



FEDERAL UNIVERSITY OF TECHNOLOGY, MINNA

**HDA AUDIT**

(CHARTERED ACCOUNTANTS)

MANAGEMENT LETTER ON THE UNIVERSITY'S FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023



30<sup>th</sup> October, 2024

The Vice Chancellor  
Federal University of Technology,  
P. M. B 65,  
Minna Niger State

**Attention: Bursar**

Dear Sir,

**MANAGEMENT LETTER ON THE AUDIT OF THE UNIVERSITY'S ACCOUNTS FOR  
THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

We are glad to inform the Institution's Management Team and its Governing Council that we have finalized work on the audit of the University's operating and financial activities for the year ended 31st December, 2023.

In conformity with the generally accepted audit practice, the scope of work and the traditional deliverable, please find discussed below our observations, comments and recommendations on some key accounting, book keeping and internal controls, as well as, the significant operation issues that came to our notice during the course of carrying out the assigned statutory audit exercise for your information and necessary actions:

**1.0 FINANCIAL PERFORMANCE SUMMARY**

The comparative summary of the University's Financial Performance score card for the year ended 31st December, 2023 and that of year ended 31st December, 2022 is highlighted below:

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	DEAILS	2023	%	2022	%
A	INCOME	N		N	
	Recurrent Grants	5,783,218,485	75.12	2,816,162,179	87.71
	Other Grants	39,290,637	0.51	160,409,511	5.00
	Internally Generated Revenue	1,876,611,404	24.37	234,063,306	7.29
	<b>Total Income</b>	<b>7,699,120,527</b>	<b>100.00</b>	<b>3,210,634,995</b>	<b>100.00</b>
B	Less: EXPENDITURE				
	Staff Salaries & Wages	(5,933,390,784)	(77.07)	(2,806,501,804)	(87.41)
	Academic Expenses	(470,333,253)	(6.11)	(142,708,325)	(4.44)
	Administrative Expenses	(1,063,139,293)	(13.81)	(499,798,921)	(15.57)
	Mopped - Up to CRF	-	-	(19,379)	(0.00)
	Remittance to CRF	(13,075,291)	(0.17)	-	-
	<b>Total Expenditure</b>	<b>(7,479,938,621)</b>	<b>(97.15)</b>	<b>(3,449,028,429)</b>	<b>(107.43)</b>
	Operating Surplus/(deficit) before Depreciation	219,181,906	2.85	(238,393,433)	(7.43)
	Less Depreciation Charge on Fixed Assets	(1,060,947,899)	(13.78)	(617,429,141)	(19.23)
C	Operating Surplus/(Deficit) after Depreciation	(841,765,994)	(10.93)	(855,822,575)	(26.66)

## 1.1 FINANCIAL PERFORMANCE EXAMINATION

### Analysis of Income

Evaluation of the Entity's income indicates that University recorded an upsurge in total revenue of ₦4,488,485,532 or 139.80% compared with the year 2022 total income. This was mainly connected with increment in Recurrent Grants by ₦2,967,056,306 or 105.36% and Internally Generated Revenue (IGR) also increased by ₦1,642,548,098 or 701.75% of the previous year IGR.

### **Comment**

Substantial increment in Internally Generated Revenue (IGR) of the University was noticed. This is commendable, management is strongly advised to sustain the trend and put necessary strategies in place to further boost the Internally Generated Revenue (IGR).



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**Management Response**

*Management will sustain the trend and also explore other avenues to increase the revenue.*

Analysis of TETFUND account reveals that the University received a total sum of ₦2,568,122,245 as Special Intervention Fund from TETFUND during the year under review as against ₦2,010,570,629 in 2022. However, this fund is not reflected in revenue analysis here due to the fact that the grants were given for specific purposes and programme that the Institution must implement in compliance with the funding guidelines.

**Expenditure Analysis**

Depreciation is an imputed cost that does not involve movement of cash. Reviewed work on expenditure reveals that the total expenditure (less depreciation charges) of the University for the current year stood at ₦7,479,938,621 while the total sum of ₦3,449,028,429 was expended in previous year showing a significant increase of ₦4,030,910,192 or 116.87%.

