

18<sup>th</sup> December, 2018

**The Provost,**  
Federal College of Education,  
Okene.

Dear Sir,

**MANAGEMENT REPORT ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

We have the pleasure to submit the Management Report on the Financial Statements for the year ended 31 December 2017 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.

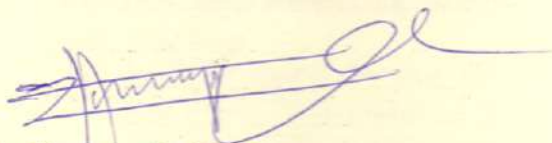
The weaknesses observed may not be the only weaknesses in the system but the ones that came to our notice during the audit.

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 Ph.D**  
(Managing Partner)

**FEDERAL COLLEGE OF EDUCATION – OKENE  
MANAGEMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1.0 INTRODUCTION**

We have the pleasure to submit our report on the Financial Statements for the year ended 31 December 2017. Our findings, observations and recommendations for improvements 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**

The College recorded income for the year as follows:

	2016	2017	Increase/(Decrease)	%
<b>Recurrent Grants</b>	1,607,130,068	1,581,848,848	(25,281,220)	(1.60)
<b>Internally Generated Revenue</b>				
	199,547,480	196,353,795	(3,193,685)	(1.63)
<b>Capital Grants</b>	394,003,826	235,382,761	(158,621,065)	(67.39)

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

**1.2 Recommendation**

We implore the College to map out strategy on how to increase the Internally Generated Revenue (IGR) because it is the only way to sustain the increasing in the financial demand of the College.

**2.0 REVIEW AND COMPLIANCE WITH PREVIOUS (2016) DOMESTIC REPORT**

**2.1 Observation**

We have reviewed the 2016 domestic report of the College with a view to determine the extent of compliance with our recommendation. We wish to state that we were satisfied with the level of implementations and compliance.

**3.0 SALARY AND PAYROLL ADMINISTRATION**

**3.1 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. Currently the College is still using non-integrated payroll software which is very prone to errors and mistakes. This was reported in 2016 Management Report.



### 3.2 **Recommendation**

- The payroll software should be integrated to the final accounts for proper reporting.
- Special training should be organized for Accounting/Finance Department staff. In addition, regular training should be conducted on a quarterly basis.

## 4.0 **INTERNAL AUDIT DEPARTMENT**

### 4.1 **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 has improved in their preparation of report.

### 4.2 **Recommendation**

We strongly recommend staff training for a better understanding of Internal Control process, implementation and compliance.

## 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 documents.

11.0 **CONCLUSION**

We express our appreciation to the members of the Governing Council, Management and Staff for the opportunity given 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 us in any areas you need our assistance.

A handwritten signature in blue ink, reading "Thompson Aiyegunle". The signature is fluid and cursive, with the last name "Aiyegunle" being more prominent and stylized.

**CHARTERED ACCOUNTANTS**

**FEDERAL COLLEGE OF EDUCATION - OKENE**

**MANAGEMENT REPORT  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2017**