

UNIVERSITY OF PORT HARCOURT

MEMORANDUM

From: The Chairman, Audit Committee

To: The Vice Chancellor

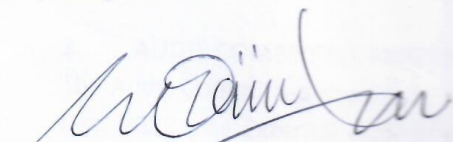
Ref:UPH/VC/AC/05

Date: April 18, 2023

REPORT OF THE UNIVERSITY AUDIT COMMITTEE

Please find the attached Report of the University Audit Committee on the financial statements and management letter of African Centre of Excellence, Centre for Public Health and Toxicological Research (PUTOR) University of Port Harcourt for the year ended 31st December, 20~~19~~²² for your necessary action.

Thank you for giving us the opportunity to serve the University in this capacity.



Professor G. N. Ogbonna

(Audit Committee Chairman)

REPORT OF THE UNIVERSITY OF PORT HARCOURT AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS AND MANAGEMENT LETTERS OF AFRICAN CENTRE OF EXCELLENCE, CENTRE FOR PUBLIC HEALTH AND TOXICOLOGICAL RESEARCH (ACE - PUTOR), UNIVERSITY OF PORT HARCOURT FOR THE YEAR ENDED 31ST DECEMBER, 2022

1. PREAMBLE

In a letter dated 9th December, 2021, with reference number UPH/VC/194/AC, the Vice Chancellor appointed an Audit Committee made up of a Chairman and four other members of staff of the University of Port Harcourt.

2. TERMS OF REFERENCE

The following are the terms of reference given to the Audit Committee:

1. To ascertain whether the accounting and reporting policies of the University are in accordance with legal requirements and ethical practices.
2. Review the scope and planning of audit requirements.
3. Review the finding on management matters in conjunction with the External Auditor and Departmental (Centres of Excellence) responses thereon.
4. Keep under review the university system of accounting and internal control.
5. Authorize the Internal Auditor to carry out investigations into any activity of the university which may be of interest or concern to the committee.
6. Make appropriate recommendations to the University Management on appointment, removal and remuneration of the External Auditors.
7. Advise University Management on observations and recommendations of internal and external audit reports.

3. AUDIT COMMITTEE REPORT

The Audit Committee Report on the Internal Audit Reports for the year ended 31st Dec. 2022, the External Auditor's Final Audited Financial Statements for the year ended 31st December, 2022 and the Domestic Report by the External Auditor for the year ended 31st December, 2022 of African Centre of Excellence, Centre for Public Health and Toxicological Research (ACE - PUTOR) is as follows:

3.1 INTERNAL AUDIT AND EXTERNAL AUDIT REPORTS

In compliance with our terms of reference as stated above, the Audit Committee reviewed the Internal Audit Reports for the year ended 31st Dec. 2022 and the External Auditor's Final Audited Financial Statements and their Domestic Report for the year ended 31st Dec., 2022 of the World Bank African Centre of Excellence – Centre for Public Health and Toxicological Research (ACE - PUTOR).

In the course of the exercise, the Committee physically visited the centre, made calls, held physical meetings with the Centre Leader and other key officers of the Centre as well as other members of staff to obtain reasonable explanations needed for this report. This was done as part of the Committee's oversight functions in order to practically ensure that our observations from the books and documents examined corroborate with the information provided. More so, this was done to obtain reasonable assurance that the annual reports and financial statements comply with the accounting and reporting policies of the University, legal requirements, ethical practices and in accordance with International Public Sector Accounting Standards (IPSAS).

Having assessed the significant extent, the accounting and financial reporting policies and internal control systems of the university have been implemented; the Audit Committee presents the following specific and general recommendations to the University of Port Harcourt Management so as to strengthen the efficiency and effectiveness of the internal control mechanism of the University.

3.2 GENERAL OBSERVATIONS AND RECOMMENDATIONS

Before the reports of ACE - PUTOR for the year ended Dec. 2022, the following are the general observations on the overall management of the university and recommendations:

- a) The Audit Committee observed that the management of University of Port Harcourt holds regular management meetings to review the various planned activities and actions of the University. Where there are deviations from the plans, corrective measures are taken so that the overall objectives and goals of the University are achieved effectively and efficiently.

- b) The University Internal Control and Accounting Systems have been adequately maintained by the University Management because the Internal Audit Department consistently carries out regular and continuous audit exercise in virtually all departments, centres and units of the university.
- c) The management ensures that the actual progress made by budget implementation is compared with the budgeted and where there is a budget variance, necessary corrective actions are taken to ensure budget compliance.
- d) The management also considers any other relevant unfolding events and necessary strategic actions are taken in order to achieve the overall desired goals and keep up to date with current realities.

