

# UNIVERSITY OF PORT HARCOURT

## MEMORANDUM

**From:** The Chairman, Audit Committee

**Ref:** UPH/VC/AC/04

**Date:** September 8, 2022

**To:** Vice Chancellor

### REPORT OF THE UNIVERSITY AUDIT COMMITTEE

Please find the attached Report of the University Audit Committee on the financial statements and management letter of African Centre of Excellence, Centre for Public Health and Toxicological Research (PUTOR), University of Port Harcourt for the year ended 31<sup>st</sup> December, 2021 for your necessary action.

Thank you for giving us the opportunity to serve the University in this capacity.



Professor G. N. Ogbonna

(Audit Committee Chairman)

**REPORT OF THE UNIVERSITY OF PORT HARCOURT AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS AND MANAGEMENT LETTERS OF AFRICAN CENTRE OF EXCELLENCE, CENTRE FOR PUBLIC HEALTH AND TOXICOLOGICAL RESEARCH (PUTOR) AND AFRICAN CENTRE OF EXCELLENCE, CENTRE FOR OILFIELD CHEMICALS RESEARCH (ACE CEFOR) IN 2021, UNIVERSITY OF PORT HARCOURT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021**

**PREAMBLE**

In a letter dated 9<sup>th</sup> December, 2021, with reference number UPH/VC/194/AC, the Vice Chancellor appointed us Chairman and members of the University of Port Harcourt Audit Committee.

**TERMS OF REFERENCE**

The following are the terms of reference given to the Audit Committee:

1. To ascertain whether the accounting and reporting policies of the University are in accordance with legal requirements and ethical practices.
2. Review the scope and planning of audit requirements.
3. Review the finding on management matters in conjunction with the External Auditor and departmental (Centres of Excellence) responses thereon.
4. Keep under review the university system of accounting and internal control.
5. Authorize the internal Auditor to carry out investigations into any activity of the university which may be of interest or concern to the committee.
6. Make appropriate recommendation to the University Management on appointment, removal and remuneration of the external auditors.
7. Advice University Management on observations and recommendations of internal and external audit reports.

In compliance with our terms of reference as stated above, the Audit Committee has reviewed the Internal Audit's Reports, External Auditor's Management Letters and Financial Statements of various centres and units including World Bank African Centre of Excellence – Centre for Public Health and Toxicological Research (PUTOR) and Centre for Oilfield Chemicals Research (ACE CEFOR) in 2021. The Committee also made calls and physically visited the centres and units as part of its core oversight responsibilities in order to practically verify, observe and interact with the officers and staff of these centres and units with the view to obtain reasonable assurance that the annual reports and financial statements comply with the accounting and reporting policies of the University and are in accordance with legal requirements, ethical practices and International Public Sector Accounting Standards, issued by the International Public Sector Accounting Standards Board.

Having assessed the significant accounting and financial reporting policies and internal control systems, the Committee presents the following general and specific recommendations to the University of Port Harcourt Management so as to strengthen the efficiency and effectiveness of the internal control mechanism of the University.

#### **GENERAL OBSERVATIONS AND RECOMMENDATIONS**

Before the reports of ACE PUTOR and ACE CEFOR for 2021, the following are the general observations and recommendations:

- a) The Audit Committee observed that the University of Port Harcourt holds regular management meetings to review the various planned activities and actions taken, consider progress made against the expected performance, strategize and take key decisions and actions so as to achieve the desired goal.
- b) In order to achieve sustained and improved performance and high-level efficiency and effectiveness in the performance of the University, there is need for the management to maintain and improve on the existing monthly and quarterly meetings between the University Management Team (that is, the Principal Officers of the University) and the Centre Leaders, Directors and Acting Directors. At such meeting, there will be cross-fertilization of ideas, and reports of success stories of good and high performing centres, and consideration of strengths, weakness, opportunities, threats (SWOT), will be shared and solution provided on regular basis. The advantage of such meeting or improving on the existing one is that some



good performing Directors who have overcome certain challenges being faced presently by some centre Directors may be in a better position to share their practical experience and provide easy solution to the challenges of these centres at little or no cost. This may be achieved by mere and simple collaboration or sharing of useful practical ideas or setting up of committees and exploiting the goodwill and/or useful business connections, professional knowledge and skills of some good performing Centre Leaders and Directors.

