

FEDERAL COLLEGE OF EDUCATION - OKENE

**MANAGEMENT REPORT ON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

4th April, 2017

The Provost,
Federal College of Education,
Okene.

Dear Sir,

MANAGEMENT REPORT ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

We have the pleasure to submit the management report on the Financial Statements for the year ended 31 December 2016 to the management.

We highlight the weaknesses observed in the Internal Control System during the course of the audit and recommend appropriate corrective measures accordingly.

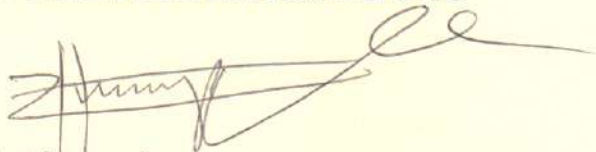
The weaknesses observed may not be the only weaknesses in the system but the ones that came to our notice during the audit.

We implore you to make use of our recommendations for the purpose of improving the system.

We thank you for giving us the opportunity to serve.

Yours faithfully,

For: **THOMPSON AIYEGUNLE & CO**



T.A. Aiyegunle
(Managing Partner).

**FEDERAL COLLEGE OF EDUCATION – OKENE
MANAGEMENT REPORT ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1.0 INTRODUCTION

We have the pleasure to submit our report on the financial statements for the year ended 31 December 2016. Our findings, observations and recommendations for improvement are highlighted in the report. These observations may not necessarily be the only weaknesses in the entire operations of the College but those that came to our notice during the course of the audit exercise.

1.1 Income

	2015	2016	Increase/(Decrease)	%
	₦	₦	₦	
Recurrent Grants	1,977,796,718	1,607,130,068	(181,708,318)	(11)
Internally Generated Revenue	130,764,052	199,547,480	68,783,428	34.5
Capital Grants	506,360,606	394,003,826	(112,356,780)	(28.37)

The decrease in the income of the College for the year is as result of the fiscal policies of the Federal Government.

1.2 Recommendation

We recommend that the College should concentrate on how to improve Internally Generated Revenue (IGR).

2.0 REVIEW OF THE COMPLIANCE WITH PREVIOUS (2015) DOMESTIC REPORT

2.1 Observation

We have reviewed the 2015 domestic report of the College with a view to highlighting the key recommendations of the report and to determine the extent of compliance. We wish to state that we were not satisfied with the level of compliance in the area of flow of communication between Internal Audit Department and other Departments.

2.2 Recommendation

For proper implementation there should be adequate coordination and communication between Internal Audit Department and other Departments.

3.0 INTERNAL AUDIT DEPARTMENT

3.1 Observation

We have reviewed the Internal Control Department vis-à-vis the operation model of the College in order to provide reasonable assurance for the smooth running of its daily operations.

We observed that the department did not write report on monthly basis rather half yearly.

This will not assist the Management to take optimal decisions.

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MANAGEMENT REPORT ON THE FINANCIAL STATEMENTS
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3.2 Recommendation

- The department should produce daily/monthly reports to the management.
- We strongly recommend staff training for a better understanding of internal control process, implementation and compliance.

4.0 SALARY AND PAYROLL ADMINISTRATION

4.1 Observation

We observed that there was no integration of the salary and payroll software with the final accounts. It is important to recognize the immense value of having a well-integrated computerized payroll system to make reporting time and handling other payroll functions easier, error proof and automatic. For absence of this integration, no set of reports was available for review for accuracy before monthly bank credit activation for staff.

This was reported in the last year management report.

4.2 Recommendation

- Payroll software should immediately be integrated with the final accounts for proper reporting.
- Special training should be organized for accounting/finance department staff to have a better understanding and utilization of the software.

5.0 INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD (IPSAS)

5.1 Observation

We observed that the College has not fully implemented International Public Sector Accounting Standard (IPSAS)

5.2 Recommendation

- We implore the management to start making efforts to begin the conversion process from GAAP to IPSAS in line with the time frame for conversion period.
- The management should draw up a Road Map for the actualization of the conversion as well as the Steering Committee.

6.0 FILING SYSTEM

- We have reviewed the filing system and observed there was improvement as against previous year observation.

6.1 Recommendation

We hereby recommend that the College should maintain archive for all accounting related files.

**FEDERAL COLLEGE OF EDUCATION – OKENE
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FOR THE YEAR ENDED 31 DECEMBER 2016**

7.0 STATUTORY DEDUCTIONS – PAY AS YOU EARN (PAYE), PENSION, WITHHOLDING TAX AND VALUES ADDED TAX (VAT)

We reviewed the level of compliance and we found that the College recorded a very high level of compliance as deductions were made and remitted.

Recommendation

We recommend that withholding tax deductions made from vendors/suppliers together with the schedule/credit notes should be made available to the parties concerned..

8.0 CONCLUSION

We express our appreciation to the Expanded Management and the staff for the opportunity giving to us to serve and their cooperative attitude during the assignment.

We implore you to make use of our recommendations because it will help in improving the report process of the College.

Do not hesitate to call on us in any areas you need our assistance.



CHARTERED ACCOUNTANTS