

13<sup>th</sup> April, 2021

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, 2020**

We have pleasure to inform the Entity's Management Team and its Governing Council that we have concluded work on the audit of the University's operating and financial activities for the year ended 31<sup>st</sup> December, 2020.

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 review exercise for your information and necessary actions:

**1. OPERATING AND FINANCIAL PERFORMANCE SUMMARY**

The comparative summary of the University's Operating and Financial Performance for the year ended 31<sup>st</sup> December, 2020 and that of year ended 31<sup>st</sup> December, 2019 is highlighted below:

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HDA AUDIT (CHARTERED ACCOUNTANTS)

HDA Audit is a member of Affrica International

- Kayode Surajudeen  
- Abdurrahman Garba

**KADUNA OFFICE:**

HDA AUDIT (Chartered Accountants)  
Homza Zayad House (NNIL Building), 4th Floor, No. 10,  
Muhammadi Buhari Road, Kaduna. P.O. Box 2002, Kaduna.

**ABUJA OFFICE:**

Warans Suites 7/8  
No.75 Aminu Kano Crescent,  
Wuse II Abuja, Nigeria.

S/NO	DETAILS	2020	%	2019	%
A	INCOME	N		N	
	Recurrent Grants	4,613,650,127	82.84	5,388,029,301	81.36
	Internally Generated Revenue	955,399,569	17.16	1,234,379,550	18.64
	<b>Total Income</b>	<b>5,569,094,696</b>	<b>100.00</b>	<b>6,622,408,851</b>	<b>100.00</b>
B	<b>Less: EXPENDITURE</b>				
	Staff Salaries & Wages	(5,025,498,525)	(90.24)	(5,446,974,903)	(82.25)
	Academic Expenses	(196,653,711)	(3.53)	(324,980,358)	(4.91)
	Administrative Expenses	(654,092,598)	(11.75)	(792,330,504)	(11.96)
	Mopped to CRF	(16,524,619)	(0.30)	(7,325,134)	(0.11)
	<b>Total Expenditure</b>	<b>(5,892,769,454)</b>	<b>(113.55)</b>	<b>(6,571,600,900)</b>	<b>(99.23)</b>
	Operating Surplus/(deficit) before Depreciation	(323,719,758)	(5.81)	50,807,951	0.77
	Less Depreciation Charge on Fixed Assets	(430,762,730)	(7.73)	(390,023,164)	(5.89)
	<b>Operating Surplus/(Deficit) after Depreciation</b>	<b>(754,482,488)</b>	<b>(13.54)</b>	<b>(339,215,213)</b>	<b>(5.12)</b>

## 1.1 OPERATING AND FINANCIAL PERFORMANCE EXAMINATION

Kindly note that Personnel Grant is stated net of deductions at source for staff pension and National Health Insurance Scheme (NHIS).

Review and analysis of operating performance shows that the University recorded a decrease in total revenue of ₦1,053,359,155 or 15.91% compared with the previous year total income which was connected substantially to decrease in Recurrent Grants by ₦774,379,174 or 14.37% and Internally Generated Revenue (IGR) also depleted by ₦278,979,981 or 22.60% of the 2019 IGR.

Examination of TETFUND account reveals that the University received a total sum of ₦1,828,277,932 as Special Intervention Fund from TETFUND during the year under review as against ₦2,214,862,917 in 2019. It is pertinent to note that this fund is not reflected in revenue analysis here due to the fact that the grants were given for specific



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purposes and programmes that the Institution must implement in compliance with the funding guidelines.

**Comment**

Decrease in Internally Generated Revenue (IGR) compared with the year 2019 IGR was as a result of the substantial decrease in income from Student Acceptance Fees, Postgraduate Tuition Fees, PG & Remedial, Affiliation Fees, Sales of Admission Forms and Miscellaneous income.

***Management Response***

Management acknowledges the comments. The decrease in the income line items was as a result of the peculiarity of 2020 namely; Lock- down caused by COVID'19 Pandemic and ASUU strike that lasted for eleven (11) months thereby reducing activities in the University.

On expenditure side, the total expenditure (less depreciation charges) of the University for the current year stood at ₦5,892,769,454 and the total sum of ₦6,571,600,900 was expended in 2019 showing a significant decrease of ₦678,831,446 or 10.33%.

Detailed review exercise shows that Personnel Cost gulped down by ₦421,466,378 or 7.74%, Academic Expenses depleted by ₦128,326,647 or 39.49% and Administrative Expenses also went down by ₦138,237,906 or 17.45% of the 2019 Administrative Expenses. However, the depletion in the Administrative Expenses in particular could be majorly traced to significant decrease in the expenses like Local Training Expenses, Hotel & Accommodation Expenses, Electricity Expenses, Internet Access Charges as well as Legal Service expenses in the current year as compared with the year 2019.

## 1.2 NET RETURN ANALYSIS

The proportion of expenditure on year 2020 total revenue was more severe than it had on 2019 as it weighed 113.54% of the total revenue in 2020 as against 105.12% in 2019.

