

2016  
AUDIT COMMITTEE REPORT  
OF  
AFRICAN CENTRE OF EXCELLENCE  
FOR

NEGLECTED TROPICAL DISEASES AND FORENSIC  
BIOTECHNOLOGY

ALMADU BELLO UNIVERSITY ZARIA

CREDIT NO. 5415 - NG

**2016 AUDIT COMMITTEE REPORT ON THE INTERNAL CONTROL SYSTEM  
AND FINANCIAL RECORDS OF AFRICAN CENTRE OF EXCELLENCE FOR  
NEGLECTED TROPICAL DISEASES AND FORENSIC BIOTECHNOLOGY  
(ACENTDFB), AHMADU BELLO UNIVERSITY, ZARIA  
FOR THE YEAR ENDED 31ST DECEMBER, 2016**

**REPORT OF THE AUDIT COMMITTEE**

We are pleased to present the board of ACE our report for the financial year ended 31 December, 2016.

**OVERVIEW OF THE RESPONSIBILITIES OF THE PROJECT MANAGEMENT  
AND AUDIT COMMITTEE**

The Audit Committee oversees the Centre's financial reporting process on behalf of the Board of the Centre. The Management of the Centre has the primary responsibility for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in the Annual Report with Management of the Centre, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements.

The African Center of Excellence for Neglected Tropical Disease and Forensic Biotechnology (ACENTDFB) is one of the African Center of Excellence's (ACE's) of World Bank sponsored project designed to strengthen the capacity of 19 competitively selected institutions across West and Central Africa to address developmental challenges through quality training and

applied research in sectors where there are severe shortages of human resources and capacity such as Science, Technology, Engineering and Mathematics (STEM) as well as agriculture and health services. These challenges are identified to have affected the development, economic growth and poverty reduction of the region.

The periodic external audit report ensures that audit issues dealing with the internal controls system of the project management are brought to the attention of the Board and addressed. This practice improves the governance arrangement of the Centre and sufficiently assures the attainment of the project defined objectives by ensuring compliance with relevant institutional policies, procedures and operations that relate to the project.

In fulfilling these oversight responsibilities, the Committee reviewed and discussed the reports of the internal auditor, external auditor and internal control system in the Annual Report with the management of the Centre, including discussion of the quality and acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements.

The activities of the Committee are guided by a deed issued in 2015 with no amendments since issued. The Committee held 20 meetings during 2016 fiscal year.

The Committee is made up of non-executive members with the composition below including dates of their appointments and attendance at meetings:

<b>Members</b>	<b>Date of Appointment</b>	<b>Attendance at full meetings during 2016</b>
Prof.T.O. Akenova	July, 2015	Attended 15 meetings out of the 20 meetings held
Dr. B.O. Olayinka	July, 2015	Attended 15 meetings out of the 20 meetings held
MrMshelia (Chairman)	July, 2015	Attended all the 20 meetings held
AliuNuhuOnimisi (Secretary)	July, 2015	Attended all the 20 meetings held

The outcomes of the Audit Committee meetings are planned enhancing a smooth communication amongst the Committee, the management of the Centre, the Centre's internal audit functions and the Centre's Independent Auditor.

### **DISCUSSIONS WITH INTERNAL AUDITOR**

We have met with the Internal Auditor during the year to ensure that his functions are executed effectively and objectively. We are satisfied that the internal audit function is operating effectively and that he has raised issues on the risks pertinent to the Centre in his audits and we are satisfied with the content and quality of annual reports prepared and issued by the internal auditors of the entity during the year under review.

In line with the observed deficiencies in the system of internal controls and operation of the Centre, recommendations of corrective actions have been provided for an efficient and effective system of internal control over the financial reporting as follows:

### **BUDGETING**

The committee has reviewed the annual Budget process of the project and recommends that the process of budget preparation should be streamlined with ACE guidelines or budgeting system of the University if necessary.

## **ACCOUNTING**

The Committee in its evaluation of accounting system of the Centre has advised the strengthening of this process by deploying a computerized Accounting Information System in replacement of the current Microsoft Excel Spreadsheet in use. Consequent upon the delay by the University to deploy the planned University wide accounting software relied on by the Centre, it is advised that a special accounting package be procured in the interim and deployed to ensure efficiency in preparation of accounts and eradicate errors associated with manual system of accounting.

## **INTERNAL CONTROL:**

The internal control system of the Centre is required to be strengthened in the following ways:

1. The University's Standard Cash advance ledger should be adopted. It detailed record of advances issued and corresponding period of retirement. Cash advance policy on expected period of retirement for each cash advance should be fixed and a separate retirement file Jackets dedicated for the purposes be maintained.
2. The management of the Centre is requested to develop a project risk profile for regular review.
3. Receipt and issue of Stores should be strictly controlled using the University's standard Stores Receipt Vouchers (SRVs) and Stores Issue Vouchers (SIVs). The resident auditor is statutorily required to certify the delivery of stores received before payments are made.