3.2.1 RECOMMENDATIONS

a. In order to achieve sustained and improved performance, high level efficiency and effectiveness in the performance of the University, there is need for the management to maintain and improve on the existing monthly and quarterly meetings between the University Management Team (that is, the Principal Officers of the University) and the Centre Leaders, Directors and Acting Directors. This will help in cross-fertilization of ideas by these officers. Success stories of good and high performing centres will be shared and lessons learnt by others will go a long way to improve their own performance. The strengths, weakness, opportunities, threats (SWOT) experiences will be communicated and solutions provided on regular basis.

The advantages of such meetings are enormous as some good performing Directors of Centres who have overcome certain challenges in the past would be in a better position to share their practical experiences and provide easy solutions to the challenges of these other centres to learn.

b. There is need to retain good or high performing Centre Leaders and Directors to continue their good work, as it is not advisable to change the winning team. The usual two-year term for Heads of department and Deans of faculty may be counter-

productive in a business world where these Centre Leaders and Directors rightly belong.

These staff with proven entrepreneurial spirit of practically achieving the best possible result if retained can greatly improve the financial and academic performance of the University. In effect, sustained high performance records should be the basis of retaining the leaders of centres and units.

3.3 SPECIFIC OBSERVATIONS AND RECOMMENDATIONS ON THE WORLD BANK AFRICA CENTRE OF EXCELLENCE IN PUBLIC HEALTH AND TOXICOLOGICAL RESEARCH (ACE - PUTOR) FOR THE YEAR ENDED 31st DECEMBER, 2022

3.3.1 INTRODUCTION

The World Bank Africa Centre of Excellence in Public Health and Toxicological Research (ACE - PUTOR) is a second-generation World Bank centre in the University that started in 2018. The centre offers post-graduate programme in Midwifery thus, making the University of Port Harcourt, the first in Nigeria to run a post-graduate programme in Midwifery.

3.3.2 OBJECTIVES

The ACE- PUTOR Project objective is to meet the latest manpower requirements for skills within specific areas where there are skills shortages affecting academic development, economic growth and poverty reduction in the relevant industries.

Furthermore, they support quality post graduate training and manpower development in Africa.

In addition, the Centre offers international and world class graduate programmes for sustainable development in the areas of public health and toxicological research through capacity building/cutting-edge research for addressing regional developmental challenges.

ACE-PUTOR is fully funded by World Bank and as such, all expenditures are regulated by World Bank. The Centre Leader/Director, Prof. Daprim Ogaji informed the Audit Committee that reports sent regularly to the World Bank are usually cross checked by the University Internal Audit Department and Audit Committee as specified in the World Bank financial rules and regulations.

3.3.3 AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee is charged among others, with the responsibility of complying with its terms of reference, the accounting and reporting policies of the University, legal requirements of the Federal Government, professional ethical practices and compliance with the International Public Sector Accounting Standards (IPSAS). This is to ensure that the Centre operates in an ethical environment and observes all relevant laws and standards that will enable it achieve the set goal.

In particular, it is charged with the oversight function of financial reporting, risk management, internal control measure and ensuring that the Centre's financial statements are understandable and form a reliable basis for informed decision making. That is, they are free from any material misstatements, misrepresentation or misleading information or omission.

Hence, the Audit Committee has examined the Project Internal Audit Report for the year ended 31st Dec. 2022 and the External Auditor's Final Audited Financial Statements and their Domestic Report for the year ended 31st Dec., 2022 to ascertain the extent of conformity with the relevant Accounting Standards and Financial Regulations and made necessary observations and recommendations there on.

The following documentary evidences were also examined:

1. Work Plan
2. Cash Books
3. Receipts and Payments Accounts
4. Bank Statements
5. Trial balance

6. Ledger
7. Bank Reconciliation Statements
8. Payment vouchers and E-payments
9. Financial Statements
10. Budget Performance Report
11. Tax Invoices and Receipts
12. Non-Current (Fixed) Assets Register

3.3.4 AUDIT COMMITTEE OBSERVATIONS, IMPLICATIONS AND RECOMMENDATIONS

3.3.4.1 OBSERVATIONS ON OVERALL ACADEMIC ACTIVITIES

All ACE –PUTOR Programmes, namely Post Graduate Diploma (PGD), Masters (M. Sc.), and Doctor of Philosophy (Ph.D) in various disciplines were highly subscribed and the degrees/certifications attract high recognition in the relevant industries. The reason for this increasing recognition is because of the track records of good and high practical performance of the graduates of the ACE –PUTOR programmes as confirmed by users of their services in various industries.

