



THE UNIVERSITY OF ZAMBIA

AUDIT COMMITTEE

COU/2018/08

MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING HELD ON WEDNESDAY, 21ST MARCH, 2018 IN THE SENATE CHAMBER, UNZA, LUSAKA AT 09.00 HOURS.

PRESENT

Mr. Levy Mwanza	-	Chairperson
Mrs. Alice J. Tembo	-	Member
Mrs. Joyce P. Sundano	-	Member
Mr. Milandu Hambayi	-	Member
Mr. Willa Mulabika	-	Member
Mr. Daniel Siakalima	-	Secretary

IN-ATTENDANCE

Prof. Luke E. Mumba	-	Vice-Chancellor
Mr. Arnold Kapambwe	-	Bursar
Dr. Aubrey Masumbū	-	Chief Internal Auditor
Mr. Dube Kasaro	-	Chief Accountant Financial Reporting
Mr. Ronald Hatoongo	-	Legal Counsel
Mrs. Audrey K. Chisenga-Mumba	-	Acting Assistant Registrar, Council

1.0 QUORUM

The quorum was formed at 09:27 hours and the Chairperson called the meeting to order.

2.0 APOLOGIES

No apologies were received.

3.0 ADOPTION OF THE AGENDA

The agenda was proposed by Mr. Milandu Hambayi and seconded by Mrs. Alice J. Tembo after the following amendments:

3.1 Adding item 7.1 as 'Audit Report, July – December, 2017' to the agenda so that it flowed as follows:

- 7.1 Audit Report, July – December, 2017
- 7.2 UNZA's Internal Audit 4th Quarter Report
- 7.3 UNZA's Internal Audit Unit's Annual Work Plan

- ii) Informed however, that UNZA Printer had been able to raise funds through printing of examination booklets for Nkrumah University and other private Universities.
 - iii) In terms of control measures, the Committee was informed that the Bursar's office had implemented a centralized system of managing serialized receipt books.
- c) Page 4, item 6.2.1 (j) (i): Irregularities in Bank Reconciliations of K37,177.00) – UNZA Printer

- i) Reported that the irregularities in bank reconciliations of K37,177.00 was as a result of a system failure, which had since been rectified and the irregularities were addressed. Further informed that funds had been committed in the 2018 budget for the procurement of an integrated financial system and that the system would be procured as soon as the cash-flow improved.
- ii) Committee members wanted to know if the Centre for Information and Communication Technologies (CICT) could not develop an integrated financial system.

In response to the above, members were informed that it would be cost effective for CICT to develop the system. However, informed that it takes long to develop a sound system because of the various security and quality assurance protocols that the system would have to be subjected to before being implemented.

- d) Page 5, item 6.2.1 (m) (i): Contracts not made available for Audit verification – UNZA Radio

- i) Reported that there were no written contracts but that Management had directed UNZA Radio that going forward, all longer advertising activities the station would engage in should be supported by written contracts.

- e) Page 6, item 7.4.2: UNZA Health Services – Discrepancies between quantities of drugs sampled, counted and stock records

- i) Reported that Management had since corrected the discrepancies and a Stores Officer had also been deployed to UNZA Health Services.

- f) Page 7 and 8, item 7.4.3 – 7.4.5: Health Service – Missing Stock cards, missing records of drugs dispensed and incomplete and inaccurate records of expired drugs

- i) Reported that a verification exercise was done by Internal Audit Unit and the cases had since been closed.

However, it was reported that the Unit would in future ensure that such allocations were documented and ratified by the Committee.

- iii) Directed Management to take stock of UNZASU Affiliates entitled to student rooms, stressing that Management should also review the quota allocated to UNZASU Affiliates in order not to disadvantage students on the waiting lists for accommodation.

