



AHMADU BELLO UNIVERSITY, ZARIA
Africa Centre of Excellence on New Pedagogies
in Engineering Education
(ACENPEE)



**AUDIT COMMITTEE REPORT ON THE INTERNAL CONTROL SYSTEM AND
FINANCIAL RECORDS OF ACENPEE, AHMADU BELLO UNIVERSITY, ZARIA
FOR THE PERIOD JANUARY, 2023 – JUNE. 2023**

PROJECT ID: 6510-NG

FEBRUARY, 2024

1. REPORT OF THE AUDIT COMMITTEE

In pursuance of the mandate of the Committee to ensure compliance of the operations of ACENPEE with both National and World Bank prescribed financial laws, Project Operational Manual (POM), procurement laws, implementation arrangement structure and reports on inherent risks, we are pleased to present our report for the month of January, 2023 – JUNE, 2023 for the guidance of the Board of ACENPEE.

2. ABRIDGED RESPONSIBILITIES OF THE PROJECT

The ACENPEE is one of the African Centres of Excellence (ACEs) sponsored by the World Bank specifically to strengthen the capacity of the 12 participating countries namely: Republic of Benin, Burkina Faso, Cote d'Ivoire, Republic of Cameroon, Republic of Djibouti, Republic of Ghana, Republic of Guinea, Republic of Niger, Federal Republic of Nigeria, Republic of Senegal, Republic of The Gambia, and Republic of Togo.

The objective of the project is to improve the quality, quantity and development impact of postgraduate education in selected universities through regional specialization and collaboration. The Centre is designed to fill the existing gap in the training of engineering professionals where there is over reliance on traditional teaching methods which hardly produce well-skilled engineers.

The centre plans to implement modern, engaging, student-centered pedagogies that include Cooperative, Hands-on, Active, Problem-based Learning (CHAPL) that are capable of producing high quality engineers.

The Internal audit periodic report provides the Board of the Centre with information on issues affecting the internal controls system of the project management for correction. It is expected that the content of these reports will improve the governance arrangement of the Centre and sufficiently assure the attainment of the project defined objectives through compliance with local and international institutional policies, procedures and operations that affect the project.

3. THE AUDIT COMMITTEE

The Committee was inaugurated on 2nd June, 2022 and the composition of the Committee comprises non-executive members as shown below.

Members	Faculty/Unit	Status
Prof. Mohammed Umaru Kawu	Faculty of Vet. Medicine	Internal Council member) - Chairman
Prof. Abdullahi Yunusa Idris	Faculty of Pharmaceutical Sciences	Member
Prof. Donatus Adie	Faculty of Engineering	Member
Aliu Nuhu Onimisi	Bursary Department	Member/Secretary
Maiyaki Hamisu Musa	Internal Audit Division	Member/ Assist. Sec.

The principal objectives of the Audit Committee are to review the financial reporting processes, the Internal and External audit reports of the Centre's system of internal controls; and compliance with relevant laws and regulations thereby assisting the board in fulfilling its oversight responsibilities. The Management of the Centre is responsible for the design of the internal control systems that will provide reasonable assurance towards the achievement of operational goals. To achieve the targeted

goals, the Audit Committee and the Centre Management review and deliberate on the quality of the financial statements and clarity of disclosures in the Internal Audit Report of the Centre.

The Audit Committee has studied and discussed the quality and acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the Financial Reports with the Management of the Centre.

4. REVIEW OF THE REPORT OF BOTH INTERNAL AND EXTERNAL AUDITORS ON THE CENTRE'S ACTIVITIES

The Committee has received the Audited Financial Statements and the Management Letter (Domestic Report) of the External Auditor for the period 1st January, 2023 to 31st December, 2023. The Committee studied the reports of the External auditor and the Management letter on issues raised including our observations and wishes to advise as follows:

A. AUDITED FINANCIAL STATEMENTS

- i. The Committee advised that the Office of Sexual Harassment Officer be re-designated as 'Gender Officer' to insulate the Centre and University from possible misrepresentation of the office and its duties.
- ii. An explanatory note on the executive summary for the deficit in financial performance should be provided for guidance on the cause of the deficit or the source of the funding gap. This is important for clarity of presentation and understanding by non-financial experts. Part of the ~~N~~479,188,664 deficit can

be attributed to the sum of ₦207,424,842.50 directly paid by NUC on behalf of the Centre without being reflected in the Centre's revenue in compliance with accrual basis.