3.3.4.2 ACE - PUTOR PROGRESS REPORT

In the year 2022, ACE –PUTOR introduced the following new courses:

- 1) Two PGD Programmes in (1) Nursing and (2) Environmental Petroleum Toxicology
- 2) Three Masters' Programmes in (1) Public Health Nursing (2) Fertility Nursing and (3) Environmental Petroleum Toxicology
- 3) Two Ph.D Programmes in (1) Midwifery and Child Health Nursing (2) Public Health Nursing.

The above new programmes have commenced in earnest except PGD Environmental Petroleum Toxicology and Master's in Fertility Nursing due to few enrolments not enough to sustain the programmes.

ACE –PUTOR has also been able to get both national and international accreditation from NUC and Royal Society of Biology (RSB) respectively for her 23 programmes.

3.3.4.3 CHALLENGES– DELAY IN FUNDING ACE – PUTOR PROGRAMMES

ACE –PUTOR has two sources of funding, namely the World Bank and AFD – French Development Agency. While the World Bank releases funds promptly as at and when due based on actual performance or results achieved, the AFD – a French Development Agency has been slow in releasing funds. Efforts made through NUC to find the reason for the delay in releasing fund has not been fruitful. In order to bridge AFD French Development Agency's delay in funding,PUTOR approached NUC to raise loan on her behalf and repay the loan when AFD – French Development Agency releases fund. This request has been approved and loan is being granted by NUC whenever any delay occurs.

The number of regional students from other countries is more than 100 seeking admission, but adequate funding has been a challenge over the years to admit all candidates who are qualified for admission.

3.3.4.4 LACK OF INFRASTRUCTURE AND DELAY IN COMPLETING THE PERMANENT SITE

The performance of the contractor handling the permanent site building has not been encouraging. An inspection of the building project has revealed that the completion of the project may not be very soon.

3.3.4.5 IMPLICATION

The ACE - PUTOR academic Programmes are already making positive impacts and contributing immensely to the Nigeria economic development through the quality of its graduates. This means that there has been high patronage of ACE –PUTOR programmes by relevant industries.

Delay in completing the permanent site building according to the terms and conditions of the contract may affect the expected performance and the goal of ACE - PUTOR academic Programmes.

3.3.4.6 RECOMMENDATIONS ON OVERALL ACADEMIC ACTIVITIES

Management should improve on its present level of academic performance and even surpass it.

More awareness should be created by means of advertisement, printing and distributing of flyers, using radio and television and other means to reach target audience in order to increase the enrolment figure and kick-start the two courses on PGD Environmental Petroleum Toxicology and Master's in Fertility Nursing that did not take off because of low patronage last year. No accredited programme should be allowed to fizzle out without giving it the opportunity to commence and achieve the desired objective.

To bridge the gap in financing and releasing funds for ACE PUTOR programmes, efforts should be made to sustain the NUC loan being granted whenever any delay occurs in releasing fund by AFD – French Development Agency. Since such loan does not attract much cost, and repayment of the loan is convenient and made whenever AFD – French Development Agency releases fund, it should be sustained.

The need for the permanent site building cannot be over emphasized. Every contract has, among others, terms, conditions and date of completion as necessary ingredients for a successful contract. Therefore, the management of ACE PUTOR should invite the contractor handling the permanent site building project for a crucial meeting where the terms, conditions and date of completion, among others, will be revisited and enforced without further delay. It should be noted that contract delayed is contract denied, especially in terms of its policy thrust, original plan and ultimately the objective may be frustrated because of undue delay.

3.3.5 OBSERVATIONS ON THE EXTERNAL AUDITOR'S REPORT ON THE FINAL AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DEC. 2022

3.3.5.1 SPECIFIC OBSERVATIONS

A. The Audit Committee observed the following:

1. Proper books of account were kept by the Centre.
2. The Financial Statements agreed with the books of accounts.
3. The financial statements gave a true and fair view in all material respects. This means that there were no material misstatements in the Statement of Financial Position, Statement of Financial Performance and the Statements of Cash flows of the Centre for the year ended 31st Dec. 2022.
4. The accounts were also prepared in accordance with IPSAS and other regulatory requirements.
5. The exchange rate which was used for the accounts as at 31st Dec., 2022 is N415 per USD is appropriate as at that date.

