



**ORGANIZATION OF  
AFRICAN UNITY**  
Secretariat  
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**ORGANIZATION DE L'UNITE  
AFRICAIN**  
Secretariat  
B. P. 3243

• Addis Ababa •

COUNCIL OF MINISTERS  
FORTIETH ORDINARY SESSION  
Addis Ababa, Ethiopia  
27 February - 7 March, 1984

CM/1225 (XL)  
(Add.1 - XVI)

REPORT OF THE BOARD OF EXTERNAL AUDITORS  
FOR THE FINANCIAL YEAR ENDED ON 31st MAY 1983 ON:

- |                                                                          |                          |
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MEMBER STATES SERVING ON THE BOARD OF EXTERNAL AUDITORS  
FINANCIAL YEAR 1982/1983

1. BOTSWANA
2. THE GAMBIA
3. UPPER VOLTA
4. LESOTHO
5. MADAGASCAR
6. TOGO
7. TUNISIA

N.B. For the purpose of this report, the Organization of African Unity (OAU), shall be referred to as "the Organization".

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## INTRODUCTION

In keeping with the tradition, the Board of External Auditors met in Addis Ababa from 14 to 30 September 1983, for the purpose of auditing the accounts of the General Secretariat of the Organization of African Unity (OAU).

The Board elected the Representative of Upper Volta its Chairman, but, with the interpretation and translation problems at the onset, it could not actually start its work until 19 September 1983. This delay affected the time schedule of the audit work with the result that instead of completing it on 30 September 1983, the final draft report could not be submitted before 3 October 1983.

### I. Scope of Audit

Guided by the generally accepted principles and methods of auditing the accounts of the Organization, our work focused on the purely financial and accounting operations, with emphasis on the financial and accounting procedures followed in the income and expenditure operations with due regard to the Financial Rules and Regulations currently in force in the Organization.

## II. Discharge

Article 93 of the Financial Rules and Regulations stipulates that if the Financial Report of the Accounting Officer meets with no objection, the Board of External Auditors shall deliver a discharge to the Director of Finance Department.....

We did therefore analyse the financial report and after careful consideration of the accounts of the General Secretariat we admit that the accounting documents were reliable and that we received all the data needed for an in-depth appreciation of the financial and accounting operations of the Organization.

We have thus delivered an audit discharge to the Director of Finance Department for his sound budget management during the 1982/1983 financial year.



### III. Financial Situation

The OAU Assembly of Heads of State and Government which met in Addis Ababa from 6 - 12 June 1983 regularized the 1982/83 budget by adopting the 1981/1982 budget with a 10% increase in the sum of \$21,466,578.00. The total contributions received by General Secretariat amounted to \$12,276,392.00.

With regard to that budget, the financial situation of the General Secretariat as at 31st May 1983 can be summed up as follows.

Total Income received	:	\$12,994,160.15
Total Expenditure incurred	:	<u>\$13,502,249.89</u>
Balance.....	-	508,089.74

It should be pointed out that, with the above balance notwithstanding, the actual balance as at 31st May 1982 and brought forward to 1/6/82 amounted to \$2,828,019.76

#### A. Revenue

The first impression derived from the examination of the components of the Organization's financial resources is that the latter are, for the most part, made up of Member States' contributions together with a few sources of relatively large sums of miscellaneous income.

For the financial year under consideration, the actual over-all income received amounted to \$12,994,160.15 including the sum of \$559,473.80 representing advance payment of contributions by some Member States.

These financial resources can be broken down as follows:-

- |                                             |                   |
|---------------------------------------------|-------------------|
| 1. Member States contributions              | US\$12,245,239.21 |
| 2. Advance payment of contributions         | 559,473.80        |
| 3. Refund of unutilized air tickets         | 55,287.09         |
| 4. Sale of gold medals                      | 3,339.76          |
| 5. Interest on working capital Fund         | 4,996.25          |
| 6. Interest on car loans                    | 9,308.65          |
| 7. Refund of gratuity owed by staff members | 903.35            |

8. Refund by the Regional Offices of surplus balances to the Headquarters	US\$107,318.69
9. Other Miscellaneous income	8,293.35
TOTAL	US\$12,994,160.15

The total income received during the 1982/83 financial year as contained in this report differs from the amount of income in the financial report for the same financial year. This difference of US\$53,696.84 (12,994,160.15 - 12,940,463.31) is due mainly to the fact that the General Secretariat did not consider part of the transfers of excess of revenue from the regional offices as income for the financial year but rather as revenue for the 1981/82 financial year.

Indeed, for an explanation of the General Secretariat's action, one may be guided by the principle that the amounts transferred from the Regional Offices were in actual fact surpluses from the 1981/1982 appropriations but were transferred to the Headquarters only on 28 June 1982.

However, Article 20 of the Financial Rules and Regulations stipulates that the excess of revenue over expenditure for a particular financial year shall be paid into the working capital fund for the next financial year.

Is it to be understood therefore that although the amounts were received on 28 June 1982, the General Secretariat was able to compute them for the 1981/1982 financial year? We are sceptical about such a successful feat in accountancy.

We recommend therefore that the Director of Finance Department should review and rectify that erroneous concept of excess revenue from the Regional Offices.

#### I. Member States Contributions

As indicated earlier, the 1982/83 budget was adopted by the Summit Conference in the sum of US\$21,466,578.00 composed entirely of Member States' contributions. However, only US\$12,245,239.21 was paid as contributions which needless to say, are the Organization's main financial sources. They represent only 57% of the budgeted amount and are by far the lowest figure in recent years.

We do not, of course, overlook the financial difficulties which Africa as a whole is facing, but this state of affairs resulting mainly from delays and temporary abstention from payment of contributions by some Member States, has placed the Organization in a severe financial strait-jacket, thus crippling a sizeable portion of its activities.

As far as can be remembered, this is the first time that the Organization has been brought to issue instructions to the effect that financial resources should be devoted as a matter of priority to common staff costs and emoluments and other incompressible activities.

## 2. Advance payment of Contributions

These are contributions to the 1983/84 budget but paid during the 1982/1983 financial year. The list of Member States which have made such advance payments appears in Annex XVI to this report.

The statement below provides an overview of the position of the contributions:--

### III. Statement of contributions in dollars as at 31st May 1983

Year	Arrears as at <u>1st June 1982</u>	Recoveries <u>of the year</u>	Arrears of 1982 - 1983 <u>financial year</u>
1964/65	-		
1974/75	417,408.77		
1975/76	153,039.19		
1976/77	206,671.90		
1977/78	206,681.66		
1978/79	591,127.20		
1979/80	743,886.25	633.00	
1980/81	4,375,905.42	1,297,693.35	3,078,208.54
1981/82	10,002,710.05	2,705,496.04	
1982/83	21,466,578.00	8,241,416.82	13,269,187.32
	38,164,005.44	12,245,239.21 <sup>(2)</sup>	25,918,766.23

This table does not include the funds of the Commission of Mediation, Conciliation and Arbitration and the Namibia fund.

(1) This amount includes 1981/82 arrears;

(2) Does not take account of the excess payment of US\$559,473.80.

### RECOMMENDATIONS

We wish to suggest that a special report be prepared on the state of the contributions beginning with the 1972/73 financial year for submission to the Council of Ministers at its ordinary session scheduled for February 1984. The purpose of the report will be to sound the alarm, so to speak, to sensitize the next Session of the Assembly of Heads of State and Government in Conakry to the need for an adequate and a satisfactory solution to the crucial problem of contributions.

Moreover, in order to avoid accumulation of arrears over several years and simplify the contributions accounts and also minimise the chances of dispute that some defaulting Member States may raise, it is proposed that in future the contributions received should be used to defray the arrears beginning from a given year. If the contribution received covers the total arrears and there is a credit balance, then that amount should be credited to the Member States contribution for the current year. So far the reverse has been the practice accounts.

The proposed new procedure has some merits and could be an encouragement to Member States to pay their contributions for, psychologically, one is always more inclined to settle a recent debt rather than a very old one.

### 3. Miscellaneous Income

This chapter comprises other resources of the Organization's budget and amounts to a total of US\$189,447.14 for the financial year 1982/1983.

It is worth noting under this chapter that the sale of the gold medals had been resumed and that no publications were sold. We observed however that no periodical or end-of-year statement had been made on unutilized air tickets. This omission led us to recommend that in future statements on reimbursed air tickets should be prepared periodically and at the end of the financial year. Similarly, unused tickets which are in the process of being refunded should be accounted for.

B. Expenditure

The budget expenditure of the General Secretariat for the 1982/1983 financial year amounted to US\$7,914,148.62, to which should be added the transfer to the regional offices, pre-paid expenditure and obligations of 1981/1982 settled during the financial year under consideration.

The expenditure can be broken down as follows:-

- Budget expenditure.....	US\$ 7,914,148.62
- 1981/1982 obligations.....	" 300,152.84
- Transfers to the Regional Offices.....	" 5,280,221.44
- Pre-paid expenditure.....	" 7,726.99
TOTAL.....	<u>US\$13,502,249.89</u>

The obligations of the financial year shall be dealt with under the Budget Control Chapter.

C. Cash Situation

The actual balance as at 31st May 1983 totalled US\$3,047,124.10 and is detailed as follows:-

Dollar Account.....	US\$ 3,172,035.58
Local Currency Account.....	" (294,338.01)
Working Capital Fund.....	" 168,572.34
Petty Cash.....	" 854.19
	<u>US\$ 3,047,124.10</u>

As the above figures show, the local currency account was over-drawn by US\$294,338.01 because the cut-off period had been exceeded by more than 45 days. In other words the invoices received after 31st May 1983 were settled after the end of the financial year but the payments had been back-dated 31st May 1983.

RECOMMENDATION

We recommend that the Organization's accounting methods should be revised so that the accrual accounting system may be maintained.

D. Working Capital Fund

According to Article 16 of the Financial Rules and Regulations, there shall be established a Working Capital Fund designed to enable the Accounting Officer to draw therefrom amounts as recoverable advances to meet any insufficiency in the revenue of the General Fund.

The balance of the Working Capital Fund as at 31st May 1983 amounted to US\$168,576.34 compared with the ceiling of US\$300,000 fixed some years ago.

RECOMMENDATION

We recommend that:-

- a) a reasonable amount of money should be transferred from the General Fund to the Working Capital Fund every year.
- b) the ceiling of the Fund should be revised upwards.

E. Special Funds

During the financial years under consideration, the number of the special funds had been reduced from 10 to 5 and the amounts in those cancelled had either been transferred to the general fund or merged with other similar accounts.

As at 31st May 1983, there was a total amount of US\$2,072,908.27 in the 5 special fund accounts broken down as follows:-

a) Bureau for placement and Education of Refugees.....	US\$1,040,187.90
b) Drought emergency Relief Fund.....	" 387,164.79
c) OAU Assistance Fund against Colonialism.....	" 704,515.09
d) Drought Emergency Relief Fund (Local Account) .....	" 28,937.94
e) Bureau for Placement and Education of Refugees (Local Account).....	" 12,102.55
TOTAL.....	<u>US\$2,072,908.27</u>

Remarks:

The Special Funds should have been managed according to the rules approved by the Council of Minister. However, we noticed that no regard was paid to the rules in the management of most of the special funds.

Contrary therefore to the Organization's rules and regulations, the special funds below with a total amount of US\$196,235.90 were cancelled and the balance transferred to the Secretariat's General Fund:-

a) Tenth Anniversary Commemorative Medals.....	US\$ 3,642.66
b) Financial Assistance to Guinea Bissau.....	" 55,235.96
c) Special Mutual Aid Fund.....	"137,357.29
TOTAL.....	<u>US\$196,235.91</u>

RECOMMENDATION

We recommend that appropriate steps be taken to ensure compliance with the Rules and Regulations in the management of the remaining special funds.

IV. Budget Control

The General Secretariat's budget for the financial year 1982/1983 was finally regularised and fixed at US\$12,276,392.00.

The expenditure incurred by the General Secretariat of the Organization amounted to US\$7,914,148.62 plus the obligated amount of \$2,452,292.28 for the financial year.

The total budget expenditure for the financial year 1982/1983 totalled therefore US\$10,366,440.90.

The budget of the Headquarters of the Organization was executed up to 84% of the appropriations with an excess of revenue amounting to US\$1,909,951.10.

The table below gives an over-all view of the budget execution.

TABLE OF BUDGET PERFORMANCE 1982/1983.

Code	Description	Allocation	Expenditure	Credit balance or over expenditure	%age consumed
100-103	Staff emoluments	4,354,028.00	3,328,414.43	+1,025,613.57	76%
200-218	Common Staff Costs	3,804,282.00	3,547,041.39	+ 257,240.61	93%
300-311	Travel on Official Missions	600,000.00	320,235.96	+ 279,764.04	53%
400-406	Rental and Maintenance of Equipment & Premises	145,000.00	157,012.97	- 12,012.97	108%
500-504	Communications	249,100.00	162,100.44	+ 86,999.56	65%
600-617	Supplies & Services	527,000.00	463,377.24	+ 63,622.76	88%
702-711	Immovable Property	151,201.00	151,201.00	-	100%
800-856	Conferences, Meetings and Committees	1,162,486.00	953,762.47	+ 208,723.53	82%
901-911	Implementation of Resolutions	1,283,295.00	1,283,295.00	-	100%
		12,276,392.00	10,366,440.90	+1,909,951.10	84%

In appraising the statement of budget performance of the General Secretariat for the 1982/1983 financial year, we have been able to elicit a few facts presented below:

1. Over-expenditure

The remarkable and commendable fact arising out of the budget execution by the General Secretariat for 1982/1983 is the constant concern of the financial and accounting officials in complying with the resolution of the Assembly of Heads of State and Government making the budget under consideration, an austerity budget that reflects the reality of the prevailing economic recession.

A positive outcome of the austerity measure is the fact that only Section IV comprising Codes 400 to 406 was over-spent by a total amount of US\$12,012.97.

Thus against the budget allocation of US\$145,000.00 for rental and maintenance of equipment and premises, the Secretariat spent US\$157,012.97.



By contrast, with the appreciable savings of \$1,921,964.07 made on other codes, the financial administrators of the Organization obtained a credit balance of \$1,909,951.10 of (1,921,964.07 - 12,012.97).

There were of course other codes which were over-spent but those deficits did not in any way adversely affect the savings made. These codes are:

- 201 (Travel on home-leave);

. Allocation	: 200,000.00
. Expenditure	: 230,000.00
. Over-expenditure	: 30,000.00

- 209 (Gratuity to staff on contract on completion of service)

. Allocation	: 80,000.00
. Expenditure	: 158,274.26
. Over-Expenditure	: 78,274.26

- 213 (Post Adjustment)

. Allocation	: 650,000.00
. Expenditure	: 1,014,312.02
. Over-expenditure	: 364,312.02

- 310 (Travel of the Secretary-General on Official Missions)

. Allocation	: 170,000.00
. Expenditure	: 184,525.67
. Over-Expenditure	: 14,525.67

- 501 (Telephone)

. Allocation	: 30,000.00
. Expenditure	: 51,300.44
. Over-Expenditure	: 21,300.44

- 606 (Subscription to Newspapers and Periodicals):

. Allocation	: 15,000.00
. Expenditure	: 17,696.49
. Over-Expenditure	: 2,696.49

- 800 (Assembly of Heads of State and Government)

. Allocation	:	200,000.00
. Expenditure	:	327,093.21
. Over-Expenditure	:	127,093.21

- 853 (Commission of Mediation and Arbitration)

. Allocation	:	20,000.00
. Expenditure	:	23,491.29
. Over-expenditure	:	3,491.29

2. Unused Allocations

Only nine codes were over-spent (215, 608, 609, 711, 806). By contrast there were other codes which were not spent and these amounted to a total of US\$34,501.00.

It should be mentioned that the codes involved related to conferences, interviews, publications and include the token \$1 for the construction of a conference complex for 1982/83 financial year.

REMARKS AND RECOMMENDATIONS

We noticed that the biggest over-expenditure was incurred under Code 213 (Post adjustment). The code is for specific, foreseeable and social expenses whose relevance cannot be challenged.

We suggest therefore that in future sufficient and consistent appropriation should be made for Code 213.

Such other over-expenditures as Code 310 can be easily appreciated and are justified by the political events of the time which made it necessary for the Secretary-General to travel very often.

For Code 501 (Telephone), we recommend strongly that steps be taken quickly to end the abuse and personal calls particularly private calls abroad.

3. OBLIGATIONS

We noticed that an amount of \$2,452,292.28 was earmarked for obligations for 1982/1983. This figure accounts for 19.97% of the General Secretariat's budget allocations.

Compared with the obligations amount of \$890,949.93 for the financial year 1981/1982, the figure for 1982/83 appears too high.

One other obvious fact is that the obligations of the financial year do either correspond with the unutilized allocations or with the surpluses of allocations after the actual expenditure.

The Regional Office in Lagos has the same notion of settlement of obligations and the recommendation made in this respect about the Lagos Office also holds good for the General Secretariat. We felt it necessary however to remind the Director of Finance that he has an additional period of three months to settle the outstanding obligations before the end of the financial year.