- iii. The revenue of ₦516,000 generated from student registration should be reported as a subcomponent of IGR for clarity of interpretation and avoidance of ambiguity. An IGR can include Tender fees, boarding of assets, sale of forms etc
- iv. Item 4 representing Funds held in Trust for ADEN reported in Note 5 (Current Liabilities) indicated that the sum of ₦34,705,013 represents the Funds held in trust for ADEN. On the contrary, the details of the Conversion of Funds in the ACENPEE USD Account reported the sum of ₦6,878,968 for ADEN while ACENPEE was ascribed with the sum of ₦34,705,013. This appears to be an unintended transposition of figures and requires clarity for proper interpretation.

B. DOMESTIC REPORT ON THE AUDITED REPORT

i. CURRENT LIABILITIES

The sum of ₦10,000,000 take-off grant earlier loaned to the Centre by the University which is now claimed to be converted to a grant should be urgently documented and treated appropriately in compliance with accounting standards. Similarly, the status of other current liabilities should be verified to ensure such liabilities are not unduly carried forward beyond the recognizable year in contravention of IPSAS 1.

ii. PROPER RECORD KEEPING

The accountant should ensure that all files are properly kept in an orderly and serialized manner monthly for ease of referencing. A register for retrieval of any document should be kept for the ease of tracing officers in the custody of the document to avoid missing records. In this respect, the need for additional account staff for the Centre as earlier recommended becomes imperative.

iii. INTERNAL AUDIT REPORT

The Centre leader should mandate the Internal auditor to make regular (monthly/quarterly) renditions of the Internal Audit Report. This will greatly assist the Management on matters of urgent attention on operational weaknesses where necessary and also assist in minimizing the time lag for submission of internal audit reports to relevant internal and external stakeholders.

iv. MISSING PAYMENT VOUCHER

Where it is established that the payment voucher for the sum of ₦1,050,000 processed for payment of research support to twenty (20) beneficiaries is missing and no loss of funds is observed, the Accounting Officer should be notified with the attached copy of the payment schedule of the beneficiaries with the input of the applicant for his guidance. Another payment voucher may be raised indicating that "Original Missing" is a replacement.

A movement file register should be maintained for documentation of the movement of records and Payment Vouchers should be properly archived in a well labelled arc lever file.

v. Retirement of Cash Advances

The list of unretired advances revealed that multiple payments for services or procurements were not processed in the name of the head of the relevant Unit. Activities relating to procurements or secretariat services should be handled by the Procurement Officer and the Centre Secretary accordingly. This will assist in eliminating or at least minimising the numerous numbers of unretired advances that may be pending against a single staff.

5.0 INTERNAL AUDITOR'S REPORT:

The Audit Committee has reviewed the six months (1st January, 2023 – 30th June, 2023) Internal Auditor's report and held discussions with the Key stakeholders of the Centre to ensure the independence of the new Internal Auditor in the discharge of his duties in an objective and effective manner. We have discussed the quality of his reports and the risks pertinent to the operations of the Centre and we are satisfied with the content and quality of reports prepared and issued for the period under review.

However, the management of the Centre should always carefully study all documents for typo proper pagination and grammatical expression.

6.0 MONITORING AND EVALUATION REPORT

The Committee reviewed the reports of the Monitoring and Evaluation Officer and observed the absence of a comprehensive template for reporting activities. The

Committee, however, reiterates the desire for a template that aligns the respective DLIs with their percentage levels of achievement, reasons/Challenges for non-achievement of desired percentage, action taken and remarks for additional information. This should preferably be presented in a tabular format for ease of comprehension.

Nonetheless, the Committee appreciate and commends the Centre for notable achievements in the number of Enrolled MSc and PhD students, Professional short courses organised, Journal Publications in collaboration with national, regional and international partners, as research output and the Research Grant Won from Raw Materials Research and Development Council (RMRDC), Tertiary education Trust Funds (TETFunds) and the attainment of a reasonable percentage of achievement in some DLIs. However, the committee is also concerned about the low achievements of some DLIs.

