UNIVERSITY OF LAGOS
EXTRACTS FROM REPORTS OF COMMITTEESS

- Council Sub-Committee on Review of Expenditure of University of Lagos from May,2017 to Date (Page 2 to 12)

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EXTRACT FROM THE REPORT OF COUNCIL COMMITTEE ON THE REVIEW OF EXPENDITURE OF THE UNIVERSITY OF LAGOS BETWEEN MAY 2017 TILL DATE

Committee's Findings

1) Change of Contract Sum in Respect of Janitoral Services for Faculties and Libraries without Tenders Board & F&GPC Ratification
Contract sum: ₦51,263,215.22 Amount paid without F&GPC approval: ₦ 7,802,312.62

2)Payments without valid contracts & without Tenders Board & F&GPC approval for 2017/18

- **Provision of Waste Management and Cleaning Services**
  Expired on 30th Sept. 2017 Contract Sum: ₦79,787,449.10 Payment after contract expired: ₦57,372,050.44
- **Facilities Maintenance and Janitorial Services of Students' Halls of Residence**
  Expired on 31st, October,2017 Contract Sum: ₦75,200,000 Payment after contract expired:₦71,789,428.76
- **Janitorial Services for Faculties & Library**
  Expired on 30th April,2018 Contract Sum: ₦51,263,215.22 Payment after contract expired:₦7,802,312.62
- **Janitorial Services for Auditoria, Sport Centre, Centre for Information Technology (CITS) and Medical Centre**
  Expired on 30th November,2017 Contract Sum: ₦50,047,659.96Payment after contract expired: ₦19,232,931.62 + ₦2,964,046.72
  = ₦22,196,978.34

3) Engagement of Shelter Guards Limited and Nigerian Legions without Valid Contracts.
Amounts paid to: Shelter Guards Limited (₦11,968,000.00) Nigerian Legions (₦105,974,000.00)

4) Over budgetary Expenditure for 2017 Convocation Ceremonies
Amount Approved:₦85,000,000.00Amount Actually Spent:₦94,739,977.89Amount Overspent:₦9,739,977.89

5) Over budgetary Expenditure for purchase of motor vehicles in 2017
Motor Vehicles Budget in 2017: ₦ 125,000,000.00 Amount Expended on 17 Vehicles: ₦ 147,855,750
Extra Budgetary Spending without the Approval of F&GPC: ₦ 22,855,750

6) Contract Splitting

Contract splitting for the purchase of two Toyota Avensis 2.0 for DVC(Management Services) and DVC(Development Services) in 2018

- A total of **₦ 52,080,000** was spent for the purchase of the two vehicles for DVC (MS) & DVC (DS). This amount was above the Tenders Board approval limit of **₦ 50,000,000**
- The approval for the purchase of the two vehicles was given at the meeting of the Tenders Board of 19th February, 2018

7) Duty Travels and Subsistence

NOTE

- The **approval limit** of the Vice-Chancellor on **Goods & Services is less than 2.5 million Naira.** Any amount approved by the VC above 2.5 million Naira in travel grants below is indicated with double asterisk **
    - Estacode is meant for all the officer's costs while outside the country (after provision for international flight). The rate for CEOs is $600.00 per day while that for directorate-level is $525.00. **There are no added items like ''Local Running ''or ''Incidental Expenses'' allowances while abroad.** Local running in travel grants below is indicated with single asterisk *

(Source: Identified Infractions/Misapplications of Government Pay Policy, Presented by High Chief R. O. Egbule, PhD, MFR, Executive Chairman, National Salaries, Incomes & Wages Commission (NSIWC) at Interactive Sessions between NSIWC, Relevant Stakeholders and Chief Executive Officers of Federal Tertiary Educational and Health Institutions held at the Auditorium, National Universities Commission, 5-7 October, 2015)

a) Prof. L.O. Chukwu

- Travel grant to attend the 57th Society of Toxicology (SoT) TOXEXPO Conference/ Training in San Antonio, USA (11th– 15thMarch, 2018)

Ticket: ₦695,000.00 Estacode:₦910,350.00 Conference Fee:₦ 1,014,390 *Local Running:₦273,105.00 **Sub-total:**₦1,982,495.00

b) Prof. F. T. Ogunsola

- Travel grant to Finland for official Visit (14th – 21st April, 2018)

Ticket: ₦1,172,399.00 Estacode:₦1,224,000.00 * Local Running:₦288,000.00 ****Sub-total:**₦2,684,399.00.

- Travel grant for visit to various Universities in Canada and Jamaica (12th -24th June 2018)

Ticket: ₦1,200,933.00 Estacode:₦1,950,750.00 *Local Running:₦459,000.00 ** **Sub-total:**₦3,610,683.00.

Total for Prof. F. T. Ogunsola:₦6,295,082

c) Dr. (Mrs.) T.F. Ipaye

- Travel grant to attend & present paper at ACUHR in HE Conference at Univ. of Waterloo, Canada (23rd – 26th, September, 2018).

Ticket: ₦622,558.80 Estacode:₦780,300.00 Conference Fee:₦ 207,375 *Local Running:₦234,090.00
Sub-total: ₦1,844,323.80 ($425 was used as estacode instead of $381).

- Travel grant to Finland for official Visit:(14th– 21st April, 2018)

Ticket: ₦1,172,399.00 Estacode:₦1,224,000.00 *Local Running:₦288,000.00 ** **Sub-total:**₦2,684,399.00
Total for Dr. (Mrs.) T.F. Ipaye:₦4,528,723

d) Dr.S.A. Adebisi

- Travel grant for visit to various universities in Canada: (12th–24th June 2018)

Ticket: ₦979,795 +202,643=1,182,438.00 Estacode:₦1,748,790.00 *Local Running:₦524,637.00 ** **Sub-total:**₦3,455,865.00

- Travel grant to Dubai to represent UNILAG contingent at Global Management International Final :(15th–19th April, 2018)

Estacode: ₦1,052,531.55 *Local Running:₦315,851.55 **Sub-total:**₦1,368,383.10
Total for Dr. S.A. Adebisi:₦4,824,248.10

e) Prof. O. B. Familoni

- Travel grant to attend University of West England (UWE) Bristol Global Partnership Conference, (1st – 5th July, 2018)

Ticket: ₦661,266.00 Estacode:₦910,350.00 *Local Running: ₦214,200.00 **Sub-total:**₦1,785,816.00

- Travel grant to Finland for official Visit to Arcada Univ. of Applied Sci. & Technology and other Higher Institutions. (14th – 21st April, 2018)

Ticket: ₦1,172,399:00 Estacode: ₦1,224,000.00 *Local Running: ₦288,000.00 ****Sub-total:** ₦4,470,215.00
Total for Prof. O. B. Familoni:₦4,470,215.00

f) Prof. O. T. Ogundipe

- Travel grant to Canada & Jamaica to visit various Universities :(12th – 16th June)

Ticket:₦2,399,609+730,158= ₦ 3,129,767.00, Estacode: ₦1,652,400.00 *LocalRunning:₦495,720.00 ****Sub-total:**₦5,277,887.00

- Travel Grant to Jamaica. (19th – 26th June 2018)

Ticket: ₦790,714 Estacode:₦1,908,640.00 *Local Running:₦440,640.00 ****Sub-total:**₦3,139,994

- Travel Grant to UK. (15th – 19th July, 2018)

Ticket: ₦1,605,276.00 Estacode:₦1,285,200.00 ** **Sub-total:**₦2,890,476.00

- Travel Grant to UK. (6th – 10th August, 2018)

Ticket: ₦2,403,679:00 Estacode:₦1,285,200.00 ****Sub-total:**₦3,688,879.00

- Travel Grant to travel to USA. (10th – 12th August 2018)

Estacode:₦918,000.00 **Sub-total:**₦918,000.00

- Travel grant to UK for Alumni meeting (29thAugust–4th September, 2018)

Ticket: ₦1,334,896.00 Estacode:₦1,285,200.00 ****Sub-total:**₦2,620,096.00

- Travel grant to Finland for official Visit to Arcada University of Applied Science & Technology and other Higher Institutions. (14th – 21st April, 2018)

Ticket:₦1,755,633.00 Estacode: ₦ 1,836,200.00 *LocalRunning:N550,800.00 ****Sub-total:**₦4,142,633.00

- Travel Grant to China, Soochow University & Beijing Institute of Technology, (13th – 22nd October 2018) on Official Duties

Estacode: ₦2,386,800 **Sub-total:**₦2,386,800

- Refund for trip to the United Kingdom in November 2018

Ticket:₦1,634,896 **Sub-total:**₦1,634,896

- Travel grant to China to attend the Confucius Institute Annual Board Meeting and Global Conference, (1st – 10th December, 2018).

Ticket: ₦1,572,982 Estacode:₦1,836,000 ****Sub-total:**₦3,408,982

- Travel ticket to Israel , June 2018

Ticket: ₦1,462,825.00 +136,800=₦1,599,625 **Sub-total:**₦1,599,625
(The trip was rescheduled from June 2018 to Feb. 2019)

- Return Ticket to Massachusetts Institute of Technology's J-Well week, Los-Angeles Boston, USA

Ticket:₦2,441, 791.00 Estacode: ₦ 1,285,200.00 *Local Running:₦ 385,560.00 ****Sub-total:**₦4,112,551.00
Total for Prof. O.T. Ogundipe:₦35,820,819.00

8)Incessant Approval of Rehabilitation WorksExecuted Between May 2017 to September 2018
(Amount Spent: ₦102,403,125.28)

9)Approval of Minor Works (Some of which are very Suspicious)
(Amount Spent: ₦135,854,541.50)

10)Approval of Renovation of Principal Officer's Quarters

S/N	Work Description	Contractor	Amount (₦)	Occupant
1	Renovation of No. 1, Jibowu Close	Various	41,817,658.32	Present Bursar
2	Renovation of Lodge I	Various	49,434,038.46	Present Vice-Chancellor
3	Renovation of Lodge II	Taiwo& Sons Enterprises	1,354,290.00	Present Pro-Chancellor
4	Renovation of Lodge III	Various	3,733,494.85	Present Chancellor
5	Renovation of No. 7, Jibowu Close	Various	16,123,509.00	Immediate Past Registrar

11)Inability to Access and Effectively Utilise NEEDS Assessment Funds
(On-going Projects:-₦1,459,756,533.04) **(Projects Recommended for Termination:-₦478,093,262.70)**

