

MINUTES OF THE MEETING OF AUDIT COMMITTEE ON FINANCIAL ACCOUNTABILITY IN AGRICULTURAL CENTRE OF EXCELLENCE (ACE) PROJECTS: CENTRE FOR EXCELLENCE IN AGRICULTURAL DEVELOPMENT AND SUSTAINABLE ENVIRONMENT (CEADESE) CASE HELD ON THURSDAY, FEBRUARY 7, 2017

1.0 Membership

1. *Prof. C. O. Adeofun, Dean, COLERM	Chairman
2. +Prof. W. O. Alegbeleye, Dean, PG School	Member
3. *Prof. O. M. Onagbesan, Director, CEADESE	Member
4. +Mrs. O. O. Oyewunmi, Acting Bursar	Member
5. *Mr. O. O. Amubode, Ag. Head, Internal Audit	Member
6. *Mr. A. J. Olusanwo, Deputy Bursar II	Member
7. *Mr. S. A. Dada, Academic Planning	Secretary

* Present

+ Apology

2.0 Opening

The meeting commenced at 10.45 am with the opening prayer offered by Mr. O. O. Amubode. The Chairman in his opening remark welcomed all to the meeting and apologised for having not called the meeting earlier than that day.

3.0 Committee's Terms of Reference

The Chairman read the Committee's terms of reference as follows:

- i. To oversee the financial account of Agricultural Centre of Excellence (ACE) Projects: Centre of Excellence in Agricultural Development and Sustainable Environment (CEADESE) Case;
- ii. To consider and approve the internal and external auditors' reports of the Centre; and
- iii. To make appropriate recommendations as it may deem necessary to the University Administration.

The Chairman noted that going through the terms of reference, the Committee would run through the life of the Centre, it would therefore be a Standing Committee.

4.0 Brief by Director, CEADESE

The Chairman invited the Director, Africa Centre of Excellence in Agricultural Development and Sustainable Environment (CEADESE), Prof. O. M. Onagbesan to brief the Committee on what was expected of it.

The Centre Director welcomed all to the meeting. He informed members that the Audit Committee was at the instance of the World Bank. By its instruction, every Centre was expected to constitute the Committee. He noted that setting up the Committee and giving report to the World Bank would attract a financial benefit of \$25,000 each. He also stressed further that the Body was interested in ensuring that there exist internal mechanism in the

running of the Centre's affairs. The Committee would be expected to monitor the activities of the internal and external auditors.

He noted also that the Centre had been submitting report to the internal audit of the University every six months. He reported that the Centre had already received the 2014 and 2015 external audit reports.

He informed the Committee that the Centre ought to maintain three accounts with Central Bank of Nigeria (CBN) by the World Bank regulation. These were the Domiciliary, Project and Internally Generated Revenue (IGR) accounts. At present, two of the accounts (Domiciliary and Projects) had been opened, he added. He further informed the Committee that the Centre had its IGR account with the Zenith Bank, of which it was being requested to move the account to the CBN.

The Director highlighted certain expenses that were not covered by World Bank Funds, such as lecturers' honoraria and sitting allowances, which were often financed from the IGR. He added that there had been a directive that the Centre be integrated into the University System. He also informed the Committee that the sum of ₦147 million (\$800,000) released by the World Bank to the Centre was being used to run it.

Very importantly, he stressed that the Centre's Domiciliary and Project accounts with the CBN must be activated for the Centre to access the next tranche of World Bank fund amounting to \$1 million. This would have to be done at the University level, he stated. The Bursary representative in the Committee, Mr. A. J. Olusanwo noted this for action. Prof. Onagbesan emphasized that the Centre was given up to May, 2017 to access and spend the money or it would be transferred to another Centre. He added that the role of the Audit Committee was administrative and advisory.

The Chairman of the Committee, commenting on the yearly audit exercise sought professional advice on the use of the same external auditor for both the University and the Centre. The Centre Director, as well as Committee members from internal audit and the bursary said it was acceptable.

On the World Bank rating of the Centre's performance, the Director, CEADSE noted with joy that the World Bank was highly impressed by the activities of the Centre from the report sent to it by the Bank's monitoring team. The parameters of assessment included students' projects and Centre's Publications. The low points however were the fairly satisfactory state of the Centre's facilities and experimental farms.