Therefore, the Committee advised as follows:

- i. Measurable standards and timelines for deliverables of each DLI should be set with appropriate monitoring mechanisms for assessment of performance;
- ii. Factors observed to be responsible for Militating against the achievement of targeted Percentage after assessment should be promptly identified and handled;

- iii. Appraised DLIs should be followed up with relevant stakeholder(s) for clearance to scale up the targeted level of performance.

7.0 RECOMMENDATIONS

7.1 MONITORING AND EVALUATION

- i. The Centre should organize a faculty meeting with the staff to identify remote causes of the resistance to writing journal papers in Engineering Education by staff which has led to low publications in this field. The meeting may then guide the development of a strategic plan to improve staff interest in the field and to spur research in engineering education and related activities.
- ii. The Management of the Centre should communicate with the Director of Banking Services Department, CBN on its observation of the delay in the prompt processing of payments for foreign expenditures and its consequential effects on the performance of the project to the timely achievement of its deliverables.
- iii. The slow process of International Institutional accreditation (gap assessment) by QAA should be expedited.

7.2 FINANCIAL MANAGEMENT

- i. **Project disbursement**

The Internal Audit report indicates 25.52% attainment of the disbursed amount as at 30th June, 2023. This is quite low considering the milestones ahead and the remaining period of the project.

The Management of the Centre is advised to carefully deploy strategic measures of regular appraisal of performances with reports of mitigating factors and disclosure of improvement measures and progress made.

ii. Unretired advances

The management of ACENPEE should enforce compliance with the University's Standard Cash advance register which records cash advances issued and the date of their retirement. Proper records of all contract documents, receipts of expenditures incurred, or purchases should be verified by the Internal Auditor and received by the store for retirements or claims. Cash advances should be timely retired, and no staff should at any time be advanced additional payment while having two unretired advances. Maximum cooperation and timely response to requests for supporting documents should be accorded to the Resident Auditor for effective service delivery.

All retirement documents should be attached to Payment Vouchers of cash advances for easy scrutiny and reference purposes. Unreceipted items that may cause a difference in the retirement of cash advance should be provided with detailed contact information of the service provider and his endorsement.

iii. Stores

For internal control purposes, the Centre should liaise with the Central Store to ensure a designated Storekeeper is assigned to the project to ensure one staff does not handle the procurements process, receipt of the items, custody and issuance to the user department. All procured items should be properly recorded in the Store Requisition Vouchers, Stores Receipt Vouchers, and Store Issued Vouchers, while bin cards are maintained for proper monitoring of usage. The Internal Auditor should periodically conduct stock taking exercises to reconcile records of stores to the user department.

iv. Internal Audit Annual Work Plan

The Audit Committee wish to reiterate the importance of submission of the Internal Auditor's annual work plan to the Audit Committee for approval and appraisal of their completeness in implementation at year end.

v. Creation of Service type on Treasury Single Account (TSA)

The Audit Committee has observed the absence of TSA service type for payment of revenue accruing from School fees collection and other revenue items. The Management of the Centre should expedite follow up action to facilitate prompt creation of the account to simplify its recording and reporting systems.

vi. Appointment of an External Auditor

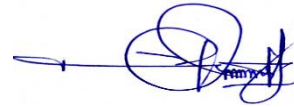
The Committee has observed the appointment of Messrs. Olumuyiwa Basiru & Co. audit firm as the External auditor. It is recommended that the input of the Audit Committee should be considered in the appointment process of External Auditor. This is to guarantee the independence of the Auditor from the Management of the Centre.

vii. External Revenue Generation

The Management of the Centre should intensify efforts to explore funding opportunities from national, regional and international collaborating partners. This will ensure the sustainability of the Centre's activities even after the expiry of the current project grant.



Prof. Mohammed U. Kawu
Chairman, Audit Committee



Aliu Nuhu Onimisi
Secretary, Audit Committee



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A. AUDITED FINANCIAL STATEMENTS

- i. An explanatory note on the executive summary for the deficit in financial performance should be provided for guidance on the cause of the deficit or source of the funding gap. This is important for clarity of presentation and understanding by non-financial experts. Part of the ₦479,188,664 deficit can be attributed to the sum of ₦207,424,842.50 directly paid by NUC on behalf of the Centre without reflection of the sum in its revenue in compliance with accrual basis.

