



25th March, 2022

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 31ST DECEMBER, 2021

We are pleased to inform the Entity'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, 2021.

In line with the generally accepted audit practice, the scope of work and the traditional deliverables, kindly find discussed below our observations, comments and recommendations on some key accounting, bookkeeping 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. SUMMARY OF OPERATING AND FINANCIAL PERFORMANCE

The comparative summary of the University's Operating and Financial Performance for the year ended 31st December, 2021 and that of year ended 31st December, 2020 is stated below:

HDA AUDIT (CHARTERED ACCOUNTANTS)

1

HDA Audit is a member of Affilica International

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S/ NO	DETAILS	2021	%	2020	%
	INCOME	N		N	
	Recurrent Grants	6,819,950,144	79.68	4,613,650,127	82.84
	Internally Generated Revenue	1,738,974,721	20.32	955,399,569	17.16
	Total Income	8,558,924,865	100.00	5,569,094,696	100.00
B	Less: EXPENDITURE				
	Staff Salaries & Wages	(6,430,269,562)	(75.13)	(5,025,498,525)	(90.24)
	Academic Expenses	(342,826,685)	(4.01)	(196,653,711)	(3.53)
	Administrative Expenses	(826,456,681)	(9.66)	(654,092,598)	(11.75)
	Mopped to CRF	(6,433,438)	(0.08)	(16,524,619)	(0.30)
	Total Expenditure	(7,605,986,366)	(88.87)	(5,892,769,454)	(113.55)
	Operating Surplus/(deficit) before Depreciation	952,938,500	11.13	(323,719,758)	(5.81)
	Less Depreciation Charge on Fixed Assets	(470,348,367)	(5.50)	(430,762,730)	(7.73)
	Operating Surplus/(Deficit) after Depreciation	482,590,132	5.64	(754,482,488)	(113.54)

1.1 OPERATING AND FINANCIAL PERFORMANCE ASSESSMENT

Detailed analysis of operating performance shows that the University recorded a Increase in total revenue of ₦2,989,875,169 or 53.69% compared with the previous year total income which was connected majorly to Increase in Recurrent Grants by ₦2,206,300,017 or 47.82% and Internally Generated Revenue (IGR) also Increased by ₦783,575,152 or 82.02% of the 2020 IGR.

An evaluation of TETFUND account shows that the University received a total sum of ₦1,864,599,049 as Special Intervention Fund from TETFUND during the year under review as against ₦1,828,277,932 in 2020. It is important to emphasize here that this fund is not reflected in revenue analysis here due to the fact that the grants were given for specific purposes and programmes that the Institution must implement in compliance with the funding guidelines.

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Examination of aggregate expenditure reveals the total expenditure (less depreciation charges) of the University for the current year stood at ₦7,605,986,366 mean while the total sum of ₦5,892,769,454 was expended in 2020 showing a significant increase of ₦1,713,216,912 or 29.07%.

Further review exercise shows that Personnel Cost increased by ₦1, 404,771,037 or 27.95%, Academic Expenses was also gulped up by ₦146, 172,974 or 74.33% and Administrative Expenses went up by ₦172, 364,083 or 26.35% of the 2020 Administrative Expenses. However, the upsurge in the Administrative Expenses in particular could be majorly traced to significant increase in the expenses like Local Training Expenses, Hotel & Accommodation Expenses, Electricity Expenses, and Supply of diesel as well as Refreshment & Meals expenses in the current year as compared with year 2020.

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1.2 NET RETURN ANALYSIS

The ratio of expenditure on year 2021 total revenue was less severe than it had on 2020 as it weighed 94.36% of the total revenue in 2021 as against 113.55% in 2020.

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	2021 N	2020 N	Increase N
Hotel & Accommodation	20,641,071	9,680,605	10,960,466
Supply of Diesel	74,055,286	68,267,992	5,787,294
Local Training	76,062,060	21,061,188	55,000,872
Electricity Charges	169,187,707	61,937,273	107,250,434
Refreshment & Meals	30,846,700	13,049,662	17,797,038
Other Maintenance & Services	10,621,243	2,116,650	8,504,593
Minor Work Maintenance	41,205,716	34,835,179	6,370,537

Management Response

The increase is due to high inflation in the economy. AEDC has also increased its tariff which informed the high increase in electricity charges. However, Management will ensure that there is control on the expenses.

2.0 RECORD KEEPING, ACCOUNTING, AND INTERNAL CONTROL SYSTEMS' ASSESSMENT

As part of our responsibilities as statutory Auditors engaged for the Audit assignment and in accordance with the Act that established the Institution, we conducted an assessment on the University's book keeping, accounting and Internal Control Systems in place.