B. Summary/Trend of the Statement of Financial Position

The following is the comparison and Summary/Trend of the Statements of Financial Position as at 31st Dec. 2022 and 2021:

Table 1.1 (a) Summary/Trend of the Statement of Financial Position as at 31st Dec. 2022 and 2021

	2022		2021	
	N	\$	N	\$
Total Assets	916,193,733	2,207,696	411,208,180	1,028,020
Less:				
Total Liabilities	1,100,000	2,651	750,000	1,875
Net Asset/Net Worth	915,093,733	2,205,045	410,458,180	1,026,145

From the above Table 1.1 (a), it can be seen that the Net Assets of the Centre increased from N410,458,180 in 2021 to N915,093,733 in 2022 representing an increase of 122.94%. The value of the permanent site when completed will add more in the assets build up. This remarkable increase in assets is explained by additional assets acquired within the year under review. The new office building took a significant share of the increase by 83.44%. Other assets involved are furniture and fittings, current library books, plant and machinery. This is commendable.

Table 1.1 (b) Summary/Trend of the Statement of Financial Position as at 31st Dec. 2020 and 2019

	2020	2019
	N	N
Total Assets	75,565,310	19,374,336
Less:		
Total Liabilities	11,913,639	18,184,297
Net Asset/Net Worth	63,651,671	1,190,039

Further comparison of the above Statements of Financial Position as at 31st Dec. 2020 and 2019, shows that there has been an impressive increase in the Net Assets of the Centre from N1,190,039 to N63,651,671 which represents 5,248.7%. Land, office furniture, and equipment mainly accounted for this remarkable increase in net assets.

C. Summary/Trend of the Statement of Financial Performance

The following is the comparison and summary/trend of the Statement of Financial Performance for the Year ended 31st Dec. 2022 and 2021:

Table 1.2 (a) Summary/Trend of the Statement of Financial Performance for the year ended 31st Dec. 2022

	2022		2021	
	N	\$	N	\$
Total Revenue/Receipts	504,635,553	1,215,989	410,458,180	1,026,145
Less:				
Total Payments /Expenditures	774,203,479	1,865,551	188,273,093	470,683
Surplus/(Deficit) for the Year	(269,567,926)	(649,561)	222,185,087	555,463

Table 1.2 (a) above shows a deficit of ₦269,567,926 in the year 2022 as against the surplus of ₦222,185,087 in the year 2021 which represents a sharp decrease of 221.33% in the financial performance of the centre. The deficit as reported in the Statement of Financial Performance means that the expenditures for the Year 2022 were higher than the income for the year.

Management Response on the Deficit

Explanations given for the deficit of ₦269,567,926 in 2022 Statement of Financial Performance for the year ended 31st Dec. 2022 by the Centre Management are as follows:

Since World Bank releases funds based on actual performance or set target the balance of ₦222, 185,087 in 2021 was utilised with Internally Generated Revenue (IGR) to fund expenditures in 2022 in order to enable the Centre qualify for World Bank release of fund in 2022. Also, many expenses that were incurred and committed in 2021 were actually paid in 2022 when fund was available, hence, the deficit of ₦269,567,926.

D. Table 1.2 (b) Summary/Trend of the Statement of Financial Performance for the year ended 31st Dec. 2020 and 2019

	2020	2019
	N	N
Total Revenue/Receipts	45,383,853	33,370,000
Less:		
Total Payments /Expenditures	29,737,765	32,179,961
Surplus/(Deficit) for the Year	15,646,088	1,190,039

Further comparison of the above Statements of Financial Performance for the year ended 31st Dec. 2020 and 2019, shows that there was an impressive increase in surplus, that is, excess of revenue over expenditure of the Centre from ₦1,190,039 in 2019 to ₦15,646,088 in 2022 which represents 1214.75% increase. This is quite remarkable and commendable.

E. Statement of Cash Flow

The Statement of Cash Flow as at 31st Dec. 2022 showed a negative Cash flow of ₦8,923,220. This shows their liquidity position and the extent of the expenditure they incurred to achieve their set target in order to qualify for the World Bank release of fund in 2022.

3.3.5.2 IMPLICATIONS

- The Centre maintained good accounting records of all their transactions resulting to no material misstatements in the audited accounts.
- The high increase in the net worth shows a great increase in the assets build-up of the Centre as seen in the Fixed Assets schedule. The building project for the Centre which suffered delay in the past is gradually progressing seriously in the year under review.
- The deficit balance in the Statement of Financial Performance could reflect the increase in operational activities for the year aimed at achieving target/performance level that will attract the World Bank release of fund based on actual performance.

- d. The deficit balance for the year also reflects that the retained surplus from the previous years have been used up in the current year in order to achieve set goals.