Further review exercise indicates that Personnel Cost increased by ₦3,126,888,980 or 111.42%, Academic Expenses also increased by ₦327,624,928 or 229.58% and Administrative Expenses increased by ₦563,340,372 or 112.71% of the 2022 Administrative Expenses.

The increment in the Administrative Expenses specifically could be connected with significant increase in the expenses like Electricity Expenses, Office Stationery/Computer Consumables Expenses, Drugs & Medical Supplies, Minor work maintenance and Welfare Packages/Hospitality Expenses in the current year as compared with the previous year.

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## 1.2 NET RETURN ANALYSIS

The ratio of expenditure on year 2023 total income has less impact than it had on 2022 as it weighed 110.93% of the total revenue in 2023 as against 126.66% in 2022.

In this connection, we highlight the following administrative expenses for management's attention and consideration for the purpose of cost control as they are on high side:

### EXPENSES UNDER WATCH

Expenditure Sub-Head	2023 ₦	2022 ₦	Increase ₦
Hotel & Accommodation Expenses	22,317,870	13,540,408	8,777,462
Electricity Expenses	230,542,497	77,795,642	152,746,855
Drugs and Medical Supplies	45,199,072	6,346,880	38,852,192
Office stationeries/Computer consumables	119,929,747	7,678,560	112,251,187
Legal Service	19,497,000	700,000	18,797,000
Refreshment and meals	36,053,645	8,716,210	27,337,435
Welfare Packages & Hospitality	45,090,152	12,263,850	32,826,302
Minor Works - Maintenance	194,701,273	14,649,498	180,051,775

### Management Response

*Significant increase in Administrative Expenses of the University is attributed to the following:*

*I. University went through NUC accreditation exercise with seventeen (17) courses.*

*II. Purchase of high quality drugs.*

*III. The increase in Hotel & Accommodation expenses was due to the University's convocation, accreditation activities and other visitors of the University.*



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## 2.0 RECORD KEEPING, ACCOUNTING AND INTERNAL CONTROL SYSTEMS IN PLACE

Our reviewed work shows that the University's systems of Internal Control has apparently improved. However, strict and consistent compliance with standard internal control requirements is needed.

Shortcomings of the University in line with standard internal control test include the following:

## 2.1 LOAN AND ADVANCES

Examination of the University's Loan and Advances reveals that total sum of unretired staff advances as at 31<sup>st</sup> December, 2023 is ₦17,370,629 held by 118 staff of the University as against previous year position of ₦13,732,002 held by 84 staff. This represents an increase of ₦3,638,627 or 26.50% of the year 2022 staff advances.

### Staff with High Unretired Advances

The schedule of top eleven (11) Staff with high unretired Touring and Purchase advances as at 31<sup>st</sup> December, 2023 is highlighted below:

S/NO	FILE NO	LEDGER	NAME OF STAFF	AMOUNT (=N=)
1	PF - 0726	-	Mr. Yakubu umar	318,500.00
2	PF - 1430	30	Mr. Dada Ayobami Bamidele	326,500.00
3	PF - 1457	22	Dr. Sakariyau olalekan Busra	421,455.89
4	PF - 2154	-	Mr. Abdulhakeem Abubakar	344,000.00
5	PF - 2210	45	Dr. Ademola Ojekunle Joel	517,300.00
6	PF - 0459	13	Ijaiya Abdulmojeed Tunji	276,828.00
7	PF - 0899	-	Mr. Tsado Nma Daniel	233,210.65
8	PF - 1191	35	Mr. NdagiAhaji Mohammed	357,320.00
9	PF - 1170	44	Mr. Idris Muhammad Dogo	251,100.00
10	PF - 1371	91	Agoola Joseph Babalola	300,000.00
11	PF - 1852	29	Mr. Alabi Isiaq Oludare	259,000.00
	<b>TOTAL</b>			<b>3,605,214.54</b>

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The above table shows that eleven (11) staff held 20.75% of the total unretired advances out of total number of one hundred and eighteen (118) staff with unretired advances.