12)Monthly Security Grant to the Dean, Student Affairs Unit, without the Knowledge of Council
(May, 2017 to September, 2018:-₦41,580,300.00)

CLARIFICATIONS ON THE RESPONSE OF THE VICE-CHANCELLOR ON ISSUES RAISED IN THE COMMITTEE REPORT

S/N	Issue raised in Committee Report	Vice-Chancellor's Response	Clarification by Dr Dagari
1	Change of Contract Sum in Respect of Janitoral Services for Faculties and Libraries without Tenders Board & F&GPC Ratification **Contract sum: ₦51,263,215.22** **Amount paid without F&GPC approval: ₦ 7,802,312.62**	Contract is of March-August, 2016.It is outside the scope of the mandate of the committee .The current Council was not in sitting as at this time. **Remark:** Out of scope of committee	The date of contract award was **23rd August,2016.** But, the effective date of commencement of contract was **1st May, 2017.** **The contract is therefore within the scope of the committee.**

2-5	**Payments without valid contracts & without Tenders Board & F&GPC approval for 2017/18** ➢ Provision of Waste Management and Cleaning Services, Expired on 30th Sept. 2017 ➢ Contract Sum: **₦79,787,449.10** **Payment after contract expired: (₦57,372,050.44)** ➢ Facilities Maintenance and Janitorial Services of Students' Halls of Residence, Expired on 31st, October,2017 ➢ Contract Sum: **₦75,200,000** **Payment after contract expired: (₦71,789,428.76)** ➢ Janitorial Services for Faculties & Library Expired on 30th April,2018 ➢ Contract Sum: **₦51,263,215.22** **Payment after contract expired: (₦7,802,312.62)** ➢ Janitorial Services for Auditoria, Sport Centre, Centre for Information Technology (CITS) and Medical Centre Expired on 30th November,2017 ➢ Contract Sum: **₦50,047,659.96** **Payment after contract expired: ₦19,232,931.62 +₦2,964,046.72 = ₦22,196,978.3**	The contractors were paid quarterly because though the contracts had expired, the contractors kept on working due to the sensitive case of refuse disposal and cleanliness on campus. Delay in renewal of contract was due to Union strike action at some point and petitions delaying Tenders Board action. Council noted these payments when the approval request was brought to Council at the January 2019 meeting and Management promised that such action will not reoccur, henceforth, approvals will be presented as at when due. **Remark:** No financial misappropriation	Out of the four contracts under consideration, only the contract for Provision of Waste Management and Cleaning Services was renewed twice (in 2015/16 & 2016/17).The 2016/17 contract expired on **30th September, 2017.H**ow could the JAC strike action which commenced on **4th December, 2017**and ended on **15th March, 2018** be the reason for the delay in the new procurement process? According to the Acing Head, Procurement Unit, contract renewal commenced in **October, 2017** by the publication of advertisements. The evaluation report for this process was only presented to the Tenders Board on **12th November, 2018.** For the other three contracts, only the approvals of the Tenders Board and F&GPC were required for renewal. Yet, payments were made without due approvals. **There was no request to Council in January,2019 for approval of those payments.**

6-7	Engagement of Shelter Guards Limited and Nigerian Legions without valid contracts. **Amounts paid to:** Shelter Guards Limited(**₦11,968,000.00)** Nigerian Legions(**₦105,974,000.00)**	This is a convention instituted since 2004 during a period of several upheavals on campus which led to breakdown of law and order, cultism was at its height, burglary and lots of insurgencies from neighbouring communities. The University was advised to engage different security outfits to augment the normal security unit in the University. These expenditures have been in existence since then. **Remark:** No financial misappropriation	Convention cannot override statutory regulations. Engagement of the security outfits was done in total violation of the Public Procurement Act of 2007 and the University of Lagos Financial Regulation of 2016. **The Legal unit confirmed that there was no contractual agreement for the engagement of Shelter Guards Limited and Nigerian Legions.**
8	Over budgetary Expenditure for 2017 Convocation Ceremonies **Amount Approved:₦85,000,000.00** **Amount Actually Spent:₦94,739,977.89** **Amount Overspent:₦9,739,977.89**	It is important to point out that extra expenditure emanated from the fact that 1. Convocation was moved to the main Auditorium to give the ceremonies the grandeur befitting of the University and this required more expenses on logistics which included providing free transport to ease movement from the gates to the venue. 2. As a result of the JAC strike, the convocation date was changed, thus invitation cards and envelopes and the brochure had to be reprinted to reflect the new dates and new changes in the University. 3. The ceremonies were also split into two sessions per day to enable all graduating students shake the Chancellor, Pro-Chancellor and Vice-Chancellor, thus dignitaries were provided with meals twice a day as against the once a day; however, due to the change to have to have two convocation ceremonies per day, two	There was no memo to F&GPC requesting for approval of the extra budgetary spending. This violated the Public Procurement Act of 2007 and the University of Lagos Financial Regulation of 2016.

		meals were provided per day for the 3 day period. 4. Refreshment was provided for the first time for the 'Doyen Luncheon'. The reality is that the Convocation committee **under-budgeted** for the ceremonies. **Remark:** No financial misappropriation	
10	Over budgetary Expenditure for purchase of motor vehicles in 2017	Over budgetary Expenditure for purchase of motor vehicles in 2017, the sum of **₦118,081,750.00** was carried forward as motor vehicle budget, **₦125,000,000.00** was budget provision for motor vehicle in 2017 and an additional sum of **₦24,159,000.00** was also added from minor capital works, making a total of **₦267,240,750.00** available for motor vehicle in 2017. A total of **₦147,855,750** was expended on 17 vehicles, leaving a balance of **₦119,385,000.00. Therefore there was no over budgetary spending on motor vehicles in 2017.** **Please note that ₦485,000,000.00 was budget provision for 2018, only₦78,120,000.00 was expended at the time of the report.** **Remark:** No financial misappropriation	➢ In the first place, **there was no budgetary allocation for motor vehicles and minor works in 2016.** ➢ So, what were the sources from which **₦118,081,750.00** (as **motor vehicle budget)**and **₦ 24,159,000.00 (from minor works)** were drawn? ➢ The fact remains that **₦ 125,000,000.00** was budgeted for motor vehicles in 2017, **₦ 147,855,750** was expended on 17 vehicles, resulting in extra budgetary spending of **₦22,855,750** without the approval of F&GPC.
11	Contract splitting for the purchase of two Toyota Avensis 2.0 for DVC(Management Services) and DVC(Development Services) in 2018	The amount approved for purchase of vehicles did not exceed the approval threshold of the Tenders Board. The purchase of the two (2) vehicles for the offices of the DVC (MS) and DVC (DS) were approved at different meetings of the Tenders Board of 29th January and 19th February, 2018 respectively	➢ A total of **₦ 52,080,000** was spent for the purchase of the two vehicles for DVC (MS) & DVC (DS). This amount was above the Tenders Board approval limit of **₦ 50,000,000** ➢ The approval for the purchase of the two vehicles was given at the meeting of the Tenders Board of 19th February, 2018. That was a contract splitting.

		and was dependent on the availability of funds. Please, note that all the vehicles were directly purchased from R. T. Briscoe PLC, Hyundai and Innoson Motors **Remark:** No financial misappropriation	➢ The Tenders Board meeting of 6th March, 2018 approved a sum of **₦ 26,040,000** for the purchase of a Toyota Avensis 2.0 for the Bursar ➢ A sum of **₦ 78,120,000** was paid to R. T. Briscoe Nigeria Plc for the three vehicles on 3rd May,2018
9	Various cases of split transactions and payment of local running in foreign trips	➢ Travels by University personnel is not a contract, therefore the issue of approval limits does not arise. **The Federal Government Financial Regulations(Chapter 14) states that the Accounting Officer of the Parastatal shall approve expenses on travels, which in the University s the Vice-Chancellor** **b)**Air tickets are paid to Travel agents while estacode (for lodging and feeding) and running cost (for local transport) are allowances paid to University personnel. **Both expenditure cannot be lumped together.** **c)**The Federal Government Financial Regulation (Chapter 14) does not state that local running should not be paid where estacode has been paid. **Remark:** No financial misappropriation, split Transaction or abuse of approval limit.	**Chapter 14**of the **Federal Government Financial Regulation** states that Duty tour allowances shall be paid to any officer on official tour within Nigeria. For **local running**, officers shall be entitled to **30 percent of DTA** in addition to airport and taxi fare at the prevailing rates. The National Salaries, Incomes & Wages Commission clarified that **there are no added items like Local Running or Incidental Expense Allowances while abroad.** All financial transactions in **University of Lagos** are guided by the provisions of the **Federal Government Financial Regulations of 2009** and **University of Lagos Financial Regulation of 2016.** These documents do not categorically exempt approval limits on travel expenses. So, all travel expenses above **₦2.5million Naira** approved by the VC were clear violations of the above regulations.

