

**UNIVERSITY OF PORT HARCOURT
PORT HARCOURT**

**MINUTES OF AUDIT COMMITTEE MEETING WITH THE VICE-CHANCELLOR AND
MANAGEMENT OF ACE-CEFOR HELD ON MONDAY FEBRUARY 13TH, 2023 IN THE VICE-
CHANCELLOR'S OFFICE, SENATE BUILDING, UNIVERSITY PARK.**

AC/006 ATTENDANCE

- | | |
|--------------------------------|-----------------------------------|
| 1. Prof. Owunari A. Georgewill | - Vice – Chancellor |
| 2. Prof. Gabriel N. Ogbonna | - Chairman, Audit Committee |
| 3. Prof. Ikechukwu O. Agbagwa | - Deputy Centre Leader, ACE-CEFOR |
| 4 Prof. Godfrey O. Omojefe | - Member, Audit Committee |
| 5 Dr. Celestine E. Ebieto | - Member, Audit Committee |
| 6. Dr. Benson P. Timah | - Project Accountant, ACE-CEFOR |

SECRETARY

- | | |
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| Mrs. Ezinne C. Worga | - Secretary, Audit Committee |
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AC/007 OPENING

The Vice-Chancellor, Professor Owunari A. Georgewill declared the meeting open at 2.30 pm. He welcomed everyone present and commended the Audit Committee for their effort in putting up report of ACE-CEFOR and other centres in the University. The Vice-Chancellor then called on the Chairman of Audit Committee, Prof. Gabriel N. Ogbonna to present the highlight of the report.

**AC/008 SUBMISSION OF UNIVERSITY OF PORT HARCOURT AUDIT COMMITTEE REPORT
ON THE EXTERNAL AND INTERNAL REPORT OF AFRICAN CENTRE OF EXCELLENCE
IN OILFIELD CHEMICALS RESEARCH (ACE-CEFOR)**

The Chairman of Audit Committee, Prof. Gabriel N. Ogbonna presented a well detailed highlight of the above report and thereafter, handed the report to the Vice-Chancellor. The Chairman also thanked the Vice-Chancellor for giving the Audit Committee, the opportunity to serve the University in this capacity

AC/009 ADJOURNMENT

The Vice-Chancellor, in his closing remarks commended the Audit Committee for a job well done and encouraged them to keep the tempo.







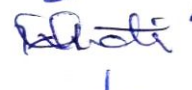

AC/010 CLOSING

The Meeting came to an end at 3.15 pm.

Delivered 13-02-2023

Mrs. Ezinne C. Worga
Secretary, Audit Committee

ATTENDANCE AT THE SUBMISSION OF AUDIT REPORT
ON ACE-CEFOR BY THE UNIVERSITY OF PORT HARCOURT
AUDIT COMMITTEE ON MONDAY, FEBRUARY 13TH, 2023
IN THE OFFICE OF THE VICE-CHANCELLOR

1. Prof. O. A. Gbenzuru  13/2/23
Audit Committee Chairman 
2. Prof. Ogbenna G. N. (Deputy Centre Leader)
ACE-CEFOR 
3. Prof. I. O. Agbagwa (Deputy Centre Leader)
ACE-CEFOR 
4. Prof. G. O. Umofe Member Audit Committee 
5. Dr. Benson P. Timah CEFOR Project Accountant 13/2/23 
6. Mrs. Ewurine C. Worga Secretary Audit Comm. 
7. Dr. Celestine Ebieta Member Audit Committee 

UNIVERSITY OF PORT HARCOURT

MEMORANDUM

From: The Chairman, Audit Committee

Ref: UPH/VC/AC/12

Date: February 13, 2023

To: The Vice Chancellor

REPORT OF THE UNIVERSITY OF PORT HARCOURT AUDIT COMMITTEE ON AFRICAN CENTRE OF EXCELLENCE, CENTRE FOR OILFIELD CHEMICALS RESEARCH (ACE CEFOR)