**Comment**

The above analysis reveals that University's advances are on the high side which is an indication that the management needs to devise measures to clamp down on defaulters who are not retiring the advances as at when due compared with the year 2022.

However, we encourage the management to put in more effort in ensuring that staff retire their advances as at when due.

**Management Response**

*Management will improve on the measures to ensure that unretired advances are minimized. Most of the staff listed in the above schedule have already retired their advances in early 2024.*



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### 3.0 PROGRESS REPORT ON THE YEAR 2022 RECOMMENDATIONS

Below is the progress report on the University operating lapses noticed and discussed in the Management Report of the year ended 31st December, 2022:

#### 3.1 RE: INSPECTION OF THE UNIVERSITY'S FARM

##### Observations in 2022

- Attitude to work of the staff on the farm is poor, inefficient, and unproductive.
- All previous recommendations are yet to be implemented which leaves the farm activity redundant.
- According to our findings a committee was set up to oversee the activities of the farm and they made recommendations which are yet to be implemented.
- Farm equipment lying redundant and requires repairs & maintenance.
- Lack of activity in the farm has contributed to the low IGR that the University suffered in this current year under review.

##### Recommendations then

- The University's management should constitute a committee that will design a detailed farm's concession plan that will afford the University the best and affordable option.
- The University's Farm is advised to be placed on concession through Public Private Partnership (PPP) for re-engineering and value addition. Meanwhile, an agreed profit-sharing ratio should be reached between the partners for profit sharing.
- Furthermore, a joint venture arrangement between the partners in terms of who provides the assets, operations, and the expertise.
- For efficiency and consistent commitment from the staff, all old staff of the farm should be posted out and the new ones coming in should be made aware that their wages will be paid from the income generated from the farm activities.

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- On reaching the agreement with the partners, the above constituted committee should also be saddled with the responsibility of reporting on quarterly basis every proceed from the farm for further decision making by the University's management.
- All current committee should be dissolved so as to make way for new ones that will decide for effective, efficient and productive recommendations that will put the farm on profit making.

**Management Response then**

*Management will adopt the recommendations and also ensure effectiveness and efficiency in the farm operations.*

**Current Status**

- Previous recommendations not fully implemented
- Commercial Farm management committee has been set up and the old tractors have been auctioned. The farm management awaits the purchase of new tractors by the University's management.

**Current Observations**

- We observed that the heavy duty tractors have been auctioned as recommended in our previous report.
- The commercial farm management leased out land for farming and made sales of economic trees remitted to the University's account.
- The farm management awaits the decision of the University for the purchase of new cost effective tractors so as to pick up their operational activities fully.

**Management Response now**

*Recommendations acknowledged. Management are putting measures to ensure that the University farm is being productive.*



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### **3.2 RE: EVALUATION OF THE UNIVERSITY'S SECURITY ARCHITECTURE**

#### **Recommendations in 2022**

- We observed that Security section of the University is short of personnel as can be seen in the case of the control rooms, the University main gate and other strategic places within the University.
- We still observed that vehicles were not subjected to check at the point of entry and exit from the University's main gate.
- The security architecture around the University has really improved as we were informed and could see that the University's security has partnered with other security agencies such as private security guard, the Police & local vigilante group all aided by the wide parameter coverage of the CCTV to provide adequate security in and around the University.
- We observed replacement and maintenance of faulty CCTV cameras during our visit to the control room and other parts of the University.
- We observed that the control room around the Needs assessment hostel requires a comfortable control office as the office was very hot as a result of bad air condition.

#### **Recommendations then**

- We recommend for more trained personnel in the security department so that the effectiveness of their activities can be seen and felt in and around the University.
- There is a need for the maintenance and periodic overhauling of the security infrastructure in and around the University.