10-11	➢ Incessant approval of Rehabilitation works ➢ Approval of Minor works (some of which are very suspicious)	➢ Expenditures were for different lots, in different quarters and at different times. For example, Table 11A – expenditure of Power house (₦2,420,827.50) Tayo Aderinoku Lecture Theatre (₦1,419,566.40) Repair of power supply to Prof. R. T. Akinyele's residence (₦1,367,975.70) Perimeter fencing around CMUL quarters (₦2,077,635.00) ➢ The substantial expenditures are mainly for Electricity and water charges which are regular recurrent bills such as item 42, (₦47,820,916.80) and (₦53,444,164.80). There is nothing suspicious about municipal bills. **Remark:** No financial misappropriation, split Transaction or abuse of approval limit.	➢ An amount of **₦150,000,000.00**each was the budgetary allocation for minor works in 2017 and 2018 ➢ The amounts spent on rehabilitation works and minor works were **₦102,403,125.28**and **₦135,854,541.50,**total **₦238,257,666.78**
12	Approval of Renovation of principal officer's quarters	The renovation work includes both civil works and housing furniture. In accordance with the Memorandum of appointment (MOA), outgoing VCs leave with their furniture. Consequently, the total furniture stated in the report should be broken down into renovations and purchase of furniture and equipment respectively. On assumption of office, after evaluation of the state of the property, the Works and Physical Planning Department identified certain deficiencies that needed attention. For example , leaking roof, old louvres (which gave opportunity for rodents and snakes ingress.	➢ Allocations to refurbishment of principal officers' quarters in 2017 and 2018 were zero and ₦50,000,000 respectively. Yet, a total of ₦ 112,462,990.63 was expended on refurbishment of principal officers' quarters in 2017. **From which account was ₦62, 462,990.63 sourced to top up the amount expended?**

		Remark: No financial misappropriation, split Transaction or abuse of approval limit.	
13	Inability to Access and Effectively Utilise NEEDS Assessment Funds **(On-going Projects):₦877,712,761.03** **(Projects recommended for termination):₦478,093,262.70**	It is shocking that Needs Assessment Funds and terminated contracts are termed as gross misappropriation. How is inability to access and effectively utilize NEEDS Assessment Funds, misappropriation? **Remark:** No financial misappropriation, or abuse of approval limit.	➢ Five projects are On-going while ten are recommended for termination ➢ Nonperformance must be responsible for On-going contracts since 2015 and those recommended for termination
14	Monthly security grant to the Dean, Student Affairs Unit, without the knowledge of Council.	The undercover security expenditure is a long Standing practice designed and established to Maintain peace on campus. When Prof. H.O.D. Longe was Dean, Student Affairs, the funds Were disturbed to him through the Deputy Vice-Chancellor (Management Services). The current structure has been in operation since the time of Prof. Kayode Amund as the Dean, Student Affairs. Most of the operatives involved in the Operation currently were handed over to the Current DSA by his predecessor, Prof. Tunde Babawale. The clandestine operatives are paid regularly throughout the year. **Remark:** No financial misappropriation, or abuse of approval limit.	The long standing policy of engaging security operatives without the knowledge of Council is a gross violation of Section 7(1) of the University of Lagos Act 1967, the Federal Government and University of Lagos Financial Regulations.

EXTRACT FROM THE REPORT OF THE COUNCIL PANEL SET UP TO INVESTIGATE THE CIRCUMSTANCES SURROUNDING THE COLLAPSE OF PART OF THE NEW LIBRARY BUILDING UNDER CONSTRUCTION

Committee's Findings

Term of Reference 1: To examine the procurement process that led to the award of the contract to Dutum Company Limited (DCL) and the appointment of various Consultants to the Projects

- The Panel concluded that the procurement process that led to the emergence of Dutum Company Limited (DCL) was deficient. Also, after a thorough review of the process that led to the appointment of Consultants to the project, the Panel concluded that it was in line with due process.

Term of Reference 2: To determine whether the construction of the new library project was in accordance with the terms of award and contract executed and whether it satisfied best practices in the construction industry.

- The Panel concluded that in relation to permit and approvals, the contract was not executed in line with the signed contracts.

- With respect to the variation of the contract, the Panel was of the view that variation of the works, which was what the change in foundation from pile to cellular raft foundation amounted to, was in accordance with the terms of the signed contract..
- On whether the construction was in accordance with best practices, the Panel was of the view that the construction fell far short of best practices in the construction industry.

Term of Reference 3: To examine the supervision that was available to the project and to assess its adequacy.

- The Panel confirmed that all the reports that touched on the incompetence of the Contractor, failure to deploy skilled personnel and use of inadequate equipment and improper formwork materials were reported to the Director of Works

- Based on the consistency in reporting of observed challenges on site, the Pane! was of the view that the Director of Works should have recommended to the Vice Chancellor that the contract be terminated latest within the first quarter of 2018.

- There was sufficient evidence that DCL could not improve its circumstances and commitment to the project or change its capacity, commit more skilled labour and change the equipment used. Such consistency in bad response to the project provided sufficient evidence to the Director of Works to urge the Vice Chancellor to terminate the contract. This did not happen.

- In spite of the complaints to the Director of Works, there was no evidence before the Panel that DCL was queried,
- The Panel was therefore of the view that the supervision of work by the Coordinator (Director of Works) was below what was expected of the Director in the circumstance.

Term of Reference 4: To determine the Expenditure on the project so far in relation to the level, quality and progress of work achieved therein.

- The Panel examined the certificates of payment submitted to it by the Bursary, Procurement Unit and the Consultants. It found that payments were made to the Contractor as follows:

• Certificate Lot 1 - Advanced Payment-dated Nov.28,2016	₦ 290,270,263.10
• Certificate Lot 2 -.dated December 6,2017	₦94,358,724.90
• Certificate Lot 3, dated January 30, 2018	₦ 25,838,400.67
• Certificate Lot 4, dated June 25, 2018₦ 20,819,668.31	
• Certificate Lot 5, dated August 5, 2018	₦ 13.326,447.91
TOTAL:-	**₦444,612,904.90**

The percentage of payment received relative to the total contract sum is 22.96%

Term of Reference 5: To determine whether the Contractor that was awarded the contract for the construction of the new library project was qualified to undertake this construction and whether his performance met with best practices in the construction industry.

- The Pane! was of the view that DCL was not qualified to be awarded the contract for construction of the new library project. It stated that DCL should not have been prequalified, as its lack of experience in the construction of multi-storey building on pile foundation was manifested in the course of implementation of the contract.

Even when the foundation type was changed, DCL struggled to respond. Its proven inability to prepare a method statement for the project resulted In shoddy execution and created so many problems and challenges that the monitoring or supervisory team had to deal with from time to time. The Panel further stated that although DCL Was also adjudged as qualified in connection with skilled personnel, failure by the Technical Evaluation Committee (TEC) to investigate the claim or conduct a post qualification verification helped to mask the Contractor's incompetence and inexperience in executing the type of contract awarded to it. It is worth noting that where the lowest cost responsive bidder is chosen as the preferred bidder, the Procurement Manual requires that a post-qualification verification should be conducted. Such post-qualification verification, the Panel believed was ostensibly required to assure that the process would promote economy and efficiency as contemplated by the Act.

- Following the Panel's review of the construction undertaken by DCL under the **Term of Reference 2,** in terms of methodology, equipment deployed, concreting and casting methods, quality of formwork adopted, the Panel was of the view that the performance of DCL did not meet best practices in the construction industry.

Term of Reference 6: To make recommendations on the sanctions appropriate tor staff, contractors and consultants involved in the project where necessary

The Panel recommended in relation to members of staff as follows:

- **Professor R. A. Bello** (former Vice Chancellor): The Panel recommended that **the** University Council should take necessary action against Professor R. A. Bello in accordance with the University of Lagos Act or liaise with the relevant authority in view of Professor Bello's responsibility under Section 20 of the *Procurement Act,* 2007 and in view of his failure to appear before the Panel despite two invitations to that effect.

- **Dr. J. 0, Akanmu** should face a Disciplinary Panel

- **Dr. A. E. Adeniran** (Former Director of Works) should appear before a Disciplinary Panel.

- **Mr. OlaniyiAyeye** should appear before a Disciplinary Panel.

- **Professor Duro Oni** should appear before a Disciplinary Panel.

- **Dr. (Mrs.) TaiwoIpaye** (former Registrar) and **Dr. Lateef Odekunle** (former Bursar) should appear before a Disciplinary Panel.

- **Professor Folashade Ogunsola, Professor S. A. Okunuga and Dr. O. A. Fadehan:** The panel was of the view that Professors Folashade, Okunuga. Okunuga and Dr. Fadehan did not violate their leadership responsibilities as members of the Tenders Board.

- **Professor Oluwatoyin Ogundipe (The Vice Chancellor)**

The Panel was of the view that Professor Ogundipe's conduct did not violate his leadership duty as a member of the Tenders Board that considered the Financial Evaluation Report of May, 2016 which recommended DCL as the preferred bidder. The Panel was also of the view that Professor Ogundipe, as the Vice Chancellor has been discharging his responsibilities creditably in relation to the execution of the new Library Project, which he inherited as the Vice Chancellor.

- **DCL - The Contractor**

Recommendation: The Panel recommended that the contract between DCL and the University of Lagos be terminated.

- **The Consultants**: The Panel believed that the consultants had their professional competence to supervise the project but that they were faced with a recalcitrant contractor. It was also noted that the consultants were committed to the implementation of the work and that they should be retained in the event that the University decided to continue the project with another contractor.

Term of Reference 7: To advise Council on the measures that should be taken by the University to avoid reoccurrence of this monumental disaster.

The Panel gave the advice listed below taking into account all areas that are connected with the award and execution of construction contracts:

a) On Procurement of Regulatory Permit and Approval for Land Development

- The Panel recommended that the University should endeavour to seek regulatory approval or permits for its land development projects.

b) In the alternative, the Panel urged the University to take advantage of its available and deployable human resources through the establishment of a Standing Committee comprising all the personnel relevant to building construction to reflect the same set of personnel in the Ministry of Lands and Physical Planning.

- The main function of the Standing Committee will be to interrogate or review all technical papers that are usually submitted to State Ministry for approval, in order to point out areas to be adjusted if necessary.

- If there are challenges, the Committee may be invited to provide enduring solutions to identified problems, that way, even where relevant regulatory agencies have not been engaged, the University can still benefit from its in-house competencies.

c) Environmental Impact Assessment (EIA)

- Depending on the size of projects, the Panel recommended that the University should conduct EIA for its projects. Taking this step will compel a consideration of issues that are related Io land development but are too often overlooked.

- EIA will thus make execution of projects responsive and sensitive to the needs of stakeholders which may easily be overlooked in a University setting, where needs may be prioritized over people and the general balance in the planning of development on campus.

- EIA should be taken as an important component in the land development consideration just as soil investigation is treated. Doing this, the Panel believes will enable the University have maximum benefit of projects with minimal disruptions.

- The Panel's observation was based on the fact that TEC's Financial Evaluation Report represented the fact that EIA was conducted on the project, when in fact Dr. Akanmu, the TEC’s Chairman testified before the Panel that such exercise did not take place

d) On the Procurement Process

- The Panel recommended that the Procurement Unit and the Technical Evaluation Committee should be reconstituted.
- The unit should be elevated to a Directorate to be headed by a Professor of Structural Engineering.
- The University should identify those who can and will appropriately interpret and apply the procurement legislation and manuals. Doing this will enable the University benefit from the gate-keeping role of the Procurement Unit and the Technical and Financial Evaluation Committee.

e) The Panel hinted that since the whole essence of the procurement process is to identify contractors with the requisite experience, capacity and equipment to deliver value for money, no technical evaluation report should be acceptable to the Tenders Board without a post-qualification report that verifies bidders' claims on personnel, comparable construction experience and equipment. For instance, there should be post-qualification verification of bidders’ claims in response to adverts, e.g., payroll verification and verification of executed projects.

f) Responsibility of the Director of Works

- The Panel recommended that a Manual that clarifies the responsibilities of the Director of Works in respect of his or her supervision and reporting obligations to the Vice Chancellor should be produced. The Manual should state clearly the consequences for non-diligent supervision of University Projects.

