

2017

**AUDIT COMMITTEE REPORT
OF
AFRICAN CENTRE OF EXCELLENCE FOR
NEGLECTED TROPICAL DISEASES AND
FORENSIC BIOTECHNOLOGY
AHMADU BELLO UNIVERSITY, ZARIA**

**2017 AUDIT COMMITTEE REPORT ON THE INTERNAL CONTROL SYSTEM
AND FINANCIAL RECORDS OF ARFICAN CENTRE OF EXCELLENCE FOR
NEGLECTED TROPICAL DISEASES AND FORENSIC BIOTECHNOLOGY
(ACENTDFB), AHMADU BELLO UNIVERSITY, ZARIA
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

REPORT OF THE AUDIT COMMITTEE

We are hereby pleased to present the board of ACE with our report for the financial year ended 31 December, 2017.

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

The Audit Committee primarily oversees the financial reporting process of the Centre on behalf of its Board. The Management of the Centre is responsible for maintaining effective internal control system and assessing the effectiveness of the internal control over financial reporting. In achieving this mandate, the Audit Committee studied and discussed the Annual Audit Report with the Management of the Centre, including discussions of the quality of the financial statements and the clarity of disclosures.

The African Center of Excellence for Neglected Tropical Disease and Forensic Biotechnology (ACENTDFB) project is one of the African Center of Excellence's (ACE's) of World Bank sponsored project specifically planned to strengthen the capacity of 19 competitively selected institutions across West and Central Africa in addressing developmental challenges, achievable through quality training and applied research in sectors where there are severe shortage of human resources and capacity such as Science, Technology, Engineering and Mathematics (STEM) as well as agriculture and health services. The aforementioned

challenges are identified to have affected the development, economic growth and poverty reduction of the region.

Periodic external audit report provides the Board of the Centre with information on issues affecting the internal controls system of the project management for correction. This practice significantly improves the governance arrangement of the Centre and sufficiently assures the attainment of the project defined objectives through compliance with relevant institutional policies, procedures and operations that affects the project.

To achieve these oversight responsibilities, the Audit Committee has 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 discussions on 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 15 meetings during 2017 fiscal year.

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

Members	Date of Appointment	Attendance at full meetings during 2017
Prof.T.O. Akenova	July, 2015	Attended 10 meetings out of the 15 meetings held

Dr. B.O. Olayinka	July, 2015	Attended 12 meetings out of the 15 meetings held
Mr Mshelia (Chairman)	July, 2015	Attended all the 15 meetings held
Aliu Nuhu Onimisi (Secretary)	July, 2015	Attended all the 15 meetings held

REVIEW OF THE INTERNAL AUDITOR REPORT AND DISCUSSIONS ON THE CENTRE'S OPERATION

The Committee has reviewed the Internal Auditor's report and held discussions to ensure that his functions are executed in an objective and effective manner. We are pleased with the effectiveness of the internal audit function and issues raised 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 for the year under review.

In agreement with the observed shortcomings in the internal control system of the Project and operation of the Centre, recommendations are submitted for an efficient and effective system of internal control over the financial reporting.

ACCOUNTING

The Committee in its evaluation of accounting system of the Centre advised that the process be further strengthened by engaging software designers to computerize the Accounting Management System of the Centre in replacement of the current Microsoft Excel in use. The University recently engaged a consultant to computerize the financial management processes with reasonable progress so far. The Centre can take advantage of the opportunity to computerize the financial management system of the Centre, by extension.

EVALUATION OF INTERNAL CONTROL SYSTEM:

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

1. all members of the Project Management team that are yet to be formally issued their letter of appointments should be done with clear line of responsibilities;
2. prepayment audit should be practiced at all times except where post payment audit is allowed by the donor agencies where necessary/in exigent circumstances;
3. the management of the Centre is requested to develop a project risk profile for regular review;
4. The University's policy on the allowable number of Cash advances taken by staff before granting approval of an additional request should be enforced while a time limit be fixed as expected period for retirement of cash advances. Appropriate measures be adopted for recovery where failure to retire cash advances are experienced after a reasonable period given. The Centre should adopt the University's Standard Cash advance policies which records cash advances issued and date of their retirement. All receipts of expenditures incurred or purchases should be verified by the resident auditor and received by the store officer before presentation by the beneficiary for clearance of cash advance.
5. The Centre should ensure records of stores are maintained for their requisition, receipt and issuance for proper monitoring. The resident auditor should periodically conduct stock taking exercise to reconcile all record of stores.

INTERNAL AUDIT ANNUAL WORK PLAN

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

EFFECTIVENESS OF AUDIT COMMITTEE:

The efficient and effective performance of the Audit Committee has been affected by communication gaps and slow response from key stakeholders to provide relevant documents requested for their statutory functions. The Management of the Centre should ensure timely response to valuable information need from the Centre for effective performance.

DISCUSSION ON WITH EXTERNAL AUDITOR AND REVIEW OF FINANCIAL STATEMENT

The Committee have reviewed and discussed with the Independent auditor; internal auditors and the Management Team on the content of the audited annual financial statements, management letter and management response and compliance with legal and statutory provision.

The Committee separately discussed with the External Auditor's 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 deficiencies identified during the course of their assessment and management's plan to correct those control deficiencies observed.

The importance of maintaining the "independence" of the Centre's External Auditor in fact and appearance is imperative, thus, the Audit Committee annually evaluates the qualifications, performance and independence of the Centre's Independent Auditor and

determines whether to re-engage the current Independent Auditor. To achieve that, 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 2018 subject to their reengagement by the University.

REVIEW OF PROCUREMENT ACTIVITIES

Procurement activities of ACE projects should strictly be guided by 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 implementation of the annual procurement plan of the Centre should be transparently done in an effective manner.

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, 2017.

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

Audit Committee Chair
Audit Committee Member
Audit Committee Member

Aliu Nuhu Onimisi, Audit Committee Secretary

September 19th, 2018

Mr. H. A. Mshelia
Chairman, Audit Committee