Please find the attached Report of the University of Port Harcourt Audit Committee on the Internal Audit Report and External Auditor's financial statements and management letter of African Centre of Excellence, Centre for Oilfield Chemicals Research (ACE CEFOR), University of Port Harcourt for the year ended 31st December, 2022 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 AUDITED FINANCIAL STATEMENTS, MANAGEMENT LETTER AND INTERNAL AUDIT REPORT OF AFRICAN CENTRE OF EXCELLENCE, CENTRE FOR OILFIELD CHEMICALS RESEARCH (ACE CEFOR), UNIVERSITY OF PORT HARCOURT FOR THE PERIOD ENDED 31ST DECEMBER, 2022

1. PREAMBLE

In a letter dated 9th December, 2021, with reference number UPH/VC/194/AC, the Vice Chancellor appointed Audit Committee made up of a Chairman and four other committee members.

2. TERMS OF REFERENCE

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

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

3. AUDIT COMMITTEE REPORT

The Audit Committee Report on the audited financial statements, management letters and Internal Audit Reports of African Centre of Excellence, Centre for Oilfield Chemicals Research (ACE CEFOR) cover one-year period ended 31st December, 2022 as follows:

3.1 INTERNAL AUDIT 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 Oilfield Chemicals Research (ACE CEFOR) in 2022. The Committee also physically visited the centres, held physical meetings with Centre Leaders, made calls and obtained necessary explanations 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, the committee inspected on-going activities at units and centres, asked the staff relevant questions, with the view to obtaining reasonable assurance that the annual reports and financial statements reflect the realities on ground and comply with the accounting and financial reporting policies of the University and are in accordance with legal requirements, ethical practices and International Public Sector Accounting Standards (IPSAS), issued by the International Public Sector Accounting Standards Board and other reporting requirements of the university.

Having assessed the significant extent, the accounting and financial reporting policies and internal control systems of the university have been implemented; 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.

4. GENERAL OBSERVATIONS AND RECOMMENDATIONS

Before the reports of ACE CEFOR for 2022, the following are the general observations and recommendations:

OBSERVATIONS

- a) The Audit Committee observed that the University of Port Harcourt holds regular management meetings to review the various planned activities and the action taken and where the planned result is not achieved, necessary remedial action is taken.
- b) The management has been observing and keeping under review the university system of accounting and internal control systems.
- c) The management ensures that the actual progress made by budget implementation is compared with the budget. Where the actual result achieved falls below expectation, corrective action is usually taken.
- d) The management also considers any other relevant unfolding events and necessary strategic action is taken in order to achieve the desired goal.

RECOMMENDATIONS

- a) 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 is provided for any challenge on regular basis.
- b) The advantage of such meetings cannot be over emphasised since some good performing Directors who have overcome certain challenges being faced presently by some other centre Directors, may be in a better position to share their practical experiences 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 knowledge and 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 where these high performing Centre Leaders and Directors with entrepreneurial spirit rightly belong.
- d) The **number of years or tenure a Centre Leader or Director** is expected to hold an office should be based on his level of performance and his ability to meet up with the minimum obligation to the university in terms of payment of standard percentage of income to the university and operate with the latest technological knowledge trends that are constantly evolving.
- e) 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 financial 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.
- f) The foregoing recommendations are born out of practical observations and examination of the centres' financial statements during the Audit Committee interactions 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.

5. SPECIFIC OBSERVATIONS AND RECOMMENDATIONS ON WORLD BANK AFRICA CENTRE OF EXCELLENCE–CENTRE FOR OILFIELD CHEMICALS RESEARCH (ACE CEFOR) IN THE YEAR ENDED 31st DECEMBER, 2022

5.1 INTRODUCTION

The World Bank African Centre of Excellence –Centre for Oilfield Chemicals Research (ACE CEFOR) is one of the twenty-two(22) World Bank-funded Centres of Excellence established in 2013 in the University of Port Harcourt.

