

**MINUTES OF THE 5/19 AUDIT AND RISK SUBCOMMITTEE OF THE AFRICA CENTRE OF EXCELLENCE IN PUBLIC HEALTH AND HERBAL MEDICINE (ACEPHEM), HELD IN THE HISTOPATHOLOGY BOARDROOM**

**16 DECEMBER 2019**

**MEMBERS PRESENT**

1. Dr. Enwell Kadango Chairperson
2. Hon. Enock Phale Member
3. Dr. Cecelia Maliwichi-Nyirenda Director-RSC (College of Medicine)
4. Mr. G. Mugawa Finance Officer
5. Mr. S. Kalulu Finance-COM
6. Mr. Chirambo Registrar-COM

**IN ATTENDANCE**

1. Mr. Takondwa Msapato Programme Coordinator-ACEPHEM
2. Mr. Ernest Mokiwa M and E Coordinator-ACEPHEM
3. Mr. Charles Mwapatsa Project Accountant-ACEPHEM
4. Mr. Yankho Mula Intern-ACEPHEM
5. Prof. A. Muula Director-ACEPHEM
6. Ms. Nellie T. Phiri Intern-ACEPHEM
7. Medrina Mtende Intern-ACEPHEM

**BY INVITATION**

1. Mr. Precious Kamanga External Auditor
2. Mr. John Ngoma External Auditor

**APOLOGIES**

1. Dr. G. Kawalazira DHO

**MINUTE # MINUTES**

**1.0 WELCOME REMARKS**

01/19 The meeting was opened with a word of prayer by Dr. Cecelia Maliwichi-Nyirenda.

 The Chairperson for Audit and Risk Sub-committee welcomed all members to the meeting.

**2.0 CONSTITUTION OF THE MEETING**

02/19 A quorum for the committee was reached.

03/19 An apology was received from Dr. G. Kawalazira.

04/19 The agenda of the meeting was reviewed and adopted

**4.0 PRESENTATION OF THE FINANCIAL AUDIT REPORT**

07/19 The External Auditors presented to the members the audited financial statement report and management letter by highlighting on the following issues and challenges:

1. **RECOUPMENT OF FUEL NOT SUBSTATIATED: MK4, 169,574.43**

A review of payment vouchers disclosed that fuel totaling k4, 169,574.43 was recouped but could neither be traced in the fuel register nor supported with receipts or reports from the officers concerned to show how the fuel was used.

1. **COST OVERRUN ON REHABILIATATION OF CHIPATALA HOUSE NUMBER 3: MK2, 232,538.06**

 The bid evaluation report for the rehabilitation of Chipatala Avenue house number 3, stated that the contract be awarded to Kuwala Building and Civil Contractors at a contract sum of K7, 623,087.05.

 However, a review of payment vouchers revealed that Kuwala Building and Civil Contractors were paid a sum of K9, 855,625.11 resulting in a cost overrun of K2, 232,538.06. It was also observed that the amount paid of K9, 855,625.11 is even more than the highest bidder at K8, 514,943.

## UNNECESSARY EXPENDITURE ON REHABILITATION OF CHIPATALA AVENUE HOUSE NUMBER 2: K9, 855,625.11

A review of the contract file for the rehabilitation of Chipatala Avenue House number 3 revealed that the maintenance works were not done on house number 3 but were instead done on house number 2, It was learnt during the audit that the rehabilitation works on house number two were completed in November 2018, however, as at the time of audit, the house was still not being used by the project despite that K9, 855,625 had been spent on the house.

1. **IPDC NOT INVOLVED IN THE PROCUREMENT PROCESSES**

 PPDA Act 2017 Section 26 among other things requires all public institutions and agencies to procure goods and services through the scrutiny and approval of the Internal Procurement and Disposal Committee (IPDC). A review of the procurement process for 2018/19 financial year revealed that the IPDC was not involved in the procurement process as evidenced by the absence of IPDC minutes in the procurement files.

1. **FAILURE TO SOURCE COMPARATIVE QUOTATIONS**

 Public Procurement and Disposal of Public Assets 2017 Chapter 4, paragraph 30 states that all public procurement proceedings shall be conducted in a manner which promotes transparency, accountability, non-discrimination, fairness, open competition, anonymity, economy, efficiency and responsiveness to modern information and communications technology. A review of transactions revealed that purchases amounting to **K49, 230,904.07** were made from suppliers without sourcing comparative quotations.

