

BAYERO UNIVERSITY KANO

**MANAGEMENT REPORT ON THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED**

31ST DECEMBER, 2018



M.A. BELLO & CO.

Chartered Accountants

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September 06, 2019

The Vice Chancellor,
Bayero University Kano,
Gwarzo Road,
P.M.B 3011 Kano,
Kano State.

Dear Sir,

MANAGEMENT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018.

- 1.0 We have the pleasure in presenting this report on our audit for the year ended on 31st December, 2018. This report details operational matters noted in the course of our audit as well as details of accounting system.
- 2.0 The Principal objective of our procedures is to enable us express our opinion on the truth and fairness of the financial statements as a whole. An audit opinion is based on the concept of reasonable assurance. It is not a guarantee that the financial statements are free of misstatement.

Our audit procedures are tailored to our assessment of risk of material misstatement taking account the inherent risk of fraud or error and our assessment of the effectiveness of controls in eliminating or reducing the risks.

We consider controls primarily at the corporate level and in overall term. We cannot in practice examine every operating activity or accounting procedures in the University. However, our opinion was based on the financial records kept by the Institution during the year under review which were properly and adequately kept.

- 3.0 As to the possibility of fraud, we plan our audit to have a reasonable expectation of its disclosure if the amounts would be material to the financial statements. But there are potentially many kinds of fraudulent activities, which normal statutory audit is not designed to uncover.

The matter raised in this report and other key significant matters arising from the audit have been discussed with the Management.

4.0 The enclosed financial statements are in a form we are prepared to sign as external auditors provided they are approved by the University Council.

5.0 **Transmission of Procurement Records to BPP**

We noted that the University did not transmit 2018 procurement records to the Bureau for Public Procurement in compliance with Part IV, Section 16(13) that states that copies of all procurement records shall be transmitted to the Bureau not later than 3 months after the end of the financial year and shall show:

- a) information identifying the procuring entity, and the contractors;
- b) the date of the contract award;
- c) the value of the contract;
- d) the detailed records of the procurement proceedings.

Effect

Non-compliance with Bureau for Public Procurement Act 2007

Recommendation.

Compliance is recommended.

Management Response

We have been communicating with Bureau of Public Procurement on specific procurements. The need to submit annual reports is noted. Management will ensure that comprehensive procurement records are transmitted to the Bureau of Public Procurement at the end of each year in accordance with the provision of Procurement Act 2007.

6.0 **Internal Audit Report**

We noted that the Internal Audit Unit has been preparing quarterly report. However, it has not been preparing monthly and half yearly audit reports as required by Section 1706(i)-(iii) of the Financial Regulations 2009 (Revised).

Effect

The internal audit is the custodian of internal controls of any organization. This cannot be effectively done without internal audit unit being fully functional.

Non preparation of internal audit reports as required in the Financial Regulations may not serve the corrective measures for which the system was designed to achieve.

Recommendation:

Internal auditor is advised to always write monthly and half yearly reports in addition to the quarterly report.

Management Response

Management will ensure compliance with your recommendation for the preparation of monthly and half yearly reports in addition to the quarterly report.

7.0 **Fixed Assets**

7.1 **Fixed Asset Register**

We noted that the Fixed Asset Register maintained by the University was not updated, thus the Register does not contain information of all the assets of the Institution.

The value of assets recorded in the Register was at variance with those contained in the Management Account presented to us.

A fixed Asset Register shows at a glance the cost, addition, disposals, location, depreciation, supplier, and condition of the asset among others. It provides the overall information of the asset at a glance.

The Fixed Assets Register maintained by the University lack the following information

- a. Date of acquisition
- b. Model number
- c. Addition/revaluation of assets
- d. Date and amount of disposal
- e. Depreciation rate, accumulated depreciation

Effects

Non-maintenance of up to date fixed asset register from which the assets could be traced could lead to theft, loss and misapplication of assets and this could result to financial loss to the University.

Recommendation

Maintenance of updated fixed assets register where detailed information on its property plant and equipment are recorded.

Management Response

This observation is noted. Management will ensure that the fixed assets register is continually updated with the required information as recommended.

7.2 **Delay in the Completion of Projects**

We noted that a few of the construction contracts awarded by the Institution were not completed at the expected completion date.