7.0 SUBMISSION FOR CONSIDERATION

7.1. Routine and Investigative Audit Reports – School of Veterinary Medicine

7.1.1 Debtors Accounts not properly maintained and reconciled

- i) The Committee was informed that the audit established that there was no proper debt management involving keeping debtors' records, which was also a legal tax requirement at three (3) cash generating units or cash collection points in the Departments of Clinical Studies, Central Services and Supplies and Para-Clinical Studies in the School of Veterinary Medicine.
- ii) Further informed that the audit could not determine the total debtors figure or amounts owed to the School and that the only loose books or record of debtors availed to Audit from the Veterinary Clinic were incomplete and unreliable.
- iii) The audit also revealed that there was also no policy or written guidelines regarding debtor management, especially on debt collection, collecting times, setting credit limits and payment terms.
- iv) In response to the audit query, Management indicated that it would develop clear guidelines on debt limit, collection periods and reliable debtor information.

7.1.2 Receipting and Handling of Cash without Authority

- i) The audit revealed that the cash collected at Clinical Studies, Central Services and Supplies and Para Clinical Studies points were receipted by non-accounting staff.
- ii) Informed that the Officers handling cash did not have either lockable cashboxes or safes in order to keep the money safe as they waited to hand over the money to the School Accountant.
- iii) In response to the audit query, Management indicated that it would deploy qualified accounting officers to the School of Veterinary Medicine to handle cash.
- iv) Comments
 - (a) Reiterated that Management should deploy qualified accounting staff to the School of Veterinary Medicine to handle cash.

iii) Decision

- (a) Directed Management to take punitive action against the erring officers, including disciplinary action, adding that the financial regulations governing imprest were very clear on the timeframe one was supposed to retire imprest.
- (b) Reiterated that Management should take disciplinary action against all staff that were deliberately not adhering to the UNZA Financial Regulations.

7.1.5 Lack of Anti-Plagiarism Tool in the School of Medicine

- i) The audit revealed that quality assurance systems in the School of Medicine relating to students' assessments were weak because a number of students were involved in plagiarism. In addition, the audit revealed that the School of Medicine did not have an anti-plagiarism software to help curb plagiarism.
- ii) In view of the above, the audit recommended that the University should acquire an anti-plagiarism software in order to curb plagiarism in the School of Medicine and the University as a whole.
- iii) In response to the query, Management assured the Committee that it would procure anti-plagiarism software once the cash flow improves.

iv) Decision

- (a) Directed Management to prioritise the procurement of the anti-plagiarism software because failure to arrest the situation at the School of Medicine had far-reaching consequences in terms of the quality of health care delivery in the country.

7.1.6 Dilapidated State of the Anatomy Dissection Room

- i) The audit also established that the School of Medicine's Anatomy Dissecting Room was in a dilapidated state, thereby, posing a very serious health hazard to students and staff.
- ii) Further, the audit revealed that there were inadequate tools to use by students such as stools, microscopes and so on.
- iii) In response to the above audit query, Management informed the Committee that the Resident Engineer's Department had already started carrying out repair works; procurement of equipment was also being prioritized.

- i) Introduction
- ii) Activities undertaken during the period under review
- iii) Activities conducted during the period under review
- iv) Audit committee meetings that took place
- v) Challenges
- vi) Activities for the 1st Quarter, 2018

7.2.2 Comments

- i) Bemoaned the delay to finalise the revision of the Audit Manual, stressing that Management should expedite the process of reviewing the Audit Manual.
- ii) Inquired if the Teammate Audit Software was going to be purchased as a stand-alone software package.

Management clarified that the Teammate Audit Software to be procured would be an independent software system from all other financial packages.

7.2.3 Decision

The Committee Approved the 4th Quarter Report for UNZA's Internal Audit Unit.

7.3 UNZA's Internal Audit Unit's Annual Work Plan

7.3.1 The Chief Internal Auditor, Dr. Aubrey Masumbu, presented the work plan and highlighted the following areas of the report as follows:

- i) Workshops to be attended
- ii) Operational Developments
- iii) 2018 Audit Plan Overview
- iv) Staff Establishment
- v) Budget on Assignments outside campus

7.3.2 Comments

On page 4 of the Annual Work Plan, members advised that the budget that was presented in the report should be harmonized with the approved 2018 institutional budget.