1. **REHABILITATION OF A HOUSE NOT INCLUDED IN PROCUREMENT PLAN**

Public Procurement and Disposal of Assets Act, Chapter 6, paragraph 39 states that procuring and disposing entities shall plan procurement and disposal activities with a view to achieving maximum value from both public expenditures and disposal proceedings including other objectives set forth in the act. A review of the Procurement Plan for 2018/19 revealed that procurement of works for the rehabilitation of Chipatala avenue house number 2 was not included in the project’s procurement plan.

**5.0 PLENARY SESSION AFTER THE PRESENTATION OF THE FINANCIAL AUDIT REPORT**

08/19 The Chairperson pointed out that the auditors should have put up a summary of recurring issues. Example being the house issues which seem to be related. He also wanted to know why single sourcing of services.

09/19 It was explained that since auditor overlapped that why it seems some issues are recurring.

10/19 Auditors argued that the audit took place in 2018, hence, recommendations were made that time, so these issues were discussed then.

11/19 Hon. Phale committee member confirmed to what the External Auditors mentioned, and encouraged management that this should not to reoccur.

12/19 The Centre Director explained that currently they request reimbursement fuel used from. He further pointed out that the secretariat queried staff on why they were not submitting receipts to auditors.

13/19 The Chairperson stressed that fuel receipt submissions issue should not be a recurring issue as such must be resolved once and for all.

14/19 The Centre Director mentioned that changes are being made but does not guarantee that the change will not be instant.

 Hon. Phale encouraged secretariat to keep and present the receipts to the committee when the opportunity arises.

15/19 As a way forward, the Finance Officer suggested that the secretariat come up with an action plan on issues that were presented as to who, when, and how these will be resolved.

16/19 The Chairperson inquired to the auditors if there was time change the audit report if necessary documents were brought to their attention. External Auditors mentioned that this will not be possible as it was already approved by the auditor general.

17/19 The Assistant Finance Officer also assured this issue will not recur by 2020.

18/19 The RSC director pointed out that there was need for management to look into issues which were raised as regard to operational systems are in place so that they can be strengthened and effective. When she had inquired when the donor was to see the report, the auditors said it was as soon as it is signed by the Auditor general.

19/19 The Chair stressed that this experience should serve as a lesson so that all issues raised by the auditors should be resolved based on presentational requested information.

20/19 The Registrar expressed concern that the report will goas it is. However, told the members that they tried looking for minutes which backed up the heightened expenditure on the houses and currently working on processes for securing the houses.

21/19 The RSC director emphasized the need to revisit the way operations are done by making sure that whatever issue goes to be signed is looked at critically for comfortability.

22/19 The Chairperson urged the secretariat to sort the issues out before they are signed off at the next exit meeting.

23/19 On house issues, the Centre Director urged the auditors to pay attention to comments that explained the cost overrun during the time the report was being drafted.Auditors however commented to say that documentation was paramount as it would have served better for the committees to have written documents as backup showing revision of quotations.

24/19 The Chair wanted to know if the minutes by procurement department had explanations to why there were cost overruns.

 To this, the registrar responded that the extra costs were supposed to be paid by the college. If that was done, there would never have been issues on the houses; and if it will be paid then would be paid later.

25/19 To this, the Chairperson emphasized that it was important to document all stage processes properly of the project for reference.

 The Centre Director also added on to say the Chipatala compound had robberies as such required fencing in order to up security before using the house. Hence, the cost overruns.

26/19 The members wanted to know whether the Internal Procurement and Disposal Committee (IPDC) meets.

 In response, the registrar stated that they meet every month and so far things are good, and currently looking into procuring a service provider for fencing.

 He further added that the committee approves and rectifies items that have not been procured yet if told in advance. The challenge they have is provision of minutes.

27/19 The Members stressed the need for minutes and confirmation that they exist. The also emphasized not to let things get lost as such samples of written documents must be brought forward so that they are discussed with auditors for rectification of some of the issues in the audit report.

 The Registrar assured the members that the minutes would be sent. However,even with such revelations of documents existence, the audit office will still not be lenient to change the report.

28/19 The External Auditors therefore advised the internal audit management to work hand in hand with the project in order to correct issues beforehand with scrutiny from external auditors.

29/19 On the project get quotations from 3 service providers, the Centre Director commented that the practicality to do so is difficult because of the nature of project which deals so much with workshops and trainings as such service providers that are not procured got negative feedback from staff therefore, the project is into procured the same service provider because of quality especially on the catering service.

30/19 Hon. Phale questioned what would have happened if contracts were drawn.