- To prevent a situation where contracts awarded are not executed in line with the terms of contracts, the Director of Works, should, upon completion of an awarded project, certify under his hand that the project has been executed in line with the terms of contract without variation of the scope of work, which the University or Council had not approved.

- Upon such certification, the Council should set up a Committee that will confirm the certification of the Director of Works. Where it is found that the Director of Works had written a false certification, he should be made to face disciplinary action and be reported to the appropriate authority for prosecution,

g) Periodic Reporting Obligation of Vice Chancellor to the Pro-Chancellor

- In .respect of construction and other projects approved by Council, the Council should place the Vice Chancellor on a clear reporting obligation in relation to the execution of affected projects, and the Vice Chancellor should be liable for failure to discharge this obligation, which should be seen as a misconduct.
- Any such reporting obligation, except it already exists, should emphasize the reporting of any variation from the signed contract and discussion of its implications and that approval should be procured before it can be effected.This process will unavoidably require the Vice Chancellor to provide background details that justify variation to enable Council take informed decision.

h) Membership of Committees in Relation to Procurement

- Procurement may relate to services, works or purchases. Where it relates to works, in particular, the Panel recommended that Members of committees, especially the PPC, Technical Evaluation Committee, and Tenders Board should comprise members of the University with technical orientation, including law (at least at the level of Associate Professor).
- It also recommends that, except for persons whose involvement is mandated by the nature of their responsibilities or by law, i.e. the Director of Works, members should come from out of the administration, that is, the various relevant Faculties who have qualified personnel to make relevant contributions in the course of the Committees' deliberations and decision-making.

i) Recommendation on the Building

The Panel recommended that the new Library Building under construction should be subjected to comprehensive integrity (non-destructive) test of the substructure to determine whether the substructure can withstand the full load of the building on completion, and a non-destructive test be carried out on the columns for vertically and the concrete floor slab for structural integrity.

Term of Reference 8: To investigate all related issues relating to this matter in order to create a more efficient system in the University of Lagos. The Panel adopted its advice provided in the Term of Reference 7 above for the ToR 8.The recommendations in 7 were based on the Panel’s consideration of issues that could indeed create a more efficient system in the University.

Reservation by a Member of the Panel

Professor Fogam informed Council that a member of the Panel, Professor Boniface A. Oye- Adeniran, mni signed the Report with a reservation on paragraphs 6.2.7 and 6.2.8 of the Term of Reference 6 but agreed with other recommendations. Professor Oye-Adeniran also wrote his reservations as a minority report which was not sent to members.

Thereafter, Council directed the Registrar to forward the minority report to Professor Fogam

The Pro-Chancellor informed Council that when he received the minority report from Professor Oye-Adeniran, he directed that it should be circulated to Council members. He called on Professor Oye-Adeniran to present the minority report.

Minority Report of Professor B.A. Oye-Adeniran, mni

- Professor Boniface Oye-Adeniran informed Council that Professor Folasade T. Ogunsola and Professor Oluwatoyin Ogundipe were the only two serving principal officers of the University of Lagos who were also part of the Management Team at the time of the first and second bids of the contract of the collapsed Library building.

- He noted that they failed to speak out or ask questions when DUTUM Company Limited was selected in the second bid and did not inform Council about change from Pile Foundation to Cellular Raft Foundation which was a variation of the Advertisement and Bill of Quantities of the Project.

- He also said that Professor Ogundipe authorized the payment for the Building Project on Cellular Raft Foundation and that he did not disclose this to Council at the Council meetings of December, 2017 and March, 2018 until a Council member raised the issue. He concluded that the conduct of the two personalities justified their appearance before a Disciplinary Panel.

EXTRACT FROM THE REPORT OF THE COUNCIL SUB-COMMITTEE TO OVERHAUL THE OPERATIONS OF THE INCOME GENERATING UNITS IN THE UNIVERSITY OF LAGOS

Committee's Findings

Term of Reference 1: To identify the Income Generating Units in the University of Lagos.

The Committee classified the Income Generating Units (IGUs) to **Category A** and **Category B Units.**

<u>Category A Units</u>

- These are the units of the University that are expected to generate income to sustain their operations, cover all staff compliments and overheads as well as make financial contributions to the University.
- They include all the limited liability companies; all part- time programmes which are also called Non-FTE academic programme units.

Category A Units in the University of Lagos Main Campus

1) UNILAG Holding Company Ltd (UNIHOLD)
2) University of Lagos Guest Houses and Conference Centre Ltd
3) University of Lagos Press and Bookshop Ltd, combining the Press and the Bookshop
4) University of Lagos Pharmaceutical Ltd
5) University of Lagos Ventures Ltd
6) UNILAG Consult Ltd
7) University of Lagos Property Development and Investment
8) University of Lagos Property Management and Development Company Ltd
9) School of Postgraduate Studies
10) Human Resources Development Centre
11) Distance Learning Institute

12) School of Foundation Programme

13) Institute of Continuing Education 14) UNILAG Maritime Studies

Category A Unit at College of Medicine University of Lagos

- MEDILAG Ventures Ltd

Apart from ones that are already in existence, there are two in the Main Campus that are still to take off.

1) University of Lagos Business School 2) UNILAG Microfinance Bank

<u>Category B Units</u>

- These are the Income Generating Units that were specifically set up to provide basic services to the University at subsidised charge to the recipients of the service such as the Medical Centre and Staff School.
- Although revenue or income is being generated by such units they cannot, in the strict sense of the word be designated as core income generating units.
- At best, they will be required to break-even or even record minimal losses such units are best assessed on their ability to satisfactorily provide those services for which they were set up.

Category B Units in the University of Lagos Main Campus

1) International School, ISL 2) Auditoria Management Unit 3) UNILAG Staff School

4) Sports Centre 5) UNILAG Medical Centre 6) UNILAG Media Centre

7) UNILAG Television 8)UNILAG Radio

Category B Units at College of Medicine University of Lagos

1) Department of Medicine Laboratory 2) MEDILAG Consult/ Pre-Natal Diagnosis Centre

3) A –Lab 4) Pediatrics D4 Laboratory

5) Clinical Pathology Laboratory/ Toxicology 6) Central Research Laboratory

7) Anatomic Molecular Pathology Laboratory

Term of Reference 2:**To verify that the Income Generating Units Operate Separate Bank Accounts**

The University has taken advantage of FGN TSA to open two types of single accounts at Central Bank.

- The first one is the University main account No 0230216261025.
- The second type is a set of Sub TSA accounts opened specifically for some IGUs.

- The seven IGUs that have single Sub TSA accounts are ;

  i) Distance Learning Institute i**i)** Human Resources Development Centre **iii)** SPGS (for its part-time programmes), **iv)** International School **v)** Staff School **vi)** School of Foundations Studies and **vii)** UNILAG Maritime Studies.

- All revenues due to other IGUs other than the limited liability companies are paid .into the same UNILAG main TSA Account No 0230216261017 .Two of such units that do not have separate accounts are University of Lagos Property Development and Investment Unit and Institute of Continuing Education.
- The University has opened accounts for the limited liability companies at the various commercial banks. The bank details are as listed in 'table 1 in the report except for UNILAG Media, UNILAG Television and UNILAG Radio.
- The Management Board of UNILAG Multi-Media Ventures decided to open a bank account on 1st April, 2019 for UNILAG Multi-Media Ltd, with account name'' UNILAG Radio Ltd" and account No 10218IS809.
- UNILAG Radio has been in existence for a long time and in 2014 fetched a revenue of N21,025,873 before the decline of revenue to N6,867,371 and N 12,203,860 in 2017 and 2018 respectively.
- In the case of College of Medicine, apart from MEDILAG Ventures Ltd that has its two accounts at Union Bank, all other IGUs operate the same TSA 0230216261025 at Central Bank.

CONCLUSION: Not all the Income Generating Units operate separate Bank Accounts

Term of Reference 3:**To Overhaul the Mode of Operations of the Income Generating Units so as To Enhance Growth**

UNILAG HOLDING COMPANY LIMITED (UNIHOLD)

Main Findings from the Review of Company's Activities

- **Net Profit/ (Loss) Before Tax of UNIHOLD for the Financial Years 2014 to 2018**
  - From 2014 to 2018, there was no year that the group of companies made any profit leading to a total loss of ₦190.509 million
  - Its worst year of operation was 2017 when it recorded a loss of more than N100 million.
- **Financial Support Received By UNIHOLD and Its Subsidiaries from University of Lagos since Its Existence in 2014 till 30th June, 2019.**
  - UNIHOLD has received a total grant of N66 million and a loan of N10 million from the University since its inception.
- **Financial Returns by UNIHOLD to the University**
  - During the same period, the report from the Bursary indicates that UNIHOLD made a total return of N22.50 million to the University of Lagos

- **UNIHOLD Failed Attempt to Run the Guest Houses Through a Third Party**

  - In 2017 UNIHOLD entered into an agreement with Golden Tulips West Africa Hospitality Management Limited (GTWA) to renovate, operate and transfer (ROT) the company's business facilities within a period of 10 years.

  - By April 2017, GTWA took over the management of the Guest Houses but the ROT agreement was terminated on 8'" January 2018 by mutual consent. This was attributed to lack of performance by GTWA.

- **UNIHOLD's Use of Guest Houses Fund in form of Loan to Finance Its Facilities and other Subsidiaries**
  - The 2018 Guest Houses Financial Statements revealed that UNIHOLD and two of its subsidiaries; UNILAG Ventures and UNILAG Bookshop were owing the Guest Houses a total sum of N37,226,000 as at 31" December, 2018.

- **UNIHOLD has Serious Problem of Meeting Its Financial Obligations**

  As at 31st December, 2018, the group of companies had;

  - Total current assets of ₦239.135 million (including a cash balance of ₦ 13.236 million)

  - Total current liabilities of₦365.284 million which implied a negative working capital of more than ₦ 126 million

  - Total tax liability of ₦94,117,000.**In view of this, the Federal Inland Revenue Service has placed a notice of non-compliance with tax payments in strategic positions of UNIHOLD area of business operations including the Reception room of the Guest Houses.**

- **University of Lagos Indebtedness to UNIHOLD on Services Rendered**

  - According to the report of the Board of Directors of UNIHOLD to the University;

  - The total outstanding liability due to UNIHOLD by the University as at the end of April 2019 stood at N225 million.

  - This was an increase of more than ₦116 million over the ₦108,673,000 previously outstanding as at 31st December, 2014.

  - Out of this claim, a total sum of ₦ 37,190,240 was paid as at 30th June 2019. This leaves outstanding balance of ₦ 187.816,928.

    However, from the records of UNILAG Pharmacy;

    - The amount of University debt to the company as at April 2019 is not ₦36.554 million as claimed by UNIHOLD, but ₦ 13,l 12,604 including the ₦ 141,871,160 due from the Income Generating Units,

During the same period,

- UNILAG Bookshop's claim of ₦ 20,496,827 from' the University (including ₦ 3,289,310 from the Income Generating Units) is at variance with the ₦28,685,977 figure from UNIHOLD.
- The conflicting figures of indebtedness therefore call for immediate reconciliation of the figures.

➢ Declining Business Relationship between UNIHOLD, Its subsidiaries and the University

- The Board of Directors of UNIHOLD is very worried about what it calls "increasing and dangerous trend of diversion of University of Lagos patronage to private companies and individuals".

- As far as the Board is concerned "All the subsidiaries were established to provide products and services mainly if not solely for the University. Any attempt to deprive these institutions of the University patronage under whatever guise such as competition, quality price, etc. will INSTANTLY spell their DOOM"

➢ Management Fees Paid to UNIHOLD by its Subsidiaries from 2014 - 2018

- As compiled from the annual reports of the various subsidiary Companies, the total management fees paid to UNIHOLD from 2014 to 2018 amounted to N223.848 million.

Source: Computed from the financial statements of the subsidiary companies

➢ Delays in Release of Audited Reports for UNIHOLD and Its Subsidiary Companies

The audited accounts of UNTHOLD and its subsidiary companies were not ready as at the time required by law as reflected in the table below;

Delays in Release of Audited Reports for UNIHOLD and Its Subsidiary Companies

Financial Year	Date Audited Reports Due	Date Reports were Signed
2015	31st March 2016	10:h November 2017
2016	31st March 2017	4:h October 2018
2017	31st March 2018	14^11'March 2019

i 2018	31st March 2019	Awaiting Auditors' signature as at 30"'June, 2019

- **UNIHOLD Future Plan for Bringing in Outside Investors for Guest Houses**
  - UNIHOLD is working with Investas Group to bring in external investors and hospitality managers not only to upgrade the current 77 rooms to the standard of a 3-star hotel but also to increase its capacity to 165.

- **UNIVERSITY OF LAGOS GUEST HOUSES AND CONFERENCE CENTRE LTD.**

Findings

These are the additional findings to what have already been discussed under UNIHOLD

- **₦l8,160 was hotel accommodation fee per day during the period**
  - The revenue derived from the 77 hotel rooms during the five-year period (1826 days) amounted to N330.799 million. This translates to a revenue of less than ₦2,353 per room per day.

- **Collection for Use of Halls**
  - The company was able to generate only ₦84.351 million in five years for activities related to conferences, seminars and lectures. This translates to only ₦1,405,000 per month from 14 halls.

- **Key Financial Summary of UNILAG Guest Houses and Conference Centre Ltd (2014-2018)**
  - The worst revenue decline was observed, from ₦ 200.676 million in 2016 to ₦ 49.487 million in 2017, when Golden Tulips West Africa Hospitality Management Limited (GTWA) ran the Guest Houses.
  - In 2017, the company reported a loss of N52.501million due to its inability to generate enough revenue to cover its operational expenses.

- **Guest Houses Indebtedness to University for Use of Its Facilities**
  - The company owed University of Lagos N10.667million for rent and N18.608 million for electricity as at the end of 2018.

- **Guest Houses Need Renovation**
  - The company has not been able to operate many of its facilities because they need renovation.

UNIVERSITY OF LAGOS PHARMACEUTICALS LTD.

Findings from a Review of Company's Activities

- For the half year it operated in 2014, it had a revenue of ₦49.413 million
- During the period 2015 to 2019, the company made a total loss of ₦ 6.192 million
- UNILAG Medical Centre did not purchase drugs from the company in 2018.
- The only time the company received financial support from the university was in December 2014 when it received ₦10 million grant
- As at 30'" April, 2019 the University including the income generating units was owing the company ₦13,l 12,604 million
- Only ₦3,734,617 out of this amount had been paid as at 30'" June 2019.

UNILAG VENTURES LTD.

- It deals with sachet and bottled water which in 2018 accounted for 41% and 59% of sales respectively.
- Among the things done to facilitate its activities include;
- Drilling of an industrial borehole to supply water at a cost of N10 million
- Installation of five new sachet water machines and acquisition of two delivery vans.
- WEMA Bank gave the company ₦10.50 million grant in November, 2018 and additional grant of ₦11.95 million in June, 2019.
- The company also received a loan of ₦10 million from the University in June, 2019
- Between 2014 and December 2018, the production of sachet water increased from 2,500 bags per day to 6,000 bags while that of bottled water increased from 300 bottles per day to 1,000 bottles. The increases in production level have not been translated into profit..
- Apart from 2016 when it made a profit before tax of N8.831 million, the company made a total loss of ₦33.01 million from 2014 to 2018
- A major reason for the losses reported by the company is the high cost of administrative expenses in comparison with the gross profit made. For examples, administrative expenses amounted to 162.4% and 182.8% of gross profit in 2015 and 2016 respectively

UNIVERSITY OF LAGOS PRESS AND BOOKSHOP LTD

THE UNIVERSITY BOOKSHOP

- The Bookshop made a total loss of ₦37.422 million during the period 2014 to 2018

- The Bookshop is in a serious financial crisis. As at July 24, 2019 it owed its creditors more than **N72 million with more than half of this amount outstanding for over a period of three years.**
- The Bookshop also had accrued pension of ₦1,791,596 as at 30'" April, 2019. This is in addition to the ₦14.961 million it owed to related UNILAG parties as al 31[s1] December, 2018. Of particular note on the ₦14.961 million debt is the ₦10,927 million it owed University of Lagos Guest Houses Ltd.
- . The inability of the Bookshop to pay for the books supplied led to the drop in revenue on books from ₦102 million in 2014 to ₦ 38.7 million
- The University's total indebtedness to the Bookshop was ₦20.496 million as at April, 2019. Out of this amount, available information from the Bursary indicates that ₦ 1,383,700 had been paid as at 30"' June, 2019.

UNILAG PRESS

Findings

- UNILAG Press is one of the most obsolete subsidiaries visited by the Committee
- All the equipment was more than 3 decades old, obsolete and mostly unserviceable.
- The place was overstaffed with old personnel averse to change modernization and control.

- During the period 2014 to 2018 UNILAG Press made **a total loss of N20.466 million**

RECOMMENDATIONS ON UNIHOLD

- **Engagement of Third Party by UNIHOLD**
    - In view of experience with Golden Tulip West Africa Hospitality Management Ltd (GTWA) where a 10-year 'renovate, operate and transfer" agreement was terminated after nine (9) months, the Council must be convinced beyond reasonable doubt before endorsing such arrangement in the future. Other companies should be invited to participate through advertisement.

- **Performance of UNIHOLD**
    - On the basis of the figures presented on the performance of UNIHOLD, it is difficult to come to any other recommendation other than the winding up of UNIHOLD as soon as possible so that each company can operate fully on its own.

- **University Indebtedness to UNIHOLD**

On University indebtedness to UNIHOLD the Council should do the following;

- Direct the University Internal Auditor to reconcile the figures given by UNIHOLD and its subsidiary companies with what the University claims to be its own liabilities in order to know the actual amount of debt the University owes UNIHOLD subsidiary companies.
- Give directive as to the time frame the University should settle its debt to the subsidiaries. We suggest that this should not be more than six weeks.
- Ensure that there is no future occurrence of such large scale debt as this gives room for extra budgetary spending. This can be done by demanding from each company simple management reports.

Evidence of University Patronage to UNIHOLD

- In order to provide evidence of the university patronage of the services of the existing companies under UNIHOLD , the Council should direct that;
  - The Management reports should break revenue into three parts
    a) Cash sales b) Credit sales to the University c) Credit sales to others
- Provide evidence of payment by the University during the reporting period.

- Council should give directives to the appropriate organs of the University to request UNILAG Bookshop to provide full disclosure on how it came about the N72.074million liabilities.

- In the event that UNIHOLD is allowed to continue to supervise the subsidiary companies it should not use the fund of one company to finance the activities of another.

- In view of the fact that members of the Committee are convinced about the effort being made by the MD of UNILAG Pharmacy to turn around the place positively, it is recommended that the request for a loan of N10 million be approved by Council. This should be repaid in twelve months after one year moratorium as requested by the MD.

- There is a need to review the administrative expenses being incurred by UNILAG Venture which accounted for 162.4% and 182.8% of Gross Profit in 2015 and 2016 respectively.

- There is the need for management information on the occupancy of each hotel room and hall per period of reporting. This can be used for cross-checking of revenue figures and to determine the possible alternative uses of idle facilities. For example, if it is established that the 250 capacity hall in the Guest Houses is not effectively utilized, alternative uses for the facility must be found.

- In order to save the University from embarrassment, UNIHOLD should negotiate with the appropriate tax authorities the modality for settling its outstanding tax liabilities of N94.117million as at 31sl December. 2018.

10.00 UNILAG CONSULT

Findings

- **Major Sources of revenue:** The major sources of revenue are projects and programmes and rental incomes from properties including its office building, Bamigbopa Hostels and its building located at Abule Oja.
- **Poor Financial Performance**
    - During the period from December 2015 to December 2018, the company recorded a total loss ₦64,391,568, although a profit of ₦l7,427,835 was reported in 2017
    - The claim that the company has available a pool of ‘'over 2,000 highly skilled resource persons, consultants and technical support staff both within and outside the University'’, has not been reflected in its financial performance.
- **Reasons Found for the Poor Financial Performance**
    - The cost of projects as well as administrative expenses are far too high relative to revenue generated
    - While project costs gulped very high percentages of revenue equal to 85%, 89% and 62%, the administrative expenses took up 22.38%, 38.29% and 33.45% in 2016, 2017 and 2018 respectively. This is an indication that other funds for running the Business might have been obtained from funds from other viable income generating units.