5.0 Examination of Audited Reports

5.1 Internal Audit Report

The report covered records for the period between effective date, July 1, 2015 and December 31, 2015, while financial activities prior to the effective date January, 2014 to June, 2015 were also reviewed. The highlights of the report were as follows:

- i. There was internal control mechanism in the process of funding students' research.

The funds disbursement was monitored by their supervisors to ensure their judicious use;

- ii. A noticeable low budget performance of 3.72% was as a result of non-capturing of the expenditure that was initially financed from funds borrowed from the University, before the release of the World Bank funds. This was later captured in the Centre's account;
- iii. Perceived late presentation of withdrawal applications to the World Bank, which might have accounted for low budget performance was debunked, as the application was timely, but the disbursement was delayed at the Bank's end;
- iv. It was noted that the Centre had completely upgraded from a partial e-accounting and pre-payment audit system to a full-fledged e-accounting and e-pre-payment audit system in October, 2015. This feat was commendable;
- v. There was effective internal control on purchases and cash advance. This should be sustained;
- vi. Electronic (non-current) asset register on the accounting package was not updated, the Centre was however said to have gotten a hard copy of the Asset Register;
- vii. Some non-current assets that had been duly verified by the internal audit unit were yet to be engraved with asset numbers. This had been carried out;
- viii. The University Management had constituted a functional Audit Committee as recommended by the World Bank and observed by the internal audit unit;
- ix. The cash and bank verification showed a difference of ₦3.9 million. This was noted to be total payment not debited by the bank at the reporting date;
- x. External audit which was not in place in the first year of the Project had been put in place. The 2014 and 2015 Accounts had been audited and submitted to the World Bank;
- xi. No case of fraud and corruption was noticed. This should be sustained;
- xii. It was noted that asset purchased were always verified;
- xiii. There was also no financial activity relating to procurement during the period. This was also as a result of late disbursement by the World Bank; and
- xiv. On the interest rate charged by the Zenith Bank, amounting to ₦175, 064.66 after the reversal of the fund initially mopped into the Treasury Single Account (TSA), the bank was written to reverse the charge, as there was no convincing basis for it. Though there was no response from the bank initially, the Director informed that this has been refunded by a credit into the account of the Centre.

5.1.1 Adoption of the Internal Audit Report

The report was well received by the Committee and therefore unanimously adopted.

5.2 2014 External Audit Report

Virtually all issues observed in the Internal Audit Report which had been satisfactorily defended, were raised in the External Auditor's Report. They included issues raised under accounting system and book keeping; internal audit control and audit check. It was also stated that money lodged in the domiciliary account was not disclosed. It was however defended that the fund got to the account at the end of the accounting year; as such it could not reflect in the balance for the year.

The Audit Committee noted that there was need for synergy between the internal auditors and external auditors.

5.2.1 Adoption of the External Audit Report

Since all the issues raised had been addressed by the Centre and the internal audit, the report was unanimously adopted.

5.3 2015 External Audit Report

It was observed that certain payments were carried out by the CBN on behalf of the Centre, from the funds allocated to it by the World Bank. The Centre was advised to demand evidence of such expenditure from the CBN, for proper accounting record.

The auditors also observed that there were no collaborating partners as expected by the World Bank. Funds realised through such partners would attract financial benefits from the Bank. The Director noted that there were few collaborating partners like Obasanjo Farms. Their support had always been in kind as they engage the Centre students in Industrial Training. They housed and gave them stipends during the training. This could not attract financial benefits since the fund did not come to the coffers of the Centre.

A promising collaboration however was the DAAD Scholarship for PhD students. The fund would come to the Centre's account before disbursement, he stated.

5.3.1 Adoption of the Report

The report was unanimously adopted by the Audit Committee.

6.0 Audit Committee Meetings

The Committee resolved to meet on quarterly basis.

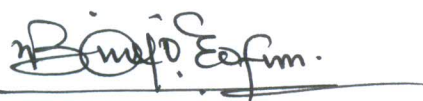
The minutes of this meeting would be placed on the Centre's website after members would have gone through.

7.0 Need for Audit Retreat

The need for a retreat for members of the Audit Committee was identified by the Centre Director. This was in order to acquaint them with modern trends in auditing, so as to enhance their knowledge of the expected roles and responsibilities.

8.0 Closing

The meeting was brought to a close following the closing prayer offered by Mr. A. J Olusanwo at 1.30 pm.



Prof. C. O Adeofun
Chairman



Mr. S. A Dada
Secretary