



**AFRICA CENTRE OF EXCELLENCE
CENTRE FOR PUBLIC HEALTH & TOXICOLOGICAL
RESEARCH (ACE – PUTOR)
UNIVERSITY OF PORT HARCOURT,
PORT HARCOURT, RIVERS STATE**

**MANAGEMENT LETTER ON THE AUDITED ACCOUNTS FOR
THE YEAR ENDED 31ST DECEMBER, 2024
(WORLD BANK PROJECT)**

OKORO, WILSON & CO.

(CHARTERED ACCOUNTANTS)

**2, ESEZOBO LONGE STREET,
OFF 1ST UGBOR ROAD, GRA
BENIN CITY, NIGERIA.**

08037120532.



Our Ref:.....

5th February, 2025

The Vice Chancellor/Chairman, Steering Committee,
Africa Centre of Excellence
Centre for Public Health & Toxicological
Research (ACE – PUTOR),
University of Port Harcourt,
Port Harcourt, Rivers State.

Attention of the Centre Leader (Prof. Ogaji)

Dear Sir,

**MANAGEMENT LETTER ON THE AUDITED ACCOUNTS OF ACE -
PUTOR FOR THE PERIOD ENDED 31ST DECEMBER, 2024**

We wish to report that we have concluded the audit of the Accounts of Africa Centre of Excellence, Centre for Public Health & Toxicological Research (ACE – PUTOR) for the year ended 31st December, 2024.

We examined the accounting books and records kept by the Centre Management during the years under review and carried out an in-depth examination of the accounting system and the internal controls in operation as a basis for expression of our audit opinion.

It is our normal practice to highlight, as we do hereunder, some areas of strength and in particular, the weaknesses we observed in the Centre's internal controls and general accounting system which need to be reviewed with the aim of giving more credibility and build stakeholders confidence on the Centre's future financial report as well as enhancing operational efficiency.

Consequently, we report as follows:

A. THE CENTRE STEERING COMMITTEE RESPONSIBILITIES

The Centre Steering Committee is responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Centre at the end of each financial year. In doing so, the Committee should ensure that:

- Internal control procedures are put in place in order to safeguard the assets, prevent and detect frauds and other irregularities
- Proper accounting records are maintained

- Applicable accounting standards are followed;
- Suitable accounting policies are adopted and consistently applied
- Judgments and estimates made are reasonable and prudent, and the financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the Centre will continue in existence.

B. REVIEW OF IMPLEMENTATION OF RECOMMENDATIONS IN THE PREVIOUS MANAGEMENT LETTER.

The signing of payment vouchers and other bank transfers are yet to be fully complied with as payment to higher degree candidate supervision are not been sign by the beneficiary.

C. MAIN AUDIT OBSERVATIONS FOR THE YEAR 2024

1. REVALIDATION OF SIGNIFICANT APPROVALS

-SUPPLY & INSTALLATION OF 70KVA PERKINS GENERATOR (N15.8M)

We have in previous reports stressed the need for major approvals made on behalf of the Vice Chancellor/CEO to be presented to him for revalidation on his return. In this way, he will be in the know of major financial approvals while away on official engagements. Specifically, the approval for the supply & installation of Perkins Generator awarded to JACARO NIGERIA LIMITED on 28th February 2024 (Pv/2024/UNIPT /00221) complied with that advise. However, there was no VAT deduction. It will be a major financial cost to the Center should FIRS finds out during their regular monitoring exercise.

Effect: The Centre may be responsible for the settlement of the VAT liability instead of the Contractor.

Management Response

This was an oversight as the other requests were sent back the Vice Chancellor for revalidation. This has been sent back to the Vice Chancellor for his revalidation.

Auditors' Recommendation

The oversight should be avoided in future to gain the confidence of Vice Chancellor in the Centre's financial operations even in his absence.

2. PROVISION OF ADVANCE PAYMENT GUARANTEE (APG).

We observed that most major contracts of ACE-PUTOR are not backed with APGs. This financial provision/condition is to forestall the likelihood on any financial loss by a fraudulent or dishonest contractor who will not perform after being paid either in full or part. The Centre should therefore provide & enforce this clause in subsequent contract awards.

Effect: Possibility of loss of fund in the event of a default by the Contractor.

Management Response

The Centre has refrained from advancing payments for contracts due to past experiences. Payments are now made based on milestones which must be duly certified before approval for payment. Therefore, the issue of APG has been resolved

Auditors' Recommendation

Where it becomes expedient or unavoidable to advance fund to a Contractor, the provision of APG must be a criteria for such a financial decision.

3. TAX DEDUCTIONS ON WORLD BANK FINANCED PROJECTS

There is a special provision that World Bank financed projects/ expenditures are excluded from local taxes. The PUTOR office should find out from FIRS why there is no compliance of the provision. We will appreciate any document from the Center which justifies payment from the World Bank fund is subject to tax deduction for the procurement of goods & Services.

The University and World Bank association centers operate under Federal Government and international financing guidelines. Some supply contracts verified like the procurement /supply of 24 number of HP 200 94 All in one desktop computer valued ₦15,093,000 awarded to P.E. Bema Nigerian Limited on 26th May, 2023 should have had Audit Certification/ or Store Receipt Vouchers before payment .

Effect: The World Bank will penalize the Centre if its policy did not permit local tax deductions from its financing.

Management Response

The Centre is not directly funded by the World Bank. It is actually a loan to the Federal Government and a grant from the Federal Government to the Centres. Therefore, the tax rates of the Federal Government apply on the projects.

Auditors' Recommendation

We strongly advise that the Centre should seek a clarification on tax deduction from the World Bank/FGN on its funding of the ACE.

4. CONTRACT AWARD FOR THE CONSTRUCTION OF PUTOR'S MULTIPURPOSE BUILDING

The above contract awarded on 28th February 2024 valued ₦279,991,094.40 was not backed with a formal Contract Agreement which will contain or specify MAJOR CLAUSES especially for a CONSTRUCTION PROJECT. Mere Award Letter to constitute Contract Agreement is a misnomer and gross procurement error which can cause a huge financial loss in case of an unforeseen default and litigation. Same with the contracts of P.E BEMA NIGERIA LTD of ₦86,758,950

Izik Integrated Services Ltd for the supply of LAPTOPS valued ₦5,721,131. The Center should adduce the reasons for the adoption of the action.

Effect: The Contractor will capitalize on this lapse to vary the contract execution at the peril of the Center, including variation/ upward review of the initial approved cost as witnessed recently.

Management Response

The projects highlighted were all from the national competitive bid done in February 2024. All contracts in the Centre are backed up with contract agreement. It is likely that the contract agreement between the institution and these vendors were missing in their files at the time of your review, but all procurement awards are supported by agreements

Auditors' Recommendation

The Award Letter was clear and unambiguous that the Award Letter constitutes a contract agreement. We are ready to be disproved in the case of the Contractor under reference (P.E BEMA NIGERIA LTD).

5. PROCUREMENT OF 18-SEATER TOYOTA HIACE ROOF BUS

The procurement of the above bus valued N90.8m supplied by ELIZADE MOTORS LTD has no other quotations. This is against Federal Procurement provisions except if it is a hi-tech or specialized job or supply contract. PUTOR should give an explanation to this observation.

Effect: No evidence of price competition, culminating in higher contract cost.

Management Response

The procurement of the vehicle is a part of the national competitive bid. We have cross-checked the record and observed that other bidders were disqualified on technical ground from the technical evaluation exercise

**LOT 2: PROCUREMENT OF 18-SEATER TOYOTA HIACE HIGH ROOF BUS
Technical Assessment (Eligibility)**

Company Name	ASSESSMENT												REMARKS
	BS	REG	PAY	CAC	TCC	NSITF	IRR	PEN	ITF	EXP	AD	AFD	
DVU	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Disqualified, No experience & Authorized dealer certificate
CHRISTUS	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Disqualified, no experienced and not a known authorized distributor
KAMSONY	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Disqualified, No experience & registration with uniport
LANRE SHITTU	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Qualified for Financial
BISTAR	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Disqualified, No experience & Authorized dealer Certificate

KOJO MOTORS	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Disqualified for invalid TCC
ELIZADE MOTORS	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Qualified for Financial

Financial Evaluation

Lot 2

Company Name	Delivery Date	Validity	Total Amount Quoted	Budget
Elizade Motors			90,800,000.000	N92,000,000.00
Lanre Shittu			N95,653,500.00	
Lanre Shittu			N95,653,500.00	

Lot 2 is recommended to be awarded to Elizade at N90,800,000 inclusive of all taxes

Auditors' Recommendation

In future, a copy of the abridged tender/bidding documentation, processes and final result should be attached to the payment voucher to ease the verification processes and forming an audit opinion on the matter under reference.

6. TREATMENT OF ACCOUNTING FOR TAXES ON CONTRACTS.

We noticed that all the items which have tax elements like VAT, WHT & Stamp Duties are posted to the account heads net of the amount rather than the GROSS. This accounting method under values the cost. We are therefore to redress this treatment by adding back the tax deductions to the net amount to give the gross value

Effect: The total/gross cost of Goods or Service will be understated by treating the tax deduction element as cost. It's against accounting principle of cost aggregations.

Management Response

The accounting software, which is a national software from the National Universities Commission (NUC), the supervising body, issued the software to all Nigerian Centres in the ACE project. The software separated the taxes from the taxable elements (appropriate account heads). The Centre has absolutely no control over the software. The right treatment of adding the tax elements to the appropriate account heads is commendable.

Auditors' Recommendation

Any software is subject to improvement just like technology development. Thus, this observation should be brought to the knowledge of NUC for amendment and universal application.

7. APPLICATION OF TAX RATE

The deduction of applicable taxes does not conform to the appropriate tax rates of FIRS. For instance, the WHT on the Gross Valuation Certificate no 2 for the Construction of Multi-Purpose Building by CHIYODA CONSTRUCTION LTD (PV 2024/00425 of 22/05/2024) valued at ₦44,023,100 has a computed WHT of ₦2,303,244 which is supposed to be ₦2,201,155 at 5% rate. Same with computed VAT of ₦3,301,732 but actual payment of ₦3,454,867 on Pv2024/00424 of 22/5/2024. Again, the applicable WHT rate is 2.5% for Construction contracts, including Buildings. We require explanations on these discrepancies (over-deduction).

Effect: Contractors may be underpaid which can affect perfect execution of the contract.

Management Response

The approved amount was N49,519,762.25 as against the N44,023,100 stated above. Using the approved amount will amount to the right taxes which were deducted.

Auditors' Recommendation

We have sent in tax rates to Management of the Centre for future applications. In case of doubt, the Centre is advised to seek clarification from the FIRS. This will avoid discrepancy or incidence of underpaying a Contract who may not be fully aware of tax rates.

8. PERFORMANCE BONDS

The Procurement Act of the Federal Government of Nigeria amongst others has provision for a PERFORMANCE BOND. This is to forestall any job performed below the specification or outright non performance. This was as stressed by the Legal Unit of the University (Mrs Mbanefo Nwira) during the consideration of projects for Contracts Awards on 28th February, 2024. The Centre must note the observation, including the contractors knowing the DELIVERY & VALIDITY dates.

Effect: As in the case of APG, PUTOR may face the challenge of the Contractor defaulting in performance and the attendant loss of fund.

Management Response

Performance bonds are required in the case of APGs which is not required in cases without APGs. This is because the building contractors are paid in stages/milestones.

Auditors' Recommendation

The essence of a Management Letter is to improve and strengthen internal controls of a system. The exclusion of Performance Bond provision in a contract should be reviewed by the Centre in drawing up a contract agreement. PUTOR should not wait until an avoidable problem arises before instituting a financial control which a Performance Bond stands for

9. APPROVED CONTRACT AWARDS & WORKPLAN OF PUTOR

We noticed that the major contracts awarded by the Centre are not easily traceable to the Approved work plan. For ease of reconciliation and accountability, the Contracts and related payment vouchers/ detailed description should align, rather than a guesswork, e.g. Pv2024/00662 of 9/8/2024 valued ₦50,230,560 for the Supply & Installation of General Laboratory Equipment and Pv2024/00696 of 23/8/2024 amounting to N9,990,000 for the Procurement/Supply & Installation of ADVANCE CHILDBIRTH COMPLETE PREGNANT WOMAN SIMULATOR, could not be easily traced.

Effect: Use of fund not directly in relation to a work plan can affect the execution of cost of other jobs with actual planned activities.

Management Response

All projects stated are captured in the 2024 Annual Work Plan under Action 3 (Action 3: Enhancing Quality of Education and Research\DLI Action:4 (Quality of Education & research through international accreditation, research publications and improved teaching and research infrastructure), Sub Action 3b (Sub Action 3b: Teaching and Research Infrastructure) and Activity 5 (Complete the acquisition of major equipment like the Atomic Absorption Mass Spectrometer, Radox Evidence Analyser, Chemistry Analyser, Haematology Analyser, Inverters). The general equipment referred to were part of a lot in the National Competitive Bid Exercise and included three equipment - Chemistry Analyser, Haematology Analyser and digester. The advanced childbirth and complete pregnant woman simulator was drawn out of the same budget heads which could accommodate such as is very useful for the training of clinical students

Auditors' Recommendation

A work-plan should be simplified for other users. The budget line for which a payment relates should be highlighted or marked (in asterisk). Audit verifications do not entertain a guess work. Our advise/recommendation should be seriously considered in future work-plan.

10. PAYMENT TO PH.D CANDIDATES SUPERVISION

The sum of ₦1,800,000 approved for 14 Ph.D candidates on 9/8/2024 via Pv2024 had no evidence of being formally received by the beneficiaries as the names/ account details were not signed.

Effect: Possibility of doubt of disbursement to actual beneficiaries.

Management Response

A copy of the payments invoice from Remita has been attached since all payments are made via Remita platform. The beneficiaries are majorly domiciled outside the State.

Auditors' Recommendation

The print out evidencing the transfers to the relevant beneficiaries should be attached to the related payment vouchers.

11. REVISED CONTRACT AMOUNT FOR THE MULTI-PURPOSE BUILDING.

The above contract awarded to CHIYODA CONSTRUCTION LTD was revised by ₦45,880,788 in September 2024, ie barely 6 months after the initial award which was not backed with a formal contract agreement. It is unimaginable that a contract of this magnitude has no Contract Agreement which would have contained major clauses like completion period and variation clauses/restriction.

Effect: This is the outcome of not subjecting the initial Contract Award to a 'formal Contract Agreement with specific clauses that will control the incidence of upward review of cost.

Management Response

The variation handled in September also included additional work which were all included in the revised contract for the construction that raised the total value (inclusive of the variation of ₦45,880,788) to ₦471,060,887.14

Auditors' Recommendation

We maintain that the Centre should in future, include a formal contract agreement to avoid unnecessary review or price variation which can affect the successful completion of a contract of this nature.

12. SUPPORTING DOCUMENTS FOR CONFERENCES & TRAINING

The Centre has incurred huge amounts for the payment of Conferences & Training outside Nigeria. But the disturbing aspect is that there are limited financial documents supporting the expenses involved. In some cases, only the travelling ticket is the only documentary evidence. Other costs as per the approval such as Conference fee, airport taxes/ hire, Conference Certificates evidencing attendance are not attached. An example is Pv 2024/1/00954 of ₦3,472,000+ US \$2, 867 for CISCO annual Networking Academy in Dubai by the Procurement Officer on 21/11/2024.

Effect: Non justification of the Conference or Training cost and abuse of the opportunity by some officers.

Management Response

The management will retrieve all supporting document from participants at these conferences, but this is limited to boarding passes and conference tags which the funded stipulated

Auditors' Recommendation

The above response notwithstanding, participants for any training programme should provide a 'Certificate of Attendance' as an evidence of a programme which the Centre has incurred a significant amount.

13. PROCUREMENT FOR THE SUPPLY AND INSTALLATION OF A TRANSFORMER OF N10,965,000 BY SPRING-LAND ENGINEERING & CONSTRUCTION LTD

The Centre had this contract for the supply and installation of Transformer. Is this transformer the property of the Center as it is generally the responsibility of the Electricity Authority to provide one, except if it is a donation.

Effect: The Centre can lose ownership to the Electricity Authority.

Management Response

We requested for transformer from the Port Harcourt Electricity Distribution Company (PHEDC) and was told they do not have such as such, we have to procure and install our transformer which was certified by NEMSA. We involved the NERC in the process when PHEDC demanded connection fees, and this was waived. The purchase of transformers by private businesses is the norm in this area.

Auditors' Recommendation

For the purpose of records, we advise that all steps necessary for the ownership of the transformer should be pursued with the Electricity Authority to avoid future re-claim and forestalling undesirable billing/cost. In summary the transformer is the asset of PUTOR.

14. AWARD OF CONTRACTS TO NON-SPECIALISTS

We have noted that contracts for the Centre are awarded to bodies and enterprises/individuals who are real non specialists for a particular job. For instance, a contractor involved in decoration/ related job doing installation of Integrated Library Management System (KOHA) & Portal with Book Theft Detection valued ₦8,521,525 was awarded to COUSIN JAY CONCERN, an Enterprise on 25th September 2024 (Pv2024/001101), but there is no proof that he is a System Specialist. The Concern has been involved in other general supplies not related to this specialized job.

Effect: Job delivery may not achieve the quality desired or 'value for money' objective.

Management Response

This project was handled for and by the University library and the experts in this field executed the project. It is likely that they do not possess the requisite documentation for the award of such contract in line with the procurement procedure and resorted to COUSIN JAY CONCERN who we have just confirmed had the documents but no evidence of having done a job in this rare field.

Auditors' Recommendation

It is the obligation of the Centre to shop for experts rather than the job execution by a substitute. This can undermine the integrity of tender and selection process.

15. PROCUREMENT FOR CONSULTANCY SERVICE FOR THE FURNISHING OF MULTI-PURPOSE

The above service was awarded to ISOK INTERGRATED GLOBAL COMPANY LTD on 12th December 2024 for ₦13,878,912 separate from the consulting service for the whole building construction cost which was even reviewed to ₦471m+. What is the rationale for not integrating this furnishing to the original consulting cost?

Effect: This cost will be viewed as lacking due diligence culminating in additional cost to the Center.

Management Response

The consultancy for the building and furnishing was not given at the same time because the furnishing was formulated at the completion of the building to avoid waste following some modifications that came up after work started on the building

Auditors' Recommendation

We strongly believe that the Centre would have secured a better pricing from other Consultant as payment of ₦13.88m as consulting fee for supervising furnishing was on high side. Avoiding high cost from Consultants is not an understatement.

CONCLUSION

The above observations which have been made in good faith notwithstanding, the Centre has improved significantly especially in the documentation of the supporting financial records. But there is still room for improvement. It is our hope that the management will review the observations and respond as appropriate to enable us make our recommendations with a view to achieving a better financial reporting.

Finally, our Firm wishes to thank the Vice Chancellor and management of the Centre for the continuous support and cooperation in carrying out this audit.

Yours faithfully,

For: **Okoro Wilson & Co.,**
(Chartered Accountants)

W. I. Okoro
(Managing Partner/CEO)