3.3.5.3 RECOMMENDATIONS ON THE EXTERNAL AUDITOR'S REPORT

- a) The Centre Management should continue to maintain this good accounting record devoid of any material misstatements.
- b) The activities of the Centre should be critically be monitored to ensure that the deficit balance is only a one-off event due to the building project or when targeted towards achieving World Bank funding requirements.
- c) There is need to reduce the cost of operations by applying cost control, cost reduction, cost savings strategies and effective cost management in order to avoid any liquidity challenges which might affect the smooth operation of the centre.

3.3.6 OBSERVATIONS ON THE EXTERNAL AUDITOR'S DOMESTIC REPORT ON THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST DEC. 2022

- A. Unidentified expenses of N8,462,888 in the observed by the External Auditor in the previous year's audit has been written off in the Cash book.

MANAGEMENT RESPONSE

The N8.5m represents receipts from students' fees paid into TSA but were not credited to our account with Central Bank of Nigeria (CBN) despite several letters and mails to CBN and Office of Accountant General of the Federation (OAGF). Thus, these receipts were written off from the books of accounts because they claim the money was remitted to the revenue account of the University of Port Harcourt. The latest response from CBN states these receipts were credited to the University's accounts which we cannot prove due to limited information from CBN at our disposal. Obviously, there was no verifiable evidence.

- B. The account details of the beneficiaries of N20,000,000 grant for ICE-IMPACT Scheme were not provided for confirmation of the transactions.

MANAGEMENT RESPONSE

This amount was approved by the Vice Chancellor (VC) in 2019 but due to paucity of funds, it was paid at its availability in 2022. The payment schedules are usually attached to the voucher and will be made available in the case of omission or required for audit purposes.

3.3.6.1. IMPLICATION

- a. When source documents used in processing any payment or any other transaction is not immediately made available during audit, it gives rise to audit query.

3.3.6.2 RECOMMENDATIONS

- a. Always endeavour to provide all necessary documentary evidence for audit purposes.
- b. Students' fees should be paid to a designated fees account in the bank instead of direct payment to TSA Account except where such direct payment is officially allowed.

3.3.7 OBSERVATIONS ON THE INTERNAL AUDITOR'S REPORT FOR THE YEAR ENDED 31ST DEC. 2022

- a. A good accounting system was put in place.
- b. The Internal Control was adequate.
- c. All the necessary books of accounts such as Ledgers for all activity codes, Cash Book, Bank Reconciliation Statements, Receipt and Payment Accounts, among others were maintained regularly and adequately.
- d. Unretired Advances to staff amounted to N588,340.00 and the process of retirement is being followed up.

- e. There was no case of fraud or corruption observed or reported.
- f. All the assets recorded were physically verified to be in existence.
- g. Most of the assets were well safeguarded except a few. The process of coding them is in progress.

3.3.7.1. IMPLICATION

- a. Not retiring advances as at and when due is against Financial Regulations and should be avoided.

3.3.7.2 RECOMMENDATIONS

- a. Staff who are yet to retire their advances should be notified by the Centre Management through the Accountant to retire same as soon as possible. The rule of no retirement, no further advances to those staff should be considered to avoid such occurrences in the future.
- b. The few assets yet to be coded should be coded immediately.

4.0 CONCLUSION

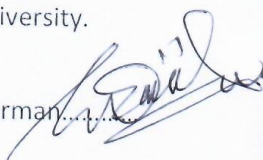

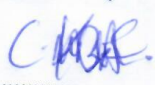

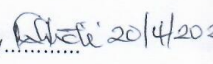
After the examination of the financial statements, management reports of the External Auditor, the Internal Audit reports and their recommendations, especially the practical interaction with the Centre officers and staff, the Audit Committee concludes that the ACE PUTOR maintained proper accounting records and adequate internal control system throughout the period under review.

ACE - PUTOR has over the years achieved impressive increase in its net assets and utilized its internally generated revenue (IGR) in the most effective way in order to accomplish set target by World Bank. This remarkable progress should be improved upon.

Based on the foregoing, we advise that the recommendations made in this report be implemented in order to improve the level of performance, internal control, proper accountability and transparency of transactions that will enhance the achievement of the university set goals effectively and efficiently.

NAMES AND SIGNATURES OF AUDIT COMMITTEE MEMBERS

Please accept the assurances of our highest esteem to serve the University.

1. Professor G. N. Ogbonna, Accounting Dept. Chairman.....
2. Professor O. G. Omojefe, Banking & Finance Dept. Member.....
3. Dr. (Mrs.) Chioma O. Ojukwu, Accounting Dept. Member.....
4. Dr. Celestine Ebieto, Mechanical Engineering Dept. Member.....
5. Mrs. Ezinne C. Worga, Registry Dept. Secretary..... 20/4/2021