RECOMMENDATIONS ON UNILAG CONSULT

- Close attention needs to be paid to the components of cost of services especially the cost of projects with a view to reducing or eliminating some of them.
- There is need to reduce administrative cost.
- Staff should be held more accountable for performance targets which should be made available at the beginning of the year. Target net profit margins should be comparable to that in the industry (not less than 10%).

11.00 DIRECTORATE OF PROPERTY DEVELOPMENT & INVESTIMENT

Functions

- Maintenance and management of all university's properties within the Campus
- Letting out some university properties on economic basis
- Attending to allottees and tenants' complaints and enquiries
- Keeping records of all accounts and monies received on University's properties
- Rendering advice on major repairs of University properties
- Carrying out any other duties assigned by the Vice-Chancellor

Operation

- Developed landed properties within and outside the University Campus
- Leased land within and outside the-University Campus
- MTN Base Stations
- Globacom Base stations
- Airtel Base Stations

Structure of Expected Income from the Properties

- Structures built and owned by the University is charged at ₦7,200 per square metre
- Solid/permanent structures built by the University's tenant is charged ₦5,000 per square metre
- Temporary structure built by the tenant is charged ₦3,000 per square metre.
- Advertising Bill Boards are charged at the rate of ₦10,000 per square metre.
- Telecommunication mast is charged at the rate of ₦20,000 per square metre.
- Each bank building within the University Campus is charged at the rate of ₦ 20,000 per square metre.

Recent Achievements of the Unit

- Improved generation of income to the University
- Ensuring prompt payment of rent by business owners on campus
- Recovering of some shops from illegal allottees

Findings

- Declared revenue declined from ₦169.48 million in 2014 to ₦ 96.51 million and ₦ 90.74 million in 2015 and 2016 respectively before moving to ₦ l67,05 million in 2018
- Between 8th May, 2017 and 2nd May, 2019 a total sum of ₦311,122 ,329 had been paid in as rent for University properties that are managed by UNILAG Property Development and Investment Unit .This amount included ₦ 65.125 million paid on

  5th, November, 2018 for MTN Base Station.

- The amount charged as rent is low compared to what is obtainable in other places, especially in the vicinity of the University main campus. This has led to sub-letting of University properties to third parties at exorbitant rates.
  For examples, two shop allottees who were paying annual rents of only ₦30,000 each were collecting ₦750.000 and ₦ 550,000 each per annum through, multiple sub-letting of their shops at the front of El Kanemi Hall before the Head of PDI unit recovered the shops from the allottees.
- Lack of timely maintenance of shops and buildings within and outside the University
- Multiple ownership and management of university properties by different units e.g. DSA,Office of the advancement and UNILAG Consult and Property Management and Development Company Limited
- Afriview Travel & Tours Limited owned by Dr. (Mrs.) Ketebu, a former Council member was allocated a piece of land for lease behind Moremi Hall for construction of a food court. However, what is there now is a story building of 8 shops. ' We learnt that the rent is between ₦450,000 - ₦700,000 per annum, which is not paid into the coffers of the University. In addition, the tenant does not pay rent for the building. The only money paid so far is the initial rent of ₦2,079,000 in June, 2015
- University properties located at Festac, Satellite Towns and shop 6 Ibikunle Shopping Complex yet to be recovered leading to loss of revenue

RECOMMENDATIONS ON DIRECTORATE OF PROPERTY DEVELOPMENT & INVESTIMENT

- Need to involve the Legal Unit in the recovery of properties where tenants breached agreement.
- Need to obtain reports from UNILAG Consult, Office of Advancement, Dean, Student Affairs on the management of some properties currently under them.
- Revision of charges to tenants in line with current commercial rates
- Dr Fadaka- Bello should be commended for her roles in bringing about sanity in PDI Unit
- That when Dr Fadaka-Bello retires from the University in January, 2020 the University should hunt for a person of similar character like her to handle the unit.

PROPERTY MANAGEMENT AND DEVELOPMENT COMPANY LIMITED

- **Mandate of the Board:** *To identify, acquire and develop landed properties in and outside Lagos (Nigeria) and manage the same on behalf of the University for profit*

Operation

- The company focuses on investment in properties around the Main Campus.
- It identifies what it considers to be viable properties for development and management for profit to boost the internally generated revenue of the University.
- The University Council approved a seed fund of ₦100 million to the Company on 11th December 2015.

- The Company opened a current Account No. 0216074584 with Guaranty Trust Bank Plc.
- On 25th April 2017, the Company obtained approval for additional sum of ₦70 million.

Properties Acquired by Company

- 45, Morounfolu Street, Akoka at a total cost of ₦98.03 million till date. The property has been turned into a female hostel with 34 bed spaces and commenced operation in February, 2018 with each student expected to pay ₦200.000 per bed space per annum
- 4, Iwaya Road, Onike, Yaba al a total cost of ₦64.54 million till date

Findings

- The objective of boosting the internally generated revenue of the University has not been achieved as the only known revenue generated till date is ₦ 8.I7 million from its hostel in Akoka
- The company has been relying on funds from other income generating units as it is yet to generate substantial income in spite of the availability of the 34 bed spaces. It was only able to sell 18 bed spaces showing an idle capacity of 16 bed spaces for the period under review.
- There is no clear cut timeline for the project embarked upon on Iwaya Road
- Funding is a major factor affecting the operations of the company.
- No complete financial statements were made available. There were bits and pieces of information covering the period up to December 2018.

Recommendations

- The University Management should make effort to significantly reduce the idle capacity of 14 bed spaces in Morounfolu Property.
- Efforts should be made to complete Iwaya Road property in order to achieve the profitability objective of acquiring the property.
- The company should look into the possibility of raising funds by selling its shares to willing members of (the University community and also seek collaboration with financial institutions.
- While the majority of members of the Committee believe that the company should continue to operate independent of UNILAG Property Development Unit, there is also the minority position that in order to reduce unnecessary cost of bureaucracy, all activities related to university properties should be merged in one unit.

13.00 SCHOOL OF POSTGRAGUATE STUDIES

Findings

- During the five-year period 2014-2018, the SPGS generated, a total revenue ₦5.6273 billion through the part-time post-graduate programmes

- With effect from 2017 financial year, the University of Lagos Governing Council approved that 10% of gross income of all Non-FTE Postgraduate courses be set aside for Postgraduate School building. The total amount set aside for this purpose was ₦350,560,739.53 as at 5th August, 2019. According to UNILAG Bursary, the fund is domiciled in Development fund Sub-Account under TSA
- With effect from 19th June 2018, the responsibility given to Human Resources Development Centre (HRBC) to collect and manage the school fees of part-time post-graduate students was taken away from HRBC and handed over to SPGS. This followed the opening of University of Lagos Post- Graduate Sub-TSA in CBN on 10th April, 2018
- Unlike the standard practice in income Generating Units, when the Chairman of the Management Board approves any expenditure from ₦25,001 to ₦500,000, there is no such arrangement in place in SPGS. This is because the Academic Board headed by the Dean of SPGS is not a Management Board. As a result, any approval limit aboveN250,000 which is the approval limit of any Dean will have to be forwarded to the Vice Chancellor for approval

.Challenges

- Payment of postgraduate examiners honoraria are often delayed excessively due to inaccessibility of the SPGS to its funds
- The School is faced with acute shortage of hostel accommodation for its students
- The non-actualization of its building project, though financial provisions are being made for it in its annual operations
- Poor source of power supply which affects its information technology operations hence necessitating need for alternative power supply source through Owning a giant generator to enhance its operations

Recommendations

- There is the need to address the challenges listed above to enhance the future growth of the School of Postgraduate Studies of the University.
- The original concept of the HRDC collecting revenue and monitoring the activities of the SPGS appears to provide for good, corporate governance as it enhances checks and balances. This is why there is a need for a Management Board as different from Academic Board to be put in place if SPGS is to enjoy autonomy in the management of its generated funds. It is suggested that the Deputy Vice Chancellor (Academic and Research) should head the Board

14.00 HUMAN RESOURCES DEVELOPMENT CENTRE (HRDC)

- The Centre formerly known as Human Resources Development Board (HRDB) was established in 1995 and it commenced operation in .January, 1996. The principal function assigned to HRDC is to oversee the management of finance of all NON-FTE

(Part-Time) postgraduate and proficiency programmes of the University in accordance with the directives of the Council.

Findings

- During the five-year period 2014-2018.the total revenue declared by HRDC is N5.627 billion. This figure includes the amount collected by SPGS after a Sub-TSA was opened for it in April, 2018 by the University.

REVENUE OF HUMAN RESOURCES DEVELOPMENT CENTRE (HRDC):2014-2018

		Percentage of Total Revenue
Part-Time Post-Graduate School Fees	₦5,312,377,381	94.4%
Diploma Tuition Fees	₦205,152,430	3.7%
Others	₦109,728,027	1.9%
Total	₦5,627,257,886	100%

- 94.4 % of the total revenue of HRDC during the period 2014 to 2018 came from the tuition fees paid by part-time postgraduate students while Diploma tuition fees and Certificate fees accounted for only 3.7% and 1.9% of total revenue respectively, during the same period.
- With effect from 19th June 2018, the responsibility given to Human Resources Development Centre (HRDC) to collect and manage the school fees of part-time post-graduate students was taken away from HRDC and handed over to SPGS. This followed the opening of University of Lagos Post- Graduate Sub-TSA in CBN on 10th April, 2018.
- During the period 1st August 2018 to 31s1 July, 2019 (a period of one year when HRDC was no longer in charge of SPGS finance), the total staff emoluments of HRDC currently headed by a Director was N48,341,419.08.This was more than the ₦46,742,150 from the 2018 Diploma Tuition fees, the only real academic business left for HRDC.

RECOMMENDATIONS

- In view of the fact that the collection and management of tuition fees of SPGS part- time programme that in the last 5 years accounted for 94.4 % of HRDC total revenue had been taken away to SPGS, the only business left for the Unit is the Diploma programme which is not profitable.
- The revenue realized on the programme in 2018 was not enough to pay staff emoluments for one year.
- There is evidence to show that the University personnel division gives discriminatory recognition to HDRC certification for the purpose of staff appraisal, confirmation, promotion and other staff progression purposes. This limits patronage of HRDC Diploma

programmes by Staff who is supposed to be ready market.