 The Auditors responded that it would be better to enter into a one-year contract with the service provider instead of having no written document with comparison of other service providers.

 The Chairperson agreed to the idea and said it is possible and this would also play out to the advantage of the project as it would get discounts on service supplied on the contract fix.

 To this, the Centre director urged that the procurement plan be reviewed and amended and get documentation on why the procurement plan was deviated from .

31/19 Furthermore, the External Auditors shed more light that in the next financial year, the Internal Audit team and Management must review plans halfway into the year when drawing near for the external auditor’s process. They also urged that copies of signed financial statement be sent by next week Monday, the 23th of December, 2019.

 The Chairperson then gave assurance that the documents will be looked through and signed by Friday, and thanked the externals auditors for the job well done.

The Centre director also thanked the auditors for lessons submission of relevant documents that were overlooked.

32/19 The Chairperson stated that the nationals steering committee be advise on what has been discussed and also encouraged the team to do better when doing the review on management.

33/19 Hon. Phale wanted to know if it was possible to put fuel as an entitlement and not as requests in order to rectify the fuel receipts issue. And he also questioned whether the Directors are part of the IPDC, which if not, be put into consideration and implemented.

34/19 To this, the Registrar responded that the allocation of fuel to directors is different, it is either they be given a fuel card or cash when travelling outside Blantyre.

35/19 The Chair also added to say that for local running the amount must be fixed but if it is outside, a request must be made. He further went on by suggesting that the project processes have to be looked upon and secretary has to look into it critically.

 The Financial controller for ACEPHEM pointed out that there was a log book but was not sure if it was practical as it was introduced by the finance audit, however there was need to put precautions on fuels issues.

36/19 The members wanted to know how risks can be reduced in terms of procurement.

 The Chairperson suggested that the financial controller has to have access to quotations. On the same note, The Registrar agreed to say that the financial controller has to liaise with the finance department on quotations.

37/19 The RSC director expressed concern that the procurement process does not go through the Research Support Center (RSC). Thus, suggested that another ideal way would be if RSC checks whether a particular quotation meets the requirements and is within the budgets, thereafter has to be scrutinized as well by the Centre Director for approval.

**6.0 CONFIRMATION OF MINUTES OF THE AUDIT AND RISK SUB-COMMITTEE HELD ON 17TH APRIL 2019**

38/19Minutes of the previous meeting held on 17th April, 2019 were reviewed and confirmed upon the following corrections:

1. On page 1, number 4. It should read ‘Dr. Cecelia Maliwichi-Nyirenda’ from Dr. Cecelia Maliwichi Nyirenda.
2. On point 3.2, page 4, ‘Hiring of vehicles from’ should be corrected to Hiring Vehicles from the College.
3. On minute 16/19, page 5, the word ‘either’ should be removed from the sentence.
4. On page 5, minute 18/19, the last sentence, between words ‘are’ and ‘properly’, the word ‘not’ must be added.
5. On page 6, minute 21/19, in the last phrase the word ‘need’ must change to needs.
6. Point 4.5, page 6, the abbreviation ‘IPDC’ must come at the end of the word committee.
7. On the minute 25/19, on page 6, in the last sentence, the IPDC abbreviation used, instead remove what it stands for.
8. On page 7, minute 28/19, the correction of ‘proceeding’ to proceedings, with the word ‘be’ added before the word drafted.

**7.0 ANY OTHER BUSINESS**

39/19 The Chairperson asked if there were any matters that may have arisen.

 To this, the Programme Coordinator responded that they were the same audit issues and the status report by Dr. F. Lampiao which were addressed during the board meeting which was held 0n 29thNovember, 2019.

40/19 However, the Chairperson stressed on how there was still need to have matters arising. He then further asked if actions were made from the previous discussion and the secretariat seemed to have done nothing yet. Thus the Chairperson advised that actions be made and reported to the National Steering Committee.

**8.0 CLOSING REMARKS**

41/19 The Centre director urged members to deal with aspects of risk that may not have been raised at the next meeting. He further asked that the secretariat be given guidance on risk assessment issues as it does not have much experience in the area.

42/19 The Assistant Finance Office also encouraged the members to work together on emerging issues. After which, Mr. Chirambo presented some of the minutes that were found in the IPDC on ACEPHEM issues.

43/19 The Chairperson thanked everyone for their participation and the meeting was thereafter closed with a word of prayer by Dr. Cecelia Maliwichi-Nyirenda.

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 **DR. ENWELL KADANGO MEDRINA MTENDE**

 **CHAIRPERSON SECRETARY**