



**CORTE DEI CONTI**  
**LA SEZIONE DI CONTROLLO**  
**PER GLI AFFARI COMUNITARI ED**  
**INTERNAZIONALI**

Composta dai Magistrati:

Dott.	Giovanni	COPPOLA	Presidente
Dott.	Giancarlo	DI LECCE	Consigliere
Dott.	Carlo	MANCINELLI	Consigliere
Dott.	Gian Luca	CALVI	Consigliere
Dott.	Ilio	CICERI	Consigliere
Dott.	Michele	COSENTINO	Consigliere
Dott.	Giulio	STOLFI	I Referendario
Dott.ssa	Maristella	FILOMENA	I Referendario
Dott.	Benedetto	BRANCOLI BUSDRAGHI	Referendario

Nell'Adunanza del 7 marzo 2023

Visto il mandato di *external auditor* dell'*International Centre for Genetic Engineering and Biotechnology (ICGEB)* rinnovato alla Corte dei conti per gli anni

2020-2022 dal *Board of Governors dell'ICGEB* nella sua XXVI Sessione, svoltasi il 18-19 Novembre 2020;

Visti i principi INTOSAI;

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 2022 - dicembre 2022 riguardanti i progetti "NRF Grant 2022: Department of Science and Innovation (DSI): Professional Development Programme (PDP) Block Grant"; "NRF Grant 2020: Professional Development Programme (PDP) Block Grant"; "NRF Grant 2022: Competitive Support for Unrated Researchers"; "NRF Grant 2022: Competitive Support for unrated researchers"; "NRF Grant 2022: Competitive Programme for Rated Researchers"; "Fellowship for 2021:DSI/NRF Innovation Postdoctoral Fellowship" and "South Africa/Mozambique/Zambia Trilateral Joint Science and Technology Research Collaboration";

Vista l'ordinanza presidenziale n. 4/2023 integrativa dell'Ordinanza presidenziale n. 3/2023 di convocazione dell'adunanza della Sezione il 7 marzo 2023;

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*, sui progetti relativi all'esercizio finanziario 2022, 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  
Giovanni Coppola  
f.to digitalmente

Depositata in Segreteria

Il Dirigente  
Maria Pia Gubbiotti  
f.to digitalmente



## *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, the carry forwards and payments incurred in 2022 related to the following grants: “NRF Grant 2022: Department of Science and Innovation (DSI): Professional Development Programme (PDP) Block Grant” awarded to Dr. Luiz Zerbini/Melissa Blumenthal (UID 144824); “NRF Grant 2020: Professional Development Programme (PDP) Block Grant” awarded to Dr. Luiz Zerbini/Dr. Mariet Wium (UID 127774); “NRF Grant 2022: Competitive Support for Unrated Researchers” awarded to Dr. Mariet Wium (UID 138106); “NRF Grant 2022: Competitive Support for unrated researchers” awarded to Dr. Stefano Cacciatore (UID 138113); “NRF Grant 2022: Competitive Programme for Rated Researchers” awarded to Dr. Georgia Schafer (UID 142089); “Fellowship for 2021:DSI/NRF Innovation Postdoctoral Fellowship” financed by the National Research Foundation and awarded to Dr. Elizabeth Njuguna (UID 129640) and “South Africa/Mozambique/Zambia Trilateral Joint Science and Technology Research Collaboration”, financed by the National Research Foundation and awarded to Dr. Dennis Obonyo Ndolo (UID 118477).

In our opinion, the expenditures, the carry forwards and payments, declared by ICGEB incurred in the period 1 January – 31 December 2022 related to the grants awarded and in particular to the:

- “NRF Grant 2022: Department of Science and Innovation (DSI): Professional Development Programme (PDP) Block Grant” awarded to Dr. Luiz Zerbini/Dr Melissa Blumenthal (UID 144824) (R 350.000 – quota 2022 awarded, spent and certified);