5.2 OBJECTIVES

The objectives of the World Bank Africa Centre of Excellence in Oilfield Chemicals Research (ACE-CEFOR), University of Port Harcourt, according to the Centre Leader, Professor Joel Ogbonna during the Audit Committee oversight function visit, is to support quality postgraduate training and manpower development in Africa. Essentially, ACE-CEFOR offers international accredited graduate programmes for sustainable development in the petroleum and allied industries and is well-positioned to deliver high quality innovative services to the oil and gas sector through capacity building/cutting-edge research for addressing regional developmental challenges.

As a World Bank fully funded Centre, all expenditures are regulated by world bank. The Centre Leader, Professor Joel Ogbonna informed the Audit Committee that reports which are regularly sent to the world bank are usually cross checked by the University Internal Audit Department and Audit Committee as part of the requirements of the World Bank financial rules and regulations.

5.3 THE AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee is charged, among others, with the responsibility of complying with its terms of reference, Companies and Allied Matters Act (CAMA), 2020, International Public Sector Accounting Standards (IPSAS), ensuring that an organization operates in an ethical environment and observing other relevant laws and standards. In particular, it is charged with oversight of financial reporting, risk management, internal control measures and ensuring that the organization's financial statements are understandable and reliable. That is, they are void of any misrepresentation or misleading information or omission.

In line with the foregoing responsibilities, the Audit Committee has examined the reports of Internal Audit Unit and the audited annual accounts of ACE CEFOR as at 2022 and made necessary recommendations for improvement and these have been reflected in the audited annual account.

5.4 AUDIT COMMITTEE’S OBSERVATIONS

The Audit Committee observed that the Internal Audit Unit diligently carried out regular audit on the following records and examined all necessary documentary evidence, Work Plan, Cash Book, bank account statements, Bank Reconciliation Statements, Payment Vouchers and Non-Current Assets Register for the year ended 31st December, 2022, budget performance report, tax remittance receipts for the period, and Interim Financial Reports.

The purpose of this internal audit exercise was to ensure that cash transactions were posted promptly, errors and omission were detected and corrected on time, and that bank reconciliations were carried out as prescribed by the Financial Regulations of the university.

Outstanding Refunds

The Audit Committee observed that various sums of money [in Naira and USD] advanced to some Steering Committee Members for international workshops/trainings/conferences but they did not undertake the trips and have also not refunded the monies as required by the FM policy. Those involved are as follows:

S/N	Name	Description of Trip	Amount [N] & USD	Voucher Number/ Remark
1.	Dr. B I B Woko [former Project Auditor]	Sponsorship to attend a training on Treasury Management best practices in Dubai, 30 th January – 3 rd February 2022	N1,765,138 & USD 9,550.50	PV/2022/UNIPT-2/00000066
2.	Dr. Victor Aimikhe	Sponsorship to attend ACE event in Cotonou, Benin Republic 23 – 17 June, 2022	N932,395	Part refund of N500,000 confirmed.

Management Responses:

A number of compelling written communications have been made to those concerned to refund but up-till date they have not complied with the directive.

Recommendations:

Since ACE CEFOR is built on the foundation of sound financial accountability, the Audit Committee recommends to the Vice Chancellor to direct necessary action to implement the following FM Team decision on this matter:

- i. The FM team should take steps to ensure that refunds are fully made in Naira and USD.
- ii. Steering Committee Members and other beneficiaries of CEFOR sponsored trainings should be encouraged to retire all advances promptly.

5.5 SUMMARY OF THE STATEMENTS OF FINANCIAL POSITION OF ACE CEFOR AS AT 31ST DECEMBER, 2022:

The following is the summary of the ACE CEFOR statements of financial position as at 31st December, 2022:

ACE CEFOR NET WORTH/ASSETS:

	2022	2021	2020	2019	2018
	N	N	N	N	N
Total Assets	1,466,312,037	628,019,299	317,923,711	514,699,853	409,878,007
<u>Less:</u>					
Total Liabilities	<u>1,200,000</u>	<u>750,000</u>	<u>-----</u>	<u>920,000</u>	<u>960,000</u>
Net Worth	<u>1,465,112,037</u>	<u>627,269,299</u>	<u>317,923,711</u>	<u>513,779,853</u>	<u>408,918,007</u>

NOTE

In the above summary of the statements of financial position, there has been consistent increase in the net-worth or net-assets value of ACE CEFOR except in 2020 which was negatively affected by **COVID-19 challenges** and Prior Year Adjustment. The increase in the net worth is more pronounced in the year 2022.

5.6 SUMMARY OF THE STATEMENTS OF THE FINANCIAL PERFORMANCE OF ACE CEFOR FOR THE YEAR ENDED 31ST DECEMBER, 2022:

The following is the summary of the statements of the financial performance of ACE CEFOR for the year ended 31st December, 2022:

ACE CEFOR SURPLUS/(DEFICIT) FOR THE YEARS:

	2022	2021	2020	2019	2018
	N	N	N	N	N
Revenue/Receipts	1,003,928,462	400,020,000	-----	310,169,847	295,371,306
Expenditure	<u>1,280,301,815</u>	<u>376,803,133</u>	<u>112,817,760</u>	<u>336,079,913</u>	<u>281,601,112</u>
Surplus/(Deficit)	<u>(276,373,353) 2</u>	<u>3,216,867</u>	<u>(112,817,760)</u>	<u>(25,910,066)</u>	<u>13,770,194</u>

NOTE

1. A close examination of the above five-years statements of the financial performance of ACE CEFOR, reveals that there was deficit in 2019, 2020 and 2022 due to the impact of **COVID-19 challenges** which virtually affected all organizations globally. However, this deficit was mainly as a result of disbursement Linked Results (DLR). It also occurred when revenue in 2018 increased from N295,371,306 to N310,169,847 in 2019 at 5% as against the increase in expenditure from N281,601,112 to N336,079,913 at 19% for the same period.
2. Also, in 2020, there was no revenue/receipts while the total expenditure was N112,817,760, which left a deficit of N112, 817,760, probably financed from IGR sources. However, there was a surplus of N23,216,867 in 2021.

3. As regards 2022 deficit, there is urgent need to exercise more cost control, cost reduction and cost savings strategies in order to effectively reduce cost.

6 ACE CEFOR PROGRESS REPORT

All ACE CEFOR postgraduate Programmes, training and manpower development, especially the PhD Programmes are always highly subscribed and the degrees attract high recognition in the relevant industries. One of the numerous testimonies states that: **“My experience as PhD Student in ACE CEFOR Uniport remains one significant life’s phase experience I can never forget in a hurry”**. The reason for this increasing recognition is because of the quality of research and lectures being imparted to the students and the track records of high practical performance of the graduates of the ACE CEFOR programmes as confirmed by users of their services in oil and gas industries. In effect, the ACE CEFOR academic Programmes are already making positive impacts and contributing immensely to the Nigeria economic development through the quality of its graduates.

7. The Senate of the University of Port Harcourt approves all ACE CEFOR PhD Programmes in the following areas:

1. Petroleum Engineering;
2. Chemical Engineering;
3. Petroleum/Energy Economics;
4. Geosciences;
5. Environmental Technology and Management
6. Occupational Health and Safety
7. Microbiology
8. Chemistry
9. Plant Science and Biotechnology
10. Other related Sciences and Engineering Courses.

8. The centre has graduated a number of sets of PhD Students since its inception on record time.

9. The financial records and the books of accounts of ACE CEFOR are always up to date and reflect the recommendations of the Internal and External Auditors.

10. The Audit Committee also examined the budget performance reports, its analysis and recommendations by the Internal Audit Unit. ACE CEFOR has been observing the practical fundamental budgeting and budgetary control system as an instrument of planning and controls. It implements Internal Audit Unit recommendations in order to maintain effective internal control measures, safeguard the assets and prevent any error or irregularities.

