

**AFRICA CENTRE OF EXCELLENCE FOR
SUSTAINABLE POWER AND ENERGY
DEVELOPMENT (ACE-SPED)
UNIVERSITY OF NIGERIA, NSUKKA (UNN)**

**MANAGEMENT LETTER ON THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023**



**Agochukwu Okpalaoka & Co.
Chartered Accountants**

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY
DEVELOPMENT UNIVERSITY OF NIGERIA, NSUKKA**

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023**

CONTENTS	PAGE
1.0 EXECUTIVE SUMMARY	2
2.0 INTERNAL CONTROL STRUCTURE	2
3.0 ISSUES IN BANK RECONCILIATION STATEMENTS	3
4.0 FIXED ASSETS ACCOUNTING	4
5.0 UNAUTHORISED/UNEXPLAINABLE PAYMENTS FROM DOMICILIARY ACCOUNT	5
6.0 CONCLUSION	6



04 February, 2024

The Centre Leader/Director
Africa Centre of Excellence for Sustainable Power and Energy Development (ACE-SPED)
University of Nigeria Nsukka, Enugu State.

Dear Sir,

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023**

We have concluded the audit of the Financial Statements of the **AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY DEVELOPMENT** for the year ended 31 December, 2023. As part of the audit, we examined the internal control system, which the management instituted to safeguard the assets of the centre and to secure, as far as possible, the accuracy and reliability of its records.

We now set out below the weaknesses which came to light during the audit exercise together with our recommendations for improvement.

Please note that the comments which were included in this report refer only to those matters which came to our attention during the course of our normal audit work and do not attempt to indicate all possible weaknesses that may exist in the system as these can only be highlighted by a formal investigation.

We shall be ready to offer further explanations on any part of this report if requested to do so. Please you should endeavour to intimate us any time changes are made in your existing Internal Control System.

We wish to use this medium to commend the Financial Management Coordinator, the Centre Leader/Director and the Centre Management Team for the co-operation we received during the audit and for the opportunity offered to us to serve in this capacity.

Yours faithfully,

AGOUCHUKWU OKPALAOKA & CO.
(CHARTERED ACCOUNTANTS)

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY
DEVELOPMENT UNIVERSITY OF NIGERIA, NSUKKA**

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023**

1.0 **EXECUTIVE SUMMARY**

We have completed the audit of the Financial Statements of the Centre of Excellence for Sustainable Power and Energy Development for the year ended 31 December, 2023. In carrying out our audit, we reviewed the existing accounting and internal control process so as to guide us in expressing an opinion as to the true and fair view of information contained in the financial statements.

Please note that it is the responsibility of Centre Management to set up and maintain Internal Control Structure of the Centre and it is our responsibility to review all the accounting and internal control structure with a view to identifying areas of weaknesses and to make our recommendations for improvement.

2.0 **INTERNAL CONTROL STRUCTURE**

We reviewed the Centre's Internal Control Structure with particular reference to the Centre Management's responsibilities for and the objectives, and limitations of the Internal Control structure.

2.1 **Centre Management's Responsibilities**

The Centre Management are responsible for establishing and maintaining the internal control structure. In fulfilling this responsibility, estimates and judgments by Management are required to assess the expected benefits and related costs of internal control policies and objectives.

2.2 **Objectives**

The objectives of an internal control structure are to provide management with reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements.

2.3 **Limitations**

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not detected. Also, projection of any evaluation of the structure for future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate. The major limitations are:

- ⇒ Controls usually provide reasonable rather than absolute assurance that their objectives will be accomplished. This is primarily because the cost of an internal control should not exceed the benefits expected to be derived from it.

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY
DEVELOPMENT UNIVERSITY OF NIGERIA, NSUKKA**

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023**

- ⇒ The effectiveness of the controls is ultimately dependent on the people performing them.
- ⇒ Any control designed to ensure the execution and recording of transactions may be ineffective against errors or irregularities perpetrated by management. Because of their authority to establish controls, management can normally override them.
- ⇒ Procedures may become inadequate due to changes in conditions, and compliance procedures may deteriorate.

3.0 ISSUES IN CASH BOOK AND BANK STATEMENTS

3.1 Observations/Comments

Our review of the cash book and bank statement of the Centre shows the following anomalies:-

- ⇒ No bank statement was provided for the National Universities Commission Account. However, a schedule of inflows and outflows was provided in place of bank statement with a closing balance of ₦94,225,676.69 or \$104,823.80.
- ⇒ Huge exchange rate gap between the schedule of National Universities Commission's Dollar account provided and the CBN exchange rate at the dates transactions occur.
- ⇒ Long list of outstanding payments/receipts not posted in the cash book as stated below with a significant difference between the cash book and bank statement balances to the tune of (₦23,165,838.54) and ₦4,128,164.00 for the operational and sustainability accounts respectively.