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

### EXPENSES UNDER WATCH

Expenditure Sub-Head	2020 N	2019 N	Increase N
Satellite Broadcast Access Charges (DSTV)	5,170,625	2,659,245	2,511,380
Supply of Diesel	68,267,992	60,335,200	7,932,792
Medical Expenses	14,212,424	9,023,351	5,189,073
Welfare Packages/Hospitality	100,063,750	44,688,348	55,375,402
Campus Radio/Information	6,357,000	4,307,150	2,049,850
Other Operating Expenses	17,226,588	11,930,196	5,296,392
Maintenance of Office/Residential Buildings	21,030,429	16,089,228	4,941,201

### Management Response

**Recommendation Noted.** The increment in the above expenses is due to high rate of inflation. Nevertheless, Management will take appropriate steps to control the

## **ASSESSMENT**

As part of our responsibilities as statutory Auditors engaged for the 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 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 inadequate documentation and 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 highly needed by accounting staff to minimize the reoccurring lapses on documentation and classification.

### **Management Response**

*Management will intensify effort on staff training and supervision to ensure that Rursary Staff are abreast with the relevant accounting trends.*



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**LOAN AND ADVANCES**

Based on evaluation of Loan and Advances, we discovered that total sum of unretired staff advances is **₦118,836,903** as at 31<sup>st</sup> December, 2020 held by 260 staff of the university as against previous year position of **₦141,534,312** held by 229 staff. This represents a decrease of **₦22,697,409** or 16.04% of the 2019 staff advances.

**Schedule of Staff with Huge Unretired Advances**

Below is the schedule of top Twenty-Two (22) Staff with high unretired Touring and Purchase advances as at 31<sup>st</sup> December, 2020:

S/NO	FILE NO	LEDGER	NAME OF STAFF	AMOUNT (₦N=)
1	PF - 0008	258	Prof. Aremu Ayo	2,039,108.00
2	PF - 0084	048	Ogbadoyi Emmanuel Olofu	1,165,184.08
3	PF - 0089	026	Muhammad Wuna B.A	2,364,450.00
4	PF - 0435	201	Makun Hussaini A.	2,093,263.85
5	PF - 0459	134	Ijaiya Abdulmojeed Tunji	1,149,928.00
6	PF - 0511	022	Shehu Abdullahi M.	3,660,700.30
7	PF - 0621	360	Aminu Muhammed A.	4,390,000.00
8	PF - 0659	85	Mohammed Abdullahi	2,442,652.00
9	PF - 0690	297	Abdullahi Mohammed B.	1,440,960.00
10	PF - 0691	22	Dr. Tsado Philip Alkali	1,235,650.00
11	PF - 0723	322	Adamu Mohammed A.	3,900,800.00
12	PF - 0976	444	Mr. Zubairu Mohammed Adamu	1,773,000.00
13	PF - 0985	024	Dr. Isah Abubakar D.	1,555,500.00
14	PF - 1299	377	Olaniyan Oluwatoyin A.	2,548,000.00
15	PF - 1308	140	Gana Philip Thomas	1,406,200.00

16	PF - 1386	296	Egwin Evans Chidi	1,867,090.00
17	PF - 1467	460	Dr. Diugwu Ikechukwu A.	1,105,000.00
18	PF - 1578	54	Anuonye Jullian C.	3,153,100.00
19	PF - 1649	1	Dr. Bashir Sulaymon A.	1,500,000.00
20	PF - 1728	188	Ogirima Stephen Adeiza	4,327,209.74
21	PF - 2094	390	Arimoro Fransis O.	1,152,610.83
22	PF - 2210	452	Dr. Ademola Adebola O.	1,213,960.00
<b>TOTAL</b>				<b>47,484,367</b>

The above table shows that Twenty -Two (22) staff held 39.96% of unretired advances out total number of Two Hundred and Sixty (260) Staff.

### **Comment**

The above analysis indicates that University still has high unretired advances profile compared with standard bench mark.

As previously recommended, loan and Advances monitoring team should be constituted in order to ensure timely and proper retirement of advances with adequate documentation.

Salary of defaulting staff should be stopped until full retirement of such advance is made.

### **Management Response**

*There are stringent measures already in place. Staff with unretired advances are not qualified to take another advance until outstanding advances are cleared.*

*Advances not retire for more than four (4) months attract stoppage of salary.*

...for students.

...hostels are always

## **5.0 UNIVERSITY LIBRARY**

As part of our Audit work, the team of Auditors accompanied by a Bursary staff visited the University library to see challenges the library is faced with; and the following were observed during the short visit.

### **Observations:**

- It was obviously noticed that University's library requires more security personnel at the corridor so as to secure library books and other valuables.



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**Present Status**

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

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

**Current Observations**

- We noticed deplorable state of all tractors as at the time of our visit.
- Based on the information gathered, recommendation was made to the Management to dispose the existing farm tractors for the purchase of new viable ones.
- The University's Farms layer birds were hit by higher mortality due to poor nutrition attributed to poor feeds quality and thereby reducing the number of layers' birds drastically.
- Boon sprayer machine was noticed to be too heavy for use as it always destroy farm crops during operations.