Effect

Non-adherence to agreement on projects and non-utilization of project

Recommendation

We advise the University to put in place controls in order to ensure that contractors comply with the agreed expected date.

Management Response

The delay observed in the completion of a few projects is largely due to delays in releases of funds by the Federal Government or even non release in some cases. However, Management will intensify efforts in pursuing timely releases of funds.

8.0 **Cash and Bank**

8.1 **Bank Reconciliation Statements**

We noted that monthly Bank Reconciliation Statements were not prepared for GIFMIS Personnel, Overhead and Capital accounts to reconcile the bank and cash book balances. This is not in compliance with the provision of 2009 Revised Financial Regulations Section 716 and 806.

Effect

- Non-compliance with Sections 716 and 806 of the 2009 Financial Regulations.
- Any discrepancy between the bank and cash book balances may go unnoticed.
- The Ledger balances reported in the accounts may not give the true positions of cash balances as at the year end.

Recommendation

Reconciliation Statements should be prepared for all bank accounts at the end of every month.

Management Response

It should be noted that the University cannot obtain bank statements from GIFMIS platform, rather only cash balances are obtained. Management will ensure the preparation of monthly cash balance summary in the cash books in lieu of bank reconciliation statement.

8.2 **Dating and Signing of Bank Reconciliation Statements**

We noted that bank reconciliation statements prepared were not dated by the preparer nor signed by superior officer.

Effect

- Timely preparation of bank reconciliation statement could not be ascertained.
- Possibility of non-detecting error or mistakes in the bank reconciliation.

Recommendation

Bank reconciliation statement should be dated by the preparer and signed by superior officer in order to uncover possible errors or mistakes for correction.

Management Response

A review of this observation shows that bank reconciliation statements were prepared and signed for non-GIFMIS TSA accounts but not dated. Management will ensure proper dating of bank reconciliation statements.

9.0 Net Monthly Salary Payment below 50%

We noted that there were deductions from salaries of staff that resulted to more than a half of the respective staff's monthly salary contrary to the provision in the 2009 Revised Financial Regulations Section 1409 (ii) which states that no advance may be granted which will result in a total deduction of more than a half of an officer's monthly salary.

Effect

Non-compliance with Section 1409 (ii) of 2009 Financial Regulations. Too much deduction from salaries of employees may put them on financial embarrassment which will affect their productivity in the work place.

Recommendation

Compliance with the relevant Sections of the Financial Regulations.

Management Response

The problem is created by the fact that various staff Unions and Co-operatives extend loan facilities to staff members without recourse to Bursary, and without coordinating with one another. Management will ensure compliance with the provisions of the 2009 Financial Regulations on minimum net pay by liaising with Unions and other Cooperatives in the University to find ways of curbing excessive loans/debts to staff which usually cause deductions that leave net pay below 50% for some staff.

10.0 Anti-Corruption and Transparency Unit (ACTU)

We noted that the University set up a Committee on Anti-Corruption and Transparency. However, the Institution is yet to establish ACTU as directed by the Head of Civil Service of the Federation through Circulars Reference No. OHCSF/MO/192/94 dated 2nd October 2001 and OHCSF/SPSO/CSTD/314/T2/61 dated October 5, 2016.

Effect

The University could not benefit from the important functions of ACTU some of which are mentioned below.

- i. Preliminary investigation;
- ii. Prevention of corruption through systems study and review;
- iii. Education and enlightenment of public servants on, and against corruption;
- iv. Promoting ethics and ensuring compliance with ethical codes; and
- v. Monitoring of budget implementation.

Recommendation

Establishment of ACTU in the University.

Management Response

While trying to establish ACTU in accordance with the said circular, Management and Council observed conflicts and duplications with some statutory Units/Committees established by the University law. These are being resolved so that appropriate ACTU can be established.

11.0 **Appreciation**

We wish to express our appreciation for the cooperation we received from the management of the University during the audit exercise.

We shall be glad to provide you with any further information/explanation you may require for the purpose of understanding and implementation of any recommendation contained in this report.

Yours truly,

A handwritten signature in black ink, appearing to be 'M.A Bello & Co', written over a horizontal line.

For: M.A Bello & Co
(Chartered Accountants)