## **INTERNAL AUDIT ANNUAL WORK PLAN**

The Internal Auditor's annual work plan should be made available to the Audit Committee for approval and appraisal of their completeness in implementation at year end.

## **EFFECTIVENESS OF AUDIT COMMITTEE:**

The effective performance of the Audit Committee has been besieged by communication gaps and absence of relevant documents for their statutory functions. The Management of the Centre should recognize the significance of Audit Committee's request and urgently provide the necessary documents and supports as submitted for their effective performance.

## **FUND FLOW**

Considering the imminent withdrawal of counterpart funding by donor agency after the specified period of counterpart funding and the subsequent sustainability of the project with internally generated funds accruing from fee, It is imperative that revenue profile of the center should delineate the external revenue accruing from fees generated by the payment of Tuition and other fees by foreign students and indigenous students. This is relevant in assessing the prospect of the Center's activities post withdrawal of the counterpart funding.

## **FINANCIAL REPORTING**

The annual financial reports of the Centre are prepared based on cash basis accounting, Generally Accepted Accounting Principles and International Financial Reporting Standards. The timely submission of financial reports form part of Disbursement Linked-Results hence, early preparation and submission of all statutory reports must be considered.

We have:

- Reviewed and discussed the audited annual financial statements with the Independent auditor; internal auditors and the Management Team;

- Reviewed the management letter and management's response thereto;
- Reviewed the Centre's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments and noted none resulting from the audit.

## **EXTERNAL AUDIT**

The Committee discussed with the External Auditor on the results of their examinations; evaluation of the internal control system of the Centre; and the overall quality of the Center's financial reporting, material weaknesses and significant deficiencies identified during the course of the assessment and the audit and management's plan to remediate those control deficiencies. The discussions was without the presence of the management of the Centre.

The Audit Committee recognizes the importance of maintaining the independence of the Centre's External Auditor, both in fact and appearance. Annually, the Committee evaluates the qualifications, performance and independence of the Centre's Independent Auditor and determines whether to re-engage the current Independent Auditor. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities and the auditors' technical expertise and knowledge of the activities of the Centre and the University at large. It is in the best interests of the Centre to retain PKF Professional Services to serve as the Centre's Independent Auditor for the year 2017 subject to their reengagement by the University.

## **DISBURSEMENT AND SUBMISSION OF WITHDRAWAL APPLICATION**

**(WA):**

Review of available records of the Centre revealed that only one withdrawal application was presented since inception. Sustainable efforts by participating stakeholders should be directed at increasing the number of withdrawal applications to stimulate the achievement of DLIs and timely disbursement of funds.

## **ASSETS VERIFICATION**

The Management of the Centre should ensure that for the ease of verification of assets, a standard fixed asset register is maintained and assets are labelled appropriately. Insurance Cover for valuable assets should be maintained and regularly updated for proper record and reporting purposes.

## **PROCUREMENT ACTIVITIES**

Procurement activities of ACE projects are to be implemented in accordance with Component 1, which states that all expenditures for procurable items in EEP should follow World Bank Guidelines for Procurement of Goods, Works and Non-Consulting Services dated Jan, 2011, while expenditures entirely financed by other government funding should follow the National Procurement Guidelines.

The annual procurement plan of the Centre should be prioritized and adhered to strictly by the Procurement officer while due process enshrined in the procurement guidelines be complied with and the independence of the Project Auditor and Procurement officer in the discharge of their duties be encouraged.

Direct procurement may be carried out as required by Public Procurement Act (PPA) where:

- (i) the goods, works or services can only be procured from only one supplier or contractor who may have exclusive rights to the goods, works, or services and there are no alternatives or substitutes;

- (b) there is urgent need for the goods, works or services such that procuring them through the open competitive bidding may cause delay and the purpose for which they are required defeated; .
- (c) owing to a catastrophic event, there is the urgent need for the goods, works or services through direct procurement as other methods have been adjudged impracticable;
- (d) the contract is for research, experiment, study, or development and does not include procurement of goods in commercial quantity

In reliance on the reviews and discussions referred to above, the Committee recommended to the Management of the Centre and the Management has approved, that the audited financial statements and management's assessment of the effectiveness of the Centre's internal control over financial reporting be included in the Annual Report for the year ended December 31, 2016.

Mr. H. A. Mshelia,  
Prof. T.O. Akenova  
Prof. B.O. Olayinka  
AliuNuhuOnimisi,

Audit Committee Chair  
Audit Committee Member  
Audit Committee Member  
Audit Committee Secretary

November 25<sup>th</sup>, 2017