**Recommendations**

- 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).
- Management should consider provision of enough farm tools to enhance the performance of the farm to its fullest capacity.

- Heavy door spray or lighter one.

**Management Response now**  
*Recommendation Noted.*

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

- There should be an adequate check on vehicles coming in and going out of the University's premises.
- The Management should make Senate Building, Hostels and Library security a priority, for security of the staff and students.
- The University should look seriously into training of every personnel in the security department by either employing the services of a security specialist outfit or organizing an in-house training seminar for them.
- There should be consideration on employing more capable hands into the security department.

**Management Response then:**

*Management has put necessary measures in place to ensure adequate security system; such as installation of CCTV cameras in all strategic locations in the school and hostel buildings with trained staff stationed in the control room to monitor the situation within the school environment and fence erection which is ongoing.*

#### **Present Status**

We observed a little bit of Improvement in the security architecture of the University but obviously more can be done to improve the system.



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**Current Observation**

- We observed that Security section of the University is short of personnel.
- There are no adequate work tools available for the security unit to work.
- We still observed that cars are not subjected to check at the point of entry and exit from the main gate.
- The security network around the senate building and other areas of the school is not sufficient enough due to the security challenges faced currently in the country.

**Recommendation**

- 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 now:**

*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.*

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- i. Management should intensify its oversight functions in respect of the newly constructed NEEDS Assessment Hotel buildings by paying regular visit to the building in order to identify areas that may require urgent attention.
- ii. Custody of the access key or code to the gadget rooms in the hostels should not be limited to only a single person, there should be an alternative person such that at least one of the custodians would be available at any given time especially when the equipment in the gadget room are in operation.
- iii. The Management should task the Hostel Supervisors to make reports on any area of defects identified on the building on regular basis and the Works and Service Unit of the University should also be tasked to carry out routine checks to identify and quickly rectify defects on the building.
- iv. The management should set aside certain percentage from the accommodation fees collected from students for maintenance or better still employ the services of a property manager to manage the newly constructed hostels so as to elongate the life span of the building as the case may be.

#### **Management Response then:**

*There is an existing committee set up by the management to handle maintenance and other relevant issues concerning the hostel facilities and building. Presently, major renovation has been carried out in the hostel which will reflect in 2020 financial reports.*

#### **Present Status**

We noticed that no significant improvement in the Management of the University's Needs Assessment hostels.

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**Current Observations:**

Follow up verification of the newly constructed NEEDS Assessment Hostel buildings was conducted to find out the implementation status of our previous year recommendations 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.
- The boys' hostels, some part of girls' hostels and the Needs Assessment hostels are seriously faced with challenges of water.
- We noticed faulty security cameras, faulty solar lights, reading lamps, burnt bulbs both in the old and Needs Assessment hostels.
- Also noticed is the bad state of the whole slide window nets in the Needs Assessment Hostels as at the time of our visit.
- Room 322, 323 and 324 PVCs were pulled off, Air conditions and fans of some rooms were in bad state and requires urgent attention due to heat and fear inflow of water if rain starts.
- We noted a defects in the Needs Assessment girls' hostel building which seriously is affecting room 116, 216 and 316 respectively.
- Finally, we discovered that some doors have gone bad as sighted in the Hostel during our visit.

**Recommendations**

- 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.
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- 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.

#### **Management Response**

*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.*

#### **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.



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- 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.

**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**

We observed that the management did set up a committee that in turn reported back its findings and recommendations.

It was further observed, that the Guest house is not yet in the best possible shape as expected of a standard University's Guest house. Issues that relate to the type of guest allowed in and wellness of the environment still lingers.

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## **Recommendation**

Based on detailed inspection and evaluation of the University's Guest House, the management is strongly advised to consider 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 performance base.

**Management Response now:**

*Recommendation Noted.*

## **4.0 OTHER HOSTELS**

### **Observations**

Observations in other Hostels include the following:

- 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.

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- 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**

- 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.
- 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.



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**3.0 PROGRESS REPORT ON THE YEAR 2019 RECOMMENDATIONS**

We refer to the lapses raised and discussed in the Management Report of the year ended 31st December, 2019 below are the update on the matters:

**3.1 RE: VISITATION OF THE UNIVERSITY FARMS**

**Recommendations then**

The following are the earlier recommendations on the improvement of the University's Farms:

- There should be adequate farms security measures on Herdsmen attack and other external threats.
- Encroachment of the University land by the host community for farming and settlement should be strictly avoided and reported to the appropriate authority for immediate action. The university should take full possession of her land by fencing it to avert the current encroachment.
- Management should see the farm as a source of generating additional IGR for the University and also inject fund into the farm so as to boost operations and commercial farm should be allowed to operate independently from the University for Maximum Returns.
- There should be adequate maintenance of the tractors and other farm equipment.

**Management Response then:**

- Management has constituted agricultural committee to look into the university and other related agricultural activities for more Viable returns
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- 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 conditionals 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**

- 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.
  - 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.
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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**