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**REPORT ON FOLLOW-UP ACTIONS ON SPECIAL AUDIT ON
THE CONFERENCE OF INTELLECTUALS,
DAKAR, SENEGAL OCTOBER 2008**

**Report on follow-up actions on Special Audit on the
Conference of Intellectuals, Dakar, Senegal
October 2008**

It will be recalled that the Permanent Representatives Committee (PRC) at its session preceding the Executive Council and Assembly sessions in Addis Ababa in January 2008, considered the report of the Advisory Sub-Committee on Administrative, Budgetary and Financial matters on the Special Audit on the Conference of Intellectuals (Doc. EX.CL/333(XI)).

2. The PRC endorsed the recommendations of the Advisory Sub-Committee, and, among other recommendations to the Executive Council, it took:

Note of the actions that have been taken by the Commission with regard to the lapses of the Dakar Conference, requests the Commission to expedite the actions it has taken to enable the matter to be brought to a close as soon as possible and to provide a progress report to the PRC within the next three months.

The Commission is making this report in compliance with this PRC recommendation, which was endorsed by the Executive Council. It regrets that the report was not made earlier but this is attributable to some difficulties encountered in the implementation process.

Nevertheless, the Commission wishes to indicate that it has made efforts to implement all the recommendations made.

3. To recapitulate, the main outstanding issues are as follows:

- (i) Refund of the amount (\$402,344.73) Senegal agreed to make after a reconciliation exercise between it and the Commission;
- (ii) Discussion with the government of South Africa on the refund of VAT amounting to US\$280,431.23;
- (iii) Refund of \$554,926.54 from Rapidawn being receivables due to the Commission as identified by Ernst & Young and AU Board of External Auditors; and
- (iv) Taking disciplinary action against guilty staff.

The Commission wishes to report on each point as follows.

(i) Refund Expected from the Government of Senegal

4. The Commission is in touch with the Government of Senegal and the Foreign Minister, H.E. Cheikh Tidjane Gadio, has informed the Chairperson (current) that the

process of transferring the agreed sum with Senegal had begun. As the money has not been received as at the time this report was being written, the Chairperson has written a letter to the Minister to request for early action. It is hoped that this would have been done before this report is presented. The Commission wishes to emphasize that it has received the co-operation of the Government of Senegal and has no doubt that it will receive the agreed sum very soon as promised by the Minister.

(ii) VAT refund from South Africa

5. The Chairperson of the Commission has also recently written to the Minister of Foreign Affairs of South Africa with a view to obtaining the final decision of the Tax authorities for VAT refunds amounting to \$280,431.23 for goods and services Rapidawn paid for on the Commission's behalf on the Congress. The request for the Department of Foreign Affairs to assist pre-dates the January 2008 meeting and it was the Commission's understanding that there was some engagement between the Department and that of Finance and the Tax authorities. The outcome of this engagement is what is still being awaited.

(iii) Receivables from Rapidawn

6. The Commission had also attempted to recover from Rapidawn the sum of \$554,626.54 identified by the Board of External Auditors as receivables from that company to the Commission. It is regretted that there has been no response from the Company which was sent the details directly through its known address but also through the Embassy of South Africa in Addis Ababa and Dr. H M Phosa of DuToit – Smuts & Matthews Phosa INC, through which Rapidawn last communicated with the Commission. In his last letter to the Foreign Minister of South Africa, the Chairperson brought out this difficulty and requested the assistance of the South African government to, if possible, locate the Company.

7. In light of the above, not much progress has been made regarding the VAT refund or the receivables from Rapidawn. The Commission will continue to pursue the matters with the help of the South Africa government.

8. The Commission wishes to point out that, in passing through the Department of Foreign Affairs, it is not holding it responsible for either the VAT refund or getting back the receivables from Rapidawn. Rather, it is because it is the only interlocutor it has with respect to other Government Departments and individual South African entities. It is recognized that Rapidawn is a private enterprise and its transaction with the Commission on the Dakar Conference was a private commercial venture. Consequently, it wishes to seek the indulgence of the South African government to continue to assist it in order to bring the matter to a close.

iv) Disciplinary Action against Erring Staff

9. As reported to the PRC, three staff were identified by the Board of External Auditors as having been negligent in the performance of their duties in relation to the Dakar Conference. Of the three, two have already left the services of the Commission, while one is still in service. With respect to the latter, the previous Commission did start disciplinary proceeding against the staff but could not continue because of a technical problem regarding the constitution of the Disciplinary Board. This related to the refusal of the representative of a body that should serve on the Board and without which participation the work of the Board would be regarded as invalid. The new Commission had attempted to take action but met the same technical obstacle. However, in the last week or so, this problem has been overcome and a Board is being constituted which should be able to deal with this outstanding matter.

10. With respect to the two staff who have left the services of the Commission, the problem has been that of their lack of cooperation. The Board of External Auditors had sent the two questionnaires to complete but they had completed them in an unsatisfactory manner to the Auditors. They both refused to meet with the Auditors to respond to questions and provide clarity. They have also refused to respond to the request by the Commission to meet with it in order to clarify their roles.

11. In light of this, the Commission recently decided that the Disciplinary Board, which can only try serving staff, will constitute itself into a Losses Committee as per extant rules, to determine the damage caused to the Commission by the actions of each of the two staff. Thereafter, a decision will be taken regarding how to deal with the problem and through what means. One of the options open to the Commission is to request the assistance of the governments of the two former staff.

Conclusion

12. The Commission wishes to conclude by once more emphasizing that the lessons learnt from the errors made during the Dakar Conference have been very helpful, particularly to the new Commission. All the undertakings made with respect to obedience to financial and administrative rules; the improvements in financial management; introduction of a credible procurement manual, etc, are being systematically met. The IMIS process has gone live with effect from 1 December 2008 and a new procurement manual, which meets international standards, has been approved by the Commission and staff in all AU Offices and Organs have been trained to use it.

13. The Commission undertakes to pursue the outstanding matters and will report progress made in due course.

14. The Commission wishes to express its appreciation to the PRC for its understanding and for helping to bring to a close this rather unpleasant episode.

African Union Commission
Addis Ababa
4 December 2008

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