#### 4. ADVANCES RECOVERABLE

The break down of the amount of US\$529,946.66 of recoverable advances paid to Staff Members of the General Secretariat is as follows:-

Salary advances.....	US\$ 12,307.48
Car loans.....	" 256,416.30
Travel advance.....	" 20,549.05
Miscellaneous advances.....	" 240,673.83
TOTAL	<u>US\$529,946.66</u>

Advances payable by Member States total US\$112,758.85. Individual, non-staff members of the General Secretariat, including some Inter-African and International Organizations have been owing the Organization for some years now various sums of advances totalling US\$120,317.94.

#### REMARKS AND RECOMMENDATIONS

While considering the advances, certain facts came to our attention, which call for recommendations.

The amount of the miscellaneous advances is too high and the vague term, "miscellaneous" used contributed to our difficulty.

We suggested therefore that the sum of the advances should be reduced and that a detailed statement should be prepared on this item at the end of the year.

We noted that laudable efforts are being made by Member States to refund the advances they owe.

There is still however the problem of reimbursement by some individuals who are non staff members.

We recommend therefore that the General Secretariat should raise this problem at the meeting of the Advisory Committee with a detailed supporting document so that the Council of Ministers may subsequently take a strong and final decision on it, more so as 3% those persons alone owe a total of US\$44,716.78.

#### 5. MCO's

For the 1982/83 financial year and according to the MCOs ledger cards, it appears that no new MCOs were issued for, the amount of US\$97,562.94 on the statement as at 1st June 1982 is the same as the amount to be justified at the year ending 31st May 1982.

The situation as at 31st May 1983 can therefore be summed up as follows:

- Credit recorded.....	US\$ 97,562.94
- Amount justified.....	" 67,061.19
- Amount to be justified.....	" 30,501.75

Like for the financial year 1981/1982 and as we expected because the Secretary-General a.i. had briefed us before the beginning of our auditing we could not lay hands on any material proofs of the proper utilization of the MCOs.

#### 6. HOUSING

Code 205 representing staff housing scheme had an allocation of \$1,392,000.00 for the financial year 1982/83. As at 31st May 1983 the expenditure under the code amounted to US\$1,284,350.09 with a balance of US\$107,649.02. There was no over-expenditure. The receipts and cards were properly checked. The code accounted for 9.2% of the total budget. There is need however for comments awaiting allocation of permanent accommodation. Although the Organization is making efforts in this direction, we should mention the case of two persons who are still in hotels for an indefinite period.

It is desirable that they be found permanent accommodation as soon as possible like other staff members.

7. MISCELLANEOUS EXPENDITURE

For the 1982/1983 financial year, the budget allocation for miscellaneous expenditure amounted to US\$527,000.00. No over-expenditure was incurred for, as at 31st May the total amount of miscellaneous expenditure was US\$463,377.24 or 8.8% of the budget execution. There was therefore a decrease in miscellaneous expenditure as compared to the 1981/1982 financial year when the expenditure rose to 240% equivalent to a total amount of US\$192,959.30.

V. MATERIAL AND SOCIAL FACILITIES

For a successful and efficient performance of the duties conferred on it by the Charter, the Organization has a number of facilities including the accounting machine which allows for the mechanization of accounts and property inventory that contribute to the smooth running of the Department.

Moreover, the Organization has instituted a pension scheme to ensure that staff members spend their well-deserving retirement years comfortably.

A. Material Facilities

1. Mechanization

The following accounting operations have been mechanized:

- a) Disbursement cards;
- b) Contributions cards;
- c) Subventions cards;
- d) Recoverable advances cards
- e) Cash Journal cards

Whenever necessary, subsidiary accounts and control cards are provided for each accounting operation.

The subsidiary accounts cards are kept in an order of sub-codes and contain relevant details that show the financial operations on the cards like: date/month, Voucher, RV. AV. No.

The control cards kept in an order of codes also contain the same details as those on the Subsidiary Accounts cards.

It has been noticed however that such operations as stores inventory, salary advances (AR/1/1) and MCOs (AR-5) accounts have not been mechanized.



RECOMMENDATIONS:

- (a) Special attention should be given to the mechanization of the accounting records of the Stores;
- (b) Note should be made for other columns to be provided (as many as can be handled by the machine) on the Advances Recoverable Cards to include Salary Advances, MCOs as well as any other advances to the staff;
- (c) The present system of recording financial transactions on Control Cards is in fact an unnecessary duplication. These Cards should show the monthly totals of the summaries on the Subsidiary Cards;
- (d) For the safety of the accounting records he keeps, the Accounting Machine Operator should keep a register in which he enters the movement of accounting records between him and the other staff. This will make it easy to retrieve them whenever needed.

Entries:

Apart from his duty as Accounting Machine Operator, he is also responsible for collecting, analysing and making general entries. This system is far from being satisfactory because it hampers the keeping of a realistic schedule of duties and responsibilities as well as the application of necessary internal control.

RECOMMENDATION:

The Operator should devote his attention to the operation of his accounting machine while the collection, analysis and general entries are entrusted to another accounts clerk. Measures for re-alloting these duties, as recommended, should be taken as soon as possible.

Balances:

Control of balances has been entrusted to various officers in the Budget and Accounts Section. It would seem that no time is specified for these accounting records and other relevant documents given to these officers to be returned for checking.

RECOMMENDATION:

It is recommended that the observations made be communicated immediately through official memos to the Accounting Machine Operator and copies of these memos well kept in a file for reference.

2. Inventories:

Under this heading, we very scrupulously audited the statements prepared by the Finance Department as well as the end of Financial Year stocks and noted the accounting value, after depreciation, of the movables of the Organization. In fact, in this regard, we successively made inventories of drinks and cigarettes, fuel and library books, the movables, office supplies and equipment as well as drugs in the clinic.

(a) Drinks and Cigarettes:\* Drinks:

Inventory of Drinks  
Financial Year 1982/1983

DESCRIPTION	STOCK RECVD.	STOCK ISSUED	EXISTING STOCK	VALUE	REMARKS
Beer	536 btls.	495	41	24.60	
Spirits & Liquors	340 "	221	119	885.42	
Champagne	110 "	103	7	112.00	
Wine	119 "	112	7	17.50	
Soft drinks	172 "	78	94	60.40	
TOTALS	536 btls. 741 "	495 btls. 514 "	41 btls. 227 "	1099.92	

From the above table, the following is the state of the drinks by the end of the financial year:

<u>Stock Received</u>	<u>Cases</u>	<u>Bottles</u>
	536	741
<u>Stock Issued</u>	495	514
<u>Stock by end of Financial Year</u>	41	227

The total value of this stock as at 31 May 1983 amounted to US\$1,099.92.



RECOMMENDATIONS:

Regarding the keeping of records on drinks, we suggest that henceforth, this should be done by closing the ledger at the end of each Financial Year and not on the basis of the cumulative stock of several years. The advantage of this new method is that the actual number of drinks issued during a given Financial Year would be entered on the Store Ledger Cards.

Moreover, regarding the final stock, we observed that seven (7) bottles of drinks (local wine) supplied since 1978, still appear on the Inventory Card although that wine has for several years now been withdrawn from the Ethiopian market.

We have therefore recommended their removal from the Stores for sale to the highest bidder and the proceeds thereof paid to the chest of the Organization as miscellaneous receipts.

\*CigarettesInventory of CigarettesFinancial Year 1982/1983

Description	Stock as at 1/6/82	Stock Consumed	Stock by end of Financial Year	Value of Final Stock
Winston	2,600 pcs.	400 pcs.	2,200 pcs.	82.50
Rothmans	600 "	-	600 "	24.00
Dunhill	200 "	-	200 "	8.00
Kent	1,200 "	-	1,200 "	48.00
Viceroy	2,400	400 "	2,000 "	80.00
Cigario	3 boxes	-	3 boxes	11.10
TOTAL	7,000 pcs. 3 boxes	800 pcs.	6,200 pcs. 3 boxes	253.60

We have no particular observation to make on this table except to mention that it enabled us to see how well-kept were the ledger cards in this respect.

Furthermore, it should be noted that the accounting value of the final stock is US\$253.60.

\*Fuel

Following audit of the ledger cards on fuel consumption and after counting the petrol coupons and reconciling them with all the cards and books, we established the following stock table.

Table on fuel consumption  
1 June 1982 to 31 May 1983

Stock at 1/6/82	Stock Replenishment	Period	Monthly consumption	Balance after consumption
20,443.06		June 1982	6,669.60	13,773.46
		July 1982	5,544.40	8,229.06
	20,700.00	August 1982	3,981.60	24,947.46
		September 1982	4,485.60	20,461.86
		October 1982	6,098.40	14,363.46
		November 1982	5,644.80	8,718.66
	20,700.00	December 1982	6,484.40	22,934.26
		January 1983	6,165.60	16,768.66
	20,700.00	February 1983	5,677.60	31,791.06
		March 1983	5,174.40	26,616.66
		April 1983	6,013.40	20,603.26
		May 1983	7,526.20	13,077.06
TOTAL	82,543.06 (stock issued)		69,466.00 (stock used)	13,077.06 (stock at the end of financial year)

NB: The 657.20 litres representing the loss recorded and paid for by the Keeper should be added to the end of year balance.

From this table which conforms to the accounting book, we noted a difference of 657.20 litres less, compared to the petrol coupons issued. This difference is as a result of the loss reported by the Keeper and discovered by the Internal Auditor. Lastly, it should be pointed out that this loss has been fully paid for by the Keeper.

Library:

The books are carefully arranged on shelves and bear distinct labels according to their subjects. The Inventory Sheet and Ledger contain full details but only show the general stock of the library books.

What remains to be done is a compilation of a subject by subject list of the books so that one can tell the number of books owned by the OAU on the various subjects: law, politics, etc.

Printing Unit

Proposals would be made to improve the state of the old machines which are 15 years old. In this respect, the Head of the Unit has identified the requisite parts/modern equipment whose cost will be included in the 1984/1985 budget estimates.

Recording Studio:

Work is in progress. 75% of the construction work has already been done but shortage of materials has affected the normal progress of work.

Inventory of Office Furniture, Supplies and Equipment:

- (a) The value of the articles is still not indicated on the Office Supply Cards.
- (b) Up-to-date inventories of office supplies and equipment are yet to be prepared.
- (c) Obsolete articles and equipment in the Stores occupy a large space which could be used for storage of many useful articles.
- (d) Certain shortcomings observed during audit of records of the Stores should be corrected.

RECOMMENDATIONS:

- (a) Efforts should be made to enter the value of articles on the Office Supplies Cards. This question has been raised in previous audit reports but still nothing has been done to improve the situation.
- (b) This is an important work which deserves priority attention. The officers concerned are therefore requested to ensure that the inventories are compiled and up-to-date inventory cards are displayed in the various offices as quickly as possible.

- (c) A Committee should be set up to inspect the Stores and Offices in order to establish a list of all obsolete and unusable articles and to recommend a way of disposing of them.
- (d) 1. The Purchase Order Forms of the Stores should now serve as source for recording issues and receipt of articles. These Forms contain all the details required; some of which apparently do not appear on the Purchase Requisition Forms and the way these Forms are completed facilitates reference to issues recorded on every Ledger Card.
- (d) 2. Henceforth, Purchase Order Forms should be filled to serve as supporting documents for all articles acquired on advanced payment terms. And to ease the work of the Purchasing Clerk, the Storekeeper should sign a receipt to confirm that he has received the goods from the Purchasing Clerk.
- (e) Differences were noted between the figures relating to the value of articles as they appear in the detailed inventory prepared by the Stores and the figures in the Financial Report. Here are the details:

	<u>Summary Inventory</u>	<u>Financial Report</u>
1. Stationery & Office Supplies	US\$ 61,584.26	US\$ 54,922.33
2. Tyres and Inner Tubes	1,970.70	1,405.84
3. Drinks and Cigarettes	1,404.39	2,345.89
4. Fixtures, Office Equipment and drugs for the Clinic	314,113.16	217,761.22
5. Official Vehicles	31,304.75	31,272.43

These figures must be checked immediately in order to determine the cause of these differences and to make the necessary adjustments.

#### Clinic

We also took stock of the drugs and observed that the accounting records and drugs issued register had been well kept despite the heavy professional duties of the Nurse responsible for this book-keeping.

However, with the projected extension to the Clinic and the fact that henceforth, the Clinic would also have to provide medical treatment for all African diplomats and their families residing in Addis, we strongly recommend the recruitment of the following additional staff:

- An assistant Pharmacist
- An assistant Doctor (General Practitioner)
- A laboratory assistant
- Nurses whose number shall be determined at the appropriate time by the Doctor in charge.

B. Social Insurance

We wish to affirm that the Organization has provided for a Pension Fund for its retired staff to which serving staff members contribute a certain percentage of their salary.

1. Contribution to the Pension Fund:

The accounting records kept are as follows:

- (1) Individual Staff Cards
- (2) Control Cards

The Individual Staff Cards are prepared manually and at present, the information entered on them relate to the monthly contribution of the staff and total contributions paid.

We noted that the detailed information entered on these cards are drawn from the monthly statements which contain data obtained from the Salary Advice.

The Control Card which keeps account of the state of contributions to the Pension Fund is one of the accounting records prepared on the machine. The data entered on them are drawn from the Salary Advice and Disbursement Vouchers.

RECOMMENDATION:

Since the monthly statements do not contain as much important information as the Disbursement Vouchers, the Receipt Vouchers and Cash Advances Vouchers, it would be worth-while gathering data directly from the Salary Advice and from a certain number of books.

2. Contributions made and sums paid to the Insurance Company:

Details of contributions by the staff and sum deposited with the Company could be obtained at any time from the Control Cards and details of the Organization's contributions from Expenditure Code Cards for each Financial Year.

The problem is that details of contributions and sums paid to the Insurance Company can be provided only after referring to the statements of the previous financial years.

RECOMMENDATION:

It is necessary to open quite a big register which would contain the following information:

- (a) Annual contribution of the staff;
- (b) Annual contribution of the Organization;
- (c) Amount paid each year to the Insurance Company.

For information "A", columns should be provided for:

- the name of the staff
- his status
- date of first payment of his contribution
- date of last payment of his contribution.

The book should contain detailed information on the transactions made each year and the sources of data should be:

- for category "A", Individual Staff Cards
- for category "B", Expenditure Cards
- for category "C", Staff Pension Cards and Expenditure Cards including the Organization's contributions.

Information to the Staff on the State of Contributions:

At present, all the staff know is that 7% of their basic salary is deducted in respect of contributions to the Pension Fund and that the Organization contributes 14% for them. It should be possible to provide the staff with detailed information regarding their contributions as of June 1982.

There is evidence that the Organization has requested the Insurance Company to provide it with statements for the information of the staff and for up-dating the records of the Organization.

It would be recalled that the Fund was established 16 years ago and that the total amount of contributions to date is highly essential both to the staff and to the Organization. For this amount to be properly accounted for, appropriate action should be taken to remedy the situation as quickly as possible.

RECOMMENDATION:

The authorities of the Organization should, as a matter of urgency, bring pressure to bear on the Insurance Company for the latter to forward the outstanding statements and to ensure that in future statements are provided periodically taking into account the date of payment of contributions.

The statements should contain figures relating to the total amount of contributions and accrued interest as at the date the statements were prepared. Details of contributions by the staff taken individually and the interest earned by such contributions should also appear among the details to be provided.

VI. Audit Allowance:

The External Auditors of the Organization of African Unity are now at their wits' end.

Sometimes they are considered on the same footing as the staff of the Organization when it comes to their means of transport and payment of per diem but if by some ill-luck they fall sick during their audit mission, they are treated like strangers to the Organization although they represent all Member States.

Thus, the Board of External Auditors, conscious of its responsibilities which are solely in the interest of the Organization, considers that the independence of its members is one of the fundamental principles which should be established.

Indeed, the External Auditor should be completely free to formulate his opinion and make recommendations. He should be free of all moral or material constraints.

To the External Auditor, this independence entails the duty to be loyal, to be objective and to have a keen sense of responsibility.

Moreover, for the accomplishment of his mission, the External Auditor should not have material worries about his family and himself.

Considering the experience of these last few years, the Board of External Auditors feels that the payment of per diem to its members places them in a position of dependence on the Heads of the Offices they are called upon to audit.

This uncomfortable position is likely to jeopardize the principle of independence.

The Board feels that the granting of an allowance would most aptly conform to the nature of their work. In other words, audit of a whole Financial Year within a limited period and the submission of an exhaustive report thereon.

To accomplish this mission, the External Auditor has to work beyond the normal working hours of the Offices he audits and sacrifices his Saturdays and Sundays.

Moreover, since he has to be away from home for more than a month, he has to provide his family with sufficient funds to meet their requirements during his absence.

To members of the Board, this is a supplementary expenditure not covered by their per diem which is barely enough for their subsistence.

Furthermore, since the per diem rates are the same as those given to the OAU staff and paid under the same conditions, any increase in these rates could be claimed by all the staff of the Organization and this would entail a significant financial implication.

