



# **REPORT**

**OF**

**THE FEDERAL UNIVERSITY OF TECHNOLOGY, OWERRI  
AUDIT COMMITTEE**

**ON**

**THE AUDITED FINANCIAL STATEMENTS,  
MANAGEMENT LETTER AND INTERNAL AUDIT  
REPORT OF AFRICAN CENTRE OF EXCELLENCE IN  
FUTURE ENERGIES AND ELECTROCHEMICAL  
SYSTEMS (ACE-FUELS)**

**FOR TWELVE MONTHS PERIOD ENDING**

**DECEMBER 31, 2023**

**REPORT OF THE FEDERAL UNIVERSITY OF TECHNOLOGY,  
OWERRI AUDIT COMMITTEE ON THE AUDITED FINANCIAL  
STATEMENTS, MANAGEMENT LETTER AND INTERNAL AUDIT  
REPORT OF AFRICAN CENTRE OF EXCELLENCE IN FUTURE  
ENERGIES AND ELECTROCHEMICAL SYSTEMS (ACE-FUELS) FOR  
TWELVE MONTHS PERIOD ENDING DECEMBER 31, 2023.**

**1. PREAMBLE**

In a letter dated 20<sup>th</sup> June, 2024 with reference number FUT/VC/GEN.26A/VOL.XII, the Vice-Chancellor approved the reconstitution of the University Audit Committee made up of a Chairman and six other Committee members.

**2. TERMS OF REFERENCE**

The following were the Terms of Reference:

- (i) To review the effectiveness of the University's Internal Systems of Financial and other control.
- (ii) To ensure satisfactory arrangements are in place to promote economy efficiency and effectiveness.
- (iii) To oversee risk management and continuity planning
- (iv) To collaborate with external auditors to review the nature and scope of the external Audit.
- (v) To consider the Financial Statements from Centres and Units in the University.

**3. AUDIT COMMITTEE REPORT**

The Audit Committee report on the Audited Financial Statements, Management letters and Internal Audit reports of African Centre of Excellence in Future Energies and Electrochemical Systems (ACE-FUELS) cover twelve (12) month period ending December 31, 2023 as follows:

**3.1 Internal and External Audit Reports**

In Compliance with our Terms of Reference as stated above, the Audit Committee had reviewed the Internal and External Auditor's report, Management Letters, and Financial Statements of World Bank African

Centre of Excellence in Future Energies and Electrochemical Systems(ACE-FUELS) for twelve (12) months ending December 31, 2023. The Committee also physically visited the Centre, held physical meetings with the Centre Leader, made calls and obtained necessary explanation as part of its core oversight responsibilities.

In order to practically verify, observe and interact with the Officers of the Centre, the Committee inspected on-going activities at the Centre, asked the staff relevant questions, with the view to obtaining reasonable assurance that 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 to what extent the accounting and financial reporting policies and internal control system of the Centre have been implemented, the Committee presents the following General and Specific Recommendations to the Management of Federal University of Technology, Owerri in order to strengthen the efficiency and effectiveness of the Internal Control Mechanism of the University.

#### **4. OBSERVATIONS AND RECOMMENDATIONS ON WORLD BANK AFRICAN CENTRE OF EXCELLENCE IN FUTURE ENERGIES AND ELECTROCHEMICAL SYSTEMS (ACE-FUELS) IN THE YEAR ENDED DECEMBER 31, 2023**

##### **4.1 Introduction**

The World Bank African Centre of Excellence in Future Energies and Electrochemical Systems (ACE-FUELS) is one of the three (3) World Bank-funded Centres of Excellence established in the Federal University of Technology, Owerri.

## **4.2 Objectives**

The objective of the World Bank African Centre of Excellence in Future Energies and Electrochemical Systems (ACE-FUELS), Federal University of Technology, Owerri, according to the Centre Leader, Professor Emeka Oguzie during the Audit Committee oversight function visit, is to support quality postgraduate training and manpower development in Africa. Essentially, ACE-FUELS offer international accredited postgraduate programmes for sustainable development, to initiate and support high-end research, to extend knowledge beyond the existing practice in the energies and electrochemical system industry, promote local content in research and innovation by initializing necessary value-driven industry-academia collaborations.

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

## **4.3 The Audit Committee Responsibility**

It is the responsibility of the University Audit Committee to comply with its terms of reference. Its duties include:

- Reviewing the effectiveness of the University's Internal System of Financial and other controls, and ensuring that satisfactory arrangements are in-place across the University to promote economy, efficiency and effectiveness, risk management and continuity in planning.

In line with the foregoing responsibilities, the Audit Committee has examined the reports of Internal Audit Unit and the audited annual accounts of ACE-FUELS as at December 31, 2023 and made necessary recommendations.

#### 4.4 Audit Committee Observation and Recommendation

The Audit Committee observed that the Internal Audit Unit did a very good job by reviewing the following records and examined all necessary documentary evidence, Work plan, Cashbook, Bank Account Statements, Payment Vouchers, Non-current Assets Register, Budget Performance reports, Tax Remittance Receipts for the twelve (12) months period ending December 31, 2023, as well as Interim Financial reports, and Procurement Plan.

The work is aimed at providing reasonable assurance on key areas of financial management. The review covers all major system within the Centre to ensure among others, compliance with established rules and operational procedures, adequacy of accounting, financial and internal control systems, integrity and reliability of financial information, existence and safety of assets, and the economy, efficiency and effectiveness of the use of resources.

#### 5.0 Budget Performance

Budget Performance for the Period under review:

Table 1: Summary of Budgeted and Actual Expenditure 2023

Period	Budget	Actual	Variance	Variance %
1 <sup>st</sup> Jan. - 30 <sup>th</sup> June, 2023	807,515,178	370,393,314.84	437,121,863.16	54%
1 <sup>st</sup> July - 31 <sup>st</sup> Dec, 2023	807,515,178	245,747,044.11	561,768,133.89	69.6%
<b>Total</b> 1 <sup>st</sup> Jan. - 31 <sup>st</sup> Dec, 2023	1,615,030,356	616,140,358.95	998,889,997.05	61.9%

Table 2: Summary of Budgeted and Actual Expenditure for 2022

Period	Budget	Actual	Variance	Variance %
1 <sup>st</sup> Jan. - 30 <sup>th</sup> June, 2022	688,840,346	194,079,202.37	494,761,143.63	71.8%
1 <sup>st</sup> July - 31 <sup>st</sup> Dec, 2022	688,840,346	258,238,825.58	430,601,528.42	62.51%
<b>Total</b> 1 <sup>st</sup> Jan. - 31 <sup>st</sup> Dec, 2022	1,377,680,692	452,318,027.95	925,362,664.05	67.17%

### Observation

In the year 2023 budget performance/execution level was low reflecting weak implementation of the budgetary system of some cost centres. It was more in the 2<sup>nd</sup> semester. There was a little improvement of budget implementation level in comparison to that of 2022.

The Centre is still operating at less than full capacity.

### Recommendation:

As earlier recommended by the Internal Auditor, periodic review of work plan should always be carried out by the Centre.

### 5.1 ACCOUNTING:

International Public Sector Accounting Standards (IPSAS) was used in the preparation of the accounts. The Centre deployed the uniform accounting system software for all ACE Centres in Nigeria.

The Internal Audit also reported adequate measure of Internal Control in the accounting unit of the Centre such as segregation of duties in the preparation of the accounting transactions or payments.

**Advances:**

In the first semester (Jan 1 to June 30, 2023), there was a report of accumulated unretired cash advances to the tune of (₦3,429,450.00) Three Million, Four Hundred and Twenty Nine Thousand, Four Hundred and Fifty Naira.

The second semester (July 1 to Dec 31, 2023), Internal Audit Report recorded no outstanding retirement of advances. In the Audited Financial Statements for the year ended December 31, 2023, we observed in the explanation of notes to the Account, NOTE 2: other receivables, unretired advances amounted to (₦813,500) Eight Hundred and Thirteen Thousand, Five Hundred Naira.

**Recommendation:**

We recommended that reminder letters be sent to those staff having such unretired advances as sanction may be imposed on them by the Centre. Officers with cases of unretired advances should not be granted more until such Officer retires the previous ones.

**5.2 ASSESSMENT OF INTERNAL CONTROL****Observation:**

Internal control generally was adequate and in compliance with the financial agreement. There were various Committees instituted by the Centre Management for oversight functions like:

- Tender's Committee
- Budget Monitoring Committee
- Procurement Committee
- Academic Board Committee
- Short term Courses Committee

We recommend that the various Committees should work hard in their various assignments.

## 5.3 FINANCIAL REPORTING

### Fraud

No case of fraud was reported within the period under review. All approved funds for payment reached the expected suppliers/vendors as at when due.

### External Auditors Report:

The Audit Committee examined the Audited Annual Accounts of ACE-FUELS for the twelve months, ending December 31, 2023 and the management report by the External Auditor. We observed that the External Auditor expressed a professional opinion on the accounts, stating that the Financial Statement gives a true and fair view of the Financial position of the Centre as at December 31, 2023 and its receipts, disbursement and expenditures for the year ended in accordance with the accounting conventions and policies set out in the Notes 1 to 17 of the Financial Statements.

The Audit Committee equally examined the following necessary observations and recommendations made by the External Auditor with the view to ensuring they are properly implemented.

### Some of the Observations and Recommendations are:

1. **Petty Cash Expenditure not properly analyzed according to expenditure heads, which can lead to:**
  - i) over/under statement of some expenditures
  - ii) Complete omission of some expenses
  - iii) Inducing cash loss

The Accountant was advised by the External Auditor to create Excel Sheet analysis of petty cash expenses and later integrate by adding totals to the main cash book. Where possible, request the software providers to integrate petty cash analysis in the accounting package deployed by the Centre.



**2. Poor Narration in Cash book:**

The External Auditors observed poor and scanty narration on all cash book postings.

Instance of poor narration: The deduction of taxes is often narrated, WHT, VAT, Stamp duty without the purpose/assets for which those taxes were deducted. Though the Management noted it, there should be immediate remedial action.

There should be proper and detailed narration in the "particular column" of the cash book to enable proper classification of the expenses.

**3. Year 2023 TETFUND National Research Fund (NRF) Intervention (₦240,996,720.12)**

The above stated amount was a grant from TETFUND National Research Fund (NRF) Intervention which was received into Federal University of Technology, Owerri existing project account number 0140105761038 and was subsequently disbursed to various Research grant recipients during the year for the intended purpose. This transaction did not reflect in the current Financial Statement (December 31, 2023)

We recommend that effort should be made to do the needful to avoid false reporting of Financial Statement.

**4. Account Receivable:**

The Auditor noted that the sum of (₦10,878,200) Ten Million Eight Hundred and Seventy Thousand, Two Hundred Naira being students school fees were paid into FUTU Bank Account in 2023 year under consideration and it had remained there till date

Similarly, amount of (₦4,127,000) Four Million, One Hundred and Twenty Seven Thousand for the year 2022 was equally paid into the same FUTU Account and this had been refunded. This is commendable.

Management is advised to adhere to the recommendation of the External Auditor by supplying the students proper account details of the Centre at the time of admission. Adequate information and sensitization should be made to the students as to proper Bank Account to use in payment of School fees. Effort should be made for refund of the said amount to the Centre without further delay.

#### **5.4 PHYSICAL VERIFICATION**

Assets acquired within the period under review were properly recorded in the Asset Register. All vehicles acquired were adequately insured. All assets of the Centre acquired were coded with the Centre coding system for ease of identification.

#### **5.5 LABORATORY AND ICT RELATED ACTIVITIES**

The Centre recorded tremendous achievements in terms of installation of modern laboratory equipment to facilitate modern teaching and research.

#### **5.6 AUDIT COMMITTEE COMMENTS**

We have asked questions and obtained reasonable assurances from the Centre leadership as follows:

- A). No case of fraud was reported within the period under review.
- B). All approved funds for payments reached the expected suppliers/vendors and other beneficiaries as at when due.
- C). Disbursements were made based on verified results.

#### **6.0 CONCLUSION AND RECOMMENDATIONS**

After examination of various documents by the Audit Committee ranging from:

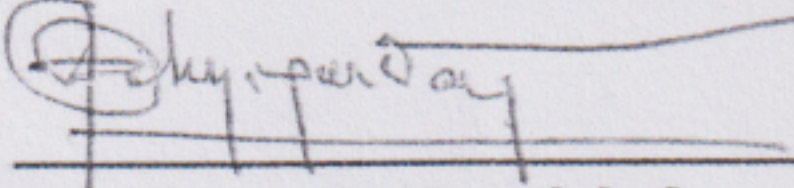
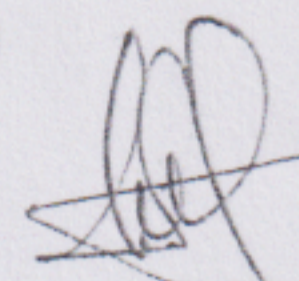
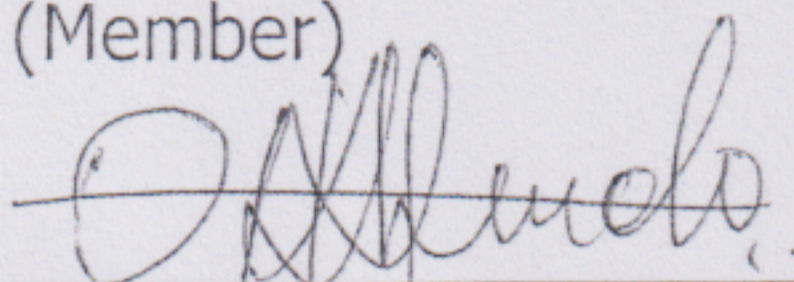
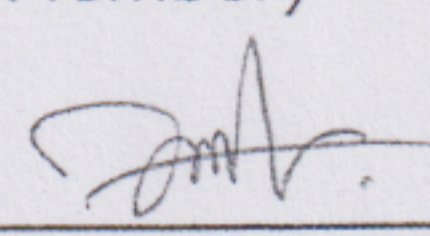
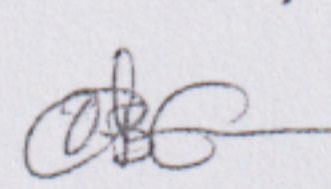
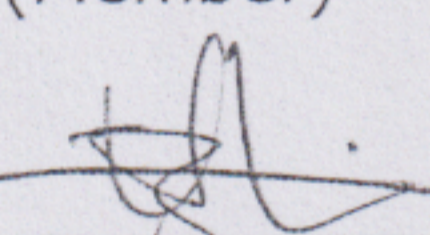
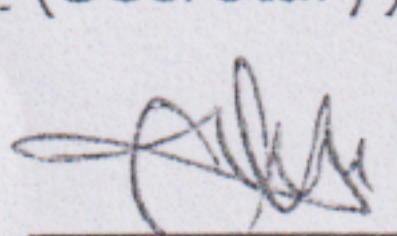
Audited Financial Statement, Letter of Weakness from the External Auditor, Internal Audit Report and their Recommendations, we observed that there was an improvement recorded by the Centre in the area of maintenance of adequate internal control that is in compliance with the financial agreement.

The Audit Committee observed some challenges in both External and Internal Audit report of the Centre.

To address the challenges, the Committee presents these recommendations:

- On the issue of Budget work plan: The Committee observed that there was an improvement in the year 2023 work plan as compared to that of the year 2022. Year 2023 recorded positive variance of 61.9% as compared to 67.17% recorded in the year 2022. There is still need for improvement in the expenditure profile to close the budgetary expenditure gap. There should be periodic review of work plan by the Centre.
- For unretired Advances: Reminder letters should be sent to the affected staff. Officers with cases of unretired advances should not be granted more until the previous ones have been retired.
- Petty cash expenditures not properly analyzed according to expenditure heads: There is need to create excel sheet analysis of petty cash expenses and later integrate by adding totals to the main cash book.
- There should be proper and detailed narration in the "particular column" of the cash book to enable proper classification of expenses.

## NAMES AND SIGNATURES OF UNIVERSITY AUDIT COMMITTEE MEMBERS

1.  27/06/2024  
**Prof. J. S. Orebiyi**  
 Agricultural Economics Department  
 (Chairman)
2.  22/06/2024  
**Engr. Prof. M. S. Nwakaudu**  
 Chemical Engineering Department  
 (Member)
3.   
**Prof. (Mrs.) G. N. Okeudo**  
 Department of Logistics and Transport Technology  
 (Member)
4.  27/06/2024  
**Mr. Kenneth Ejike**  
 Bursary Department  
 (Member)
5.  27/06/2024  
**Mrs. B. C. Okechukwu**  
 Internal Audit Unit, (OVC)  
 (Member)
6.  27/6/2024  
**Mr. Justin Uwaoma**  
 Registry Department  
 (Secretary)
7.  27/06/2024  
**Chinweuba Ehumadu**  
 Registry Department  
 (Assistant Secretary)