11. The External Auditors Report

The Audit Committee examined the Audited Annual Accounts for the year ended 31st December, 2021, and the management reports by the external auditor and made necessary observations and recommendations to ensure that the accounts comply with the International Public Sector Accounting Standards (IPSAS), Companies and Allied Matters Act (CAMA), 2020 and other relevant laws and standards. These recommendations were implemented and returned to the Audit Committee for its report.

The Audit Committee also examined all the following necessary observations and recommendations made by the external auditors with the view to ensuring that they are properly implemented.

Some specific recommendations are:

- 1) Full Implementation of all the necessary internal control measures and appropriate Chart of Accounts that is robust enough to accommodate future expenditure.
- 2) All necessary documentary evidence should always be attached to relevant vouchers as none attachment of the necessary bank details and signatures for payment to batch 3 PhD Students' beneficiaries of research support is not allowed.
- 3) All the recommendations made by the external auditor have been responded to and properly addressed by ACE CEFOR by way of necessary explanations and they are being implemented accordingly.

12. CHALLENGES CONFRONTING ACE CEFOR CENTRE

1. Insufficient internally generated revenue (IGR) because of the financial challenges facing potential students. Also, most of the students are on scholarship and therefore internally generated revenue may not come from them.
2. *Lack* of funds because world bank releases fund based on its approved standards and expectations of certain level of performance from the centre.
3. There is need for an improved staff welfare and motivation, especially as regards payment of legitimate entitlements to staff in order to serve as a source of encouragement for better performance.

13 CONCLUSION AND RECOMMENDATIONS

After the examination of the financial statements, management letter of the External Auditor, the Internal Audit reports and their recommendations, especially the practical interaction with the centre Leaders and staff, the Audit Committee observed that the ACE CEFOR besides maintaining proper accounting records and preparing necessary financial statements as at and when due, has been making conscious efforts for the implementation of the audit recommendations for efficiency and effectiveness.

To address the foregoing challenges and observations, especially those of the External and Internal Auditors, the following recommendations are presented:

1. The Audit Committee emphasizes the need for regular and continuous audit exercise and timely preparation of financial statements that will enable the external auditor form an opinion and express such opinion by making recommendations that are expected to improve the performance of the organization when fully implemented before the next audit period.
2. Besides the World Bank financial rules and regulations, the Centre Steering Committee and the centre leader should ensure that all the necessary due process

involved in the award of contract and proper documentation such as Tender Board or contract award committee are establishment.

Appropriate framework for an open and competitive tendering process in line with standard procedure, need to be put in place. Some guidelines such as requiring quotations from at least three reputable companies, approval limits of vote controllers for different levels of contract amounts etc, are set as standard practice for control purposes, application of principle of openness and compliance with accounting and financial regulations.

3. Every payment voucher should have all the necessary contract award or supplier's documents, signatures of the actual recipients with relevant receipts attached as prove of payment to the appropriate person or company for proper verification.
4. ACE CEFOR should always report the centre's foreign currency balance in the domiciliary account with NUC as the external Auditor observed its omission in previous years audited financial statements in the Management Letter.
5. The Chart of Accounts which is culled from National Chart of Accounts should be fully implemented and also reviewed with the purpose of improving and expanding it to accommodate variety of legitimate financial transactions of the centre.
6. In order to improve in the internally generated revenue (IGR), ACE CEFOR is advised to design more short courses and make more effective use of its well-equipped laboratory that has the state-of-the-art-facilities to deliver high quality innovative services to her present and potential customers in the oil and gas sector.

NAMES AND SIGNATURES OF AUDIT COMMITTEE MEMBERS

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

1. Professor G. N. Ogbonna, Accounting Dept. Chairman.....  13/2/2023
2. Prof O. G. Omojefe, Banking & Finance Dept Member.....  13/2/2023
3. Dr Celestine Ebieta, Mechanical Engineering Member.....  13/02/2023
4. Mrs Ezinne C. Worga, Registrar Dept Secretary.....  13-02-2023