For all the foregoing reasons, the Board of External Auditors wishes to propose that as from the 1983 - 1984 Financial Year, each member of the Board should be given a lump sum of US\$1,050 for each working week.

#### ACKNOWLEDGEMENTS AND CONCLUSION:

Before concluding this report and expressing sincere thanks to all those who have contributed to the smooth accomplishment of our mission, we wish to reiterate that during the Financial Year under review, all the offices of the Organization were thoroughly spot-audited by the External Auditors.



Thus, audit of all the various offices of the Organization, the list of which appears on the introductory pages, made it possible to establish the following general situation:

- Appropriations	US\$21,466,578.00
- Total expenditure	
including obligations	17,378,670.89
- Balance	4,087,907.11

or a budget performance of 81%.

Lastly, we wish to express sincere thanks to all the staff of the Finance Department, especially to the Acting Director, for their unreserved co-operation. Despite a few initial difficulties, our mission was accomplished within a reasonable period.

While it has not been possible for us to submit our final report by 30 September 1983 as scheduled, this is in the main due to difficulties in securing translation and interpretation services as well as the numerous national holidays declared during our work programme.

We therefore recommend that in the future, a pool of translators and interpreters as well as a pool of competent typists be placed at the disposal of the Finance Department before the audit exercise begins.

We wish to suggest also that future audit programmes should take due account of the numerous Ethiopian holidays of the period.

Signed:

1. Madame Entaile Botho  
Botswana

5. Mr. D. Rajobson  
Madagascar

2. Mr. Colley MOUSSA B.S.  
Gambia

6. Mr. Kokovena K.K.  
Togo

3. Mr. Koblavi K. Robert  
Upper Volta

7. Dr. Allala Sediri  
Tunisia

4. Mr. D. H. Tarr  
Lesotho

COUNCIL OF MINISTERS  
FOURTIETH ORDINARY SESSION  
Addis Ababa - Ethiopia  
27 February - 7 March, 1984

CM/1225 (XL) Add.I  
ORIGINAL : ENGLISH

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE  
ACCOUNTS OF THE LAGOS REGIONAL OFFICE

(All figures in US\$)

Brief Introduction of the Lagos Office

Title: Scientific, Technical and Research Commission  
 Head of Office: Professor Williams - Executive Secretary  
 Address: Nigerian Ports Authority  
 26/28 Marina  
 PMB 2359 - Lagos

Functions: Scientific and Technical Research

Sub-Regional Offices under Lagos:

Nairobi (IBAR)-Inter-African Bureau of Animal Resources  
 Bangui (BIS)- Inter-African Bureau of Soils  
 Yaounde - Inter-African Phytosanitary Council  
 Ouagadougou: Cameroon: SAFGRAD Project launched in 1982

Structure: The head of Mission is assisted by  
 - an Assistant Executive Secretary who has replaced  
 Dr. Razik, now legally retired.  
 - an Internal Auditor: Mr. Adeyemo - Tel.680289  
 - A Chief Accountant: Mr. Aklilu - Tel.682822

Office Tel. No. 633430 - 633289 - 633359

Telex : 22199

Receipts: Budget Appropriation  
 Lagos US\$1,450,189.00  
 Yaounde 504,252.00  
 Bangui 414,092.00  
 Nairobi 832,499.00

Audit: Financial Year 1982 - 1983

External Auditors: Representatives of Tunisia, Upper Volta and Togo

In accordance with the Audit Programme of the 1982 - 1983 Financial Year, the representatives of Tunisia, Togo and Upper Volta audited the accounts of the Lagos Regional Office from 28 August to 13 September 1983. The following books

and documents were audited:

- The Grand Ledger;
- The Budget Control Book;
- Receipt Vouchers;
- Disbursement Vouchers;
- Advances Recoverable Cards;
- The Special Accounts of the OAAIT and cl. Project 31.

### 1. Financial Situation

#### A. Audit of Receipts of the Lagos Regional Office

For the Financial Year 1982 - 1983, the Lagos Regional Office received the Nigerian Government's Contribution and also miscellaneous income.

1. Nigeria's contribution .....	US\$1,092,492.62
(R-D No.096 of 24/01/1983 at the rate of 1.60 for the sum of \$682,307.89 whereas the OAU's rate is N1.52 = US\$1.00	
2. Sale of Publications .....	601.46
3. Miscellaneous income (including income generated by deposits, refunds and others) ...	85,520.46
4. Interest on car loan .....	363.24
Total Income	<u>US\$1,178,977.78</u>

#### B. Audit of Receipts of the Sub-Regional Offices

The table hereunder is a detailed summary of receipts during the 1982 - 1983 Financial Year.

Table of Receipts of the Regional Offices (in US Dollars)

Title	Nairobi	Yaounde	Bangui
1. OAU Subvention	585,191.77	60,000.00	60,000.00
2. Sale of Publications	1,441.35	-	-
3. Interest on Car Loan	469.87	158.11	-
4. Miscellaneous Receipts	5,587.54	1,884.05	-
Sub Total in \$	<u>588,690.53</u>	<u>62,042.16</u>	<u>60,000.00</u>

## C. Advances recoverable (see Annex II)

The detailed table of Advances Recoverable appears as Annex II

We have recapitulated hereunder the sub-totals of advances in various respects given to the staff. See Annex II for the other advances.

(All figures in US\$)

Description	Salary Advance	Car Loan	Travel Advances	Miscellaneous Advances
I Lagos Regional Office	1,567.21	21,422.05	801.13	51,443.61
<u>Sub-Regional Offices</u>				
- Nairobi	427.97	16,517.35	-	335.00
- Yaounde	-	3,805.78	-	7,312.80
- Bangui	-	777.41	-	-

D. Audit of Expenditures

Expenditures during the Financial Year amounted to US\$699,641.78 to which must be added miscellaneous expenditures:

- Expenditures during the Financial Year	US\$699,641.78
- Obligations during the 1981 - 1982 Financial Year	43,058.24
- Transfers to Regional Offices	50,000.00
- Transfer to Centre on Medicinal Plants	5,000.00
- Loss on Contribution	54,624.63
- Loss on Conversion	24,807.79
	<u>US\$877,132.44</u>

The balance as at 31/5/1983 is as follows:

- Union Bank (External Naira Account)	
84,182.72 x 1.52	= \$ 127,957.72
- Union Bank (Dollar Account)	1,110,347.47
- Petty Cash 10 x 1.52	= 152.00
- Organization of African Associations of Industrial Technology	15,650.23
- Account of Joint PC31 Project	
1,861.24 x 1.52	= 2,829.08
	<u>\$1,256,936.50</u>

The Bank Reconciliation statements have been attached as Annexes.

## II. OBSERVATIONS AND RECOMMENDATIONS

### A. Receipts

Our audit of the receipts calls for the following remarks:

#### 1. Nigeria's Contribution

For the Financial Year ~~1982~~ - 1983, the Nigerian Government paid 50% (682,809) of its contribution in local currency to the Lagos Office on the basis of its own exchange rate of N 1 = \$1.60 instead of the OAU's official rate of N 1 = \$1.52.

By the Federal Government of Nigeria's rate that sum amounted to  $682,809 \times 1.60 = \text{US\$}1,092,494.60$  whereas to the OAU, the actual 50% contribution was only  $682,809 \times 1.52 = \$1,037,391.49$ . This therefore has resulted to a loss on the contribution to the tune of \$54,624.50, a loss which was noted by the Office and recorded in the accounts as well as in the Internal Auditor's Report.

It has been observed that some Member States hosting OAU offices tend to pay their contributions or part thereof in local currency according to exchange rates which are favourable to their National Banks. This practice, as is the case of the Lagos Office, results in a reduction of their contributions.

In the same view and regarding the National Bank of Nigeria, that Bank uses variable exchange rates which are favourable to it according to the fluctuating rate of the dollar. (See the Annex for the exchange rates for the period June 1982 to March 1983). It would be seen that these rates are included in a bracket which varies between \$1.33 and \$1.48 to the Naira. Compared to the dollar rate used by OAU, this bracket is always lower than \$1.52 to the Naira.

It is therefore clear that in the first place there is a reduction in the amount of the contribution while in the second there is a loss of conversion. These two cases should not be confused. In fact, although both cases amount to losses, they are not of the same nature. The first loss relates to contribution while the second is occasioned by the present international monetary system which is based on fluctuating rates.

We discussed this problem at length with the Executive Secretary and his collaborators. We reached the conclusion that the problem of Nigeria's payment of its contribution in local currency should be resolved at the level of the Council of Ministers. Regarding the actual conversion loss, this poses the general problem of reform of the international monetary system.

B. Audit of Expenditures

Audit of the expenditures especially of obligations gave us to observe that the Lagos Office considers balance of budgetary appropriations as obligation. In other words, the difference, code by code, between appropriations and actual expenditures.

Where expenditures exceed appropriations, the Lagos Office rightly considers that negative difference as an over-expenditure.

On the other hand, where that difference is positive (expenditure lower than appropriation) the Lagos Office considers it as an obligation whereas it is a credit balance.

The interpretation of "obligation" by the Lagos Office is to our mind erroneous. In fact the term "obligation" implies an authorized expense obligation, in other words, normal expenditure which would be incurred even if no commitment is envisaged or would be envisaged.

However, according to the Financial Regulations, obligations are expenses relating to authorized financial transactions made before 31 May but which, for certain reasons, have not been regularized before that date. The same Regulation considers excess receipts over expenditures as credit balances. These credit balances are to be transferred to the working capital Fund.

It therefore appears that the Lagos Office is using credit balances to meet obligations even though such expenditures may not have been authorized.

The term "authorized" implies an act of commitment supported by a purchase order or an expenditure likely to be incurred during the last month of the Financial Year and for which the bills are prepared only after a given time or period (telephone, rent, petrol, telex, etc.).

Having cleared this confusion and in the light of the foregoing clarification, we re-established, with the full consent of the Accountant and the Internal Auditor, the actual obligations of the 1981 - 1982 Financial Year. Actual obligations amounted to \$43,058.24 instead of \$175,439.01 which in fact represented credit balances or excess receipts.

It is therefore strongly recommended that the Financial Regulations be strictly adhered to and for clarification to be sought from the Finance Department in Addis Ababa.

III. Budgetary Audit of Expenditures

The budgetary audit of expenditures has been provided on the following table.

TABLE SUMMARIZING BUDGET PERFORMANCE DURING 1982/83

(All figures in US\$)

Parts and Codes	Description	Appropriation	Actual Expenditure	Balance	Balance%
Part I (100 to 103)	Staff Salaries	452,059.00	340,885.48	111,173.52	-
Part II (200 to 213)	Common Staff Costs	284,030.00	217,480.36	66,549.64	-
Part III (304)	Travel of Staff on Official Mission	18,000.00	7,917.10	10,082.84	-
Part IV (401 to 406)	Rental and Maintenance of Equipment and Premises	38,000.00	18,056.06	19,943.94	-
Part V (500 to 504)	Communication	17,500.00	11,483.78	6,016.22	-
Part VI (600 to 610)	Miscellaneous Supplies and Services	157,600.00	35,873.39	121,726.61	-
Part VII (700 to 707)	Capital Expenditure	23,000.00	535.04	22,464.96	-
Part VIII (800 to 802)	Conferences and Meetings	460,000.00	67,410.51	392,589.49	-
	TOTALS	1,450,189.00	669,641.78	750,547.22	48.24%



On analysing the above table, we observed that there were differences between the appropriations and actual expenditure as well as the percentage of the budget performance.

This percentage of 48.24% compared to that of the previous Financial Year is very low. However, the reduction could be explained by the fact that the Organization had requested the Lagos Office to make savings and to make only unavoidable expenditures like salaries for example.

Certainly, in determining that percentage, we did not take into account all the actual expenditures and overall commitments of the Financial Year under review. If this had been done, the balance compared to total appropriation would have been negative.

In fact if one takes into account the total actual decrease of US\$877,132.44 together with the sum total of what the Lagos Office considers as obligations of the 1982/1983 Financial Year amounting to US\$578,876.23 which are but unexpended credit balances of the Financial Year in question by 31 May 1983 certainly because of the cash position, total expenditures would amount to US\$1,456,008.67. In which case, the 1982/1983 budget would have been over-expended by US\$5,819.67.

It is now clear that this erroneous interpretation of obligations inevitably leads to the falsification of the correct position of the budget performance.

Recommendations have been made in the preceding paragraphs for a better understanding of these obligations.

Finally, the audit brought to light the fact that only codes 103, 201, 203 and 213 were over-expended compared to actual appropriations.

#### FINANCIAL MANAGEMENT

Of all the regional offices of the OAU established on almost all the continents, the Lagos Office is the most predominant both for its size and for its socio-economic impact on the various achievements of the OAU. It is thus that the Lagos Office is provided with substantial credits whose management often presents a certain number of risks.

One of these risks is the delay in funds being credited. As an example, a cheque issued since March 1983 to be credited to the Dollar Account of the Lagos Office had still not been credited by 12 September 1983. To the beneficiary,

the delay hampers the accomplishment of projects provided for in the budget within the time allotted. This, according to those responsible for the management of the budget of the Lagos Office, explains why the substantial obligations during the Financial Year.

Moreover, it should be pointed out that no irregularities were noted in the management of the funds during the Financial Year in question either by the Accounting Officer or the Accountant.

#### V. AUDIT OF THE ACCOUNTS

For the first time in the history of the Lagos Office, an attempt has been made at accounting. Certainly, this is at the embryonic stage but the store-keeper is trying harder and harder to keep his books and stock cards up to date. Thanks to these records, we were able to audit the position of the annual inventories prepared by the officer in charge. The table hereunder shows the current net accounting value after depreciation of all the movable and immovable assets of the Lagos Office by the end of the Financial Year.

Furthermore, in the annual inventory, it should be noted that the Lagos Office no longer has the initial costs of all the publications which were edited several years ago.

Lastly, the Lagos Office, desirous of preserving all its buildings got an assessor who recently revalued them to US\$310,731.17.

#### VI. GENERAL AND SPECIAL OBSERVATIONS

##### 1. For the Lagos Office

OAU should take the necessary measures with the Nigerian Government to procure a decent building for the Lagos Office in the light of its socio-economic importance and in view of the notification of termination of the office lease recently sent to the Executive Secretary by the proprietor.

##### 2. General Observations

Audit of the Lagos Office brought no special irregularity to light. The accounting records placed at the disposal of the Auditors were well kept apart from a few minor errors which were corrected. The documents as well as the explanations sought were provided without difficulty so that the audit was carried out smoothly.

3. Thanks

The Auditors would like to extend their sincere thanks to the Executive Secretary of the Lagos Office, Professor WILLIAMS for sparing no effort in facilitating their work and for providing pertinent explanations on certain points which were obscure to them.

The Auditors would also like to thank the Assistant Executive Secretary, Professor Johnson who contributed to the smooth accomplishment of their task. Lastly, the Auditors wish to thank all the collaborators of the Scientific Secretary, particularly, the Accountant, the Internal Auditor and the translators for all the efforts they deployed to ensure the smooth accomplishment of their audit mission to Lagos.

Dr. A. Sediri  
Representative of Tunisia

Mr. K. Kokovena-Kakatsu  
Representative of Togo

Mr. Koblavi K. Robert  
Representative of Upper Volta

Statement of Receipts of the Lagos Regional  
Office and Sub-Regional Offices for the Period  
1 June 1982 to 31 May 1983

A) Lagos Office

1) Nigerian Government's Contribution	1,092,492.62
According to R-D No.096 of 24/01/1983 at the rate of 1.60 for the sum of US\$682,807.89	
2) Interest on Car Loan	363.24
3) Miscellaneous Income (including interest on deposits, refunds and others)	85,520.46
4) Sale of Publications	605.46
5) Conversion gain (see annex)	<u>54,624.64</u>

The office mistakenly considered it as a loss.