7.3.4 Decision

The Committee Approved the Internal Audit's Annual Work Plan after being proposed by Mrs. Joyce P. Sundano and seconded by Mr. Milandu Hambayi subject to harmonizing the Internal Audit Unit budget figures with the approved 2018 University budget.

4.0 DECLARATION OF INTEREST

No interest was declared on any of the agenda items.

5.0 CHAIRPERSON'S OPENING REMARKS

5.1 The Chairperson welcomed members to the meeting and apologized for starting the meeting late.

5.2 The Chairperson urged members to candidly and objectively deliberate on the agenda items.

6.0 SUBMISSION FOR APPROVAL

6.1 Confirmation of Minutes of the Audit Committee meeting held on 21st September, 2017

6.1.1 They were no corrections to be made to the minutes of the ordinary meeting of the Audit Committee held on 21st September, 2017. The Chairperson thanked Secretariat for the job well done.

6.1.2 The minutes were confirmed as a correct record of the proceedings of the meeting held on 21st September 2017 after being proposed by Mr. Willa Mulabika and seconded by Mr. Milandu Hambayi

6.2 Matters arising from the Minutes of the Audit Committee meeting held on 21st September, 2017

6.2.1 The Deputy Registrar, Council, Mr. Daniel Siakalima, led the meeting through the action sheet on matters arising as follows:

a) Page 3, item 6.2.1 (g) (i): Status on the Draft Risk Management Policy and Whistle Blower Policy

i) Reported that both the Draft Risk Management Policy and Whistle Blower Policy were expected to be considered by the Policy Formulation and Development Committee by June, 2018.

ii) Members observed that Management had delayed in finalising the Risk Management and Whistle Blower Policies, adding that the two policies would help to address some of the weaknesses associated with the internal controls.

b) Page 4, item 6.2.1 (h) (iii): Operating at a Loss of K1,011,352.55 – UNZA Printer

i) Reported that UNZA Printer was regarded as a service unit to the University particularly that it printed all examination materials for the University. Further reported that the unit was owed about K800,000.00 by Academic Office for printing examination booklets.

- g) Page 8, item 7.4.6 (ii): Lack of Inventory Policy and Procedures
- i) Reported that UNZA had an Inventory Policy which required to be updated to accommodate pharmaceutical requirements. Notwithstanding the foregoing, informed that Management had since embarked on the review of the policy to accommodate pharmaceutical requirements.
- h) Page 9, item 7.5.2: Investigative Audit on Dean of Students Affairs Unit – A discrepancy between the declared vacant spaces as per the Residences Committee minutes and actual number of bed spaces verified to have been subsequently allocated to students
- i) Informed that a room/bed re-count was done by a combined team of Audit and staff from Dean of Students' Affairs at the Main and Ridgeway Campuses. The discrepancy was only for two bed spaces.
 - ii) Further informed that the Centre for Information and Communication Technologies had validated the information.
- i) Page 9, item 7.5.3: Investigative Audit on Dean of Student Affairs Unit – Accommodation fees not billed for accommodated students
- i) Reported that all unbilled students had since been billed in liaison with CICT.
 - ii) Reported that going forward, a gap had been addressed in the sense that the new policy guidelines on accommodation stipulated that students would only have access to accommodation if they were registered and had paid accommodation fees.
- j) Page 9, item 7.5.4: Investigative Audit on Dean of Students Affairs Unit – substantial errors in final accommodation lists
- i) Informed that the errors had been corrected and going forward, the room allocation exercise would be done a month or so before students arrived to accord the Committee sufficient time to validate the lists.
- k) Page 10, item 7.5.5: Investigative Audit on Dean of Students Affairs Unit – Rooms not allocated by the Students Residences Committee but occupied by students
- i) Reported that rooms not allocated but occupied by students were for special allocation, which included the best performing students who were being identified by their respective Deans. In addition, informed that other rooms were allocated to UNZASU affiliates.
 - ii) Further reported that rooms that fell vacant due to withdrawals by students, expulsion or suspension were allocated administratively without passing through the Student Residence Committee.

