

COVENANT UNIVERSITY

COVENANT APPLIED INFORMATICS AND COMMUNICATIONS-

AFRICA CENTRE OF EXCELLENCE

31 DECEMBER 2022

Olufela Sokenu & Associates

(Chartered Accountants)

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June 27, 2023

The Center Leader
Covenant Applied Informatics & Communications-
Africa Centre Of Excellence (CAPIC-ACE)
Covenant University Ota

COVENANT APPLIED INFORMATICS & COMMUNICATIONS-Africa Centre of Excellence (CAPIC-ACE)

Management Letter: Audit on the Financial Statements for the Period Ended 31st December 2022

We have completed the audit of the financial statements of the above organization for the year ended 31st December 2022 and set out in the accompanying domestic report are matters which came to our attention during the audit together with our recommendations for improvement in the accounting systems and internal controls.

It must be appreciated that matters dealt with in this report came to light during the conduct of our normal audit procedures which are designed primarily to enable us to express our opinion on the operating effectiveness of controls of the project and therefore cannot be expected to include all possible improvements in the system of accounting and internal controls which a more extensive examination might reveal.

During the audit, we maintained close contact with your staff and briefed them on our findings and recommendations as and when they arose. It is possible that some of the issues raised have already been addressed. It is the responsibility of the management to establish and maintain the internal control structure of the project. You should assess the recommendations for improvement in line with their full commercial implications before they are implemented.

This report has been prepared solely for your use as management.

No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose.

Yours faithfully



for: Olufela Sokenu & Associates

1) OBSERVATION- FILING OF RECORDS

It was observed that documents in the file were not arranged in any particular order.

Control Risk Issues & Possible Consequences

- Difficulty in retrieving documents.
- Waste of valuable audit time in searching for documents.

Recommendation

- Documents filed sequentially and in date order.

Management Response

This is due to the fact that the documents are file by research based. However, this observation is noted for subsequent filing arrangement system.

2) OBSERVATION- AGGREGATING DOCUMENTS FOR EVERY TRANSACTION

In many instances, it was cumbersome to follow through the payment process because the documents relating to requests, approvals, and payments were not aggregated. It is important to establish an efficient and reliable process for aggregating documents because it leads to improved organization, accessibility, and overall effectiveness in managing requests, approvals, and payments.

Control Risk Issues & Possible Consequences

- High likelihood of errors: due to the challenges of verifying the accuracy of information, matching requests with approvals, and ensuring proper payment amounts, can result in mistakes, discrepancies, and financial inaccuracies.
- Lack of visibility and transparency: it is harder to track and monitor the payment process. making it difficult to provide accurate updates or answer inquiries from stakeholders.
- Compliance and audit issues: non-aggregated documents can create compliance and audit challenges. It may be harder to demonstrate proper authorization, track payment approvals, or maintain an audit trail, potentially leading to compliance violations or difficulties during financial audits.
- Missed opportunities for analysis and improvement: Aggregated documents provide a valuable resource for analyzing payment patterns, identifying trends, and implementing process improvements. Without this consolidated data, opportunities for optimization and cost savings may be missed.

Recommendations

- Create documentation or user guides to serve as references for all employees.
- Ensure that employees involved receive proper training on the established processes and available tools.
- Carry out periodic checks to ensure compliance.

Management Response

The observation and recommendation is well received, we will work towards achieving the aim of the observation and recommendations

3) MATCHING PAYMENTS TO PAYMENT VOUCHERS

It was observed that there was some difficulty matching some payments to the payment vouchers. In some instances, Vouchers were missing from the payment instruments. Payment vouchers serve as crucial supporting documentation for financial transactions. Without them, it becomes challenging to verify the legitimacy, accuracy, and authorization of payments. Below are some transactions that could not be matched to payment vouchers.

Date	Name	Description	Amount
			₦
14-10-22	Dokunmu T.	Chemicals for PHD students (Biochem)	955,339
27-10-22	Super Int. Travel	Flight Tickets	472,020
25-11-22	Super Int. Travel	Flight Tickets	652,821
14-12-22	Super Int	Flight Tickets	1,848,004

Possible Consequences

- Vouchers provide a paper trail and enable proper reconciliation, preventing unauthorized payments or manipulation of financial records. Their absence can leave room for financial discrepancies and potential misuse of funds.
- Auditors rely on vouchers to validate transactions, ensure proper expense allocation, and verify adherence to internal controls and regulatory requirements. The absence of vouchers can result in compliance issues or difficulty in providing necessary evidence.
- This can raise concerns about financial integrity and accountability.

Recommendations

- Review and enhance the organization's document management practices.
- Establish clear guidelines for the creation, retention, and storage of payment vouchers.
- Ensure that proper procedures are in place to consistently capture and file vouchers for future transactions.
- Evaluate and strengthen internal controls related to payment processes. This includes implementing segregation of duties, authorization procedures, and review mechanisms to ensure proper documentation and verification of payment vouchers. Strengthening controls helps prevent future instances of missing vouchers and reduces the risk of errors or fraud.

Management Response

We have payment vouchers for all processed payment; hence we have attached payment vouchers for Dokunmu Titilope for N955.339.00 and Super Travels for N472,020.00