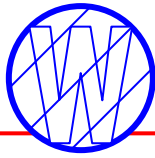




**AFRICA CENTRE OF EXCELLENCE
CENTRE FOR OILFIELD CHEMICAL
RESEARCH (ACE – CEFOR)
UNIVERSITY OF PORT HARCOURT,
PORT HARCOURT, RIVERS STATE**

**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:.....

7th February, 2025

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 of the Centre Leader (Prof. Ikechukwu Agbagwa)

Dear Sir,

**MANAGEMENT LETTER ON THE AUDITED ACCOUNTS OF ACE -
CEFOR 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 Oilfield Chemicals Research (ACE – CEFOR) 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 for supervision are not always signed by the beneficiaries.

C. MAIN AUDIT OBSERVATIONS FOR THE YEAR 2024

1. PAYMENT OF HOTEL BILL TO HELENA HAVENS HOTEL LTD.

The sum of N2,342,425 (including taxes) was paid to the above hotel on 9/2/2024 via Pv2024/2/0059. No contract document or instruction attached. The purpose or mission of the Guest in CEFOR was not indicated.

Effect: Possibility of incurring cost for non-beneficiary and service not related to CEFOR.

Management Response

The sum of NGN2,342,425.00 was the accumulated net payment (after deduction of taxes – VAT, WHT, and Stamp Duty) of the bills submitted by the hotelier. These were the expenses incurred in hosting RECEES (Ghana) and CERME (Togo) students and staff during the one-month WACEENET mobility programme. The due process of documentation and approval which led to the payment of the bill was observed.

Auditors' Recommendation

There should be a formal/documented letter requesting for the accommodation of guests specifying their names and tentative period of stay. The purpose of mission in the Centre should also be stated in the mandate letter especially when the bill is expected to be above a million naira.

2. TEAM BUILDING COST- INTERNAL AUDIT EXERCISE

The Centre incurred N1,920,000 in the year (N960,000 for each half of the year) as Internal Audit cost. Since members of the team are staff of the University, is it right to be getting fee for an internal function? Note that the amount is exclusive of the Audit Committee allowance.

Effect: Uncontrolled cost can be viewed as fee to committee members who are rendering just support service to the Centre.

Management Response

Staff-members of the University who are on secondment do not receive stipends or allowances. However, in line with the policy of the supervising agency (National Universities Commission), logistics via team building (a cost head) are provided to encourage efficient discharge of duties.

Auditors' Recommendation

Granted the need for encouragement, the allowances should be streamlined to reduce the total cost involved for team building.

3. PAYMENT OF RESEARCH PUBLICATION TO PROF. OGBONNA JOEL

The payment of N7,215,000 via Pv2024/2/00401 of 5/8/24 for the above purpose through Prof Joel was not evidenced by the transfer documents to the designated bank accounts.

Other similar research publication payments through him requiring evidencing are

1. Pv2024/2/00400 N10,221,250
2. Pv2024/2/00399 N9,018,750

Effect: Fund may not get to the real beneficiaries of the Research/Publication Payment i.e system of payment can lead to its abuse.

Management Response

Vouchers for payment of NGN7,215,000.00; NGN10,221,250.00; and NGN9,018,750.00 respectively were duly approved and processed on the government payment platform (Remita) to the beneficiaries whose individual bank details were obtained from the University database.

Auditors' Recommendation

Evidence of payment to individual beneficiary through Remita should be attached to the payment voucher to ease audit verification/authentication.

4. INSTALLATION OF SOLAR PANEL N8,004,826

This cost via Pv2024/00477 of 23/10/2024 is similar to the Solar Panel of N8,546,411 incurred on 12/9/24 installed by same contractor, PAMVALDEC LTD. Any confirmation that this is not a duplication of cost

Effect: Duplication of cost which will have adverse effect on the fund of the Centre.

Management Response

The installation of solar panel for the cost of NGN8,004,826.00 only was done in Bursary Department of the University, while the solar panel that cost NGN8,546,411.00 only was installed in ACE-CEFOR building, both of which were at different locations and times. It is not a duplication of cost.

Auditors' Recommendation

The payment voucher description and supporting voucher should be very specific to avoid confusion when similar services are rendered by the same Contractor at almost same space of time.

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 in the future. It is our hope that the recommendations based on responses to the audit observations will be carefully considered for implementation.

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

Yours faithfully,

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

W. I. Okoro.
(Managing Partner/ CEO)