Bank for Africa

Mr. I.M.D. Bwala, Acting Manager

Mr. Biodun Gbolade, Accountant

F. UNICEF

Bayo Odekanyin, Field Support Officer (EPI/ORT)
(telephone 42266)

APPENDIX B

General Instructions -- HMB Audit -- Bauchi State, Nigeria

1. The audit rights of UNC/CH apply only to those HMB records concerned with the contract between UNC/CH and the HMB. They do not extend to records concerned with any contracts or grants the HMB may have with other donor agencies.
2. The audit interests of the University of North Carolina would focus on the care that the HMB took to apply the funds made available in support of the activities as described in the contract. This would be contrasted, for example, to the diversion of UNC/CH funds to other HMB projects.
3. INTRAH is aware that state ministries operate with modest accounting/clerical staff. Therefore, the audit should be approached with an appreciation for such circumstances. Reasonable allowances may be made for instances that may not totally conform to record-keeping practices expected of larger organizations with substantial staff expertise in fiscal administration, and so long as the expenditures are in keeping with the overall intent of the contract purposes.
4. Although the Bauchi State contract was effective March 1, 1985, the HMB did not sign the contract until May 29, 1985, and the first funds were transferred on August 14, 1985. The Bauchi reporting history is irregular. Report #1 for the period Sept. 23-Nov. 30., 1985 was signed by the accountant on Jan. 30, 1986. Reports #2, 3, and 4 (Dec. 1985, Jan. 1986, and Feb. 1986) were all signed in March 1986. Report #5 (March 1986) was signed on May 20, 1986. Copies are attached. Reports for April through July 1986 have not been submitted. It is hoped that Mr. Baker's visit to Bauchi State during late August 1986 will produce the missing reports.
5. The finances are summarized below:

<u>Funds Provided</u>	<u>U.S. Dollars</u>
1. August 14, 1985	\$32,000.00
2. April 17, 1986	9,161.08
3. July 9, 1986	<u>3,200.00</u>
	<u>\$44,361.08</u>
 <u>Funds Expended</u>	
Report #1	9,161.08
Report #2	5,682.98
Report #3	6,063.92

Report #4	5,151.64
Report #5	<u>5,990.49</u>
	<u>\$32,050.11</u>
<u>Still to be accounted</u> (August 21, 1986)	<u>\$12,310.97</u>

We will need to consider available courses in the event there is a cash balance on hand after the contract is concluded.

6. In reviewing the Expenditure Reports, you may notice that in some categories the "cumulative expenditures" are greater than the "budget" as established by INTRAH. However, in the contract (Article V - Budget, paragraph 2) the HMB was authorized to adjust line items as reasonably necessary for performance of work under this contract.
7. In closing, and for C & L information, the findings of the audit should be discussed with the HMB at a scheduled exit interview. HMB should be given an opportunity to explain any expenses that are questioned. Appropriate consideration should be given to any explanations and such comments, if well founded, may be accepted. After this discussion, the audit can be finalized.

Two copies should be mailed to:

Mr. W. W. Fulk
Office of Contracts and Grants
440 West Franklin Street
Chapel Hill, N.C, 27514

One copy should be given to the HMB. If UNC/CH has questions about the audit findings, these will be handled directly between Mr. Fulk and the HMB.

August 21, 1986
Chapel Hill, N.C.
U.S.A.

12

29th August, 86

James W. Lea, Ph. D,
Director,
Program for International Training in Health,
The University of North Carolina at Chapel,
208 North Columbia Street,
Chapel Hill, North Carolina, 27514.

Dear Dr. Lea,

Thank you for your letter of 16th July, 1986 and the telegram. We had a useful discussion with Mr. Baker on the Projects Financial Reports which have now been rendered up to June 30th 1986. The delay is regretted.

The next Project activity is the 10-day Follow up and Review Workshop scheduled to begin on September 15th 1986. I shall be away during the early days of the workshop but I hope to meet with Maurice Apted and Dr. K. O'HANLEY before the program is over. It is therefore expected that by the end of September, 1986 all the Project activities would have been completed. However, it is the plan and intension of government to expand the family planning services to the over 200 medical and health institutions of the local governments and voluntary institutions within the next 36 months. There is therefore an urgent need to train more supervisors and service providers to achieve this objective.

I am therefore to request your permission to utilise Project funds to organise one 35-day service Delivery Workshop for 22 participants. This activity shall be complete in good time (about October - November, 1986) to send the 5th Financial Report by the first week in December, 1986 latest. No technical assistance from INTRAH/IFP will be required. We have used the advanced funds carefully and judiciously to execute the Project

13

- 2 -

activities and we hope this request shall be given a favourable consideration. If funds remain after this extra Workshop, we will co-operate with INTRAH to transfer the funds as may be required.



(DR. D. OGBURNIYE),
PROJECT DIRECTOR.

14

APPENDIX D

UBA Bauchi Branch September 8, 1986 Follow-up

BAU/FX/86

DATE 10th September, 1986.

**UNITED BANK for AFRICA
LIMITED**

BAUCHI BRANCH
B. 361 WUNTI STREET
BAUCHI STATE.

ADDRESSEE

ATTN. MRS. ADEOLA KOLAWOLE

THE MANAGER,
MULTINATIONAL DIVISION
HEAD OFFICE, LAGOS.

In reply to:

Subject : US\$3,200.00 FAVOUR. INTRA/HEALTH MANAGEMENT BOARD BAUCHI

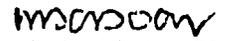
Our memo BAU/FX.136/86 dated 13th August, 1986 refers.

The bearer Mr. Raymond Baker who is the representative of the above quoted Board needs your urgent assistance on their transfer.

Kindly accord him the necessary assistance.



I.M.D. YALA
RELIEF MANAGER.


M.F. GELEDE
ACCOUNTANT.

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