Total receipt 1,233,602.42

B) Sub-Regional Offices

1) <u>Nairobi (IBAR)</u>	
Kenya Government's Contribution according to R-D No.1316 of 13/07/82	581,191.77
Sale of Publications	1,441.35
Interest on Car Loan	469.87
Miscellaneous Income	<u>5,587.54</u>
2) <u>Yaounde (IPC)</u>	588,690.53
OAU Subvention	60,000.00
Interest on Car Loan	158.11
Sale of Motorcycle	16.65
Miscellaneous Income	<u>1,867.40</u>
	62,042.16
3) <u>Bangui (IBS)</u>	
OAU Subvention	<u>60,000.00</u>

Statement of Advances Recoverable of the  
Lagos Regional Office and the Sub-Regional  
Offices

A. Lagos Regional Office

(All figures in US\$)

	Salary Advances AR/1	Car Loan AR/2	Travel Advances AR/3	Misc. Advances AR/4
- Sub-total	1,567.21	21,422.05	810.13	17,429.56
- Nigerian Government	-	-	-	6,089.40
- OAU Headquarters	-	-	-	25,547.35
- IFC (Int. Fertilizer Centre)	-	-	-	( 123.62)
- Co-operation for Development in Africa	-	-	-	9,686.80
- Fixed Deposit Account	-	-	-	( 123.54)
- SAFGRAD PC31 Project	-	-	-	(7,062.34)
Sub-total (1)	1,567.21	21,422.05	810.13	51,443.61
B. Nairobi Office	429.97	16,517.35	-	335.00
C. Yaounde Office	-	3,805.78	-	7,312.80
D. Bangui Office	-	777.41	-	-
Sub-total (2)	429.97	21,100.54	-	7,647.80
Grand Total (1 + 2)	1,997.18	42,522.59	810.13	59,091.41

Lagos OfficeAdvances Recoverable for May 1983

(what remains to be recovered)

(All figures in US\$)

No.	Names	Salary Advances AR/1	Car Loan AR/2	Travel Advances AR/3	Miscellaneous Advances AR/4
1	Mrs. D. Akinyele	277.67	-	-	-
2	Mr. O.M. Braimah	-	4,687.50	-	(0.20)
3	Mr. A.O. Odelola	-	-	-	3,649.59
4	Mr. Udo-Ewere	88.68	-	-	-
5	Mr. E.S. Ewere	423.50	755.56	-	-
6	STRC Staff				
	(Mr. B.K. Addison)	-	-	-	43.70
7	P & T Department	-	-	-	2,280.00
8	Mr. A.H.A. Razik	-	-	(20.00)	(3.25)
9	Mr. Akililu Afework	-	2,186.81	-	-
10	Mr. Lawrence Ahene	275.95	-	236.00	-
11	Mr. Ngueremalet-Bea	-	1,638.40	-	-
12	Mr. A.A. Aderemi	-	1,875.00	-	366.32
13	Mr. S. Osazuwa	50.55	755.56	-	-
14	Mr. Paul Ohin	-	3,500.00	-	-
15	Mr. Musiliu Olaribigbe	-	511.14	-	-
16	Mr. Balafamo L.	-	755.56	-	-
17	A.P. Service Station	-	-	-	608.00
18	Mr. Leta Ngandu	-	-	-	2,005.94
19	Mr. Adenekan	-	-	229.13	69.33
20	Mr. Adekoya	-	800.00	70.00	1,192.14
21	Mr. S.O. Aina	-	-	-	29.99
22	Mr. Oyedeji	-	8.62	-	-
23	Prof. C.A. Johnson	-	-	-	(0.01)
24	Mr. Amusa	-	208.54	-	-
25	Mr. Odususi	-	272.64	-	-
26	Mr. Albert Mensah	-	-	-	337.40
27	Mr. M.A. Ezemandu	-	-	-	152.00
28	Mr. E.A. Adeyemo	(3.00)	-	-	-

(All figures in US\$)

No.	Names	Salary Advances AR/1	Car Loan AR/2	Travel Advances AR/3	Miscellaneous Advances AR/4
29	Mr. I.C. Abban	-	555.58	-	-
30	Mr. Godwin Ahistaku	-	777.78	-	-
31	Mrs. Prudence Dossou	-	-	-	(4.89)
32	Mr. S.A. Balogon	(0.10)	-	-	-
33	Mr. Ajani Sanni	-	-	236.00	-
34	Mr. A. Koutangani	-	777.78	-	-
35	Miss Taiwo Adegunle	453.96	-	-	-
36	Mr. Samson Odewale	-	777.78	-	-
37	Mr. Tonyi Tonyivi	-	577.80	-	-
38	Mr. Akue Benjamin	-	-	59.00	-
39	Union Bank of Nigeria Ltd.	-	-	-	6,703.56
	T O T A L	1,567.21	21,422.05	810.13	17,429.56
40	Nigerian Government	-	-	-	6,089.40
41	OAU Headquarters	-	-	-	25,547.35
42	IFDC	-	-	-	(123.62)
43	CDA	-	-	-	9,686.80
44	Fixed Deposit Account	-	-	-	(123.54)
45	SAFGRAD PC31	-	-	-	(7,062.34)
	Sub Total in US\$	1,567.21	21,422.05	810.13	51,443.61

IFDC : International Fertilizer Development Centre

CDA : Co-operation for Development in Africa

SAFGRAD PC 31: Joint project 31 on Research and Development  
of Foodstuffs in the Semi-arid Zones of Africa.

Statement of Advances Recoverable of the  
Sub-Regional Offices as at 31 May 1983

(All figures in US\$)

	Salary Advances AR/1	Car Loan AR/2	Travel Advances AR/3	Miscellaneous AR/4
IBAR Office, Nairobi	429.97	16,517.35	-	335.00
IPC Office, Yaounde	-	3,805.78	-	17,212.80
IBS Office, Bangui	-	777.41	-	-
Total in US\$	429.97	21,100.54	-	17,647.80



STRC Office, LagosStatement of Arrears of Rent by Staff ofEmbassies as at 31 May 1983

1. . Egypt	in US\$ 6,818.72
2. . Cameroon	in US\$ 3,131.48
3. . Liberia (Mr. D.N. Pelenah)	in US\$ <u>4,712.52</u>
	<u>US\$ 14,662.72</u>

Bank Reconciliation Statement as at 31 May 1983

(External Account)

- Balance as at 31-5-82 according to the  
Bank statement N 195,380.15
- Uncredited Amount 5,217.37
- " " 33.75
- 5,251.12 5,251.12
- Amount transferred to  
the Dollar Account = 111,329.00
- Cheques issued but not cashed = 30,458.92 (141,787.92)
- Balance agrees with balance of the office = N 58,843.35

List of Cheques issued but not cashed

Date	D-V No.	Cheque No.	Amount in N. local currency
30.12.81	L/35/12	955442	85.60
28. 4.82	L/32/4	962287	158.00
"	L/35/4	962291	1,727.82
"	L/36/4	962293	85.00
"	L/38/4	962295	320.00
"	L/41/4	962298	427.04
"	L/42/4	962292	645.51
6.5.82	L/ 9/5	362309	148.00
18.5.82	L/23/5	962321	13,157.89
26.5.82	L/35/5	962371	456.48
"	L/37/5	962373	72.00
"	L/43/5	962378	3,175.00
"	L/38/5	962374	3,825.00
"	L/45/5	962380	1,050.00
"	L/46/5	962381	616.55
31.5.82	L/48/5	962382	37.50
"	L/49/5	962383	110.00
"	L/51/5	962384	63.08
"	L/53/5	962385	600.00
"	L/54/5	962386	43.09
"	L/55/5	962387	80.00

Date	D-V No.	Cheque No.	Amount In N Local Currency
31.5.82	L/55/5	962387	80.00
"	L/56/5	962388	1,771.30
"	L/59/5	962389	296.36
"	L/60/5	962390	132.00
"	L/61/5	962391	500.00
"	L/62/5	962392	200.00
"	L/63/5	962393	100.00
"	L/64/5	962394	80.00
"	L/65/5	962395	495.50

Amount of N Cheques not N 30,458.92  
presented at the Bank

Receipts  
STRC Office, Lagos

Interest on Car Loan for the period covering 1 June, 1982  
to 31 May 1983

1.	Mr. O.M. Braimah	US\$ 36.70
2.	Mr. E. S. Ekwere	3.94
3.	Mr. Aklilu Afework	73.66
4.	Mr. E.K. Amemavor	10.60
5.	Mr. Morgan Ngueremalet-Bea	67.13
6.	Mr. A.A. Aderemi	68.44
7.	Mr. S. Osa'uwa	3.94
8.	Mr. Paul Ohin	33.75
9.	Mr. Musiliu Olabirigbe	19.66
10.	Mr. L. Balafamo	3.94
11.	Mr. I.C. Abban	18.40
12.	Mr. Godwin Ahiataku	2.00
13.	Mr. A.A. Koutangni	2.00
14.	Mr. Samson Odewale	2.00
15.	Mr. Tonyi Tonyivi	<u>17.00</u>
		in US\$ <u><u>363.24</u></u>

Bank Reconciliation StatementN Deposit A/C as at 31.5.1982

Amount in N 630,697.50

Cash position as at 31.5.1983

	<u>N</u>	<u>Dollars</u>
External Account	58,843.35	89,449.89
Deposit Account	630,697.50	958,660.20
Dollar Account		120,017.88
Petty Cash	100.00	152.00
	689,640.85	1,168,279.97

Dollar AccountBank Reconciliation Statement as at 31.5.1982

- Balance on Bank Statement		304.67
- Amount transferred to Dollar A/C		
from the External A/C	165,000.00	
- Amount not credited by the Bank	50.00	165,050.00
Less:		
- Cheques issued but not cashed	40,336.79	
- Amount credited by Bank and cashed .....	5,000.00	45,336.79
- Balance conforms to balance in the accounting books of the Office		120,017.88

## List of cheques issued but not cashed

(in US\$)

Date	D-V No.	Cheque No.	Amount in \$
10-5-82	L/8/5	955252	4,485.52
11-5-82	L/16/5	955253	1,216.15
19-5-82	L/26/5	955263	16,245.30
20-5-82	L/28/5	955264	2,424.10
26-5-82	L/34/5	955265	2,661.16
"	L/39/5	955266	3,455.88
31-5-82	L/48/5	955267	877.80
"	L/50/5	955268	572.05
"	L/57/5	955269	2,500.00
"	L/58/5	955271	457.95
"	L/24/5	955260	1,561.35
"	L/24/5	955261	1,879.53
"	L/21/5	955258	2,000.00
Total amount of cheques not cashed =			40,336.79

Fluctuations of the exchange rate  
of the dollar to the ₦ from  
1 June 1982 to 31 May 1983

Monthly Average

June 1982	1.52	December 1982	1.46
July 1982	1.48	January 1983	1.49
August 1982	1.46	February 1983	1.47
September 1982	1.46	March 1983	1.43
October 1982	1.44	April 1983	1.40
November 1982	1.46	May 1983	1.33

Lagos Regional OfficeBank Reconciliation Statement as at 31 May 1983Union Bank - External Account (in Naira)

Balance on bank statement	N 99,815.45
Amount not credited by the Bank	
(i) Sale of publications Ref. PRV 365 of 5/11/82	5.76
(ii) Refund of cost of ticket by Prof. Williams Ref. R.V.119 of 31/5/83	231.88
	237.64
Less: Cheques not cashed	(15,870.36)
Balance conforms to Cash Journal	<u>84,182.71</u>

Cheques not presented

<u>Date</u>	<u>DV. No.</u>	<u>Beneficiary</u>	<u>Cheque No.</u>	<u>Amount</u>
4/2/83	L/7/2	Ethiopian Airlines	664066	54.75
22/4/83	L/15/4	Prof. A.O. Williams	968754	357.11
17/4/83	L/22/5	Nigeria Airport Authority	968834	42.50
"	L/23/5	Tess Travels	968835	5,545.00
18/5/83	L/26/5	Mr. Kitaw Negash	968838	328.95
24/5/83	L/28/5	Mr. S.O. Olaoye	968842	267.01
"	L/28/5	Mr. Mathew Odewale	968856	144.84
"	L/28/5	Mr. O. Lamidi	968874	100.00
31/5/83	L/33/5	P & T Dpt.	968881	402.30
"	L/35/5	Pétite Caisse	968883	71.66
"	L/36/5	O. Olopade Builders	968884	2,113.00
"	L/37/5	Leventis Motors	968885	1,354.20
"	L/39/5	Rank Xerox	968886	882.24
"	L/40/5	A.P. Service Station	968888	247.00
"	L/45/5	Ethiopian Airlines	968889	1,506.00
"	L/47/5	U.N.I.C.O.	968891	320.00
"	L/48/5	Ethiopian Airlines	968892	180.00
"	L/49/5	Mr. A. Olopade	968893	162.00
"	L/50/5	Mr. J.F. Adewumi	968894	93.80
"	L/51/5	Tess Travels	968895	1,603.00
"	L/52/5	Mr. B. Adekoya	968896	95.00
			N	<u>15,870.36</u>



Lagos Regional Office

Bank Reconciliation Statement as at 31 May 1983

Union Bank - Dollar Account

Balance on Bank Statement		\$ 97,660.68
Add: Amount not credited by bank:		
( ) Transfer from External Account		
pending clearance		
Ref. Adj. 5/3 of 31/3/83	1,037,867.99	
(ii) Sale of publications		
Ref. PRVs 374 and 375 of	55.00	1,037,922.99
17/5/83		
Less: (i) Bank Debit	2,661.16	
Uncashed cheque	22,575.04	(25,236.20)
Balance agrees with Cash Journal		<u>\$1,110,347.47</u>

Uncashed Cheques

<u>Date</u>	<u>DV. No.</u>	<u>Beneficiary</u>	<u>Cheque No.</u>	<u>Amount in \$</u>
24/5/83	L/28/5	Prof. A.O. Williams	970022	3,053.99
"	L/28/5	Mr. E.A. Adeyemo	970018	1,944.41
"	L/28/5	Miss Bola Obilana	970020	1,006.42
31/5/83	L/38/5	Mr. A. Koutangni	970023	533.57
"	L/41/5	IBAR Nairobi	970024	9,542.11
"	L/42/5	BIS Bangui	970025	1,374.27
"	L/43/5	CPI Yaounde	970026	1,246.37
"	L/44/5	ALICO	970027	3,678.60
"	L/46/5	Mr. E.A. Adeyemo	970028	109.00
"	L/48/5	Ethiopian Airlines	970030	86.30
				<u>\$22,575.04</u>

Lagos Regional OfficeBank Reconciliation Statement (of all the accounts)as at 31 May 1983

External Account No. 23 222 3669 UBN N 4,182.71 x 1.52 =	\$ 127,957.72
Dollar Account with Union Bank	1,110,347.47
Organization of African Association of Industrial Technology (CAATT)	
N Account 10,296.23 .52	15,650.23
Joint Project 31 Account N 1,861.24	2,829.08
Cashed N 100.00 x N 1.52	<u>152.00</u>
	<u><u>\$1,256,936.50</u></u>

Lagos Regional OfficeBank Reconciliation Statement for JP31 as at 31 May 1983

31/5/83	Balance in the Cash Journal	N <u>1,861.24</u>
31/5/83	Balance on Bank Statement	N <u>1,861.24</u>

Bank Reconciliation Statement for ATA(African Association of Technology)as at 31 May 1983

31/5/83	Balance in the Cash Journal	N <u>10,296.23</u>
31/5/83	Balance on Bank Statement	N <u>10,296.23</u>

Bank Reconciliation Statement of the Petty Cashas at 31/5/83

		<u>DR.</u>	<u>CR.</u>
1/5/83	Balance carried forward	100.00	-
	Current expenditures May 1983	-	71.66
31/5/83	Deposit	<u>71.66</u>	<u>-</u>
		171.66	71.66
	Balance Brought Forward	<u>-</u>	<u>100.00</u>
		N <u>171.66</u>	<u>171.66</u>

Lagos Regional OfficeBalance of Appropriations as at 31 May 1982

	US\$
201 Travel on Initial Recruitment	5,235.00
208 OAU Medical Scheme	4,000.00
304 Travel on Official Mission	9,277.33
402 Maintenance of Equipment	613.59
403 Maintenance of Premises	15,000.00
404 Utilities (electricity and water)	1,000.00
406 Insurance of Vehicles and Equipment	2,156.27
500 Communications (cables)	28.02
501 Telephone	2,255.19
502 Postages	921.31
504 Freight and Transport of Official Documents	252.26
600 Stationery and Office Supplies	621.46
603(i) OAU Day Reception	2,033.55
603(ii) Ordinary Hospitality	14.32
605 Library Books and Services	2,541.45
606 Subscription to Newspapers and Periodicals	484.07
607 Other Supplies and Services	946.10
608 Printing of Documents	13,607.12
610 Research and Training Programme	42,092.07
700 Capital Expenditure	5,000.00
702 Furniture and Fixtures	1,553.12
703 Office Equipment	2,347.82
704 Internal Reproduction Equipment	2,865.51
800 Conferences and Meetings	2,355.30
801 General Executive Group, Committee of Researchers	6,609.34
802 OAU Contribution to Joint Projects	<u>51,628.81</u>

Total

US\$ 175,439.01

COUNCIL OF MINISTERS

FORTIETH ORDINARY SESSION

Addis Ababa - Ethiopia

27 February - 7 March, 1984

CM/1225 (XL) Add.II

ORIGINAL : FRENCH

AUDIT REPORT ON THE ACCOUNTS OF THE INTER-AFRICAN  
PHYTOSANITARY COUNCIL-YAOUNDE, CAMEROON

TO: OAU Director of Finance.

THRO'. Head. of Budget Control

SUBJECT: AUDIT REPORT ON THE ACCOUNTS OF THE INTER-AFRICAN  
PHYTOSANITARY COUNCIL - YAOUNDE, CAMEROON

1. Audit Certificate

Pursuant to the letter Ref. No. 041/SG/DF-83 of April 19, 1983 from the OAU Director of Finance and the "Ordre de Mission" No.0006/CAB/LR of August 2, 1983 from the Minister of State in the Office of the President of the Republic of Togo, the representative of Togo on the Board of External Auditors, proceeded to audit the accounting documents of the Inter-African Phytosanitary Council in Yaounde from 15 to 20 August 1983 covering the period from 1st June 1982 to 31st May 1983.