- “Department of Science and Innovation (DSI): Professional Development Programme (PDP) Block Grant”, financed by the National Research Foundation and awarded to Dr. Mariet Wium (UID 127774) (R 350.000 – quota 2022 awarded, of which only R 116.666,68 was paid towards a stipend for the period 1 April – 31 July 2022. This was a result of the cancellation of the grant due to other commitments by Dr. Wium and the unspent balance of R 233.333,32 will be paid back to NRF in 2023);
- “NRF Grant 2022: Competitive Support for unrated researchers” awarded to Dr. Mariet Wium (UID 138106) (R 350.000 – quota 2022 awarded as Running Expenses, of which R 306.641,03 was expensed and certified for 2022, including R 25.771,84 - as purchase commitments pending delivery and/or invoicing- which will be returned to NRF. R 17.587,13 as unspent balance will also be returned to NRF, requested by ICGEB as a carryforward);
- “NRF Grant 2022: Competitive Support for unrated researchers” awarded to Dr. Stefano Cacciatore (UID 138113) (R 209.500 – quota 2022 awarded as Running Expenses. The full amount was expensed and certified including R 14.752,26 purchase commitments pending delivery and/or invoicing which will be returned to NRF. Additional R 66.667 was awarded for a Post-doctoral Fellowships Grants assigned to Dr. Nnenna Elebo, spent in 2022 and certified);
- “NRF Grant 2022: Competitive Programme for Rated Researchers” awarded to Dr. Georgia Schafer (UID 142089) (R 470.000 – quota 2022 awarded as Running Expenses, of which, R 351.859,60 was expensed and certified for 2022, including R 97.199,82 purchase commitments pending delivery and/or invoicing which will be returned to NRF. R 20.940,58 unspent balance will also be returned to NRF, requested by ICGEB as a carryforward);
- “Fellowship for 2021: DSI/NRF Innovation Postdoctoral Fellowship” awarded to Dr. Elizabeth Njuguna (UID 129640) (R 305.000 –quota 2022 and R 15.000 as Institutional contribution, awarded; in relation to 2022 quota of R 305.000 the Grant assigns R 255.000 as stipend (paid and certified for quota 2022) and R 50.000 as Running Expenses. In relation to Running Expenses, with R 48.082,85 utilized and the remaining balance of R 1.917,15 will be returned to NRF. Additional R 42.268 was awarded for Travel of which

R 38.289,49 expensed and certified, and the remaining balance of R 3.978,51 will be returned to NRF;

- “South Africa/Mozambique/Zambia Trilateral Joint Science and Technology Research Collaboration”, awarded to Dr. Ndolo (UID 118477) brought forward from year 2021 to year 2022 and certified: a) Workshop allocation of R 125,000 of which R 6,790,68 unspent will be returned to NRF, b) Consumables for R 712,19 unutilized, they will be returned to NRF, and c) Running Expenses of R 27.556,88 (divided between R 21.968,54 for local travel and R 5.588,43 for subsistence) expensed at R 26.980,60 and unspent balance of R 576,28 will be returned to NRF,

are correct, 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 seven grants awarded, related expenditures, and carry forward with related payments, for the period above, in accordance with the “Audit Guidelines for all NRF Awards” Version 2.7 issued in September 2022 and with the “Guidelines for the Carry forward of Unspent/Unclaimed Grant Allocations” Version 2.8 issued in September 2022. 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 (and carry forward) incurred for awarding 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, Carry Forwards and Payments 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 and carry forward 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 (and carry forwards) 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, and carry forwards, 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 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 skepticism 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 (and carry forward) 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 (and carry forwards) 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.

7<sup>th</sup> March 2023

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 2022.

In this capacity, in agreement with the ICGEB, the Host-Institution during 2022 of the seven (7) grants funded by the South Africa National Research Foundation (NRF), we have carried out the audit of the said seven grants, and the audit of the carry forwards in year 2022, for the part of expenses allowed in the period 1 January 2021 - 31 December 2022. In particular:

- 1) "NRF Grant 2022: Department of Science and Innovation (DSI): Professional Development Programme (PDP) Block Grant" awarded to Dr. Luiz Zerbini/Dr Melissa Blumenthal (UID 144824) (R 350.000 - quota 2022 awarded, spent and certified);
- 2) "Department of Science and Innovation (DSI): Professional Development Programme (PDP) Block Grant", financed by the National Research Foundation and awarded to Dr. Mariet Wium (UID 127774) (R 350.000 - quota 2022 awarded, of which only R 116.666,68 was paid towards a stipend for the period 1 April - 31 July 2022. This was a result of cancellation of the grant due to other commitments by Dr. Wium that could not be carried out concurrently with the grant activities without compromising the conditions of grant. The unspent balance of R 233.333,32 will be paid back to NRF in 2023);
- 3) "NRF Grant 2022: Competitive Support for unrated researchers" awarded to Dr. Mariet Wium (UID 138106) (R 350.000 - quota 2022 awarded as Running Expenses, of which R 306.641,03 was expensed and certified for 2022, including R 25.771,84 purchase commitments pending delivery and/or invoicing which will be returned to NRF then reverted to ICGEB upon approval of audit certificate. R 17.587,13 unspent balance will also be returned to NRF, requested as a carryforward);

