



**AFRICAN CENTRE OF EXCELLENCE FOR NEGLECTED TROPICAL DISEASES AND FORENSIC  
BIOTECHNOLOGY**

**AHMADU BELLO UNIVERSITY, ZARIA**

**AUDIT COMMITTEE REPORT**

**FOR THE PERIOD**

**JULY – DEC, 31ST DEC, 2018**

**CREDIT NO. 5415 - NG**

**DRAFT 2018 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 PERIOD JULY - 31ST DECEMBER, 2018**

**1. REPORT OF THE AUDIT COMMITTEE**

In line with the mandate of the Committee and review of the reports of the Centre thereon, we are pleased to present our report for the month of July - 31<sup>st</sup> December, 2018 to the Board of ACENTDFB.

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

The primary purpose of the audit committee is to provide oversight of the financial reporting process, the audit process, the Centre's system of internal controls and compliance with laws and regulations thereby assisting the board to fulfill its oversight responsibilities in areas such as an entity's financial reporting, internal control systems, risk management systems and the internal and external audit functions. It is the responsibility of the Management of the Centre to design internal control systems that will provide reasonable assurance regarding the achievement of operational objectives, such as the effectiveness and efficiency of operations, accurate and reliable financial reports, and compliance with applicable laws. To achieve this mandate, the Audit Committee and the Centre Management reviewed and deliberated on the quality of the financial statements and clarity of disclosures in the Annual Audit Report of the Centre.

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 strategized to strengthen the capacity of 19 competitively selected institutions across West and Central Africa. The aim is to address developmental challenges in the West African Region that is considered achievable through quality training and applied research in areas where there are acute shortage of human resources and capacity such as Science, Technology, Engineering and Mathematics (STEM) as well as agriculture and health services.

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 practices has significantly improve the governance arrangement of the Centre and sufficiently assures the attainment of the project defined objectives through compliance with local and international institutional policies, procedures and operations that affects the project.

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 Statements with the Management of the Centre.

The Committee conducted its actions in line with the deed issued in 2015 with no amendments since issued. The Committee held **7** meetings during the 2018/2019 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 2018/2019</b>
Mr Mshelia Hamidu (Chairman)	July, 2015	Attended all the 7 meetings held
Prof.T.O. Akenova	July, 2015	Attended 4 meetings out of the 7 meetings held
Dr. B.O. Olayinka	July, 2015	Attended 3 meetings out of the 7 meetings held
Aliu Nuhu Onimisi (Secretary)	July, 2015	Attended all the 7 meetings held

### **3.0 EVALUATION OF THE INTERNAL AUDITOR REPORT AND DISCUSSIONS ON THE CENTRE'S ACTIVITIES**

The Audit 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 concerns 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 auditor for the period under review.

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

### **3.1 WEAKNESSES IDENTIFIED IN THE EVALUATION OF the CENTRE'S INTERNAL CONTROL SYSTEM**

#### **(a) ACCOUNTING SYSTEM**

A robust system of internal controls reduces the risk of fraudulent activity, which moderates the need for additional audit procedures. The Committee as observed in its 2017 evaluation of accounting system of the Centre wish to reaffirm that the accounting system of the Centre should be strengthened by deployment of a computerize accounting package to replace the current Microsoft Excel in use which lack security and therefore are at greater risk for data corruption or mismanagement of information. The University's accounting system has recently been computerized, the Centre can engage the consultants to extend the package to the Center for ease or record purposes and reporting.

#### **(b) LETTERS OF ENGAGEMENT**

The level of involvement and assigned responsibilities of every member of the Project Management team should be formalized and clearly delineated. Participating staff whose letters of appointments are yet to be formalized should be conclude forthwith;

#### **(c) PREPAYMENT AUDIT**

Prepayment audit should be practiced at all times except where post payment audit is permissible by the donor agencies in exigent circumstances. The resident auditor should ensure that proper records are finally obtained and filed within the shortest possible time after post-payment.

#### **(d) UNRETIRED ADVANCES**

The Centre should adopt the University's Standard Cash advance register 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. Cash advances should be timely retired and no staff should at any time be advanced additional payment while having two unretired advances.

#### **(e) STORES**

The Centre should ensure the store keeper keeps proper records of store requisition vouchers, stores receipt vouchers, store issued vouchers and bin cards for proper monitoring. The resident auditor should periodically conduct stock taking exercise to reconcile all record of stores to the user departments.

#### **(f) 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.

#### **(g) ASSETS REGISTER**

The Management of the center should take stock of all assets of the Centre and maintained an up to date asset register for all physical assets. The assets should be conspicuously labelled in a sequential manner for both serviceable and unserviceable (pending disposal of the asset).

## **(h) MAINTENANCE OF EQUIPMENTS**

The Centre should ensure all equipment's and fittings in Laboratory and other Units are kept in good condition while unserviceable items are immediately discarded and replaced. This is key for optimal performance of the Centre.

## **(i) WITHHOLDING TAX AND VALUE ADDED TAX**

The management of the center should ensure timely remittance of all tax deductions and ensure that a separate account is maintained for both Withholding Tax and Value Added Tax.

## **(j) REVIEW OF PROCUREMENT ACTIVITIES**

Procurement activities of ACE projects should strictly be guided 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, 2018.

#### **4. EFFECTIVENESS OF AUDIT COMMITTEE:**

The efficient and effective performance of the Audit Committee has consistently been affected by lack of cooperation from the management of the center 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 timely reporting and effective performance.

#### **5. DISCUSSION 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 weaknesses 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 **Messrs Ahmed Zakari & Co** to serve as the Centre's Independent Auditor for the year 2019 subject to their reengagement by the University.

Mr. H. A. Mshelia,	Audit Committee Chair
Prof. T.O. Akenova	Audit Committee Member
Prof. B.O. Olayinka	Audit Committee Member
Aliu Nuhu Onimisi,	Audit Committee Secretary

August 17<sup>th</sup>, 2019

**Mr. H. A. Mshelia**  
**Chairman, Audit Committee**