- c) There is every need to retain good and high performing Centre Leaders and Directors to continue their good work, **as it is not advisable to change the winning team**. The usual two-year term for Heads of department and Deans of faculty may be counter-productive in a business world which these Centre Leaders and Directors rightly belong and are expected to operate with the latest technology trends that are constantly evolving. These men with proven entrepreneurial spirit of practically achieving the best possible results, if retained based on their track record, can greatly improve the University of Port Harcourt performance. In effect, sustained high performance records should be the basis of retaining the leaders and directors of the centres and units, as long as they are performing.
- d) The foregoing recommendations are born out of practical observations during the Audit Committee interaction with the centres and units. While some centre directors were complaining of lack of provision of generators and other facilities, other good and high performing centres are already providing such facilities by themselves through internally generated revenue (IGR) and even connecting both government and foreign agencies for such provision and funding, instead of expecting University management to provide for them.

## SPECIFIC OBSERVATIONS AND RECOMMENDATIONS

### WORLD BANK AFRICA CENTRE OF EXCELLENCE IN PUBLIC HEALTH AND TOXICOLOGICAL RESEARCH (ACE-PUTOR) IN THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2021

The World Bank Africa centre of Excellence in Public Health and Toxicological Research is a second-generation World Bank centre in the University that started in 2018. The centre offers post-graduate programme in Midwifery thus, making the University of Port Harcourt, the first in Nigeria to run a post-graduate programme in Midwifery.

ACE-PUTOR is fully funded by World Bank and as such, all expenditure is regulated by World Bank. The Centre Leader/Director of the centre, Prof. Dapirim Ogaji informed the Committee that report sent regularly to the World Bank are usually cross checked by University Internal Audit Department and Audit Committee as specified in the World Bank financial rules and regulations. As part of Audit Committee's responsibility to ensure that the organization's financial statements are understandable and reliable, we have examined the reports of Internal Audit Unit and the audited annual accounts of ACE PUTOR as at 2021 and made necessary recommendations for improvement.

The following is the summary of the statements of financial position of ACE PUTOR as at 31<sup>st</sup> December, 2021:

### SUMMARY OF THE STATEMENTS OF FINANCIAL POSITION OF ACE PUTOR AS AT 31<sup>ST</sup> DECEMBER, 2021:

#### ACE PUTOR NET WORTH

	2021	2020	2019
	N	N	N
Total Assets	411,208,180	75,565,310	19,374,336
Total Liabilities	750,000	11,913,639	18,184,297
Net Worth	<u>410,458,180</u>	<u>63,651,671</u>	<u>1,190,039</u>

The following is the summary of the statements of the financial performance of ACE PUTOR for the year ended 31<sup>st</sup> December, 2021:

**SUMMARY OF THE STATEMENTS OF THE FINANCIAL PERFORMANCE OF ACE PUTOR FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021:**

**ACE PUTOR SURPLUS FOR THE YEAR**

	2021	2020	2019
	N	N	N
Revenue/Receipts	410,458,180	45,383,853	33,370,000
Expenditure	188,273,093	29,737,765	32,179,961
Surplus	<u>222,185,087</u>	<u>15,646,088</u>	<u>1,190,039</u>

**PROGRESS REPORT**

1. All ACE PUTOR Programmes, namely PGD, MSc, and PhD in various disciplines are always highly subscribed and the Degrees/certification attract high recognition in the relevant industries. The reason for this increasing recognition is because of the track records of high practical performance of the graduates of the ACE PUTOR programmes as confirmed by users of their services in various industries. In effect, the ACE PUTOR academic Programmes are already making positive impacts and contributing immensely to the Nigeria economic development through the quality of its graduates.