- 4) “NRF Grant 2022: Competitive Support for unrated researchers” awarded to Dr. Stefano Cacciatore (UID 138113) (R 209.500 – quota 2022 awarded as Running Expenses. The full amount was expensed and certified including R 14.752,26 purchase commitments pending delivery and/or invoicing which will be returned to NRF then reverted to ICGEB upon approval of the audit certificate. Additional R 66.667 was awarded for a Post-Doctoral Fellowships Grants assigned to Dr. Nnenna Elebo, spent in 2022 and certified);
- 5) “NRF Grant 2022: Competitive Programme for Rated Researchers” awarded to Dr. Georgia Schafer (UID 142089) (R 470.000 – quota 2022 awarded as Running Expenses, of which, R 351.859,60 was expensed and certified for 2022, including R 97.199,82 purchase commitments pending delivery and/or invoicing which will be returned to NRF then reverted to ICGEB upon audit certification. R 20.940,58 unspent balance will also be returned to NRF, requested as a carryforward);
- 6) “Fellowship for 2021: DSI/NRF Innovation Postdoctoral Fellowship” awarded to Dr. Elizabeth Njuguna (UID 129640) (R 305.000 –quota 2022 and R 15.000 as Institutional contribution, awarded; in relation to 2022 quota of R 305.000 the Grant assigns R 255.000 as stipend (paid and certified for quota 2022) and R 50.000 as Running Expenses. In relation to Running Expenses, with R 48.082,85 utilized and the remaining balance of R 1.917,15 will be returned to NRF. Additional R 42.268 was awarded for Travel of which R 38.289,49 expensed and certified, and the remaining balance of R 3.978,51 will be returned to NRF;
- 7) “South Africa/Mozambique/Zambia Trilateral Joint Science and Technology Research Collaboration”, awarded to Dr. Ndolo (UID 118477) brought forward to 2022 and certified: Workshop allocation of R 125,000 with expensed – R 6,790,68 unspent will be returned to NRF, plus Consumables for R 712,19 unutilized and will be returned to NRF; and Running Expenses of R 27.556,88 (R 21.968,54 for local travel and R 5.588,43 for subsistence) expensed at R 26.980,60 and unspent balance of R 576,28 will be returned to NRF upon audit certification.

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 2022 in respect to the budget assigned (including carry forward) and the consistency of the expenditures with the above-mentioned documents.

We have carried out the audit of the three grants awarded and the related expenditures (and carry forwards) 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 2.7 issued in September 2022 and with the "Guidelines for the carry forward of unspent/unclaimed Grant Allocations" Version 2.7 issued in September 2022.

Furthermore, according to paragraph 2 "Purpose of document" of the "Audit Guidelines for all NRF Awards" Version 2.7, our audit had the purpose to *"ensure that the external auditors provide adequate and comprehensive assurance to the NRF regarding its financial investment to the institutions"*. Furthermore, NRF required that the auditors *"interpret these guidelines based on their sound knowledge of International Auditing Standards and the context of each institution so that the audit is meaningful and helpful for all concerned"*.

Moreover, according to paragraph 3 "Financial Control" of the "Audit Guidelines for all NRF Awards" Version 2.7, it is stated that *"the financial controls should be in line with the Master Funding Administration Agreement (MFAA) and conditions of Grants (CoGs) as NRF only will reimburse the institution for valid, accurate expenditure incurred"*. In addition, as stated last year in the Audit Guidelines, Version 2.6 of September 2021, paragraph 2, we were committed also 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 2.7 and to our audit strategy to obtain a reasonable assurance that the expenses are free from material misstatement due to error, in consideration that we do not have a direct mandate to investigate frauds, limiting

our responsibility to forward to ICGEB any suspicious cases or risks which might have detected during our audit.