OPERATIONAL ACCOUNTS	₦
Balance as per cashbook	66,380,664.92
Payments made in cashbook not traceable in bank statement	15,561,632.00
Receipt in cashbook not traceable in bank statement	(16,673,933.25)
Payments in bank statement not posted in cashbook	(22,053,537.29)
Balance as per bank statement (31/12/2023)	43,214,826.38

SUSTAINABILITY ACCOUNTS	₦
Balance as per cashbook	2,594,048.38
Payments made in cashbook not in bank statement	980,037.00
Receipt in bank statement not posted in cashbook	7,030,567.04
Payments in bank statement not posted in cashbook	(3,882,440.04)
Balance as per bank statement	6,722,212.38

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY
DEVELOPMENT UNIVERSITY OF NIGERIA, NSUKKA**

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023**

⇒ The following payments for Sustainability account were wrongly posted to Operational Cashbook Account as listed below:-

Date	Name	Narration	Amount ₦
25/05/2023	Christian Uzochukwu	Payment of salary to NET Hub	80,000.00
25/06/2023	Christian Uzochukwu	Payment of NET Hub Res person	500,000.00
30/06/2023	Ejiogu Emenike	Out of pocket expenses for production of 100 vest	855,000.00
19/07/2023	Anyanwu Cosmas	Participation in WACEENET meeting in Accra Ghana	1,657,812.50
19/07/2023	Agochukwu Okpalaoka & Co.	Audit Fee	100,000.00
			3,192,812.50

⇒ Failed payments in the bank statements, which were later reversed were captured in the cashbook as inflows to the tune of N11,781,874.59 as stated below:-

		N
11/01/2023	Sundry Inflow	430,000.00
27/03/2023	” ”	596,830.00
28/03/2023	” ”	900,001.72
19/04/2023	” ”	911,250.00
16/05/2023	” ”	8,834,532.87
20/06/2023	” ”	109,260.00
		11,781,874.59

3.2 Implications

- ❖ Audit tests on the safety and existence of bank balances were inconclusive when statements are not fully provided.
- ❖ Lack of uniformity in exchange rates leads to distortion in the account.
- ❖ Internal control purposes which reconciliation statements serve is defeated when long list of outstanding items are left untreated or unresolved.
- ❖ Inadequate supervision
- ❖ Weak internal control system.

3.3 Recommendations

- Internal control system should be strengthened.

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY
DEVELOPMENT UNIVERSITY OF NIGERIA, NSUKKA**

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023**

- There should be uniformity in exchange rate on both inflow and outflow.
- There is need to obtain bank statements at least on monthly basis.

3.4 **Management's Comment(s)**

Your Observations are well noted for implementations

4.0 **FIXED ASSETS ACCOUNTING**

4.1 **Observations/Comments**

During the audit, we noted the following lapses in fixed assets accounting records:

- ⇒ The Centre has no standard or comprehensive fixed assets register.
- ⇒ There were no depreciation charges on individual fixed assets.
- ⇒ The following assets classes which were acquired within the year were expensed under various maintenance heading as listed below:-

	₦
Building Maintenance	222,274,696.78
Computer Maintenance	5,006,812.51
Electricity Maintenance	48,863,622.14
Furniture and Fittings Maintenance	40,925,346.32
Motor Vehicle Maintenance	78,000,000.00
	395,070,477.75

4.2 **Implications**

- ❖ Capital items are being expensed.
- ❖ The Centre would not be able to monitor and identify its fixed assets in the event of unauthorized usage or losses.
- ❖ Non computation of Depreciation charges before arriving at net surplus or deficit will result to wrong balances at year end
- ❖ Poor knowledge of fixed assets accounting.

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY
DEVELOPMENT UNIVERSITY OF NIGERIA, NSUKKA**

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023**

4.3 Recommendations

- Management should immediately procure a comprehensive/standard fixed assets register that will give full details of information needed like.
 - ❖ Date of Purchase
 - ❖ Cost of Assets
 - ❖ Identification Number
 - ❖ Location of Asset, etc
- Internal check/audit should be strengthened.

4.4 Management's Comment(s)

Efforts is being made to update the fixed assets register to reflect and address your observations.

5.0 UNAUTHORISED/UNEXPLAINABLE PAYMENTS FROM DOMICILIARY ACCOUNT

5.1 Observations/Comments

Audit observed the following payments made from Sustainable Domiciliary account which were not captured/recognised in books of the Centre.

DATE	RECEPIENT	PURPOSE	DOLLAR VALUE	NAIRA VALUE
16/10/23	Association of African University	Subscription	6,000.00	4,589,556.00
14/11/23	World Health Organisation	Research & Dev	1,500.00	1,164,244.50
TOTAL			7,500.00	5,753,800.50

On further inquiry it was revealed that the payments were not initiated, originated or authorised by the Centre Management. However, correspondences have been sent to the Central Bank Of Nigeria (CBN) for inward reversal of the payments.

5.2 Implications

- ❖ Difference in the Closing Balance of Cashbook and Bank Statements.
- ❖ Internal Control system of the Centre proves very weak, when serious financial issues are not dictated and resolved promptly.
- ❖ The aim which reconciliation purposes serves is defeated

**AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE POWER AND ENERGY
DEVELOPMENT UNIVERSITY OF NIGERIA, NSUKKA**

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023**

5.3 Recommendations

- Management should immediately follow up the matter to a conclusive end without further delay.
- Internal check/audit should be strengthened.

5.4 Management's Comment(s)

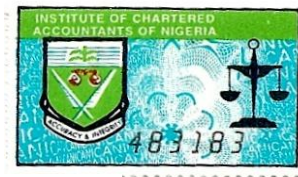
We are currently in talk we the central Bank Of Nigeria to address the anomalies and get the money reversed.

6.0 CONCLUSION

We shall be ready to offer further explanations on any part of this report if requested to do so. Please you should endeavour to intimate us any time changes are made in your existing Internal Control System.

We express our profound gratitude to the staff of the Centre for their co-operation and understanding during the conduct of the audit and to the Centre Management for the opportunity offered us to serve the Centre.

Yours faithfully,



Agochukwu Okpalaka & Co
AGOCHUKWU OKPALAOKA & CO.
(CHARTERED ACCOUNTANTS)