- Why should the University of first choice and nation's pride dissipate its energy on unprofitable diploma that is not recognized by the market? The logical conclusion is that in the absence of SPGS programmes, HRDC must close shop and pass its unfinished business to UNILAG Consult. The staff of the Unit should be reassigned to the Departments of critical needs in the University.

- Pending the time the SPGS building will be ready, the current building occupied by HRBC should be used by SPGS as an extension In case, SPGS is not keen on moving there, alternative users suggested for the place based on urgent needs are University of Lagos Business School, Faculty of Management Science and School of Foundation Programme

15.00 DISTANCE LEARNING INSTITUTE (DLI)

- The Distance learning Institute, DLI of the University of Lagos, originally a Unit of the University called the Correspondence and Open Studies Unit (COSU), was established in 1973.
- In 1983, COSU transformed into the Correspondence and Open Studies Institute (COSIT) and was granted some measure of autonomy and enhanced scope of operations. Subsequently, the Senate of the University in 1997, in line with global best practices in Open Studies and in particular Distance learning mode of study effected some re-structuring and streamlining in the general modus operandi of the Institute.

Financial Performance

- The financial performance of the Institution over the 2014-2018 five-year period has been remarkable.

- The total revenue recorded over the 2014-2018 five-year period was highest in 2014 with a figure of ₦l,621,108,960.00 (one billion six hundred and twenty one million one hundred and eight thousand nine hundred and sixty naira only). The figure however fell to ₦l,136,513,747.00 in 2017 and finally ₦l,154,320,072.00 in 2018.

- Contribution to the University which was lowest in 2015 al N; 26,250,000 rose significantly to N500,000,000 in 2018. Correspondingly the Institute's financial surplus fell from N668,218,466 in 2014 to only N121.010,835 in 2018.

Challenge

- The Institute has information technology network challenges which affect student course registrations and fees payment.

Recommendations

- On a general note the Institute has been performing well financially and is living up to its position as one of the major "cash cows" of the University of Lagos.

- However the declining financial surplus of the Institute needs to be arrested. Also the contribution to the University needs to be better streamlined and should be based on some objective criteria, either linked to turnover or surplus generated.

16.00 SCHOOL OF FOUNDATION PROGRAMMES

- In the last, twenty one years of its existence, the Foundation Programmes (formerly Diploma II) have progressively provided avenues for successful candidates to gain direct admission into the 200 level of the degree programmes of the University of Lagos, through the Joint Admissions and Matriculation Board (JAMB), and into any of the approved tertiary institutions in Nigeria and our partnering Universities in the United Kingdom and China.
- The School of Foundation Studies joined the Joint. Universities Preliminary' Examinations Board (JUPEB) in 2014 after the body was approved by the Federal Government in December 2013.
- The JUPEB itself was established by in April 2014 by a consortium of ten partnering Universities led by the University of Lagos. It conducts common and standard examinations for the candidates of the School of Foundation Studies who are exposed to a minimum of one-year approved courses and seeking Direct Entry admissions into University courses at the 200 level in Nigerian and partnering foreign universities.
- The School of Foundation Studies currently has 38 different subject combinations covering the Sciences, Arts and Social Sciences.

Financial Performance

- The total revenue recorded over the 2014-2018 five-year period was highest in 2014 with a figure of ₦826,633,500 (eight .hundred and twenty six million six hundred and thirty-three thousand five hundred Naira only).The figure however fell to ₦745,490,000.00 in 2015 and finally ₦758,447,500.00 in 2018.

- **27.5% of its Net Income is set aside for School of Foundation-Building**. The total amount set aside for this purpose was ₦646,967,495.88 as at 5th August, 2019. According to UNILAG Bursary, the fund is domiciled in **Development fund Sub-Account under TSA**

Challenges

- The space provided to the Director of the programme and his supporting staff is far below the standard expected of a unit generating a lot of money for the University. Hence effort should be intensified to hasten the actualization of the proposed building given that substantial funds have been realised to date.

Recommendations /Overhaul of Mode of Operations

- The School of Foundation Studies, on a general note, is considered to have been performing well financially and is living up to its position as one of the major “cash cows” of the University of Lagos. However the expenditure profile of the School needs to be better slated to determine the actual financial surplus and the need for its better management.

- Second, there is the need to fast-track the process of building a link bridge to gain access to the proposed site of the school through the DLI and the Honours Hall.
- Finally, effort to erect the permanent building should be hastened.

17.00 INSTITUTE OF CONTINUING EDUCATION

The University of Lagos Institute for Continuing Education (ICE) is established to avail matured students the opportunity to acquire undergraduate degrees on a part-time basis through evening lectures or mode of instructions. The Institute’s philosophy is premised on the belief that University education should be available to all desiring Nigerians and foreigners in consonance with the University of Lagos 1967 Act as amended. It has different durations of 3years, 4years and five years depending on the candidate’s entry qualification. The ICE admits students in collaboration with Faculties of Arts and Social Sciences.

Findings

- The financial performance of the Institute for Continuing Education over the 2014-2018 five- year period has not been remarkable.

Operational Statements of ICE for the Period 2014 – 2018

Financial Details/ Period	2014 (N’m)	2015 (N’m)	2016 (N’m)	2017 (N’m)	2018 (N’m)
Revenue					
Income	136.24	121.02	159.12	128.91	181.02
Total Revenue	**136.24**	**121.02**	**159.12**	**128.91**	**181.02**
Expenditure					
Programme Monitoring/ Running Cost	18.91	11.88	20.47	16.15	28.16
Participant Share	33.88	40.09	41.01	44.71	44.78
Faculty Share	6.23	2.67			
Departmental Share	10.55	5.34			
Contribution to the University	54.84				
Lagos Factor	-	24.05	18.26	27.39	21.94
University Share	-	34.75	26.37	39.57	31.70
Total Expenditure	**124.43**	**118.81**	**106.21**	**127.83**	**126.60**
Surplus/(Deficit)	**11.80**	**2.20**	**52.99**	**1.08**	**54.41**

- The total revenue recorded over the 2014-2018 five-year period was highest in 2018 with a figure of ₦181,026,375.00 (one hundred and eighty one million twenty six thousand three hundred and seventy five Naira only). The figure was lowest in 2015, with a value of ₦121,021,350

- For the expenditure figures, the contribution to the University was only recorded in 2014 (₦54,842,573) after which University share was recorded for the 2015-2018 period of lesser values in each year, with a maximum of ₦39,575,177 recorded in 2017.
- Regarding the financial surplus recorded, 2018 still had the highest figure of ₦54,419,776 while the worst performance of ₦1,080,000 was recorded in 2017. Another bad year in this regard was 2015 with a surplus figure of ₦2,209,500.

Challenges

- The market for a relaxed evening degree programme in the Lagos area is considered to be very huge. The ICE is still operating from a substandard Office and may need to obtain Office location, to enable it harness the very large market available to it.

Recommendation /Overhaul of Mode of Operations

- It is appropriate for Institute to get a better Office location and further tap into the vast Lagos market for part-time evening undergraduate degree programmes. This will obviously improve on its current low level of financial performance

CATEGORY B INCOME GENERATING UNITS

18.00 INTERNATIONAL SCHOOL, UNIVERSITY OF LAGOS (ISL)

- The International School, University of Lagos (ISL) was established on 9th November,1981.
- The school has consistently produced excellent results in WAEC and NECO SSCE since inception.

An Extract from International School's Financial Statement for the Period 2014 – 2018

Financial Details/Period	2014	2015	2016	2017	2018
Revenue					
Income (₦)	468,451,049	469,219,653	533,638,213	478,113,143	490,048,500
Total Revenue (₦)	468,451,049	469,219,653	533,638,213	478,113,143	490,048,500
Expenditure					
Staff Enrolment (₦)	377,718,932	366,814,900	365,758,264	368,927,382	372,056,879
Administrative Expenditure (₦)	30,492,281	33,945,998	42,824,744	41,755,613	66,520,250
Contribution to the University (₦)	5,000,000	-	7,500,000	5,000,000	7,500,000
Total Expenditure (₦)	413,211,213	400,760,898	416,083,008	415,682,995	446,077,129
Surplus/Deficit (₦)	55,239,836	68,518,755	117,555,205	62,430,148	43,971,371

- The infrastructural facilities in the School generally are in need of total overhauling
- The landscape of the school needs to be fixed. The landscaping of the school had already been approved by the Vice-Chancellor and the Governing Council.
- The two School buses are old and need replacement, especially, considering the population of the school.
- Poor attitude of some parents, especially staff of University of Lagos, as far as prompt payment of school fees is concerned.
- Lack of financial autonomy and timely access of needed funds are affecting the smooth running of the school.
- Lack of boarding facilities in the school, which could be a source of additional income for the school.

RECOMMENDATIONS

- The school should be given a grant of ₦3 million to meet its immediate pressing needs which include the installation of Inverters of appropriate size in the Principal's office to keep essential administrative work going during prolong period of no electricity supply
- The school should be given timely access to its fund

19.00 STAFF SCHOOL

- The Staff school was founded on 10th October, 1966, initially as a demonstration school for the Students of the Faculty of Education and later on as a Full Nursery and Primary School.
- It operates from two locations namely; the Main Campus of the University of Lagos and an annex at the College of Medicine, Idi-Araba
- It offers Nursery and Primary Education to children of the Staff of the University of Lagos and to non-staff

Findings

- The major source of revenue for the School up to 2014 was grant from the University which in 2014 was the sum of ₦122,546,612
  - By 2015, this grant drastically reduced to about 51% of the 2014 figure
  - By 2018, the grant formed only a negligible part of its revenue amounting to about 2% of the 2014 figure.
- Major source of revenue between 2015 and 2018 consisted of fees paid by non-staff children as staff children do not pay tuition fee.
  - Staff children however constitute the majority (61.24%) of pupils in the school
- Since 2015, the school has recorded increasing deficits from-its operations. This is not unexpected as its major source of revenue which was the grant from the University had dried up. This has created a number of challenges for the unit including the following:
  - Non remittance of deductions made from staff salaries to appropriate bodies
  - Irregular payment of salaries

RECOMMENDATIONS

- There is need for the University to continue to support the running of the school with an annual grant as long as
    - the majority of pupils from the school are non-tuition fee paying (61.24%) and
    - revenues generated over the years have not been able to cover even the staff emoluments.
- However this grant should be based on a specific percentage of either revenue from fees or expected revenue based on enrolment.
- The unit under the present circumstances cannot be categorised strictly as an income generating unit. It should be reclassified and not treated as income generating unit in the strict sense of the classification.
- All deductions made from staff salaries should be immediately remitted to appropriate bodies on behalf of the staff in order to remove the undue pressure of the perception of the school as being unable to meet its financial obligations.