2. In the course of the auditing, I obtained all the information and explanations needed for the fulfilment of the duty assigned to me and I certify that the report which follows is the true reflection of the state of the Accounts taking into consideration the comments I have made.

3. Auditing of the Accounts

I obtained the information and documents deemed necessary and I checked the following Accounts books:-

- a) Cash Journal of income and expenditure;
- b) Bank Statements;
- c) Bank Reconciliation Statements;
- d) Payment Vouchers and their supporting documents;
- e) Petty Cash Account Ledger Cards;
- f) Recoverable Advances Ledger Cards;
- g) Inventories Register.

4. Financial Position

The Financial Position as at 31st May 1983:

a) Income

It should be borne in mind that the exchange rate for the 1982/83 financial year was US\$1 to 295F CFA. Moreover, the Council of Ministers had approved a budget in the sum of US\$504,252.00 for the financial year 1982/83 for the Inter-African Phytosanitary Council in Yaounde. It should be pointed out at the onset that the Office received its subventions from Lagos and Addis Ababa in the sums of US\$24,888.17 and US\$60,000.00 respectively only in May 1983. This means that the staff were without their salaries from December 1982 up to May 1983 for lack of sufficient funds.

When asked about this state of affairs, the Director explained that the subventions were not regularly paid and the Government of Cameroon had not paid in its subventions for the past two financial years. Contacts had been initiated by the Director of the Office with the Government of Cameroon for an early settlement of the subventions without which the staff would not be paid their salaries in the coming months.

1. State of the Accounts

Financial position as at 31st May 1983

Sources

Cash situation as at 31st June 1983

Bank Balance	US\$ 145,408.71
Petty Cash Balance	0.16

Cash Situation as at 31st May 1983

Bank balance	US\$ 32,377.11
Petty cash balance	34.20
Subventions from Lagos	24,888.17
Subventions from Addis Ababa	60,000.00
Miscellaneous Income	4,759.21
Total Income.....	235,056.25

made up of the bank balance as at 1/6/83 plus petty cash balance as at 1/6/82 plus subventions and miscellaneous income.

Expenditure (to be deducted)

- Budgetary expenditure	US\$ 200,474.90
- Loss on dollar conversion	5,454.82
- Amount of obligations from 1981/82	3,149.30
- Miscellaneous advances AR4 Lagos	4,869.30
AR4 Addis Ababa	1,029.19
Total.....	214,974.74
	=====

Hence the cash situation as at 31st May 1983 =

235,056 - 214,974.74 =	US\$ 20,081.51
	=====

This is not a reflection of the actual situation for there was an excess amount of US\$32,411.31 - 20,081.00 = US\$12,329.80 arising from the fluctuating dollar rate used by the Yaounde Office. The latter has a convertible currency account and not a dollar account and staff salaries are calculated on the basis of the average monthly dollar rate to the Franc CFA. The dollar conversion rate which changes many times within the same month is the bases for calculating staff emoluments, travel expenses on missions and for the conversion of amounts of invoices in dollars.

The solution to this particular problem may lie in the opening of a dollar account as is the practice in other offices.



Furthermore, I noticed that there is considerable delay in exchange of correspondence. For instance August was drawing to a close and yet the Yaounde Office had not received a copy of the Budget for the 1983/84 financial year.

Table of Expenditure

<u>Code</u>	<u>Titles</u>	<u>Allocations</u> <u>US\$</u>	<u>Actual</u> <u>Expenditure</u>	<u>Unencumbered</u> <u>balance</u>
100	Salaries & wages	219,102.00	116,601.74	102,500.00
200	Common staff cost	191,950.00	72,212.85	119,737.15
305	Travel on Mission	12,000.00	6,624.94	5,375.06
400	Rental & maintenance of Premises	16,000.00	3,507.35	12,492.65
500	Cables & Telexes	8,000.00	213.66	7,786.34
600	Office Supplies and stationery	52,800.00	997.75	51,802.25
700	Land & Building	4,400.00	316.61	4,083.39
Total.....		504,252.00	200,474.90	303,777.10
		=====	=====	=====

It should be noted that no over-expenditure was incurred.

Recoverable Advances

1. Car Loan:
  - Mr. Mbiele (Director) US\$ 2,639.04
  - Mr. Metou (Accountant) 1,166.74
2. Advance under Medical Scheme:
  - Mr. Metou (Accountant) US\$ 1,414.31
3. AR4 Lagos (Expenditure) US\$ 4,869.30
4. AR4 Addis Ababa US\$ 1,029.19

Administrative Management

Staff of the Yaounde Office:-

- a) 4 statutory staff members
- b) 13 administrative staff members.

The driver Mr. Ndofor Cleties (GS3(3)) employed on 1/09/1979 resigned on 31st May, 1983.

Claims made by staff members:

- a) Back-pay from 1st June to 31st October 1982:-
  - Mrs. Njomje Ikome Rose (from GS3 (10) to GS4 (5))
  - Mr. Ngouanet Etienne (from GS2 (10) to GS3 (8))
- b) Back-pay from 1st June 1982 to 31st July 1983:-
  - Mrs. Mambout Ceal (from GS1 (10) to GS2 (7))
- c) Incremental freeze :-
  - Miss Koblah Elizabeth

She is at present, in 1983, on GS6 (8) but has been receiving the salary of staff member on GS6 (6) since 1980.

- d) Pension:

Miss Yvonne Yamiseu is claiming the refund of the pension contributions during the first three years of her service as bilingual secretary.

The Director of the Office when contacted, explained each case (vide Annex 1 of the report).

It can be surmised that this situation arose as a result of lack of co-operation, particularly lack of proper explanation. There is need for understanding and dialogue at both the higher and lower echelons of the staff so as to foster a smooth functioning of the Yaounde Office. In this respect the recent visit of the OAU Inspector-General should help evolve lasting solutions to the numerous problems, both financially and administratively besetting the Yaounde Office.

### Fuel Consumption

The fuel consumption register and the vehicle log-books were checked. For the 1982-83 financial year the fuel consumed by one Peugeot 504 with registration No. IT9762, one Toyota Crown, IT0039CMD and one Vespa 50 amounted to 2,149 litres.

There were abuses by the Accounts Section in the purchase of fuel. This obliged the Director of the Office to buy fuel without coupons and the registers which he took care to withdraw from the Accounts Section.

A report was written by the Director of the Office and sent to the Director of Finance for his information under cover of a letter Ref. No. 3/C2-279/ALM of 2nd February 1983.

It is recommended that the Director himself supervise all the other operations connected with the use of fuel by checking the purchases particularly the log-books so as to avoid further abuses.

### Telephone Charges

It was noticed that telephone charges were very high due to over utilization by the Yaounde Office. It is desirable that the register of telephone calls should be checked periodically by the Director so that staff members may be prevented from making personal pleasure calls and obtain prior clearance from the Director for any calls outside the country.

### Checking of Equipment

The Yaounde Office should have two registers: one for movable property and the other for immovable property. At the moment every office keeps a ledger card for the inventory of property.

Furthermore, purchases should not be effected by the Accounts Section alone; in order to avoid over-invoicing. Every purchase of equipment should involve the Director, the Accountant and a purchasing officer.

General Remarks and Recommendations

It has been noted that a number of problems facing the Yaounde Office should be solved by the higher authorities of the General Secretariat. Most of these problems were brought to the attention of the OAU Inspector General during his visit to Yaounde. For the moment, it is recommended that:

- The Director of Finance should take the necessary steps to ensure that the Yaounde Office open a dollar account as is the practice in other offices and thus avoid financial losses due to the unstable dollar exchange;
- that the Director of Finance should enquire about and react to the report by the Director on the revision of the staff salaries following the decision by the Government of Cameroon to increase the salaries of civil servants by 13% (The Director's report was sent on 24 November 1982 under cover of a letter Ref. No. 3/OUA/628/ALM);
- that the situation of locally recruited staff be reviewed so that the latter may enjoy housing allowance like their Ethiopian counterparts and that those who have been unduly paid be made to refund as soon as possible.

In conclusion, Lagos and Addis Ababa should make the necessary effort so that subventions may reach the Yaounde Office in time to enable it achieve some measure of efficiency in the fulfilment of its mission.

Acknowledgement

I wish to express my grateful thanks to the Director of the Yaounde Office, Mr. Abel Mbiele, the Deputy Director, Mr. Akle Moise, the Accountant Mr. Jean-Pierre Metou and the entire staff for the hospitality they extended to me and their efforts in making available to me all the facilities that made my work easier.

Special Recommendation

It is desirable to organize training courses for the Accounts staff so that they may break out of those accounting practices which are now deemed obsolete. If there cannot be courses or seminars, there should be transfer of Accountants to enable them up-grade their knowledge of accounting procedures for a better management of OAU funds.

Done at Yaounde on 20 August, 1983

(sgd)

K. Kokovēna-Kakatsi

Representative of Togo on the  
Board of External Auditors.

The Scientific Secretary,  
Inter-African Phytosanitary Council,  
Yaounde - Cameroon.

3/C2/378/ALM

Mr. Kokovina Kakatsi,  
State Auditor,  
OAU External Auditor assigned  
to audit the Accounts of the IAPC  
Yaounde.

Sir,

I have the honour to explain the points raised by you following your personal interview of the staff of the Scientific Secretariat of the IAPC and for which you have sought clarifications from me.

These explanations would no doubt throw light on the position for the OAU Inspector General too in the event he raised the same questions during a similar interview of the IAPC staff.

The case of Mrs. Njonje née Ikome Rose

This staff member was recruited by Note No. 2/PERS/IKO/030/PGA dated 13/09/78 as a typist on GS3 step 9 on an annual salary of US\$2,069.00, by my predecessor with an incremental step corresponding to 9 years fictitious length of service.

Her effective incremental date is therefore 1st October of each year.

A budgetary provision was included at my request in the 1982/83 budget for her to be promoted to the next higher grade of GS4 step 5; that promotion taking effect from 1st October 1982, her incremental date.

d) The 1982/83 budget was not correctly managed because the IAPC's subvention for that Financial Year was not received until November 1982.

I took advantage of the existing vacant post of English typist, and of her training as an English typist to appoint her to that post of GS5 step 1 with Effect from 3 November 1982 (letter Ref. 2/PERS/IKO/53/ALM dated 3/11/82 in accordance with the appropriation in the 1982/83 budget and on the bases of her testimonials submitted in support of her application for that post.

f) I therefore considered the problem solved and did no longer deem it necessary to prepare a Report requesting her promotion to the grade of GS4 step 5, a promotion which should have become effective from 1 October 1982 since it should have been made during the period 1/10/82 to 2/11/82.

Let me specify to the reader that her appointment as an English Typist on GS5 (1) is not a promotion but an appointment which should be considered on the same footing as that of those of other newly recruited staff at the IAPC. Her only advantage is that she has maintained her acquired seniority and incremental date.

These measures conform to the instructions of the OAU Assistant Inspector-General during his last visit to the Yaounde Office.

## II. The case of Mr. Ngouanet Etienne

The explanations given above for Mrs. Njonje Rose are the same for Mr. Ngouanet Etienne because this staff member was recruited by letter Ref. 2/PERS/NGO/CF/002/PGA dated 12/06/1973 by my predecessor as an "Office Cleaner" and on an annual salary of US\$780.00.

b) On 30/06/1974 he was appointed by letter No. 2/PERS/NGO 039/PGA as a gardener on LS2 (4) or an annual salary of US\$1,113.00.

c) He was appointed by letter No. 2/PERS/NGO/56/ALM dated 2 November 1982 as Duplicating machine operator on GS4 (1) on an annual salary of US\$2,723.00 with effect from 2 November 1982 in accordance with the budgetary appropriations provided in the 1982/1983 budget: the explanations given for Mrs. Njonje apply to Mr. Ngouanet Etienne).

III. Mrs. Mambout Cecile

a) She was recruited by letter No. 2/PERS/MAM/041/PGA of 31 May 1974 as a technician on grade LS1 (8) with effect from 1st June, 1974.

b) She reached GS1 (10) in the 1981/82 budget.

c) A budget provision made in the 1982/83 budget for the GS2 (7) grade should have catered for her promotion to that grade on the basis of the IAPC Scientific Secretary's Report to the Promotions Committee at the OAU General Secretariat.

d) I should like to recall that the request for promotion has still not been granted because the Office has not received its 1982/83 subvention but that everything possible will be done as soon as the financial position improves.

IV. Miss Yamdje Yvonne

a) She was recruited by letter No. 2/PERS/3F/ALM of 30/9/80 as an English typist on the GS5 (1) grade.

b) She was appointed by letter 2/PERS/YAM/57/ALM of 30/9/82 as Bilingual typist; a post which was vacated by the previous incumbent to join her husband who had been transferred.



c) The total pension deducted from her monthly salary up to 31 October 1982 amounting to US\$400.63 is her entitlement just as is the case of all staff of the Office. She will be paid this entitlement in accordance with the provisions of the Financial Regulations and the Staff Rules of the Organization.

V. The case of Miss Koblah Elisabeth

a) She was recruited by letter No. 2/PERS/K)B/CF/001/PGA of 12 June 1973 as stenographer secretary on the LS or GS4 (9) grade with an annual salary of US\$2,523.00 effective 1st June 1973.

b) She was appointed despite contestations by her colleagues who had supported their applications with certificates on the grounds that she had presented only a testimonial by a headmaster of a school to the effect that she had attended his school in 1972 as a form 3 student.

c) On her appointment, this staff was given an incremental step corresponding to 9 years of fictitious length of service which she still enjoys at the IAPC.

d) She was given the following increments:

In 1979/80 GS6 (4) and in  
1981/82 GS6 (5).

Her increment was withheld during 1980/81 because of insubordination, irregularities and professional inaccuracies for which:

- a) a written query Ref. 2/PER/35/ALM dated 04/11/80 was given to her;
- b) Note/written observation report Ref. 2/Per/35/ALM of 06/11/80 was made on her;
- c) a written query No. 2/PERS/KOB/32/ALM of 13/10/81 was given to her and an observation report dated 22/10/81 was made on her;

d) and again in 1982/83 because of her poor output, her manifest insubordination and absenteeism at office which moreover had been mentioned in her periodic report during that year.

- She still shows insubordination and has not improved in her work.

- She refused to do stenographic work given to her by the IAPC Scientific Secretary for which she was recruited.

- She refused to receive and reply to written query No. 2/PERS/KOB/010/ALM of 2/8/83 asking her to explain why she categorically refused to do the work I gave her for a whole month; letter No.2/PERS/KOB/11/ALM of 8/8/83 asking her to explain why she refused to accept the above-mentioned query.

Copies of all these notes/observation reports have been put on her personal file at the IAPC.

N.B.

Within grade increments or staff promotions are subject to satisfactory performance by the staff and his conduct during the year.

The withholding of Miss KOBLAH's annual increments during the above-mentioned years are commensurate with her insubordination and professional incompetence.

COUNCIL OF MINISTERS  
FORTIETH ORDINARY SESSION  
Addis Ababa - Ethiopia  
27 February - March 1984

CM/1225 (XL) Add. III  
ORIGINAL: FRENCH

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF  
THE INTER-AFRICAN BUREAU FOR SOILS (IBS) - BANGUI (C.A.R.)

TO: OAU Director of Finance

THROUGH: Head of Budget Control Division

SUBJECT: Audit Report of the Inter-African Bureau  
for Soils (IBS) - Bangui (C A R)

### Introduction

In accordance with the programme drawn up by the Director of Finance of the OAU in his note No.044/SG/DF-83 and pursuant to ordre de mission No.0006/CAB/PR by the Minister assigned to the Office of the President of the Republic of Togo, the Representative of Togo serving on the Board of External Auditors examined the accounts of the Bangui, Inter-African Bureau for Soils from 22 to 26 August 1983 for the period between 1 June 1982 to 31 May 1983.

### Audit Certificate

My work was made easier thanks to the documents made available to me and the explanations given. I went through the Internal Auditor's report covering the period between 1 September 1982 to 30 April 1983 and I certify that the accounts as presented reflect a true and fair view of IBS financial position subject to the comments contained in this report.

### Scope

The examination of the IBS accounts were undertaken in accordance with generally accepted auditing principles and practices and in keeping with Articles 87 to 95 of the Financials Rules and Regulations of the Organization of African Unity. It covered such areas of operation as were considered necessary for a good and satisfactory external auditing, particularly financial and accounts operations and administrative procedure. I examined the following registers and accounts:

- a) the ledger,
- b) the vouchers,
- c) the bank statements,
- d) the position of the advances recoverable,
- e) the position of the petty cash,
- f) the communication and petrol log books,
- g) the library.