2.1 Accounting and Record Keeping

Our reviewed work shows that the University's system of Internal Control is apparently adequate and sufficient for its current level of financial transactions and operational activities.

Accounting process, transactions recording and posting have been improved upon, (although we still noticed wrong classification/coding) this can further be improved by continuous on the job training and effective supervision of accounts staff by senior officers.

Recommendation

Regular training and supervision is required by accounting staff to minimize the reoccurring lapses on documentation and accounts classification.

Management Response

Management will ensure more effort on supervision and training, also computerization of Bursary operation is expected to commence soon which will minimize the reoccurring lapses.

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2.2 LOAN AND ADVANCES

Based on evaluation of Loan and Advances, we found that total sum of unretired staff advances is ₦18,543,937 as at 31st December, 2021 held by 107 staff of the university as against previous year position of ₦118,836,903 held by 260 staff. This represents a decrease of ₦100,292,966 or 84.40% of the year 2020 staff advances.

Schedule of Staff with High Unretired Advances

Below is the schedule of top Sixteen (16) Staff with relatively high unretired Touring and Purchase advances as at 31st December, 2021:

S/NO	FILE NO	LEDGER	NAME OF STAFF	AMOUNT (=N=)
1	PF - 0077	008	Idris Alhassan A.	728,300.00
2	PF - 0084	048	Ogbadoyi Emmanuel Olofu	678,544.00
3	PF - 0209	065	Kolo Jiya Reuben	413,580.00
5	PF - 0289	151	Oyero Olusegun Johnson	431,680.00
6	PF - 0690	297	Abdullahi Mohammed Bashir	314,000.00
7	PF - 0724		Mustapha Mohammed Alhaji	304,000.00
8	PF - 0758	271	Idris Nda Abdullahi	414,750.00
9	PF - 0809	150	Baba Kpotun Mohammed	422,040.00
10	PF - 1022	339	Adeyeye Mercy Modupe	400,000.00
11	PF - 1029	412	Mohammed Rabi'u Bello	427,000.00
12	PF - 1131	180	Shakirudeen Yusuf I.	390,000.00
13	PF - 1191	356	Ndagi Alhaji Mohammed	357,320.00
14	PF - 1308	140	Gana Philip Thomas	348,580.00
15	PF - 1371	91	Agoola Joseph Babalola	300,000.00
16	PF - 2215	654	Abu Ahmed Adamu	357,320.00
	TOTAL			6,287,114.00

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The above table shows that Sixteen (16) staff held about 34% of the total unretired advances out of total number of One Hundred and Seven (107) Staff with unretired advances.

Comment

The above analysis shows that University was able to reduce her unretired advances profile compared with the previous year. This decrease in unretired advances was quite significant and impressive. Therefore, the University is highly commended for the performance of the swift retirement and we urge the management to sustain the measures it has put in place.

Management Response

Management will sustain the measures in place to ensure unretired advances are reduced to the bearest minimum.

3.0 PROGRESS REPORT ON THE YEAR 2020 RECOMMENDATIONS

We refer to the lapses raised and discussed in the Management Report of the year ended 31st December, 2020 below are the update on the observations:

3.1 RE: VISITATION OF THE UNIVERSITY

FARM Recommendations then

- Urgent repairs of the existing farm tractors is required for smooth operations in the farm.
- Disposal of the existing farm tractors to acquire new ones can be very costly compared to cost of repairs. Therefore, repairs of these tractors is advised as against disposal for cost saving.
- Management should consult professionals in taking care of the birds so as to ensure perfect growth and stable production of eggs to increase Returns on Investment (ROI).

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- Management should consider provision of enough farm tools to enhance the performance of the farm to its fullest capacity.
- Heavy boon sprayer machine should be disposed and the proceeds be used to acquire lighter one.

Management Response then:

Recommendation Noted.

STATUS AS AT 2020

We observed substantial improvement in the University's Farms as it is now in partnership with FUTMIN Ventures and other external bodies to improve her revenue generation that subsequently gave room for remittances to the University.

However, poor security architecture around the University's Farms as well as the poor maintenance of the University's Farms tractors and other equipment were still noticed.

Current Observations

We couldn't visit the farm due to the on-going strike. However, the farm made a substantial remittance as part of the University's IGR.

Recommendations

As in the previous year above.

Management Response now

Management will put in place more measures to ensure increase in IGR from the farm.

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3.2 RE: EVALUATION OF THE UNIVERSITY'S SECURITY ARCHITECTURE

Recommendations in 2020

- We advise the management to look into recruiting more personnel in the security section of the university as it will help alerting any danger within the school environment. We also recommend the recruitment of local vigilante to compliment the service of the University security personnel for the safety of students and staff of the University.
- Adequate work tools should be made available to security personnel for them to be efficient. Tools such as torch light and so on.
- Security personnel at the gate should intensify effort in the search of every vehicle coming in and out of the University.
- The University management should consider improving its security network in and around the university premises due to the current security challenges in the country.