20.00 AUDITORIA MANAGEMENT

The Auditorium management office manages the usage and rental of Auditoria / Lecture Theatres

Findings

- From the five years operational statements provided, financial performance has deteriorated over the five years from 2014.
- Revenue fell from the 2015 level in 2016 and 2017 before picking up slightly in 2018.
- Costs showed large increases from their 2015 level.
- The deterioration in financial performance is accounted for by the large increase in cost as a result of the additional significant cost of janitorial services without commensurate increase in revenue.
- Janitorial services alone were 43%, 46% and 37% respectively of the revenue received
- This appears too high for such services in respect of auditoria usage.

Significant Efficiency Indicators for Auditoria Management Unit for the Period 2014 – 2018

Indicators	2014	2015	2016	2017	2018
Revenue Generated (₦)	73,530,485	85,702,235	78,082,929	72,101,980	87,483,118
Janitorial Services (₦)	-	-	33,768,748	33,421,945	32,578,181
Total Expenditure (₦)	33,506,138	33,470,765	60,182,238	64,464,928	66,422,791
Janitorial Services to Total Expenditure (%)	-	-	56.11	51.85	49.05
Janitorial Services to Total Revenue (%)	-	-	43	46	37
Total Expenditure to Total Revenue (%)	45.57	39.05	77.07	89.14	75.93

Surplus to Total Revenue (%)	54.43	60.95	22.93	10.60	24.07

RECOMMENDATIONS

- The Janitorial contract needs to be reviewed with a view to bringing down the cost more, as it has not resulted in decreases in the administrative cost nor staff emolument of the auditoria from the 2014 level.
- The possibility of reopening Jelili Omotola Hall and Odugbemi Hall for social activities on weekend only should be revisited.

21.00 MEDICAL CENTRE

The Medical Centre operates to provide medical services to staff and their families through the NHIS programme and also operates the Tertiary Institutions Students' Health Insurance Programme (TISHIP) for students.

Highlights of Financial Statements for the Medical Centre for the Period 2014 – 2018

	TISHIP		NHIS	
Financial Details/Period	**2017**	**2018**	**2017**	**2018**
Revenue (₦)	103,265,825	105,733,214	53,285,450	95,135,500
Medical Expenses (₦)	116,525,825	109,259,453	49,287,419	59,076,641
Administrative Expenses (₦)	2,751,175	6,973,570	3,166,504	5,013,214
Surplus/Deficit	(16,011,223)	(10,463,809)	831,527	31,045,645

- From the operations under NHIS, surpluses were declared for 2017 and 2018 while under the TISHIP deficits were declared for 2017-2018.
- Administrative expenses for both programmes had increased by more than 150% for the TISHIP and over 50% for the NHIS

RECOMMENDATIONS

- The unit under the present circumstances cannot be categorised strictly as an income generating unit.
- The retainership activities should be re-examined to ensure that the income generated should at least be able to cover the medical expenses.

22.00 COLLEGE OF MEDICINE

CATEGORY A: INCOME GENERATING UNIT

MEDILAG VENTURES LTD

MEDILAG Ventures was incorporated on 9th January, 1996. Its activities cover four operational activities consisting of the Lodging, Printing Press, letting of hall and car park.

Findings

- The Guest House (Visitors Lodge) has 3 sub-units namely Lodging, Kitchen/Restaurant and Garden Bar. All these sub-units declared profits from 2013 to 2017.
- However, turnover declined from 2013 to 2015 and picked up slightly in 2016 and 2017, but the level of turnover in 2018 is still below the turnover in 2017.
- Although turnover is high, administrative expenses are relatively too high (not inclusive of staff emolument) for a limited liability company.
- Share of profit to UNILAG not provided for in the financial statements in 2015 and 2016 in spite of profits declared

RECOMMENDATIONS

- Causes of the decline in turnover in 2018 to below the 2017 level need to be investigated. Attention should be paid to the Prices of lodging and state of the rooms available.
- Components of the professional fees apart from audit fees charged for car park should be examined
- Value of receivables from CMUL is too high when compared to turnover, efforts should be made by the College authorities to make prompt payments for services enjoyed to enable smooth running of the company.

ii) A-LAB

A-Lab is the commercial arm of the Aids Prevention Initiative in Nigeria (APIN) Laboratory of the College of Medicine, UNILAG providing laboratory services to patients, physicians, students, hospitals and research Institutions and collaborating with other international institutions including North-Western University, Harvard University, Maryland University and Boston University.

Findings

- The financial statements showed steady increases in the laboratory's income from ₦21,249,696 in 2016 to ₦36,960,000 in 2017 and ₦38,104,950 in 2018.
- Statements indicate inadequate accountability practices. For instance, the statement did not reflect opening nor closing stocks. The direct costs of production were always equated with the purchases.
- The direct costs as a percentage of income has steadily increased from less than 35% in 2016 to about 45% in 2017 and almost a whopping 70% in 2018, leading to a sharp drop in operating surplus in 2018 in spite of increasing in gross revenue.
- Certain funds were appropriated from the surplus and earmarked for re-investment / reagent
- There is no statement of financial position or statement of assets / liabilities to show how such funds earmarked have been dealt with. More information is required relating to these figures
- There appears to be no adherence to specific university sharing formula for distributing surpluses. Distribution is made from surplus less fund earmarked for re-investment. This in effect alters the University sharing formula.
- The fund earmarked in 2016 was about 22% surplus, 21 % in 2017 and 36% in 2018.Participants shares were 37.5% of the 78% of surplus in 2016 and 37.5% of 64% of Surplus in 2018. The sharing formula was also altered in 2018 as compared to 2017.

Application of Sharing Formula

2017		2018	
CMUL	30%	CMUL	40%
Participants	37.5%	Participants	10%
Faculty	2.5%	Faculty	20%
Department	7.5%	Department	7.5%
Lagos Factor	22.5%	Lagos Factor	22.5%
Total	100%	Total	100%

RECOMMENDATIONS

- Reasons and authorization for the change in sharing formula need to be obtained.
- The A-Lab should be encouraged to prepare statement of assets / liabilities

iii) CENTRAL RESEARCH LABORATORY

The laboratory was established in 2004 as a research centre as well as a diagnostic centre for viral infections. It also provides consultancy and quality control services to pharmaceutical and chemical industries in Nigeria.

Finding

No financial report provided

RECOMMENDATION

- There is need for proper accounting records to be maintained to account for all expenses

iv) PAEDIATRICS D4 LABORATORY

The D4 laboratory was set up by Prof. Oluokoye Ransome Kuti, one time HOD and Minister of Health for research purposes. It was later upgraded to provide additional services including analysis on human body fluids for patients and clients at a fee.

Findings

Inadequate accountability practices indicated from the financial statements provided.

- The same Cash officer is responsible for receiving samples, receiving payment and dispatching results
- Remittances: Monies are kept in the custody of Finance Department and later remitted, the accounts are however not stated
- Distribution was made from Gross income of N1,004,500 in 2018, with no expenses charged

RECOMMENDATIONS

- There is need for segregation of duties. Officer receiving sample should be separated from officer receiving cash and issuing receipts.
- There is need for proper accounting records to be maintained to account for all expenses.

v) PAEDIATRICS D4 LABORATORY

The laboratory was established 15years ago as a research laboratory to help lecturers and resident doctors in analysing their research samples. It offers Haematology, Chemistry and Microbiology laboratory services.

Findings

- Financial reports show that the operations of the laboratory are profitable. However, the financial statements reflect inadequate accounting practices from 2014-2017
  - No record of closing nor opening stocks reflected in the statements.
  - Purchases were treated as expenses wholly written off in the year.
  - Financial statements did not show components of expenses in a note to the account

RECOMMENDATION

The issues raised should be addressed

vi) TOXICOLOGY LABORATORY

The Toxicology Laboratory was set up in January 2018. It provides urinary screening and confirmatory blood tests for the common drugs of abuse. Clients include traffic offenders sent for screening

Finding

Financial reports not provided yet as the unit started operations one year ago (2018)

vii) MEDILAG CONSULT/ PRENATAL LABORATORY AND THERAPY CENTRE

Findings

The examination of the financial statements of the year 2014 to 2018 revealed the following:

- Declining gross receipts from 2014 with the receipts in 2018 declining to less than 35% of income in 2014 while total expenses have been on the rise relative to the revenue generated in 2016 and 2017 and noting some reduction in 2017 and 2018

Highlights of Financial Statements 2014 – 2018

	2014	2015	2016	2017	2018
Gross Receipts(₦)	35,482,105	23,495,870	20,896,793	15,450,475	12,682,571
Total Expenses(₦)	4,642,792.4	5,143,667.92	11,327,770.01	8,051,472.08	5,828,213.26
%Total Expenses to Receipts	13.08	21.89	54.21	52.11	45.95

- Poor accountability practices
  - A jump in rent of ₦376,000 in 2015 to ₦4,147,000 in 2016 while there was no rent paid in 2018. There was nothing in the financial statements to indicate whether any rent was paid in arrears or in advance
  - There is no consistency in the sharing of profits as participants' share of 37.5% from 2014 - 2017 was provided in the financial statements but no participants' share was provided for in 2018. There was no explanation offered for this in the financial statements.
  - Sundry expenses were not properly described, only names of recipients were shown in financial statements without mention of purpose.
  - Significant fluctuations in salaries on a month to month basis, in 2018, such fluctuations are;

September	October	November
₦144,100	₦405,516	₦245,900

  - Amount of expired drugs increased from ₦1,674 in 2013 to ₦881.605 in 2016 before coming down to ₦133,564 in 2018.

RECOMMENDATIONS

- Tighter control of the drug procurement process to keep the expired drug amount at the minimum
- Need to improve the accounting and recording process
- Causes of fluctuations in salary from month to month should be investigated

Signed

Dr Saminu Dagari

(Council Member)