It is worthwhile mentioning that, in order to audit expenditures incurred in 2022, in the new version of the NRF Audit Guidelines (2.7), it has been introduced a new paragraph 6 “Audit Objectives” where NRF requires that *“all institutions’ external auditors to conduct a full audit review of all NRF investment areas applicable in the institutions using their audit methodologies and templates including sampling methodologies. The followings are the audit objectives that need to be achieved:*

- *To ensure compliance with the Master Funding Administrative Agreement signed by the NRF and Institutions.*
- *To ensure compliance with all relevant conditions of grants.*
- *To ensure adequacy and effectiveness of Institution’s policies (e.g., Policies on financial management, SCM, Grant Management, Travel Management etc.) and Standard Operating Procedures including Delegation of Authority and its implementation; and*
- *To ensure Validity, Accuracy and Completeness of expenditure transactions with respect to NRF grants (all instruments).”*

In relation to the above-mentioned paragraph 6 (new version 2.7), we draw the attention of the reader to consider that these objectives are also achieved through our audit of ICGEB, which ends with an audit certificate related to the ICGEB’s Financial Statements, IPSAS compliant. For instance, the Audit certificate related to 2022 Financial Statements will be released in May 2023.

In relation to the above, having respected, throughout all our audit of ICGEB, the “audit objectives” stated in the mentioned paragraph 6 (new version 2.7), in order to maintain continuity with previous audits and with the previous NRF Audit guidelines, we maintained the same NRF methodology as applied in previous years. Therefore we have audited all the 7 grants (100%) also keeping the same sampling strategy for the number of transactions to be audited in each grant selected as in previous NRF Audit guidelines; we recall that the “Audit Guidelines for all NRF Awards” Version 2.6 issued on September 2021 (following also what stated in the NRF audit Guidelines Version 2.5 issued on September 2020, in Version 2.4 issued on September 2019, in Version 2.3 issued in November

2018 and 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 [previous] paragraph 6.2 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.”*.

In the previous NRF Audit Guidelines version 2.6, although is reported that the audit sampling methodologies *“are suggested below”*, the *“below”* paragraph was removed and then we have to refer to NRF Audit Guidelines Version 2.5 issued on September 2020, which states: *“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”*.

Further to this, NRF Audit Guidelines 2.6 added a paragraph in point 6 “Audit sample size” which states *“Every investment area relevant to an institution must be audited. The number of awards to be audited of each type is dependent on the value (minimum 10% of total award in ZAR) of awards per type provided. However, auditor must apply a substantive approach and focus on high-value awards. For convenience, the number of awards to be audited are summarized below: 6.1 CoE grants Each CoE hosted by an institution must be audited as a separate entity or enterprise. 6.2. SARAo Awards The number of SARAo Awards to be audited per beneficiary institution is 10% of the total awards at the beneficiary institutions”*.

Consequently, in relation to the expenditures incurred in 2022, we have tested all 7 Grants assigned to ICGEB (100%) and, in relation to expenditures incurred in 2022 for every Grant, on a sample basis, we always audited expenses [“number of transactions associated with that award” (as reported in the paragraph above)] in line with previous NRF Audit guidelines; therefore we audited 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 2.5, issued in September 2020) and the relevant supporting documentation, applying a “Substantive approach” (as requested in point 6 “audit sample size” as per version 2.6 issued in

September 2021), and we have obtained sufficient and reliable evidence in relation to the expenditures incurred (and in relation to carry forwards) in the period under consideration.

In line with previous years, we have also enclosed to this Report copies (annexed) of all the expenditures incurred in 2022 at ICGEB duly signed by us. On the contrary, the “Audit Template for all NRF and SARAIO Awards BAR, CoE & RTF” that was requested by NRF to be used compulsorily to check expenditures in previous years, it has been used, also for continuity, by us, but kept as internal evidence of the controls carried out by the auditors on the mentioned expenditures incurred in 2022.

According to the “Conditions of funding” of each grant, we have requested ICGEB for copies of the Annual Progress Reports (APRs) of the beneficiaries of the grants and these were made available to us 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, as well of the ones presented in the APRs, is out of our scope.

Furthermore, it is worthwhile mentioning that, in line with the “Audit Template for all NRF and SARAIO Awards BAR, CoE & RTF”, we have requested, when applicable, the grant-holders and students to sign a written declaration with respect to the grants conditions awarded. We have requested the ICGEB’s Component in Cape Town to verify the said declarations.

During the audit carried out on the spot, 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 the Director of the Cape Town Component, Prof. Luiz Zerbini, with Ms. Nawala Nakashole, Administrative Officer in the ICGEB South Africa’s Component, Ms. Karin Trussell, Procurement Officer and Ms. Claudia Russo, PA to the Director and Communications and Outreach Focal Point, which are dedicated officially to NRF matters, 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 for information and documents.

7<sup>th</sup> March 2023

Giovanni Coppola