

UNIVERSITY OF PORT HARCOURT
WORLD BANK AFRICA CENTER OF EXCELLENCE IN OILFIELD CHEMICALS RESEARCH (CEFOR)

MINUTES OF THE 3RD EMERGENCY STEERING COMMITTEE MEETING HELD ON THURSDAY, AUGUST 10, 2017, AT THE EMERALD ENERGY INSTITUTE CONFERENCE ROOM.

A. PRESENT.

1. Prof. Ogbonna Joel – Centre Leader
2. Mr. Edwin Harcourt – Internal Auditor
3. Dr. Felicia Ayuwo – Finance Officer/Project Accountant
4. Dr. Chikwendu Ubani – Safeguards Officer
5. Mr. Uduma Ikpa – Monitoring & Evaluation Officer/Secretary
6. Mr. Owubokivi Benneth – Principal Internal Auditor, UniPort
7. Mrs. Florence A. Chieme-Onyiri – Auditor 2, UniPort
8. Mr. Aselemi G. Umor– Auditor 2, UniPort

B. ABSENT (with apology)

1. Prof. N. E. S. Lale – Chairman
2. Prof. Bene Willie Abbey – Vice Chairman
3. Prof. Onyewuchi Akaranta – Deputy Centre Leader
4. Dr. Ibisime Etela - Procurement Officer
5. Mrs. Benedicta Omeni – Communications Officer

C. AGENDA

1. Consideration of the Internal Audit Report for first half of 2017

<p>A.</p>	<p>OPENING</p>	<ol style="list-style-type: none"> 1. The Meeting began at 11.25 A.M. with the Center Leader, Prof. Ogbonna Joel presiding. 2. The Center Leader, in his opening remarks welcomed all present to the meeting and informed them that the purpose of the meeting was to consider the Internal Audit Report of the Center for the first half of 2017 3. The Project Internal Auditor, Mr. Edwin Harcourt, introduced the members of the University Internal Audit team as Mr. Owubokivi Benneth – Principal Internal Auditor, Mrs. Florence A. Chieme-Onyiri – Auditor 2 and Mr. Aselemi G. Umor– Auditor 2, all from the Audit Unit, UniPort. He stated that in accordance with the World Bank’s regulations, after an audit, there should be an exit meeting with the Steering Committee. This allows for the Committee to respond to any anomalies it may perceive in the Audit Report. The Committee’s response will then form part of the final Audit Report.
<p>B.</p>	<p>INTERNAL AUDIT REPORT</p>	<p>Presenting the audit report, Mr. Owubokivi Benneth stated that the report covers the first half of 2017. It was agreed that after each observation noted in the audit report, the Steering Committee would be allowed to respond.</p> <p><u>Observations & Responses</u></p> <p>Observation 1: Bank Reconciliation There was no bank reconciliation done for the First Bank Center for Petroleum Research and Training UniPort 2 Bank A/C No: 2031958677. Also there was no bank reconciliation for the TSA dollar account.</p> <ol style="list-style-type: none"> a. In January 2017, there was no schedule/attachment to the bank reconciliation to describe the uncleared mandate of N1,535,554 and the balance as per bank statement of N0.00. b. In May 2017, there was no schedule/attachment to describe the uncleared mandates of N16,269,827.80 in the bank reconciliation statement. <p>ACE-CEFOP Response: Responding on behalf of the Steering Committee, the Project Accountant, Dr. Felicia Ayuwo, stated that the account has not been operated yet, hence the status of no reconciliation. Regarding the TSA dollar account, she said the statement of account needs to be collected from Abuja(CBN) before</p>

reconciliation can be done. She also stated that the uncleared mandates will be provided after the exit meeting. She also promised to provide the schedule for May 2017.

Observation 2: Tax Issues

- I. There were instances of tax deduction and remittances where the payee were over charged; find below examples:
 - a) Payment of N20,950,694.60 to Eagles and Eaglet Limited on 26/06/2017 with PV No: 263730; being payment certificate No. 1 for the completion of office block for World Bank Africa Center of Excellence. The amount deducted and remitted for WHT and VAT was N997,650.22 each instead of N952,302.48 each in this instance.
 - b) Payment of N13,787,777.00 to Eagles and Eaglet Limited on 19/06/2017 with PV No: 253260 for 15% advance payment for construction of the Center for Oilfield Chemicals Research (ACE-CEFOR) building. The amount deducted and remitted for WHT and VAT was N656,560.53 each instead of N626,716.86 each.
 - c) Payment of N780,000 to KTS Integrated Services on 12/06/2017 with PV No: 260040 which is payment for 2nd Edition of ACE-CEFOR Quarterly Bulletin and 1st Research Review. The amount deducted and remitted for VAT is N39,000 instead of N37,142.86.
 - d) Payment to Agioma Associates Limited on 19/06/2017 PV No: 253261, being payment of 75% of consultancy fee for the completion of IPS office building N439,820.89. The amount deducted and remitted for WHT and VAT was N439, 820.89 and N219,910.45 respectively instead of N401,575.60 and N200,787.80 respectively.

- II. There was no VAT deduction and remittance for payment of N600,000 made to University Data Center on 06/06/2017 on PV No: 260017; for 2017 ACE ACE-CEFOR Accounting Software upgrade and system maintenance.

ACE-CEFOR Response: Items Ia-d will be reworked and resolved. Regarding item II, the Data Center is treated as a University Center therefore it is not expected to pay VAT.