Cash Position

Cash position as at 31 May 1983:

a) Revenue

Balance as at 1 June 1982	US\$ 26,340.65	CFA 3,707,503
Subvention - STRC (Lagos)	US\$ 55,000.00	
Subvention - General Secretariat (Addis)	US\$ 60,000.00	
Subvention - STRC (Lagos)	US\$ 30,000.00	
Overpayment (Code 212) in CFA		3,000
Overpayment (Code 208) in CFA		2,000
Receipt in CFA		3,470,000
Receipt in CFA		710,000
Receipt in CFA		1,720,000
Receipt in CFA		204,000
Receipt in CFA		525,000
Receipt in CFA		9,000,000
Receipt in CFA		2,904,000
Central African Government		24,071,354
Overpayment (Code 213)	US\$ 585.89	
Overpayment (Code 253)	US\$ 485.10	
Refund of overpayment for subscription to a magazine	US\$ 61.75	
Total Revenue	US\$ 172,473.39	46,316,857

b) Expenditure

- Actual expenditure US\$ 168,109.79  
(see bank account in Annex I) CFA 29,990,756
- Hence availability as at 31 May 1983
  - a) as contained in the Cash
    - Journal US\$ 4,363.60 = CFA 16,326,101
  - b) Consistent with Bank
    - Account balance US\$ 4,363.60
    - CFA 16,326,101
  - c) Petty Cash as at 31 May 1983
    - Credit balance of CFA 20,000

Global Financial Situation

CFA Account

Receipt	CFA 46,316,857
Expenditure	CFA 29,990,756
Balance	CFA 16,326,101 (consistent)

Expenditure

Below is how the expenditure was incurred in relation to the budget estimates.

Code	Description	Appropriations US\$	Actual Expenditure US\$	Balance US\$
100	Staff Salaries	121,667.00	100,127.30	21,539.70
200	Common Staff Costs	175,925.00	105,216.70	70,708.30
300	Travel on Official Mission	15,000.00	-	15,000.30
400	Rental and Maintenance of Premises	23,500.00	11,966.34	11,533.66
500	Communications	4,500.00	984.10	3,515.90
600	Stationery and Office Supplies	56,500.00	4,246.99	52,253.01
700	Capital Assets	17,000.00	233.76	16,766.24
	Total	414,092.00	222,775.19	191,316.81

i.e. an available credit of: 414,092.00 - 222,775.19 = 191,316.81

Remark in respect of the global Financial Situation

During the 1982 - 1983 financial year IBS budget totalled US\$414,092. Financial difficulties hampered the smooth running of the office due to the irregular manner in which the subventions were received. Consequently, for five months i.e. from November 1982 to March 1983 staff members have been without salaries and allowances. The first subventions started coming in from Lagos and Addis Ababa in May thanks to the Government of the Central African Republic which paid CFA 24,071,354 as its contribution to the OAU Budget. The Lagos Office is therefore requested to see to it that the subventions are sent in regularly. The IBS Director for his part may continue to make contacts with the Government of the Central African Republic for the payment of the latter's arrears to the OAU Budget.

### Budget Management

For the 1982 - 1983 financial year the major codes showed a net total credit balance of US\$191,316.81 as against US\$43,549.82 during the 1981 - 82 fiscal year. It is recommended therefore that in making the estimates account should be taken of the previous budget performance so as to make such estimates more realistic.

It is also recommended that the Director of Finance provides a column in the budget document intended for the directors of the regional offices where they can write down their suggestions.

### Petrol Consumption

No irregularity has been noticed in this respect. IBS has two 504 Peugeot cars with plate numbers 044 CMD 001 and 044 CD 003 respectively, and two motorcycles. It is recommended that in addition to the register, IBS keeps a log book. This will make it possible to check the day to day petrol consumption.

### Communication Register

The communication register was checked. Meantime, the telex machine which was damaged by fire has been replaced. Regarding the use of telephone, since private calls are forbidden, staff members are requested to scrupulously observe this instruction. Although Mr. Zouma and Mr. Dinga pay for their private calls, it should be pointed out that the instruction must be carried out to the letter without exception so as to avoid setting a precedent.

### General Remarks and Recommendations

#### a) Remarks and Recommendations in Respect of the Staff Members

I have noticed that some staff members have no definite job, the reason being that the office to which they have been assigned does not correspond to their field of specialization. I was told that the attention of the General Secretariat had been drawn to this but so far no action has been taken. It is therefore recommended that a quick solution be found to this problem so as to ensure that senior officers of the Organization are not sent to regional offices to sit idle and receive salaries and allowances for no work done at this time when the Organization is hit by world economic crisis.

b) Remarks and Recommendations in Respect of IBS Library in Bangui

The IBS Library is well kept and special tribute should be paid to Mr. Ratsirahonana the Librarian. It is recommended that the General Secretariat strengthens this library by providing it with adequate means and personnel so that the analytical bulletin on African soils sees the light of day. It is also recommended that the Canadian project (C.R.D.I) be reactivated.

c) Recommendations regarding the keeping of Registers

It is recommended that the accountant keeps two accounts registers, one for consumable items and the other for non-consumable items. The use of vouchers which is the current practice in the regional offices is a good thing but this must be backed by two registers.

d) Recommendation in Respect of Education Grant

In the administrative circular No.150/SG/DF-82 dated 27/8/82, it is stated that the costs of books by schools provided to children of OAU staff members should be borne by the Organization. Therefore, Mr. Johnson and Mr. Ratsirahonana should be refunded the costs of the books recommended by the school and which they bought for their children, since schools in Bangui do not bear students' school fees. This refund does not run counter to the Financial Rules and Regulations of the Organization. It is up to the staff members concerned to produce the relevant documents to substantiate their claims.

e) Recommendation in Respect of per diem paid to Staff members when going on leave

At the time of going on leave Mr. Johnson and Mr. Ratsirahonana were not paid their per diem due to lack of fund. Consequently, the money paid to them retroactively in this respect under Code 201 is in order and in consonance with the OAU Financial Rules and Regulations.



Acknowledgement

I wish to place on record my deep gratitude to IBS Director Mr. Noel Johnson, the Accountant, Mr. Zouma, the Librarian, Mr. Ratsirahonana and the entire staff of the IBS for their kind and genuine co-operation in the discharge of my statutory duties.

(Signed):

K. KOKOVENA-KAKATSI

Member of the OAU External Board of Auditors  
(Togo)

Bangui, 26 August 1983.

EXPENSES TO BE DEDUCTED FROM THE RECEIPTS

DATE	US\$	C F A
June, 1982	9,116.79	3,640,799.00
July, 1982	16,607.00	1,753,350.00
August, 1982	600.00	206,793.00
September, 1982	38,665.00	2,221,733.00
October, 1982	15,166.00	2,449,287.00
November, 1982	963.00	42,200.00
December, 1982	-	27,341.00
January, 1983	-	-
February, 1983	-	-
March, 1983	-	-
April, 1983	83,088.00	10,916,366.00
May, 1983	3,904.00	8,732,887.00
	<u>168,109.79</u>	<u>29,990,756.00</u>

COUNCIL OF MINISTERS  
Fortieth Ordinary Session  
Addis Ababa - Ethiopia  
27 February - 7 March, 1984

CM/1225 (XL) Add. IV  
ORIGINAL: ENGLISH

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF THE  
INTER-AFRICAN BUREAU FOR ANIMAL RESOURCES (IBAR)  
NAIROBI - KENYA

REPORT BY THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF  
THE INTERAFRICAN BUREAU FOR ANIMAL RESOURCES (IBAR)  
NAIROBI

The Audit of the Interafrican Bureau for Animal Resources was undertaken by the External Auditor of the Republic of the Gambia.

1. Scope of Audit

The following books of accounts and statements were examined.

- (a) Cash transcript of Receipts and Payments
- (b) Disbursement Journal
- (c) Monthly Statements of Revenue Receipts
- (d) Monthly Statements of Advances Recovered and Advances Recoverable
- (e) Monthly Disbursement Ledger Sheets
- (f) Monthly Trial Balance Statements/Receipts and Payments
- (g) Personal Advance Record Cards
- (h) Monthly Statements of Disbursements

2. Audit Certificate

I have obtained all the information and explanations that I have required and I certify that the accounts reflect a true and fair view of the state of affairs of the Bureau subject to the qualifications stated in subsequent paragraphs of this report.

3. Revenue Receipts

(a) As extracted from Monthly Statements examined, revenue was derived from the following sources :

(a) Kenya Government Contribution	US\$581,191.77
(b) Sale of Publications	" 1,441.35
(c) Miscellaneous Receipts	" 5,594.54
(d) Interest on Car Loans - By way of salary deductions	" 462.87

(b) It has been observed that a number of receipts allocated to the credit of Disbursement codes are again listed in the monthly statement of revenue receipts and classified as miscellaneous receipts. It must be understood that a transaction of this nature will have the effect of reducing expenditure and increasing revenue which is obviously a duplication. The accounting staff should note for their future attention that receipts credited to Disbursement codes are expenditure credits and once treated in the relevant code no further action is necessary.

(c) To facilitate the extraction of revenue details required for the compilation of monthly statements, reconciliation/verification during the course of audit examination and in order that particulars of any revenue item could be provided at any given time without reference to the relevant receipts, it is recommended that a revenue Journal be maintained.

#### 4. Budget Appropriation and Disbursements

(a) With the exception of the disbursement codes listed below, expenditure affecting the remaining codes were within the limits of funds appropriated in the Budget :

	<u>Budget</u>	<u>Expenditure</u>	<u>Excess</u>
500 - 503 Communications	12,000.00	14,024.70	2,024.70
601 Bank Charges	500.00	574.18	74.18
605 Library Books & Services	500.00	5,516.99	516.99

Generally, the situation is indicative of the fact that the accounting officer and members of his accounting staff have effectively controlled the disbursement of funds appropriated in the budget.

(b) According to details extracted from the monthly statements of disbursements, the total expenditure on code 605 stands at US\$5,516.99 whereas in the disbursement journal the figure is given as US\$4,065.26.

The difference of US\$1,451.71 arose as a result of the fact that this amount was to be transferred as a debit to Code 702 but no adjustment voucher was raised and entries effected in the disbursement journal were made in pencil. Since the debit does not reflect in any disbursement ledger sheet provided for Code 702, the transaction was therefore not effected and for this reason the amount remains as a debit to Code 605.

The use of pencils to record transaction in accounting books should be discontinued and on no account should entries be passed in any accounting book without a supporting document being processed and authorized.

- (c) Instances whereby disbursements have been misallocated, understated, omitted or duplicated came to light during the course of inspection and this has given cause for the inspecting officer to have some reservation in the correctness of figures indicated in the monthly Trial Balance or Revenue and Expenditure Statements.

In view of the fact that the work load is fairly heavy on the accounting staff, it is advised that the present system of operation be reviewed and the need for the employment of an additional accounts clerk be made known to the authorities concerned at the General Secretariat.

My support for the recruitment of an additional accounts clerk is on the basis that the job will be distributed proportionally so as to eliminate the idea of delaying the preparation and compilation of accounting records until at the end of the month.

It is advised that the following accounting books be introduced for the purpose of permanency etc. and the recommended procedures adopted.

1. A Cash Book for the recording of all cash transactions in replacement of the cash transcript of Receipts and payments.
2. A Revenue Journal
3. That entries to be made in these books be hand written and Disbursement/ Receipt Vouchers recorded immediately they are processed and authorized.

## 5. Advances Recovered

As regards the recovery of Personal Advances granted, the situation as at 31st May, 1983 was as follows :

(a) Salary Advances	1,143.44
(b) Car Loans	5,967.00
(c) AR.3	3,861.00
(d) AR.4	5,117.08

These figures were extracted from the monthly statements of advances and during the course of reconciliation it was observed that for a period of over three months the sum of US\$150.00 recovered from the salary of Mrs. R.H. Chabeda has been misallocated to the salary advances code though appropriately recorded in her personal record card. The point to be stressed here is the importance of reconciliation which must be regarded as a golden rule to be complied with.

## 6. Advances Recoverable

Advances granted during the course of the financial year were categorized as follows :

(a) AR.1	8,721.99
(b) AR.2	8,000.00
(c) AR.3	4,061.00
(d) AR.4	13,531.37

The state of recoveries made from the salaries of the staff of the Bureau has been quite satisfactory but it is necessary that reimbursements from Lagos and Headquarters are vigorously pursued.

## 7. Stores

The stores section has been visited and a test check of the accounting records carried out.

There is no room for any adverse comments on the physical appearance of the store but the state of the accounting records/documents are subject to modification and improvement.

It is therefore recommended that :-

- (a) Files containing the ledger cards be indexed
- (b) Copies of Purchase Orders and delivery notes be cross-referenced by way of quoting the relevant delivery note number on the purchase order and the purchase order number on the delivery note.
- (c) For ease of reference, ledger folio numbers should be quoted against the articles on both the purchase orders and issue forms.
- (d) The heading of the issue forms should be altered or modified to read combined requisition and issue form and numbered serially according to financial year i.e. 1982/83.
- (e) Space for the signatures of both the issuing officer and the receiving officer must be embodied in the form.
- (f) Postings of both receipts and issues into the ledger cards must not be delayed.
- (g) Periodical checks should be carried out by the Administrative Assistant.

### 8. Revenue Earning Books

It has been noted that the stock of receipt books form part of the articles under the control of the clerk in charge of the store. As these books are required for the accounting of monies received, it is recommended that the stock be withdrawn from the store and placed under the custody of the Administrative Assistant.

In order that receipts and issues of these books are effectively controlled, the Administrative Assistant will be required to maintain a register entitled "Counter foil Receipt Book Register". The register should be ruled according to the following specifications.




The stock of local purchase order books should also be brought to account in this register.

<u>Date Received</u>	<u>Ref.D/N</u>	<u>Serial No. of Receipts</u>	<u>Date issued</u>	<u>Recipients Signature</u>
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9. Acknowledgement

I am pleased to place on record my gratitude to the personnel of the Bureau especially the Director and members of his accounting staff who have in no small measure contributed to the success of the Audit. I sincerely thank them for the cooperation and assistance given to me during the course of my stay with them.

  
M.B.S. Colley  
Representative of the Gambia

31st August, 1983

COUNCIL OF MINISTERS

CM/1225 (XL) Add.V

Fortieth Ordinary Session

Addis Ababa - Ethiopia

27 February.-7 March, 1984

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE OAU EXECUTIVE SECRETARIAT,  
NEW YORK, FOR THE FINANCIAL YEAR ENDED 31ST MAY 1983

REPORT OF THE BOARD OF EXTERNAL AUDITORS  
ON THE OAU EXECUTIVE SECRETARIAT, NEW YORK  
FOR THE FINANCIAL YEAR ENDED 31 MAY 1983

INTRODUCTION

The accounts of the Executive Secretariat in New York were examined by the Representative of Lesotho, between the 6 and 9 September 1983. The audit was undertaken in accordance with generally accepted auditing principles, practices and methods and it covered such areas of operation as was considered necessary for the purpose of the external audit.

STATE OF ACCOUNTS

2. The accounts presented to me were very well kept and in terms of article 88 of the financial regulation of the Organization, I certify that I have obtained all information and explanations required. In my opinion, the accounts reflect a true and fair view of the financial operations of the office for the financial year ended 31 May, 1983.

CASH POSITION

3. According to the records the reconciled cash balance stood at US\$ 19,756.40. The subvention received from the General Secretariat in the year under review was US\$ 620,000.00 and the New York Office was able to discharge its financial obligations satisfactorily.

BUDGET

4. The approved budget for the year was US\$ 1,750,640.00. The actual expenditure was US\$ 1,176,021.79, thus realizing a saving of US\$ 622,884.21. However, taking into account the obligations made of US\$ 494,186.00, the actual unspent balance was US\$ 574,618.21.

EXCESSES IN CODES

5. Five codes of expenditure were overspent, namely

Code 201 Travel of Home Leave	US\$ 6,431.60
Code 400 Rent of Office	5,201.35
Code 502 Postal Services	9,671.33
Code 606 Subscription to newspapers	670.36

According to the correspondence seen, an application for necessary virements was made; however at the date of the report the necessary covering approval has not been seen.

#### ADVANCES RECOVERABLE

6. I am pleased to report that necessary action has been taken to recover outstanding advances. At 31 May 1983 advances outstanding against the General Secretariat in Addis Ababa were US\$ 4,859.21. The advances arose primarily as a result of purchase of supplies for the General Secretariat. Since the advances have been outstanding since December 1982, I recommend that urgent action is taken to reimburse the New York Office.

#### EDUCATIONAL ALLOWANCES

7. From the correspondence made available to me it is evident that the standard OAU rate of 75% of the school fees is causing financial hardships to the staff of the New York Office in view of the ever-escalating educational fees.

#### Recommendation

I recommend that consideration be given to increase the educational allowances from the present 75% to 80% of the fees actually payable.

#### PURCHASE OF OFFICE BUILDING

8. It will be recalled that in our 1980/1981 external audit report we indicated that as far back as April 1981 funds were transferred from the General Secretariat to the New York Office to facilitate purchase of an Office building, the decision of this having been taken a few years ago. It will also be recalled that funds received were placed in an interest earning account pending formal conclusion of the deal.