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- Due to the sensitive nature of the security gadget, we advise and recommend for an internal maintenance teams in the case of any emergency breakdown so as to keep the security architecture active always.

**Management Response then**

*Recommendations upheld. Management will sustain the current security architecture and improve on it.*

**Current Status**

- Previous recommendations substantially implemented.
  - Better improvement in the security architecture of the University was noticed.
- We must commend the management for their efforts. However, some issues were still lingering from our previous year observations.

**Current Observations**

- We observed that vehicles are now being subjected to check at entrance and exit of the University gate.
- The security architecture around the University has improved. We were informed and also noticed that the University's security has partnered with other security agencies such as Private Security Guards, the Police & Local Vigilante Group all aided by the wide parameter coverage of the CCTV to provide adequate security surveillance in and around the University.
- We also observed that the CCTV with the wide range coverage requires urgent maintenance as it has reduced the effectiveness and efficiency of the security formation.



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**Management Response now**

*Recommendation upheld. Management will sustain and improve the current security architecture. Management has also engaged other security agents to retrain our security personnel.*

**3.3 RE: NEEDS ASSESSMENT HOSTEL BUILDINGS**

**Observations in 2022**

Follow up was made on the implementation status of our previous year recommendations on the NEEDS ASSESSMENT Hostels as part of our review exercise and the following were currently observed:

- The security architecture of the hostel has improved as we sighted both School security and other security guard during our visit. Furthermore, tools have been made available for efficiency of discharging their services.
- Lack of water supply to first and second floor of the Needs Assessment hostel building still lingers and it is ideal they have water flowing into their various apartment considering the amount they secured accommodation in the Needs Assessment hostel.
- There is a need for general maintenance in and around the Needs Assessment hostels as at the time of our visit.

**Recommendations then**

- Management should consider the issue of water flowing to the first and second floor of the female and male Needs Assessment hostel as a matter of urgency as it is not healthy due to the amount the students paid to secure accommodation in that hostel building.
- The Management should provide a solar security light in and around the hostel for security purpose.

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**Management Response then**

*Recommendations noted. Management will continue to ensure that the needful is done accordingly.*

**Current Status**

Previous recommendations majorly implemented.

**Current Observations:**

There is still need for the student affairs unit to run a maintenance check on some of the rooms both in the boys and girls hostel of the Needs Assessment building. There were complaints of toilet plumbing lapses, electrical issues bothering on lightening, fans not working, Air-conditions not working and wardrobes that require repairs and a few replacements.

Solar lights have been provided around the hostel buildings to lighten up the environment. This is highly commendable and we will continue to encourage the management to keep the good works on.

**Recommendation**

Management should not get tired of running constant maintenance in the hostels so as to make the hostels conducive and comfortable for the students during their stay.

**Management Response Now**

*Recommendation acknowledged. Management will continue to provide conducive environment for the students.*

**3.4 RE: UNIVERSITY'S GUEST HOUSE ASSESSMENT**

**Recommendations then**

- There should be adequate security measures in and around the Guest House to safe guard lives and properties of visiting guests.
- Management should see the Guest House as a source of generating additional IGR for the University and also inject fund for proper maintenance so at to improve the Entity's operations and attract visitor within and outside the state.



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- The investigating committee should be set up so that full investigation on the activities of the Guest House can be carried out and report accordingly for timely management decision.
- Proper renovation of the Guest House is also recommended in order to increase the patronage and the revenue, since it remains one of the revenues generating units of the University.

#### Management Response in 2022

*Earlier recommendations noted. Management are putting in place necessary steps to ensure functionality of the guest house.*

#### Current Status

The recommendations not implemented.

#### Management Response now

*Your recommendations have been noted. Management is implementing the necessary measures to ensure that guest house operates effectively.*

### 3.5 RE: OTHER HOSTELS

#### Observations in 2022

- The hostel environment was clean and better compared to our last visit.
- Some of the previously installed solar light that provides light around the hostels were not working but we could see the ongoing preparation for the installation of new ones as at the time of our visit.
- We also noticed that the hostel units require additional manpower due to the peculiarity of the department and the increase in the population of students and hostel buildings.
- Also noticed is the improvement in water supply within the hostel as at the time of our visit and this is highly commendable.