Observation 3: Internally Generated Revenue Account

- i. We observed that there were credits/refunds made from World Bank ACE-CEFOR bank account to CPRT 2 on the 17th February 2017 but previous debits were not captured/seen in the ACE-CEFOR bank statement. These are:
 - a) N1,906,450 payment for funding ACE PhD seminar at School of Graduate Studies on the 9th, 14th, 15th and 17th February 2017 on PV No: 260026
 - b) N1,409,560 payment for funding of ACE PhD seminar presented at the School of Graduate Studies from 28th November 2016 to 1st December 2016. PV No: 251549

- c) N1,531,000; payment for Short Course on Laboratory Mgt. and Protocols for Scientists and Laboratory Analysts (10th – 14th October, 2016). PV No: 251543
- ii. We observed that the Internally Generated Revenue account opened with the First Bank account name: World Bank ACE-CEFOR and A/C No. 2028829218 was closed and the balance in this account transferred to a new account; CPRT 2 A/C No: 2031958677 with First Bank. The closing balance in the bank statement for World Bank ACE-CEFOR A/C presented (as at 18/04/2017) was N1,905,208 the amount confirmed to have been transferred into the new account (as at 17/05/2017) was N1,984,958.

ACE-CEFOR Response: For ia, b & c, statements of account for the transactions will be provided for clarification. For ii, the difference in figures will be reconciled.

Observation 4: Some expenditures were incurred in 2016 but carried forward and recognized in 2017.

ACE-CEFOR Response: The ACE-CEFOR accounting software only recognizes transactions when payments are made, hence the transactions in question were recorded when the payments were made.

Observation 5: There are some outstanding payments in the books of account/ uncleared mandates. Examples cited.

ACE-CEFOR Response: All such outstanding payments have been made

Observation 6: Wrong postings. Examples cited.

ACE-CEFOR Response: Responding, the accountant stated that the postings in question will be reconciled

Observation 7: General Issues

- a) Payment made to Nmecha Alex on 06/06/2017 with PV No: 260024 for sitting allowance for tenders opening exercise amounted to N544,000. What was vetted and approved was N504,000.
- b) The following bank charges/processing fees for the period under review were not captured/ reflected in the books of account presented (ledger/cashbook/receipt and payment):
UBA account: January 2017 bank charge N383.25
First Bank account: May – June 2017 N5561.09
TSA Naira account: February – June 2017 N14,437.50
- c) The trial balance/ledger/receipt and payment account presented did not capture the following transactions:
- i. Refund made by Ubani Chikwendu E. MR/ transfer to CEFOR (05/01/2017) N300,000. This was recognized last year as Grants

- ii. The bank balances (closing balance) UBA account N4,262.05 and FBN (closing balance) N13,407,359.91 (12th June 2017)
- iii. The receipts via First bank account (internally generated revenue account) were not captured/ recognized in the books of the account presented to us.
- d) We could not verify transactions done via the dollar account as there was no bank statement presented. Also, in the books of accounts, the naira equivalent of dollar transactions (expense, payment voucher sighted) was recorded/accounted for while the dollar transaction (income) was not recorded/accounted for.
- e) The receipt and payment was prepared for January-April and May – June. The balance (for January - April) was not brought forward (in May) and the balance for May was not brought forward (in June) and this made it difficult to get a holistic view of receipts and payments for the Center for the period under review i.e. January – June 2017.

ACE-CEFOR Response: Responding, the Accountant, stated that;

- a) Nmecha Alex has refunded the extra N40,000
- b) She will look at the cashbook to verify the UBA account bank charge for January 2017; First Bank account has not been worked on; and the TSA account has not been worked on and will be available in the next quarter.
- c) i. The refund by Ubani Chikwendu will be confirmed in the ledger
- d) The Dollar account cash book will be provided for transactions to be verified
- e) The relevant balances will be provided

with financing agreement/ work plan in executing major projects budgeted for the period was slow.

Observations 8 & 9: Were withdrawn as the it was discovered that the figures involved were not correct

Observation 10: The project’s fund is not included in the Federal Government Budget. Also, there was no budget committee within the period under review

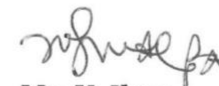
ACE-CEFOR Response: Inclusion of the project fund in the University’s budget was not possible because timing differences and delays in the preparation of the University’s budget may negatively impact on achieving project objectives

Observation 11: The Audit Committee is yet to handle any issue.

		<p>ACE-CEFOR Response: Responding, the Project Auditor, stated that the Center inaugurated an Audit Committee but as per the World Bank's regulations, an ACE Audit Committee must be the same as the home University's Audit Committee and unfortunately, the University still does not have an Audit Committee, hence the situation in question.</p> <p>Observation 12: There was no Financial Management Report for the period under review.</p> <p>ACE-CEFOR Response: ACE-CEFOR submitted an Interim Financial Report to the World bank.</p> <p>Observation 13: Most fixed assets including the project vehicle were not coded and some (including 4 refrigerators) were not on the fixed assets register.</p> <p>ACE-CEFOR Response: Staff vehicles are not coded but the other items will be recorded in the fixed assets register</p> <p>Observation 14: As stated in the work plan, the Procurement Unit of the University is responsible for all Goods and Works expenditure. Nevertheless, these categories of expenditure items were made without the input of the Procurement Unit.</p> <p>ACE-CEFOR Response: ACE-CEFOR has a Procurement Committee which has the University Procurement Officer as a member, so the University Procurement Unit was involved in the Centre's procurement activities.</p>
C.	CLOSING	In the absence of any other business, the Center Leader thanked members of the Internal Audit team for their diligence in auditing the finances of the Center. The meeting came to an end by 1.05P.M.



Prof. N. E. S. Lale
Chairman



Mr. U. Ikpa
Secretary