9. As at 31 May 1983 a total of US\$ 348,296.91 had been received from the General Secretariat towards implementation of the project. On 6 June 1983 the OAU Executive Secretariat, New York received an authorization to use the contributions of some of the Member States towards the necessary renovations and repairs. This fund was supposed to be credited in the Budget Year 1983/1984.

10. Owing to a variety of delays in the implementation of the reconstruction programme a cost escalation factor involving an additional sum of US\$ 225,000.00 has arisen primarily for two reasons :

- (a) normal cost escalation
- (b) variation to the original plan.

In the discussions held with the Builder, I have been informed that the additional cost from the original estimate will be not more than US\$ 225,000.00.

#### Recommendation

It is recommended that this additional sum be made available so that the target completion date of February/March 1984 can be achieved.

#### POST ADJUSTMENT ALLOWANCE

11. Since my visit to the New York Office two years ago, it has become evident from the correspondence seen in the Office that the rate of post adjustment allowance applicable to the New York Office is inadequate. In view of the ever-increasing cost of living in New York and considering that it is not feasible to standardize on the post adjustment allowance rate throughout the Regional Offices, we recommend that special dispensation be made to accommodate the increasing living cost in New York.

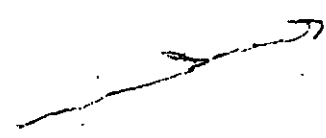
#### STAFFING POSITION

12. It has been brought to my attention that staff changes at the senior level are likely to occur in the financial year 1983/1984. In order that the New York Office may be able to achieve the objective for which it was set up, it is vital that early consideration be made to replace the staff that will be separating from the New York Office.

13. Considering the comments made regarding the March 1984 target date for transferring to the New York Permanent Office, it is recommended that in the Budget Year 1984/1985 the necessary funds and staff for interpretation work are made available.

ACKNOWLEDGEMENT

14. I would like to place on record my deep gratitude and appreciation for the excellent cooperation and assistance which I have received from the Executive Secretary and all of his staff throughout my external audit assignment. I am also particularly grateful that the Executive Secretary ensured that all members of staff were available to answer the observations raised in the audit.



D.H. Tarr, External Auditor  
Representative of Lesotho  
OAU Board of External Auditors

10 September, 1983.

## NEW YORK - EXPENDITURE FOR THE YEAR ENDED 31 MAY, 1983

CODE	DESCRIPTION	APPROPRIATION 1982/83	ACTUAL EXPENDITURE	BALANCE	OVER-EXPENDITURE
100	PERSONAL EMOLUMENTS	220,640.00	192,631.09	28,008.91	-
	Special allowances	10,200.00	8,800.00	1,400.00	-
	COMMON STAFF COSTS				
200	Travel on Initial Recruitment	-	-	-	-
201	Travel on home leave	29,000.00	35,431.60	-	(6,431.60)
202	Travel on transfer	-	-	-	-
203	Installation allowance	5,000.00	-	5,000.00	-
204	Dependency allowance	4,000.00	2,700.80	1,299.20	-
205	Housing allowance	197,760.00	173,120.00	24,640.00	-
206	OAU Pension Fund	28,600.00	15,437.48	13,162.52	-
207	OAU Insurance	10,940.00	2,082.47	8,857.53	-
208	OAU Medical Scheme	25,000.00	21,144.86	3,855.14	-
209	Gratuity completion service	-	-	-	-
212	Education allowance	18,000.00	15,803.75	2,196.25	-
213	Post adjustment	75,000.00	47,409.20	27,590.80	-
214	Overtime allowance	2,000.00	1,998.92	1.08	-
300	TRAVEL EXPENSES OF STAFF ON OFFICIAL MISSIONS	15,000.00	9,545.40	5,454.60	-
	RENTAL AND MAINTENANCE OF EQUIPMENT AND PREMISES				
400	Rent of office	15,000.00	41,284.36	-	(26,284.36)
401	Maintenance of vehicles	15,000.00	20,201.35	-	(5,201.35)
402	Maintenance of equipment	2,000.00	1,070.00	930.00	-
403	Maintenance of premises	400.00	51.50	348.50	-
404	Utilities: Electricity, water	1,000.00	842.64	157.36	-
405	Alteration to premises	-	-	-	-
406	Insurance of vehicles	6,000.00	5,970.60	29.40	-
	COMMUNICATIONS				
500	Telegrammes	-	-	-	-
501	Telephone	-	-	-	-
502	Postal services	25,000.00	34,678.33	-	(9,678.33)
503	Pouch	-	-	-	-
504	Freight	-	-	-	-
	SUPPLIES AND MISCELLANEOUS				
600	Stationery and office supplies	6,500.00	5,871.42	628.58	-
601	Bank charges	300.00	-	300.00	-
603	Hospitality expenses	8,500.00	8,347.15	152.85	-
604	Staff welfare	300.00	300.00	-	-
606	Subscription to newspapers	1,500.00	2,170.36	-	(670.36)
607	Other supplies	500.00	479.87	20.13	-
608	Printing of documents	1,000.00	706.67	293.33	-
609	Publication of OAU Bulletin	2,500.00	2,374.00	126.00	-
	CAPITAL EXPENDITURE				
701	Renovation of premises	1,000,000.00	509,614.00	490,386.00	-
702	Furniture and fixture	6,000.00	855.00	5,145.00	-
703	Office equipment	12,500.00	10,783.97	1,716.03	-
706	Information equipment	5,500.00	4,315.00	1,185.00	-
707	Transport equipment	-	-	-	-
	GRAND TOTAL	1,750,640.00	1,176,021.79	622,884.21	(48,266.00)

SUMMARY OF EXPENDITURE AND OBLIGATION AS OF 31 MAY, 1983

CHAPTER	DESCRIPTION	APPROPRIATIONS 1982/83	ACTUAL EXPENDITURE	OBLIGATIONS	BALANCE	REMARKS
I	PERSONNEL EMOLUMENT	230,840.00	201,431.09	-	29,408.91	-
II	COMMON STAFF COSTS	395,300.00	315,129.08	3,800.00	80,170.92	-
III	TRAVEL ON OFFICIAL MISSION	15,000.00	9,545.40	-	5,454.60	-
IV	MAINTENANCE OF EQUIPMENT & PREMISES	39,400.00	69,420.45	-	(30,020.45)	Over expen- diture
V	COMMUNICATIONS	25,000.00	34,678.33	-	(9,678.33)	Over expen- diture
VI	MISCELLANEOUS SUPPLIES AND SERVICES	21,100.00	20,249.47	-	850.53	-
VII	CAPITAL EXPENDITURE	1,024,000.00	525,567.97	490,386.00	498,432.03	-
	TOTAL	1,750,640.00	1,176,021.79	494,186.00	574,618.21	

REAL THEORETICAL BALANCE \$ 574,618.21  
 - 494,186.00  
 \$ 80,432.21



COUNCIL OF MINISTERS  
Fortieth Ordinary Session  
Addis Ababa - Ethiopia  
27 February - 7 March, 1983

CM/1225 (XL) Add.VI  
ORIGINAL: ENGLISH

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE FUNDS  
OF THE OAU CO-ORDINATING COMMITTEE FOR THE LIBERATION  
OF AFRICA FOR THE YEAR ENDED 21ST MAY, 1983 - DAR ES SALAAM



REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE FUNDS OF THE OAU  
CO-ORDINATING COMMITTEE FOR LIBERATION OF AFRICA FOR THE  
YEAR ENDED 31ST MAY, 1983

DAR-ES-SALAAM REGIONAL OFFICE

1. Introduction

The accounts and records maintained at the above office have been examined by External Auditors (Botswana and Gambia) between 2nd September and 13 September, 1983.

2. Scope

The audit was carried out in accordance with generally accepted auditing principles, practices and methods; and covered such related areas of operation as were considered necessary for a satisfactory External Audit.

3. Audit Certificate

We have received all the information and explanations that we have required and we certify that in our opinion the accounts reflect a fair view of the state of the affairs of the Regional Office as at 31st May, 1983 subject to the comments and observations contained in this report.

GENERAL FUND

4. Revenue

Funds available during the year under review were detailed as below :

1. Cash balances from previous year :		
(a) Dollar Account	US\$265,973.77	
(b) Local Currency Account (T shs. 147,405.25)	" 15,884.18	
(c) Petty Cash (T shs. 11.10)	" 1.20	281,859.15
2. Government of Guinea 81/82	US\$ 9,920.32	
3. Subvention - General Secretariat 1982/83	" 690,153.00	700,053.32
4. Miscellaneous Income		
(a) Interest on Car Loan	" 1,565.71	
(b) Gain on fluctuation of rate of exchange	" 6,874.83	
(c) Gain on sale of car	" 30.36	
(d) Other	" 1,457.43	9,928.33
		991,860.80
		=====

It will be noted that this statement differs from the office's under Miscellaneous Income item (c) because amount used to offset expenses on purchase of vehicle (707 Previous Year) was shown as US\$1,240.41 instead of US\$2,929.25 thus leaving US\$1,719.20 as gain (See Annex VIII Office Report) whilst gain should have been US\$30.36.

5. Cash Balances

Cash balances as at the end of Fiscal Year were as follows :

(a) Dollar Account	US\$332,511.36	
(b) Local Currency A/c (T. shs. 223,058.60)	" 22,995.73	
(c) Petty Cash (T.shs.356.10)	" 36.71	355,543.80
(Rate 1US\$ = T.shs.9 70)		

The Petty Cash Balance as shown above was not included in cash balances as at the end of the Fiscal Year.

#### 6. Petty Cash

Checking of the petty cash book revealed that unspent balance of T.shs.356.10 was not retired, contrary to OAU Financial Rules and Regulations.

#### 7. Cancellation of Cheques

Notwithstanding the adverse comments in both the Inspector General and Board of External Auditors' reports for the year ending 31st May, 1982, regarding cancellation of cheques, we regret to report that this state of affair had not improved during the year under review as evidenced below :

(a) Cases were noted where the following cheques were cancelled and were not attached to either the Disbursement Vouchers or cheque stubs.

(i) Cheque No. 264958 dated 21st December 1982

(ii) Cheque No. 264983-264991 dated 8th March 1983

(b) It was also observed that cancelled cheques were not recorded in the Cash Journal. The following were few cases :

<u>Cheque No.</u>	<u>Date</u>
266197	31.1.83
266123	22.10.82
304205	11.2.83
304265	14.2.83
304281	3.3.83

It is recommended that whenever cheques are cancelled before Disbursement Vouchers are prepared, they be attached to cheque stubs or when cancelled after preparation of Disbursement Vouchers they be attached to them.

It is also recommended that cancelled cheques be recorded in the Cash Journal by sequence.

8. Expenditure

Total expenditure for the year under review amounted to US\$677,547.79 with obligations to be met in 1983/84 amounting to US\$35,804.28. The anticipated total expenditure is therefore US\$702,352.07 out of total approved budget of US\$789,634.00 thus leaving a net saving of US\$87,282.00. Excess expenditure however occurred on the following items.

Account Code	T i t l e	Total Expenditure	Excesses
203	Installation Allowance	14,938.80	8,938.80
204	Dependency Allowance	15,467.47	467.47
208	Medical Scheme (OAU)	11,480.29	3,080.29
213	Post Adjustment Allowance	81,034.10	12,531.90
402	Maintenance of Equipment	2,424.32	424.32
500	Cables	6,832.20	832.20
501	Telephones	6,272.08	272.08
703	Purchase of Office Equipment	1,356.95	356.95
		139,805.91	26,903.98
		=====	=====

9. Advances Recoverable

Advances outstanding as at the end of the financial year are as follows :

1. General Secretariat	8,686.20
2. Special Fund Account	(1,943.91)

Miscellaneous Advances

(i) Ethiopian Airlines	1,615.58	
(ii) Zaire Government	6,951.67	
(iii) Government of Morocco	1,142.00	
(iv) Government of Tanzania	14,813.37	
(v) National Bank of Commerce	8,000.00	
(vi) Supreme Gasoline Services	1,077.59	
(vii) P. Somda (Zaire Government)	(561.00)	
(viii) Yenu Stationery	333.33	
(ix) M.C. Carr	450.00	30,868.54
(x) Staff		30,638.58
		71,248.41
		=====

An examination of the records revealed the following unsatisfactory features :

- (i) Advances in the names of the above three Member States have long been outstanding.
- (ii) Members of staff seem not to respect Director of Finance Circular FIN/BA/1/81 dated 26th January, 1981 which requires that MCO's in respect of home leave be accounted for in the same manner as any other advances. It was also observed that they take considerable length of time to retire MCO's. The following were a few cases:

<u>D/V No.</u>	<u>Date taken</u>	<u>Retirement date</u>	<u>Amount</u>
D/V 30/5	30.6.82	30.5.83	US\$1,082.00
D/V 31/5	30.7.82	30.5.83	" 2,857.32

- (iii) It was observed that in majority of cases travel advances were not retired within three (3 days) of return from travel or official mission thus disregarding FIN 066/80 of 3rd April, 1980.

It is recommended that stern or stringent measures be taken to recover advances from defaulting member states. It is also recommended that the attention of the members of staff be drawn to the requirements of the above referenced circulars.

#### 10. Special Fund Account

##### Revenue

- (a) Revenue received and brought to account during the course of the Financial year under review was derived from the following sources.

Contributions	966,824.60
Voluntary Donation	107,331.28
Namibia Plan of Action	10,600.00
Interest on Car Loan	183.18

(b) Contributions

As at 31.5.83 contributions due from member states was made up as follows :

Arrears as at 1/6/83	13,261,152.75
Assessments for 1982/83	<u>3,359,662.94</u>
Total contributions due US\$.....	<u>16,620,815.69</u>

In order to give readers a more realistic view of the situation, amounts received have been categorized as stated below :

Contributions allocated to the settlement of Arrears	457,990.72
Relevant to 1982/83 assessments	<u>508,833.88</u>
Total contributions received	<u>966,824.60</u>

Out of the 50 registered Member States 44 had arrears and only 10 subscribed towards the settlement of amounts outstanding.

Eight countries subscribed to the sum realized in respect of 1982/83 contributions and three others, Ghana, Kenya and Zimbabwe had excess contributions amounting to US\$79,337.99.

This is very unsatisfactory state of affairs and it is not likely that the issue of reminder letters would help in regularizing the situation.

It is therefore recommended that the matter be referred to the authorities concerned at the Secretariat for their attention and subsequent issue of appropriate directives.

11. Cash Composition

- (a) Cash holdings in favour of the Committee as at 31/5/83 was made up as follows :

Dollar Account No. I	US\$ 871,944.16
Dollar Account No. II	" 586,429.94
Shillings Account (T.shs.184,287.80)	" <u>18,998.74</u>
	US\$1,477,372.84
	=====

- (b) Bank statements for the month ended 31/5/83 and relevant to the above stated accounts have been examined and found to contain outstanding items dating as far back as March, 1979. The details are provided in ANNEXURE "A" of this report.

It could not be understood why action to properly account for these huge sums of money has been delayed for so long a time.

In any case, it is advised that necessary investigations be carried out with a view to identifying these items and the appropriate book-keeping transactions effected without any further delay.

- (c) Receipt No. 413 dated 29/12/82 issued to support the sum of US\$1,000:- being retirement of the balance of imprest appear to have been treated twice in the General Journal. The first entry affected December, 1982 transactions recorded in Dollar Account No. II and the other in January, 1983.

Could immediate action be taken to correct the error.



## 12. Budget Appropriation and Disbursements

(a) As a result of examinations carried out on the disbursements of Funds provided and subsequent accounting of amounts expended into the relevant expenditure codes; it has come to light that where as expenditure incurred in respect of the codes listed below amounted to 91,549.73 only a token sum of 50,000 US\$ was appropriated.

27. Salaries and Wages	43,376.95
28. Dependency Allowances	6,828.15
30. Travel Expenses	5,829.80
31. Gratuity	2,310.00
35. Medical Expenses	223.13
37. Bank Charges	708.60
38. Miscellaneous	32,273.10

I wish to point out that the procedure adopted is not in line with the requirements of expenditure control principles and therefore the practice should be discontinued.

The rule directs that for every expenditure code created funds must be provided and reflected in the Annual Budget. The future compliance of all concerned will be appreciated.

(b) It has been observed that a number of travel claims attached to Disbursement Vouchers have not been signed by the Finance Officer.

Few of the Vouchers affected are listed hereunder :

DV.3 dated 22/6/82

DV.4 dated 22/6/82

DV.5 dated 22/6/82

DV.6 dated 22/6/82

A search for the location of all affected vouchers should be carried out and the documents referred to presented to the Finance Officer for his signature.

- (c) Adjustment Voucher 2 dated 30/9/82 relate to the adjustment of the loss of US\$722.56 sustained on the exchange value of monies accounted for on receipt Nos.401 and 402.

This amount could not be traced as having been accounted for in any Disbursement Ledger Card.

Could satisfactory explanations be given to justify the cause.

- (d) The loss of US\$23.18 has been classified (AV.5 dated 31/5/83 refers) as a debit to expenditure code No. 37 but could not be traced as having been brought to account in the relevant ledger card.

Please explain.