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**Recommendations then**

- There should be regular supply of diesel to the hostel to avoid black out at night due to the insecurity challenge the country is facing at the moment.
- The solar power project should be lightened up in and around the hostel so as to allow the students see the environment at night in the case of a black out.
- We recommend for additional staff at the hostel unit for effectiveness and efficiency.

**Management Response then**

*Management will continue to put in place measures that will enhance students' safety and comfort.*

**Current Status**

-There was an improvement on the implementation of previous recommendations.

Solar Light have been installed around the hostel buildings to lighten up the environment at night which is a good and welcomed development

**Management Response now**

*Management will continue to implement measures that prioritize and enhance the safety and comfort of our students.*



### 3.6 RE: UNIVERSITY LIBRARY

#### Recommendations in 2022:

- All books of the University's library should be captured for recognition by the security gadget for safeguard.
- The faulty inverter should be either repaired or replaced to enable the CCTV camera work.
- Deployment of more security personnel should be given a consideration by the Management.
- The circulation unit desk should be moved closer to the exit door so as to monitor the movement of students and library books accordingly.

#### Management Response then:

*Recommendations made earlier will be considered and acted upon accordingly by the management.*

#### resent Status

- Some of the previously observed issues were still lingering as at the time of our visit.

The circulation unit desk has been moved closer to the exit door so as to monitor the movement of students and library books as previously recommended.

#### Management Response now

*Management will continue to ensure that any issues observed are addressed promptly and appropriately.*

### 3.7 RE: UNIVERSITY'S WORKS DEPARTMENT

#### Observations in 2022

- We observed poor maintenance culture in some units of the University during our visit to mention the University's Library and students' hostels as specific case study.
- We observed infractions on procurement of consumables by works department as interactions were conducted during our visit to various units of the University.
- The work unit is not cooperating with the University in terms of maintenance as they always tend to submit an outrageous quotation for minor maintenance.

#### Recommendations then

- We recommend that the University management decentralize the works department in order to ensure that their productivity, efficiency and loyalty is guaranteed in favor of the University and not their departmental superior officers.
- In the case of decentralization, works officers attached to various units as maintenance officer should report directly to the departmental head of the unit they are deployed to.
- All quotations for any maintenance within the unit they are deployed to will be accessed and approved by the said departmental head.
- As a matter of urgency, a maintenance officer should be attached to the library for the maintenance of their air conditions and fans as the heat in the various library unit is unbearable due to the current weather condition as at the time of our visit.

#### Management Response then

*Recommendations upheld. Management will put measures in place to check the activities of the staff in works department.*



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**Current Status**

All previously observed issues were still noticed during our visit and update checking.

**Management Response**

*Recommendations acknowledged. Management will implement measures to monitor and regulate the activities of staff in the Works Department.*

**3.8 GENERAL OBSERVATIONS**

- During our visit, we noticed some abnormal practices with business activities within the University premises. We wish to advise the management to control the price of consumables and other services within the Institution as the business owners are using some undue opportunity to exploit the students.

- Commercial motorcycle activities should be regulated. We advise that all cyclists that want to operate within the University premises should be made to buy the jacket provided by the school authority for easy identification as well as safety of students and staff of the institution.

**Management Response**

*Management will promptly address your observations by directing the committee responsible for this to take immediate action.*

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**CONCLUSION**

In conclusion, we are using this medium to thank the University's Governing Council for the opportunity given to us to serve the institution in this capacity and the Management as well as Staff for the cooperation received during the course of the audit exercise.

Please don't hesitate to contact us for further clarification wherever necessary Concerning the Financial Statements and this Management report.

Thank you and best regards.

Yours faithfully

For: **HDA AUDIT (Chartered Accountants)**



**Abdurrahman Garba**



**Kayode Surajudeen**