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5.0 INTERNAL AUDITOR'S REPORT:

The Audit Committee has reviewed the Internal Auditor's report for the period 1st July, 2023 to 31st December, 2023 and held discussions with the Key stakeholders of the Centre to ensure the independence of the new Internal Auditor in the discharge of his duties in an objective and effective manner. We have discussed the quality of his reports and the risks pertinent to the operations of the Centre and we are satisfied with the content and quality of reports prepared and issued for the period under review.

6.0 PROCUREMENT OFFICER'S REPORT:

The Committee observed the non-availability of the Procurement Officer's Report. Therefore, the Committee recommends that the duties and responsibilities of the Procurement Officer as provided by the WB terms and conditions should be strictly adhered to; and the Procurement Officer's report should be made available to the Committee for each period under review.

7.0 MONITORING AND EVALUATION

The Committee studied the M&E Officer's report and recommends as follows:

- i. The Centre should organize a meeting with the staff of the Faculty of Engineering to identify remote causes of the low output in journal papers in

Engineering Education by the staff. The meeting should guide the development of a strategic plan to improve staff interest in the field and to spur research in engineering education and related academic disciplines.

- ii. The Management of the Centre should communicate with the Director of Banking Services Department, CBN on its observation of the delay in prompt processing of payments for foreign expenditures and its consequential effects on the performance of the project to the timely achievement of its deliverables.
- iii. The slow process of International Institutional accreditation (gap assessment) by QAA should be expedited.
- iv. The M&E Officer's report should be written in a tabular format that shows activities under each DLI, the timeline for delivery/achievement, percentage achievement, challenges militating against achievement of set targets and measures taken or to be taken to mitigate such challenges. This will ensure easier assessment of achievements against set goals and assist the Committee in making appropriate recommendations to the Centre Management.

8.0 FINANCIAL MANAGEMENT

I. Accounting system

The Committee is pleased with the deployment of the ACE Impact Accounting system and wish to advise the Centre to carefully study and recommend software updates to recognise some peculiarity or harmonisation with the University Financial Management Manual.

II. Performance of DLIs

The performance of some DLIs was reported to be below average. The Management of the Centre is advised to deploy strategic measures of regular appraisal of performances with reports of mitigating factors and disclosure of improvement measures and assign to specific Project Officers for regular progress reports.

III. Organogram

For clarity and delineation of responsibilities, the role of all line staff should be properly reflected for separation of duties and clash of authorities. Staff without letters of appointment should be formalized with assigned responsibilities delineated.

IV. Unretired advances

The management of ACENPEE should enforce compliance with the University's Standard Cash advance register which records cash advances issued and the date of their retirement. Proper records of all contract documents, receipts of expenditures incurred or purchases should be verified by the Internal Auditor and received by the store for retirements or claims. Cash advances should be timely retired and no staff should at any time be advanced additional payment while having two unretired advances. Maximum cooperation and timely response to requests for supporting documents should be accorded to the Resident Auditor for effective service delivery.

V. Stores

The Centre should ensure the Storekeeper takes proper records of Store Requisition Vouchers, store receipt Vouchers, Store Issued Vouchers and bin cards for proper monitoring. The Internal Auditor should periodically conduct stock-taking exercises to reconcile records of stores to the user department.

VI. Internal Audit Annual Work Plan

The Audit Committee wish to reiterate the importance of the Internal Auditor's annual work plan being submitted to the Audit Committee for approval and appraisal of their completeness in implementation at the end of the year.

VII. Creation of Service type on Treasury Single Account (TSA)

The Management should expedite follow up action to facilitate prompt creation of service type under TSA by the Office of the Accountant General to ease direct payment of funds/fees and other revenue into the TSA.

VIII. Asset Register

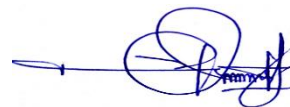
The Management of the centre should ensure regular updates of its Asset Register and note depreciation. The assets should be conspicuously labelled sequentially for both serviceable and unserviceable assets (pending disposal of the asset). This could avoid the possible conversion of official properties for private use.

IX. Withholding Tax and Value added Tax

The Management of the Centre should keep records of tax remittances of all tax deductions and ensure that a separate record is maintained for both Withholding Tax and Value Added Tax.



Prof. Mohammed U. Kawu
Chairman



Aliu Nuhu Onimisi
Secretary