Management Response then:

Management has noted the recommendations. The CCTV cameras have been mounted in strategic places in the University and this has enhanced security watch in the University. In addition to CCTV, local vigilante group and police patrol team are also in place to compliment the services of the security personnel on campus.

Present Status

We noticed some improvement in the security architecture of the University but more can be done to further improve the security architecture of the university.

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Current Observation

- We observed that Security section of the University was short of personnel.
- There were no adequate work tools available for the security unit to work with.
- 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 improved as we were informed that the university's security has partnered with other security agencies such as the Police & local vigilante group to provide adequate security in and around the university.
- Some of the CCTV Cameras requires urgent maintenance and possible repairs as only four (4) feeds was available on the screen during our visit to the control room.

Recommendations

The recommendations as in the previous year remains.

**Management Response now
Noted**

3.3 RE: NEEDS ASSESSMENT HOSTEL BUILDINGS

Below are the previous recommendations on NEEDS Assessment Hostel Buildings:

- Deployment of more security guards and recruitment of vigilante around the hostels is advisable to avert any security threat to students especially in this era of insecurity.
- More boreholes should be sunk to address water scarcity in the hostels.
- There is need for the repairs and maintenance of the CCTV cameras due to the insecurity challenges we are currently facing in the country.
- We recommend for replacement of burnt bulbs and to carry out other electrical maintenance in the hostels.
- We recommend that the rooms with damaged PVCs should be quickly attended to, wardrobe and solar lights should be repaired as well as reading lamps should be replaced if need be.
- As a matter of urgency room 116, 216, and 316 should be quickly attended to as the crack defect has led to leakage in the listed rooms thereby deforming the walls and weakening the building.
- Finally, the Hostel Facility Manger if any, should visit the hostels both old and new to see the current challenges and proffer a best solution to it as fast as possible. Especially on the issue of water scarcity in the hostels and lapses on buildings maintenance which we consider life threatening to the students if not quickly fixed.

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Management Response Then:

The university has previously carried out major repairs in the NEED Assessment hostels. Presently, Management has approved funds to continue repairs in the hostel. The observations have however been noted and Management will respond to the new challenges.

Present Status

We noticed a quite significant improvement in the Management of the University's NEEDS Assessment hostels. Furthermore, our findings reveals that the management is carrying out an ongoing general maintenance on the hostels as at the time of our visit.

Current Observations:

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

- Inadequate security personnel around the hostels was observed during our visit and there were no sufficient work tools (like torch light and so on) for the security guards.
- Some rooms on both first floor and ground floor including the passages are connected to just the solar system and whenever the system is weak those areas mentioned above remains in darkness.
- The main entrance door to the girls hostel (Needs Assessment) requires attention as the locks are bad as at the time of our visit.

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- Lack of water supply to first and second floor of the Needs Assessment hostel building.

Recommendations

- The University Management should recruit more security personnel to complement the existing ones so as to overcome the security challenges in and around the hostels.
- The management should engage the works department (Electrical Unit) (If any) to connect all rooms within the needs assessment hostel to electric supply to avoid darkness in some parts of the hostels.
- The Management should as a matter of urgency fix or replace the lock of the main entrance in the Needs Assessment girls' hostel.
- Water tanks should be placed on top of the building or the management erect a water stand for easy flow of water to first and second floor of the needs assessment hostels.

Management Response Now

The maintenance and repairs of hostel is a continuous process. However, Management will look into the recommendations.

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4 RE: UNIVERSITY'S GUEST HOUSE ASSESSMENT

The previous observations noted during the course of inspection include the following:

- The University's Guest House has rooms for accommodation which is meant for generating additional revenue to the University.
- This Guest house requires urgent attention in the area of maintenance as most of the rooms were leaking during rain fall, the ceilings and walls were not in good condition. The environment looks seriously unkept and this will actually not attract guest and in- turn reduce the expected revenue to be generated.
- The security system of the Guest House is not adequate as it allows all sort of persons to go in and out without proper check; this can endanger the life of guests considering the high rate of insecurity in the country.

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 as to improve the Entity's operations and attract visitor within and outside the state.
- 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.

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Management Response then

Recommendation highly appreciated, Management will take proper action in putting the guest house in the best possible shape so as to attract more guests and increase revenue base.

Present Status

The Guest house is not yet in good shape as expected of a Standard University's Guest House and to even worsen the situation the guest house was in total blackout during our visit.

