

10th August, 2020

The Vice Chancellor
Federal University of Technology,
Minna, Niger State

Attention: The Project Accountant

Dear Sir,

MANAGEMENT REPORT ON THE AUDIT OF AFRICA CENTRE OF EXCELLENCE FOR MYCOTOXIN AND FOOD SAFETY FOR SEVEN (7) MONTHS PERIOD ENDED 31ST DECEMBER. 2019

We have examined the Financial Statements of the Centre for seven (7) months period ended 31st December, 2019.

During the course of our examinations of the books and records of the Centre, certain matters came to our attention which we believe merit your consideration and these are set out on the following pages:

We must emphasize that the matters dealt with in this report came to our notice during the conduct of our normal review of the system of accounting and internal controls in operation. Our review procedures, which are based on selected samples, were designed to enable us express an opinion on the truth and fairness of the Financial Statements of the Entity for the period under review. Accordingly, this report may not necessarily disclose all the weaknesses or possible areas that may require improvements in the system such as would have been revealed by a specialized review exercise. Therefore, this report should not be construed as an expression of approval of any matter not specifically addressed.

1.0 SUMMARY OF FINANCIAL PERFORMANCE

The Operating and Financial Performance summary of the Project for Seven (7) months Period ended 31st December, 2019 is as tabulated below:

| | | 2019 | 2019 |
|----------|---|---------------------|---------------|
| A | INCOME | ₦ | % |
| | Special Research Grant | 4,000,000 | 93.97 |
| | Sales of PG Forms | 195,000 | 4.58 |
| | Other Income | 61,900 | 1.45 |
| | | ----- | ----- |
| | Total Income | 4,256,900 | 100.00 |
| | | ===== | ===== |
| B | Less: EXPENDITURE | | |
| | Computer Software | 109,135 | 2.56 |
| | Sectoral/Partner Inaugural Meeting Expenses | 22,693,746 | 533.10 |
| | Office Stationeries & Computer Consumables | 423,810 | 9.96 |
| | Local Training | 802,540 | 18.85 |
| | International Transport & Travelling (Training) | 13,359,550 | 313.83 |
| | Printing of Non – Security Documents | 103,890 | 2.44 |
| | Bank Charges | 8,250 | 0.19 |
| | Depreciation Charges | 10,908 | 0.26 |
| | | ----- | ----- |
| | Total Expenditure | 37,511,829 | 881.19 |
| | | ===== | ===== |
| C | Surplus/(Deficit) A-B | (33,254,929) | 781.19 |
| | | ===== | ===== |

1.1 EVALUATION OF FINANCIAL PERFORMANCE

The reviewed work on Centre's income recorded sum of ₦4,256,900 as the total revenue for Seven (7) months period ended 31st December, 2019. This includes ₦4,000,000, ₦195,000, and ₦61,900 for Special Research Grant, Income from Sales of Post Graduate (PG) Forms and Other Income respectively.

Further analysis indicates that from the total income of ₦4,256,900, the sum of ₦109,135 was spent on Computer Software acquisition which represents 2.56% of the total income, ₦22,693,746 or 533.10% spent on Sectoral/Partner Inaugural Meeting, ₦802,540 or 18.85% expended on Local Training, ₦13,359,550 or 313.83% spent on International Transport & Travelling (Training) and ₦546,858 expended on other Administrative Expenses accounted for 12.85% of the total income leaving a deficit balance of ₦33,254,929.

Project implementation was majorly financed by the loan from the University (FUTMINNA).

However, the management is advised to comply with budget standard and ensure due diligence as well as value for money on the project transactions.

Management Response

Noted, the management has put necessary strategies in place to ensure proper compliance with budget standard and procurement procedures.

2.0 ACCOUNTING AND BOOK KEEPING SYSTEMS

In compliance with Audit Standard and best practices, we carried out an analysis and evaluation of the Center's financial statements and internal control systems as well as the conduct of compliance and substantive tests on financial transactions.

These were carried out to determine the adequacy and effectiveness or otherwise of the system in producing accurate and reliable financial reports.

2.1 Internal Control System

Our assessment shows that the Centre's System of Internal Control is considered adequate and sufficient for its current level of financial transactions and operational activities. This can be further enhanced through proper documentation and adequate supporting documents should be attached to all payment vouchers before being filed.

Recommendation

We recommend that the Centre's Management should comply with standard procurement procedures and ensure that all payment vouchers carry required supporting documents.

Management Response:

The recommendation noted and henceforth, details of work done and necessary documents will be attached.

2.2 Accounting and Record Keeping

The Centre's accounting system is backed by Microsoft Excel program. The program is simple and is considered adequate for the Entity's current level of financial transactions. However, from our audit review we discovered that the accounting system should be expanded so as to accommodate more expenditure heads.

Accounting process, transactions recording and postings is adequate but can still be improved on, by implementing continuous on the job training and supervision of accounts staff by senior officers.

We also noticed that the Centre is yet to be keeping necessary schedules such as Salary & Wages schedule and list of beneficiaries from the Centre's projects.

Management Response:

The project has not accessed its grant for full commencement of the project and that explains the main reasons for skeleton activities on the project.

Conclusion

In conclusion, we are using this medium to thank the Project Management Team of Africa Centre of Excellence for Mycotoxin and Food Safety (ACEMFS) for giving us the opportunity to be of service in this capacity. Our appreciation also goes to the Centre's Staff for their co-operation and support during the course of audit exercise. Please don't hesitate to contact us for further clarification where necessary concerning the Financial Statements and this Management Letter.

Thank you and best regards.

Yours faithfully

For: **HDA AUDIT (Chartered Accountants)**

Abdurrahman Garba

Kayode Surajudeen