- v) Decision
Directed Management to deploy accounting officers to the School of Veterinary Medicine.

7.1.3 Veterinary Clinic Pharmacy

- i) The audit established that the Veterinary Clinic Pharmacy had no proper record management system of drugs and that there was no one tasked to reconcile the usage of drugs and other clinical materials.
- ii) In response to the query, Management through the School indicated it would be acquiring a software to enhance internal controls of veterinary drugs, consumables and billing.
- iii) Decision
- (a) The Committee directed Management to put in place proper controls, adding that the Inventory Management Policy should be finalized as it would address audit queries relating to inventory management.
- (b) Directed that Internal Audit Unit should be preparing draft letters and memoranda for the Vice-Chancellors to Heads of Units to respond to audit queries concerning their units. It was also agreed that the Internal Audit Unit should be making follow-ups on all audit queries, including reviewing the responses provided by the audited units.
- (c) Resolved that the Vice-Chancellor should be the principal auditee and that all audit queries should be addressed to the Vice-Chancellor for action.
- (d) Noted that the review of the Internal Audit Charter had taken long to be finalized, stressing that the next Audit Committee meeting should consider the proposed revised Internal Audit Charter.

7.1.4 Routine and Investigative Audit Reports – School of Medicine

Unretired Imprest Amounting to K1,047,215.46

- i) Reported that the audit established that there was unretired imprest at the School of Medicine amounting to **K1,047,215.46** covering the period from two (2) to eleven (11) months contrary to University Financial Regulations.
- ii) In response to the query, Management informed the Committee that it had instructed the Bursar to effect deductions of unretired imprest in accordance with the provision of the University Financial Regulations.

iv) Decision

(a) Directed Management to prioritise the rehabilitation of Anatomy Dissecting room because it had the potential to affect the quality of graduates in the School of Medicine.

(b) Further, the Committee advised Management to collaborate with the private sector in the maintenance and repair of the School of Medicine.

7.1.7 Payments without Goods Received Notes – GRNs

- i) The audit established that two payments amounting to K44,699.00 had no GRNs as proof of delivery.
- ii) In response to the above, Management informed the Committee that payment to Lusaka Chemist on Cheque Number 003481 for K38,617 had been fully supplied and GRN had been prepared.
- iii) Informed however, that payment to Cairo Chemist on Cheque Number 003883 for K6,082.00 had only been partially supplied and GRN for only K3,971 had been prepared. Nonetheless, a demand letter of refund had since been written and sent to the supplier for the balance of K2,111.00.

iv) Decision

(a) The Committee directed Management to ensure that procurement regulations were adhered to and also directed that disciplinary action should be taken against the erring officers.

7.1.8 Organisational Structure/Personnel

- i) Reported that the School of Medicine were operating below the required staff establishment despite the increase in the number of Schools/Programmes offered and enrolments.
- ii) In response to the audit query, Management attributed the poor staffing levels in the School of Medicine to budgetary constraints. However, efforts were being made to fill the vacant positions. For example, since January 2018, 15 lecturers had been appointed in the School of Medicine.

7.1.12 Decision

The Committee Adopted the Report and recommended that Audit's recommendations should be implemented. Further Agreed that the report be ratified by the Caretaker Committee.

7.2 UNZA's Internal Audit 4th Quarter Report

- 7.2.1 The Chief Internal Auditor, Dr. Aubrey Masumbu, guided the meeting through the 4th Quarter report as follows:

8 CLOSING REMARKS

The Chairperson urged Internal Audit to speed up all pending audits and thanked the members for attending the meeting and for their valuable contributions. Thereafter, the Chairperson declared the meeting closed at 12:08 hours.

CHAIRPERSON: 

SECRETARY:

DATE: 03/10/2018

DATE: