



## *Corte dei conti*

### LA SEZIONE DI CONTROLLO

#### PER GLI AFFARI COMUNITARI ED INTERNAZIONALI

Composta dai Magistrati:

Dott.	Giovanni	COPPOLA	Presidente
Dott.ssa	Maria Annunziata	RUCIRETA	Consigliere
Dott.	Carlo	MANCINELLI	Consigliere
Dott.ssa	Laura	D'AMBROSIO	Consigliere
Dott.	Michele	COSENTINO	Consigliere

Assenti giustificati Consigliere Giacinto DAMMICCO e Consigliere Alessandro FORLANI

Nell'Adunanza del 6 marzo 2019

Visto il mandato di external auditor dell'*International Centre for Genetic Engineering and Biotechnology (ICGEB)* conferito alla Corte dei conti dal *Board of Governors* nella sua XX riunione tenutasi a Trieste il 13-14 maggio 2014, e rinnovato per il periodo 2017-2019 nella XXIII riunione tenutasi a Trieste il 16-17 maggio 2017;

Visti i principi internazionali di audit applicabili all'attività delle Istituzioni superiori di controllo (*International Standards of Supreme Audit Institutions –ISSAI*);

Visti i documenti contabili relativi al periodo gennaio 2018-dicembre 2018 riguardanti i progetti “*Career Advancement Fellowship*”, “*NRF Grant for 2016-2018*”, “*KFD-Competitive support for unrated researches (CSUR)*”, “*South Africa-Japan*

*bilateral grant*”, “*NRF-TWAS Postdoctoral fellowship*”, “*NRF-TWAS Postdoctoral Fellowship*” “*South Africa/Switzerland Joint research cooperation programme*”, finanziati dalla *South Africa National Research Foundation (NRF)* e gestiti dall’*International Centre for Genetic Engineering and Biotechnology (ICGEB)*;

Udito il relatore Presidente Giovanni Coppola ed esaminati e discussi su sua proposta l’*Audit certificate* e l’*Audit report of grants financed by South Africa national research foundation*;

### **DELIBERA**

di approvare l’*Audit certificate* e l’*Audit report of grants financed by South Africa national research foundation*, relativi all’esercizio finanziario 2018 gestiti dall’*International Centre for Genetic Engineering and Biotechnology (ICGEB)*;

### **DISPONE**

di trasmettere copia dell’*audit certificate* e del *report* al Direttore Generale dell’*International Centre for Genetic Engineering and Biotechnology (ICGEB)*.

**IL PRESIDENTE RELATORE**

F.to Giovanni Coppola

Depositata in Segreteria il 12/03/2019

Il Dirigente

F.to Maria Pia Gubbiotti



## *Corte dei conti*

### **AUDIT CERTIFICATE**

#### **Opinion**

We have audited, upon request of the International Centre for Genetic Engineering and Biotechnology (ICGEB), the Host-Institution, the expenditures incurred in 2018 related to the following grants: “Career Advancement Fellowship”, financed by the National Research Foundation and awarded to Dr. Kevin Dzobo; “South Africa/Switzerland Joint Research Cooperation Programme”, financed also by the National Research Foundation and awarded to Dr. Luiz Zerbini; “Competitive Support for unrated researchers (CSUR)”, financed by the National Research Foundation and awarded to Dr. Luiz Zerbini and “NRF-TWAS Postdoctoral Fellowship”, financed by the National Research Foundation and awarded to Dr. Tangbadioa Herve Coulidati and, furthermore, we have also audited the amount brought forward from 2017.

In our opinion, the expenditures incurred in the period 1 January – 31 December 2018 related to the grants awarded, and in particular to the “Career Advancement Fellowship” awarded to Dr. Kevin Dzobo (R 450.000 – quota 2018), to the “South Africa/Switzerland Joint Research Cooperation Programme” awarded to Dr. Luiz Zerbini (R 650.000 – quota 2018 plus the amount brought forward from year 2017 for running expenses of R 11.315 and for workshop of R 50.000), and “Competitive Support for unrated researchers (CSUR)” awarded to Dr. Luiz Zerbini (R 320.000 – quota 2018 plus the amount brought forward from year 2017 for running expenses of R 27.264,94) and “South Africa-Japan bilateral grant” awarded by Prof. Brombacher (R 24.485,67 as the amount brought forward from year 2017 for running expenses) and “NRF-TWAS Postdoctoral Fellowship)” awarded to Dr. Tangbadioa Herve Coulidati (R 305.000 – quota 2018 plus R 26.621,68 additional for travel support for attendance in a scientific course and R 15.000 as additional contribution financed by ICGEB, of which ICGEB has been contributed for R 12.280,29 for health insurance, travel support, visa and for R2.719.71 for running expenses), and the amounts

declared by ICGEB (herewith enclosed) to the National Research Foundation (NRF) are correct, as reported in “Audit Template for all NRF and SKA SA Awards BAR, CoE, RTF &THRIP”, and subject to the Notes hereinafter included.

### **Basis for Opinion**

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), and the ICGEB Financial Regulations and Rules. Furthermore, we have carried out the audit of the five grants awarded and the related expenditures for the period above, in accordance with the “Audit Guidelines for all NRF Awards” Version 2.3 issued in September 2018 and we have followed the “Audit Template for all NRF and SKA SA Awards BAR, CoE & RTF (see annex). In the field of financial statements audit, the ISSAIs are a direct transposition from the International Standards on Auditing (ISAs). The Corte dei conti applies the provisions of the ISAs in so far as they are consistent with the specific nature of its audits. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements and of the expenditures related to NRF Grants* section of our report. We are independent of the ICGEB in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Nations system, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of the ICGEB Director General and Those charged with governance for the Financial Statements and Expenditures related to NRF grants**

The Director General is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and for the preparation of the reporting related to expenditures incurred in the reference year in line with the National Research Foundation (NRF) Rules for grants, and for such internal control as the Director General determines is necessary to enable the preparation of financial statements and the mentioned expenditures’ reporting that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director General is responsible for assessing the ICGEB’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director General either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ICGEB's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements and of the expenditures incurred for awarding NRF Grants**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole and the reporting related to expenditures incurred in the reference year in line with the National Research Foundation (NRF) Rules for grants are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and of the reporting related to expenditures incurred in the reference year in line with the NRF Rules for grants, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ICGEB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ICGEB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ICGEB to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements and the reporting related to expenditures incurred in the reference year in line with NRF Rules for grants, including the disclosures, and whether the financial statements and the expenditures' reporting to NRF represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

6 March 2019

F.to Giovanni Coppola

**AUDIT REPORT of GRANTS**  
**FINANCED by SOUTH AFRICA NATIONAL RESEARCH FOUNDATION**

The Corte dei conti (the Supreme Audit Institution of Italy) has been appointed as the External Auditor of the International Centre for Genetic Engineering and Biotechnology (ICGEB) for auditing the Financial Statements related to the financial year 2018.

In this capacity, in agreement with the ICGEB, the Host-Institution of five (5) grants funded by the South Africa National Research Foundation (NRF), we have carried out the audit of the said five grants for the part of expenses allowed in the period 1 January 2018 – 31 December 2018, including amounts brought forward from 2017. In particular:

1) Under the “Career Advancement Fellowship”, a grant at a value of R 350.000 per annum for salary and an additional R 100.000 per annum for running expenses over a period of 5 years, awarded to Dr. Kevin Dzobo in Professor Parker’s Laboratory (See annex, in particular Grant No. **91457**).

2) Under the “NRF Grant for 2016-2018:KFD- Competitive support for unrated researchers (CSUR)”, a grant at a value of R 1.140.000 for “student support” and running expenses over a period of 3 years awarded to Dr. Luiz Zerbini (R 320.000 - quota year 2018) plus the amount brought forward from year 2017 for running expenses of R 27.264,94. ICGEB communicated to us that from the total awarded value of R 1.140.000, with an annual quota assigned by NRF to ICGEB of R 380.000 (divided in R 320.000 for running expenses and R60.000 for student support), R 60.000 was not requested in 2018 because the Principal Investigator (PI) did not apply for the student support; this explain why Corte dei conti certified the amount of R 320.000. (See annex, in particular Grant No. **98885**)

3) Under the “South Africa-Japan bilateral grant” awarded by Prof. Brombacher, the amount brought forward from year 2017 for running expenses of R 24.485,67 (Grant. No. **101568**).

4) Under the “NRF-TWAS Postdoctoral Fellowship”, a grant at a value of R 915.000 for stipends and running expenses over a period of 3 years awarded to Dr. Tangbadia Herve Coulidati (R 305.000 - quota year 2018). To this grant, NRF has authorized in

2018 an additional amount of R 26.621,68 for air travel, accommodation and daily subsistence). Furthermore, this grant requires that ICGEB provides an additional “Institutional Contribution” of R 15.000 per annum (R 15.000 – quota year 2018). Therefore the total amount certified by us according to NRF Audit Guidelines above mentioned comprised the followings: R 305.000 – quota 2018 plus R 26.621,68 additional for travel support to attend a scientific course and R 15.000 as additional contribution financed by ICGEB, of which ICGEB has been contributed R 12.280,29 for health insurance, travel support, visa and for R 2.719.71 for running expenses. (See annex, in particular Grant No. **105549**).

5) Under the “South Africa/Switzerland Joint Research Cooperation Programme”, a grant at a value of R 2.600.000 for consumables. Workshops/seminars and running expenses over a period of 4 years awarded to Dr. Luiz Zerbini (R 650.000 - quota year 2018 plus the amount brought forward from year 2017 for running expenses of R 11.315 and for workshop of R 50.000). (See annex, in particular Grant No. **107798**).

The present report gives account to the National Research Foundation (NRF) of the results of our audit.

The audit considered the Award letter and relevant grants’ conditions documents, all the expenditures incurred in 2018 in respect to the budget assigned and the consistency of the expenditures with the above-mentioned documents.

We have carried out the audit of the five grants awarded and the related expenditures based on ISSAI standards (the standards of the International Organization of the Supreme Audit Institutions) and ISA (International Standards on Auditing) and, in particular, in accordance with the “Audit Guidelines for all NRF Awards” Version 2.3 issued in September 2018 and we have followed the “Audit Template for all NRF and SKA SA Awards BAR, CoE, RTF & THRIP” (see annex).

Furthermore, according to paragraph 2 of the “Audit Guidelines for all NRF Awards” Version 2.3, our audit had the purpose to check whether the expenditures are “in accordance with the a) financial policies of the beneficiary institutions and b) NRF Conditions of Grants provided with the grant or scholarship”.



We have planned the working activities according to the “Audit Guidelines for all NRF Awards” Version 2.3 and to our audit strategy to obtain a reasonable assurance that the expenses are free from material misstatement.

We have audited all the grants (100%) however, in relation to the precise sampling strategy for the number of transactions to be audited in each grant selected, the (new and updated) “Audit Guidelines for all NRF Awards” Version 2.3 issued on September 2018 (following also what stated in the NRF audit Guidelines version 2.2 issued in November 2017), in comparison to “Audit Guidelines for all NRF Awards” Version 2.1, - issued in November 2016 -, has introduced a part of the paragraph 6.3 where it is stated the audit methodology requested to be followed by the Auditors: ***“it is not necessary to audit every single transaction associated with an award. Two methods of deciding which transactions are to be audited are suggested below. The independent auditors are asked to use their discretion to decide which method is appropriate for the award being audited. Firstly, a set proportion of transactions can be audited. The proportion can be decided by observing the number of transactions associated with that award. A tenth is the recommended proportion. Secondly, transactions with a rand value less than a certain amount can be overlooked. R 1000 is the recommended amount”***.

Consequently, in relation to the expenditures incurred in 2018, we have tested, on a sample basis, a number of transactions not inferior to 10% of the total (as requested in paragraph 6.3 of the “Audit Guidelines for all NRF Awards” Version 2.3, issued in September 2018) and the relevant supporting documentation and we have obtained sufficient and reliable evidence in relation to the expenditures incurred in the period under consideration.

As also requested by NRF, we have also enclosed to this Report copies (annexed) of all the expenditures incurred in 2018 at ICGEB duly signed by us.

According to the “Conditions of funding” of each grant, we have requested to ICGEB a copy of the Annual Progress Reports (APR) of the beneficiaries of the grants in order to verify the compliance with the above mentioned “Conditions”. In this regard, we should also specify to the NRF that we have no scientific background in order to assess the scientific correctness of the information provided by the said beneficiaries; therefore the assessment of the scientific information presented in the APR is out of our scope.

Furthermore, it is worthwhile mentioning that in order to verify the compliance with points 7,8,9, 10, and 13, listed in “Audit Template for all NRF and SKA SA Awards BAR, CoE, RTF &THRIP”, we have requested the grant-holders and students to sign a written declaration with respect to the grants conditions awarded. (See annex) We have requested the ICGEB’s Component in Cape Town to verify the said declarations.

Moreover, it is important to highlight that this year we have received, through ICGEB, the NRF Statement “Detailed Financials 2018” where are recorded the amounts as accounted by NRF. This statement presented two discrepancies in relation to the ICGEB Statement “ICGEB Claims to NRF (2018 Allocations + 2017 Brought Forward)”; these two discrepancies are related to the grant 107798 and are related to:

- 1) the amount of R 11.315 brought forward by ICGEB from year 2017 for “running expenses” but classified by NRF in its Statement “Detailed Financials 2018” as “workshops”,
- 2) the amount of R 50.000 brought forward by ICGEB from year 2017 for “workshop” but not included by NRF in its Statement “Detailed Financials 2018”.

During the audit, all questions related to accounting and administrative issues were clarified and discussed with the officials responsible for the NRF grants.

The audit team had regular discussions with Ms. Irene Muriuki, Administrative Officer in the ICGEB South Africa’s Component, and with the Management in the ICGEB components at Cape Town and in Trieste, depending on the subject matter under consideration.

Thus, we have obtained through the audit a sufficient basis for the opinion given above.

Finally, we wish to express our appreciation for the courtesy shown by all the ICGEB officials to whom we asked information and documents.

6 March 2019

F.to Giovanni Coppola