2. The Senate of the University has approved various new PhD Programmes in Nutritional Biochemistry/Toxicology, PhD in Environmental Pollution Studies, PhD in Child Health Nursing, PhD in Broadcasting, PhD in Film and Multimedia Studies, PhD in Journalism and Media Studies, PhD in Advertising, PhD in Public Relations and PhD in Midwifery. For that of Midwifery, ACE PUTOR is about the first to offer a post-graduate programme in Midwifery in Nigeria. Hence, the number of applications that apply for the programmes are highly encouraging. Necessary effort is being made to reach more prospective candidates for admission.
3. The centre has graduated 3 sets of Master of Science (MSc) Students since its inception.
4. The financial records and the books of accounts of the centre are up to date and reflect recommendations of the External Auditors.

#### **CHALLENGES CONFRONTING THE CENTRE**

1. There is need for an improved staff motivation, especially as regards payment of legitimate entitlements to staff in order to serve as a source of encouragement for better performance.
2. Lack of funds because World Bank releases fund based on its standards and expectations of certain level of performance from the centre.

#### **3. EXTERNAL AUDITOR'S OBSERVATIONS AND RECOMMENDATIONS**

The External Auditor made the following relevant observations and recommendations:

**Observations**

1. As previously highlighted in our reports, the chart of account at the time of audit was not detailed enough to accommodate all the financial transactions;
  2. It was noted during the audit that the centre has not fully computerize its accounting functions;
  3. It was also noted during the audit that income was not classified according to the various programmes run by the centre.
4. ACE PUTOR has fully responded to the observations and recommendations raised by the external auditor under each sub heading. One of the explanations given by the centre is that the accounting software being used is one that is designed by an agency engaged by NUC. The present system does not provide for accruals as it is mainly cash-based accounting system. Another one is the accounting manual which the centre said it is available in the website.

**Recommendations**

1. The Chart of Account should be reviewed with the purpose of expanding it to accommodate variety of financial transactions of the centre.
2. Management should consider computerising the centre's accounting processing system by acquiring a tested and easy to use accounting software. Such software should provide for accrual system of accounting which is more informative than cash basis of accounting.
3. The computerization should be fully implemented so as to guarantee proper bank reconciliation, provide the necessary back-up documents/approvals for audit trail purposes.
4. The income of the centre should be classified into their various sources and related programmes. The same thing should be applied to the expenditure.



## CONCLUSION AND RECOMMENDATIONS

Having examined the financial statements, management reports of the External Auditor, the Internal Audit reports and their recommendations, especially the practical interaction with the centre officers and staff, the Audit Committee observed that the ACE PUTOR besides maintaining proper accounting records and preparing necessary financial statements, has fully implemented the Flexible Accounting Software System which was introduced to all the ACE – IMPACT Centres in Nigeria for a Unified Reporting System under the supervision of the National Universities Commission (NUC).


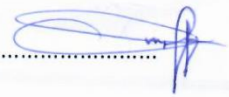


The Flexible Accounting Software System has been implemented in 2021. The system does not provide for accrual accounting system because it is mainly cash-based accounting system.

In compliance to the External Auditor's observations, the ACE – PUTOR having undergone the training on the new system, implemented the recommendations of the external auditor through the use of the National Universities' Commission Flexible and Uniform Accounting Software System which contains a detailed chart of accounts and good coding system. However, there is still room for improvement to ensure that the chart of accounts is flexible enough to continually accommodate any expansion or addition or amendment to the system that will fully address the issues raised by the external auditor.

## UNIVERSITY OF PORT HARCOURT

**NAMES AND SIGNATURES OF AUDIT COMMITTEE MEMBERS**

Please accept the assurances of our highest esteem to serve the University.

1. Professor G. N. Ogbonna, Accounting Dept. Chairman.....
2. Assoc. Prof O. G. Omojefe, Banking & Finance Dept Member.....
3. Assoc. Prof. O. J. Olorunfemi, Human Physiology Dept Member.....
4. Dr Celestine Ebieto, Mechanical Engineering Member.....
5. Mrs Ezinne C. Worga, Registrar Dept Secretary.....