Recommendation

Based on detailed inspection and evaluation of the University's Guest House, the management is strongly advised to consider the engagement of the Hospitality Management Consultants who will manage the guest house and in turn remit substantial revenue generated to the University since the consultancy fee will be based on performance.

Management Response Now

Management will take proper action in putting guest house in good condition.

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4.1 OTHER HOSTELS

The following observations in other hostels were previously observed:

- Power Distribution Box on the ground floor of the boys' hostel were faulty and thereby leading to black out on that floor of the boys' hostel.
- Unavailability of water was seriously noticed within the boys' hostels thereby causing the environment to stink.
- Poor drainage system was equally observed during the visit as water do not quickly flow away due to poor drainage pattern.
- The old boys' hostels kitchens were in bad state as there was no water to keep the kitchens clean.
- We also observed that the hostels are short of cleaning staff, insufficient working tools for the cleaners such as brooms and so on was also noticed as at the time of our visit.
- We noticed that the pumping machine for the old boys' hostel was bad as at the time of our visit.
- All suck away chambers in the old girls' hostel were left opened as at the time of our visit.

Recommendations Then

- We recommend that all electrical issues within the hostels be fixed as soon as possible as it is not advisable to leave the students in darkness.
- Additional boreholes should be sunk to end water scarcity in the hostels.

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- The poor drainage system should be checked by PPDU to end water stagnation in the hostel drainages.
- We advise the hostel facility manager to fix all plumbing issues in all hostels.
- The University management should find a way of motivating the staff working within the hostels so that they can be more efficient and productive.
- We recommend that the pumping machine should be fixed or replaced as a matter of urgency as students are seriously suffering for water in the boys' hostels.
- Management should provide sufficient work tools for cleaning staff.
- We advise that all open Chambers should be closed as fast as possible as it could harbor reptiles and even make the environment not conducive enough for the students to stay due to bad odour.
- We recommend that all burnt bulbs in the various hostels be replaced as a matter of urgency.
- The Management should from time to time fumigate the hostels so as to prevent reptiles.

Management Response then

The Management will take further actions to ensure that hostels are always conducive for students.

Present Status

The management has really kept to their words as we were made to understand during our visit that there is a general renovation going on. That is highly commendable.

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Current Observations

- Poor drainage system which paved way for water stagnation still lingered as we visit.
- The old boys' hostels' kitchens were still in bad state as there was no water in the kitchens to keep them clean.

Recommendations

- The Management should ensure good drainage pattern so as to avoid waterlogged.
- The Management should ensure that the water system in the kitchens run effectively to overcome the problem of poor hygiene in the cooking environment.

Management Response Now

Noted. Management will look further to the recommendation and proper steps will be taken to address the issues.

5.0 UNIVERSITY LIBRARY

As part of the Audit exercise we also visited the university's library and the following was noticed during our visit.

- It was obviously noticed that University's library requires more security personnel at the corridors so as to secure library books and other valuables.
- TETFUND Assets like desktops and other assets were not properly inscribed with the University's inscription as these can be claimed by any institution if taken out of the university's premises.
- University's library CCTV cameras were observed not working as at the time of our visit.
- Some Air conditioners and fans were not working as at the time of our inspection.
- We also noticed failure of some library staff not subjecting their bags to search after the closing hours as directed by the University Librarian.

Recommendations Then:

- We recommend that the security unit of the University deploy more personnel to the library so as to secure the library books and other University's valuables.

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- There is need for the Management of the University through the library Management to intensify efforts to avert threat to the safety of the library books by conducting a check on every staff and students going in and out of the library to protect not only the library books but the entire assets of the University's library.
- TETFUND Assets like desktops and other assets should carry full University's inscription so as to justify that the assets truly belong to the University.
- The Management should ensure the repairs and maintenance of the library security cameras so as to ensure safety of staff, students and assets.
- The Management should ensure that the bad fans and air conditioner are repaired so as to make the library conducive for the students to read.

Management Response Then:

Recommendation highlighted will be addressed appropriately.

Present Status

An improvement was observed in the University's library during our visit as renovation was noticed and the Management is highly commended for that.

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Current Observations

- Some books of the University's library are yet to be captured for the recognition of the security gadget as some books could still be taken away without device alarm.
- CCTV camera was not working during our visit as the inverter was faulty.
- Inadequate security personnel still lingered during our visit.

Recommendations

- All books of the University's library must be captured for recognition of the security gadget as safeguard.
- The faulty inverter should be either repaired or replaced to enable the CCTV camera work.
- Recruitment of more security personnel should be given a consideration by the Management.

Management Response Now

Recommendation mentioned above will be looked into and addressed.

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CONCLUSION


In conclusion, we 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 h e s i t a t e 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