AFRICA CENTRE OF EXCELLENCE
CENTRE FOR OILFIELD CHEMICALS RESEARCH (ACE – CEFOR)
UNIVERSITY OF PORT HARCOURT, PORT HARCOURT, RIVERS STATE

MANAGEMENT LETTER ON THE AUDITED ACCOUNTS FOR THE PERIOD ENDED 31ST DECEMBER, 2023

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Our Ref:……………………………..…………

12th February, 2024

The Vice Chancellor/Chairman, Steering Committee,
Africa Centre of Excellence
Centre for Oilfield Chemicals
Research (ACE – CEFOR),
University of Port Harcourt,
Port Harcourt, Rivers State.

Attention: Centre Leader

Dear Sir,

MANAGEMENT LETTER ON THE AUDITED ACCOUNTS OF ACE-CEFOR FOR THE PERIOD ENDED 31ST DECEMBER, 2023

We report that we have concluded the audit of the Accounts of Africa Centre of Excellence, Centre for Oilfield Chemicals Research (ACE – CEFOR) for the period ended 31st December, 2023.

We examined the accounting books and records kept by the Centre Management during the year ended 31st December, 2023 and carried out an in-depth review 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 stated 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 CEFOR's future financial report as well as enhancing operational efficiency.

Consequently, we report as follows:

1. 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 period. 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.

2. STATE OF AFFAIRS:

The following are the key financial data of the Centre at the end of the period under review.

		WORLD BANK PROJECT			
		2023 (₦)	**US$**	**2022 (₦)**	**US$**
(i)	Goods/Property, Plant and Equipment	86,804,619	143,006	518,212,697	1,248,705
(ii)	Project Expenditure	591,058,998	973,738	599,516,716	1,444,619
(iii)	Intangible Assets				
(iv)	Cash and Short-Term Funds				
-	World Bank Project Account	130,601,452	215,159	1,290,328	3,109
(v)	World Bank Financing/Accumulated Fund	2,072,436,677	3,414,228.46	1,464,923,661	3,529,937

3. OPERATING RESULTS/ANALYSIS:

The Centre received a Grant from the World Bank amounting to ₦650,000,000, ₦141,491,283 from NUC and sundry receipts of ₦14,283,458 totaling ₦805,774,741 or US$1,941,626. This represents a decrease compared to the preceding year.

The total expenditure for the year under review amounted to ₦876,113,719, an equivalent of US$1,443,350. This resulted to an excess of expenditure over receipts to the tune of ₦70,338,978 or US$498,275 (including Depreciation charge of ₦199,650,102 or US$328,913). The effect is that excluding depreciation charge, the net surplus amounts to ₦129,311,124 or US$827,188.

4. REVIEW OF IMPLEMENTATION OF OBSERVATIONS ON THE 2022 MANAGEMENT LETTER

Management has improved tremendously in the areas of our observations in the 2022 audit. In particular the filing and documentation are in line with the World Bank processes. However, there are still areas that require further improvement like regular reconciliations to the Centre’s foreign component with the NUC.

5. MAIN OBSERVATIONS IN THE 2023 AUDIT

5.1 PAYMENT OF STUDENTS COST

The sum of ₦1, 600,000 was part of N 3,024,000 approved for Ph.D. students cost for honorarium for 8 departments at ₦200,000, each via Pv/2023/UNIPT-2/00033 of 8/2/2. No indication or evidence of how it was received.

Management Response

The list of beneficiaries was provided, which commensurate with the payment details printed from the Treasury Single Account (TSA) platform.

Auditors' Recommendation

Future payments to Students who are beneficiaries should have the copy of bank details attached to the relevant payment vouchers to ease verification/certification.

5.2 VERIFICATION/AUDIT CERTIFICATION OF SUPPLY ITEMS

The supply and installation of sundry furnishing and fittings at Plant Science and Biotechnology Laboratory had no work Certificate or Stores Receipt Voucher (SRV) to authenticate the supply contract of ₦ 5,376,287 to **Tonyvicpal Services Nigeria** on 17/7/2022 but approved on 12/4/2023.

Management Response

Contracts done in the Centre are taken through stringent procurement processes in conformity with procurement policies and statutes. Therefore, evidence of adequate procurement procedures of the above transaction was tendered. Besides, Goods Received Note was issued for the above supply, which is the standard practice in the University.

Auditors' Recommendation

Contracts other than Construction Contracts should be backed with Certification by Professionals and Internal Audit Inspection Certificate before effecting a payment on the contract.

5.3 NREP TRAINING AND CERTIFICATION FOR 28 CEFOR STUDENTS FOR ₦7M AND 33 STUDENTS FOR ₦ 8.25M TO POCEMA.

The Centre incurred the sum of ₦7M (seven million naira) for the training/certification of 28 (twenty-eight) students. There is however no evidence of the Certificates of Participation, signed attendance list as well as the receipt of payment or bank transfers (Ref Pv/20213/UNIPT-0000138 of 20/6/2023).

In same vein, thirty-three (33) students were trained for NREP (USA) certification for ₦8,250,000 via Pv2023/UNIPT-2/0000134 of 20/6/2023. No evidence of payment/ bank transfer.

Management Response

Certificates were duly issued to the students/participants by the foreign organizers of the programme for the above training and evidence of such certificates were presented to the External Auditors for sighting. Remita printout attached to the

voucher also served as proof of payment, though an acknowledgement of receipt by the payee was equally presented.

Auditors' Recommendation

The copy of the training/certification must be attached to the relevant payment vouchers in the future.

5.4 SUPPLY OF LAPTOP COMPUTERS

The supply of 14 number laptops core 15 256 GIG laptops and installation cost for ₦9,997,500 via Pv 2023/UNIPT-2/00000219 of 17/7/2023, was not backed with an Audit Inspection Certificate/Store Receipt Voucher (SRV) to authenticate the supply contract by **RUEFED EXECLUSIVE RESOURCES LIMITED.**

Management Response

All relevant documents (Letter of Award, Acceptance Letter, Delivery Note and Goods Received Note) were found to be attached to the payment voucher. The documents showed that computer experts duly confirmed specification and fitness for purpose, while the Auditor certified payment was made.

Auditors' Recommendation

As in the case of 5.2, all supply/installation contracts should be certified by an Independent Professional in addition to the Internal Experts and Internal Audit Certificate. These are to be recommended to the University Authority.

CONCLUSION

We wish to state that the observations have been made in good faith with the intent to ensuring that the World Bank Project attains a **leading edge** in financial reporting. It is therefore envisaged that the observations will be given due consideration to achieve greater efficiency in the Centre's future operations.

Finally, our Firm wishes to thank the Vice Chancellor of the University and Project Management Committee for the opportunity given to us to handle this professional service.

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

W. I. Okoro
(Managing Partner)
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