- (e) Disbursement Vouchers listed below are in respect of payments effected but not supported by receipts and proper invoices.

DV.6 dated 8/12/82 - ANC of South Africa

DV.19 dated 24/12/82 - Air Tanzania

DV.12 dated 20/1/83 - Air Tanzania

DV.29 dated 29/1/83 - M/S Courico Overseas Inc.

DV.3, dated 11/10/82 - Air Tanzania

DV.2 dated 2/2/83 - Air Tanzania

DV.8 dated 11/3/83 - SWAPO of Namibia

DV.18 dated 22/3/83 - Maputo

Could the Institutions concerned be contacted for the issue of the appropriate supporting documents for attachment to the relevant Disbursement Vouchers.

DV.25 - quoted to support the debit entry of \$2.39 appearing in the expenditure ledger card for Code 37 is not relevant.

The correct particulars should be obtained and recorded as necessary or the entry be regarded as incorrect.

13. Advances Recoverable

- (a) The situation regarding balances outstanding in respect of advances recoverable as at May 31st 1983, was as indicated below :

	<u>Debit</u>	<u>Credit</u>
Car Loans	595.86	-
Travel Advances	2,222.77	128.97
Miscellaneous Advances	9,079.43	3,147.50

- (b) The state of these balances have been investigated and it has been found necessary to recommend that action be taken as follows :
1. If Officers concerned and the Management of SIDA could not justify their claim for a refund of balances standing to their credits, amounts involved should be transferred to miscellaneous revenue by way of adjustments.

The details are : A. Mohamed (32.55)

J. Rudemwa (96.42)

SIDA (121.22)

2. With regard to the sum of US\$3,026.28 listed as a credit to the Lusaka Sub-office, the necessary book keeping entries should be effected as early as possible to offset this balance.
3. Since the underlisted amounts are irrecoverable due to inevitable circumstances, such as transfer of personnel and closure of business, authority should be sought from the Secretariat for the amounts to be written off :

M.L. Metteden 3.80

Gulam Brothers 3.63

National Supplies 129.76

4. The details given below relate to balances outstanding against officers presently serving the Co-ordinating Committee and accessible business agents :

K. Kiponza	160.39
J. Selemani	311.10
J. Selemani	152.35
H. Yusuf	195.37
S. Ismail	260.01
Brig. H.I. Mbita	661.80
R.F. Van	785.00
Coates Brothers	58.37
Mrs. A.D. Munanka	121.22

- m Recoveries should be made from the salaries of officers concerned and legal advice sought if attempts to recover the amounts by way of negotiation from the respective companies proved fruitless.

Since there are adequate accounting safe guards such as Request Authorization and Travel Claim Forms, it must be ensured that all previous advances granted to officers assigned to travel on specific missions are accounted for on their return to base before approval is given for the award of any additional advance.

5. The recovery of these amounts should be negotiated with authorities of the respective Institutions the officers concerned are presently serving.

M. Asfaw	488.65
Col. J. Dongwe	20.43

6. The necessary book keeping entires should be effected to clear these outstanding balances.

General Fund	919.24
General Secretariat	4,381.70

7. The Manager of Morogoro Project should be contacted with a view to obtaining the relevant particulars to facilitate clearance of the outstanding sum of US\$1,033.00.

8. Since the sum of \$1,116.38 placed on deposit with the Supreme Gasoline is a security to guarantee the regular supply of fuel to vehicles of the Co-ordinating Committee, arrangements should be made for the amount to be utilized during the last month of each financial year and fresh deposits made early in the subsequent year.

14. Acknowledgement

We are pleased to record our thankfulness to staff members of the Administrative, Accounting and Secretariat branches of the Co-ordinating Committee for the cooperation and assistance given to us in the discharge of our audit duties.

B. ENTAILE (B.S.)  
EXTERNAL AUDITOR (BOTSWANA)

M.B.S. COLLEY  
EXTERNAL AUDITOR (GAMBIA)

Dollar Account No. IDeposits not yet credited by Bank

23/3/79	Receipt No. 150	13.33
3/3/81	" " 299	109,936.81
5/10/81	" " 300	254,236.49
23/7/81	" " 368	3,551.74
23/2/82	" " 334	2,226.00
	" " 398	10,000.00
27/7/82	" " 372,78, 81 & 89	326.57

Credits by Bank not reconciled in Journal

23/2/82	R. No. 368 under credit	3,351.74
28/7/81	To verify	363,262.65
30/7/82	Difference on Balance c/d	5,000.00
17/9/82	By Bank	172.25
8/9/82	S.F. A/c	21,754.31
29/9/82	Difference on R.404 G.F.)	
	Amount over credit	358.58
30/9/82	Credit by Bank	11,039.31
1/3/83	R. No. 419 not credited	30.00

Debits by Bank not recorded in Journal

29/9/82	By Bank Exchange received	669.58
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Dollar Account No. IIDeposits not yet credited by Bank

6/2/81	R. No. 287	231.00
10/9/82	403	6,381.00
29/12/82	413	1,000.00

Debits by Bank not recorded in Journal

19/8/80	G.F. debit	110.50
19/8/81		0.03
13/10/81	Bank charges	18.80
31/10/81	Bank entry	11,306.60
13/10/81	Bank entry	0.97
10/9/81	Bank entry	1,010.48
13/1/83	Dr. by bank	90.00

Credits by Bank not reconciled in Journal

23/3/80	To verify	10,000.00
18/2/81	Cash	228.68
30/8/82	Cash	318.84
21/8/82	By Bank	4,753.78
21/8/82	S.F. A/c No. I	10,000.00
15/9/82	R. 403	2,500.00

Shillings AccountReceipts not yet deposited

4/5/81	R. No. 308	465.65
--------	------------	--------

Debits by Bank not recorded in Journal

Under statement of balance brought)		
forward to April statement		100.00
Cheque No. 428819		804.15

Credits by Bank not reconciled in Journal

30/11/81	To verify	6,722.95
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COUNCIL OF MINISTERS

CM/1225 (XL) Add. VII

FORTIETH ORDINARY SESSION

ORIGINAL: ENGLISH

Addis Ababa - Ethiopia

27 February - 7 March 1984

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF  
THE OAU CO-ORDINATING COMMITTEE FOR THE LIBERATION OF AFRICA  
FOR THE YEAR ENDED 31ST MAY 1983 - LUSAKA - SUB-REGIONAL OFFICE



REPORT OF THE BOARD OF EXTERNAL AUDITORS ON  
THE ACCOUNTS OF THE OAU CO-ORDINATING COMMITTEE  
FOR LIBERATION OF AFRICA FOR THE YEAR ENDED  
MAY, 1983

LUSAKA SUB-REGIONAL OFFICE

1. INTRODUCTION

The Accounts and Records maintained at the above Sub-Regional Office have been examined by the External Auditor (Botswana) between 15th August and 22nd August, 1983 in pursuance of the External Audit Programme.

2. SCOPE

The Audit was carried out in accordance with general accepted auditing principles, practices and methods, and covered such related areas of operation as were considered necessary for satisfactory External Audit.

3. AUDIT CERTIFICATE

I have received all the information and explanations that I have required and I certify that, in my opinion, the accounts reflect a fair view of the state of the affairs of the above Sub-Regional Office as at 31st May, 1983 subject to the comments contained in the report.

GENERAL FUND

4. REVENUE

Funds available during the year under review were detailed as follows :

1. Cash Balance from previous year			
(a) Cash at Bank as at 1st June 1982			US\$ 101,030.58
2. Subvention received during the year	\$ 50,000.00		
3. Recovery of advance from Executive Secretariat for 1981/82		3,725.92	
4. Miscellaneous Income			
(a) Interest earned - car loan	60.15		
(b) Refund of Advance by staff	495.05	555.20	54,281.12
			<u>US\$ 155,311.70</u>
			=====

It will be noted from the item (2) above that the total Subvention received from the General Secretariat during the year under review amounted to US\$50,000.00. Thus leaving a balance of US\$ 72,325.00 which had not been received at the time of audit inspection.

5. CASH BALANCE

The Cash position at Bank and Petty cash stood as follows as at 31st May, 1983.

(a) Cash at Bank	(K56,772.46)	=	US\$ 48,256.59
(b) Petty Cash on hand	(86.56)	=	73.59
			<hr/>
			US\$ 48,330.18
			<hr/>

6. PETTY CASH BOOK

The unspent balance shown above as Cash on Hand (US\$ 73.59) was not retired at the end of the fiscal year, contrary to OAU Financial Regulation. On enquiry, the Auditor was told that the Bank did not accept local currency to be deposited in External Accounts.

7. FINANCIAL REPORT FOR THE YEAR UNDER REVIEW

Notwithstanding adverse comments in his audit report for the financial year ended 31st May, 1983 regarding inclusion of gain realised as a result of fluctuation of currencies, I regret to report that this item was not included in the Revenue Statement (Annex 1 of Office).

It is recommended that this be included in the report under Miscellaneous Income.

8. EXPENDITURE

Against a budget allocation of US\$122,325.00 the total expenditure was US\$92,736.89 thus leaving an overall saving of US\$29,588.11 as detailed in Annexure 1 to this report, however, the following items were overspent.

CODE	TITLE	ALLOTMENT	TOTAL EXPENDITURE	EXCESS EXPENDITURE
202	Travel on transfer	-	8,269.84	8,269.84
203	Installation allowance	-	5,598.00	5,598.00
204	Dependency allowance	2,500.00	2,829.59	329.59
401	Maintenance of vehicles	3,000.00	4,146.35	146.35
600	Stationery & Office Supplies	1,000.00	1,057.81	57.81
601	Bank charges & Revenue stamps	250.00	307.81	57.81
606	Newspapers & Periodicals	300.00	324.89	24.89

Vide his FIN/BA/32/41/289/82 dated 14th June, 1982 to the address of Lusaka Sub-Regional Office the General Secretariat ordered that the previous years payments made against General Secretariat vote be reversed and debited against Lusaka Sub-Regional Office whilst there was no provision made for items 202 and 203 above. For the last five items above, the Office still awaited for the approval of virements particularly Code 401 which has been far exceeded.

#### 9. INTERNAL CONTROL

Internal control is virtually non existent in this Office as reported yearly by External Auditors due to the fact that this Office is currently manned by two Officers.

It is recommended that Resident Internal Auditor be requested to make regular and surprise visits to this Office in order to achieve minimum internal control.

#### 10. ADVANCES RECOVERABLE

Advances outstanding as at 31st May, 1983 stood at US\$18,668.44 as detailed below :

(1) Brig. Gen. M.C. Mulopa	4,807.02
(2) Mr. M.K. Simumba	800.42
(3) Mr. J.S. Mwachullah	4,827.08
(4) Miss B. Lungu	2,203.12
(5) Executive Secretariat	1,883.77
(6) General Secretariat	4,085.53
(7) Adv. Air Tanzania used MCO's	181.50
	<u>18,668.44</u>
	=====

Advances in the names of Mr. M.K. Simumba and Mr. J.S. Mwachullah have been outstanding for considerable length of time and the possibility of recovery seems very slim.

It is recommended that General Secretariat intervene and order that steps be taken against these Officers or authorise that the amounts be written off.

11. As regards the sum of US\$ 4,085.53 recorded against the General Secretariat, it would appear that US\$831.17 was not supposed to have been charged to the General Secretariat vote. The Officer concerned was Lesotho Representative's Assistant for whom the Lesotho Government was responsible. As such, the advance against the General Secretariat as at 31st May, 1983 should read US\$3,254.37 made up as follows :

DV 4/8	- Mr. S.K. Seitshiro - per diem	US\$ 745.00
DV 1/10	- Air Tanzania - ticket for above	399.64
DV 1/12	- Zambia Airways - ticket for A. Negussie	859.40
DV 1/1	- A. Negussie per diem	393.00
DV 9/2	- Miss B. Lungu - refund of cost of air ticket LUN/NBO/LUN on study leave	285.78
DV 8/8	- Mr. R.T. Mosope - per diem	571.55
		<u>US\$3,254.37</u>

It is recommended that Lesotho Government be asked to refund the Organization and that the General Secretariat reimburse the Lusaka Sub-Regional Office for the expenses it incurred on its behalf as shown at N°11 above.

## 12. USE OF LOCAL PURCHASE ORDERS

A scrutiny of the records revealed that Local Purchase Order N°861 dated 5th January, 1981 signed by the former Director (M.K. Simumba) was issued to his wife to undertake journey to Manzini return (US\$208.08) on private business. This would appear not to have been a correct charge to the Organisation.

It was also observed that Local Purchase Order N°868 dated 28th January 1981 was issued to the Director (M.K. Simumba) to undertake official journey LUS/MAPUTO/MANZINI return, but before he could undertake this journey he was removed from the Office as the Director. Therefore, the tickets amounting to US\$340 should have been given back to Zambia Airways for cancellation.

Instead of him doing that he used it privately. At the time of the inspection Zambia Airways had written to demand US\$2,523.40 (K.2,968.70) from the Office vide their unreferenced letters (attached as Annex III) dated 27th July, 1983 and 16th August 1983, on enquiry why the Airline could not be paid, the explanation was that US\$ 1,975.16 also appeared not to have been a correct charge as two amounts above, and as such the Director and Accountant (Mwachullah) could be held responsible.

### SPECIAL FUND

#### 13. REVENUE

Total revenue received during the year is detailed below :

1. Cash at Bank as at 1st June, 1982	US\$ 126,336.87
2. Subventions - Executive Secretariat	236,274.02
3. Amount received on behalf of SWAPO	95,000.00
4. Refund of Advances - Dar es Salaam	9,813.47
5. Tax rebate on petrol	188.70
6. Refund by Zambia State Insurance - repairs for 34GD 6Z	389.59
	<hr/>
	US\$ 468,002.65
	<hr/>

It will be noted that this statement differs from the Sub-Regional Office's because item 7 (Annex II of Office) amounting to US\$43.51 was treated as Miscellaneous Income and included in the Statement. I feel this figure should not have appeared because it was recoveries made within the year.

#### 14. CASH BALANCE

Balance per Bank Statement as at 31st May, 1983	213,781.43
<u>Add</u> Deposit still in pipeline	458.34
	<hr/>
	214,239.77
Less unrepresented Cheques	
Cheque N° 47157 dated 31.5.83	1,657.37
" N° 47158 " "	1,489.95
Credits without detail dated 30.3.83	133.20
" " " " 14.5.83	133.20
	<hr/>
	3,413.72
	<hr/>
TOTAL .....	210,826.05

15. ADVANCES RECOVERABLE

Advances outstanding as at 31st May, 1983 were as below :

1. Executive Secretariat	14,291.13
2. Zaire Government	1,616.67
	<hr/>
US\$	15,907.80
	<hr/>

16. EXPENDITURE

The total expenditure against Special Fund during the year under review was US\$274,005.54 (See Annex II to this report).

17. ACKNOWLEDGEMENT

I wish to express my deep appreciation to the Director and the Accountant for warm welcome, hospitality, assistance and cooperation, particularly the Accountant with whom I had the opportunity to work very closely. Thanks also goes to the Secretary whose hard work and dedication has contributed to accomplishment of my audit inspection here.

B. ENTAILE (MRS)

EXTERNAL AUDITOR (BOTSWANA)

STATEMENT OF EXPENDITURE FOR THE FINANCIAL YEAR  
ENDED 31ST MAY 1983

A/C CODE	TITLES	ALLOTMENT US\$	EXPENDITURE		TOTAL	REMARKS
			OBLIGATION	ACTUAL		
	<u>PART I - SALARIES AND WAGES</u>					
100	Salaries and wages	41,272.00	-	40,484.59	789.41	
	TOTAL PART I	41,272.00	-	40,484.59	789.41	
	<u>PART II - COMMON STAFF COSTS</u>					
201	Travel on leave and separation	4,233.00	-	-	4,233.00	
202	Travel on transfer	-	-	8,269.84	(8,269.84)	no provision
203	Installation allowance	-	-	5,598.00	(5,598.00)	no provision
204	Dependency allowance	2,500.00	-	2,829.59	(329.59)	
205	House allowance	22,000.00	-	13,280.00	8,720.00	
206	OAU Pension Scheme	5,700.00	-	2,050.12	3,649.88	
207	OAU Insurance Scheme	2,035.00	-	979.63	1,055.37	
208	OAU Medical Scheme	2,000.00	-	189.63	1,810.53	
212	Education allowance	3,600.00	-	-	3,600.00	
213	Post Adjustment	11,735.00	-	6,325.48	5,409.52	
	TOTAL PART II	53,803.00	-	39,521.01	14,280.99	
	<u>PART III - TRAVEL OF STAFF ON OFFICIAL DUTY</u>					
300	Official mission	9,000.00	-	3,143.67	5,856.33	
	TOTAL PART III	9,000.00	-	3,143.67	5,856.33	
	<u>PART IV - MAINTENANCE OF EQUIPMENT AND PREMISES</u>					
401	Maintenance of vehicles	3,000.00	-	4,146.35	(1,146.35)	
402	Maintenance of equipment	500.00	-	487.39	12.61	
403	Maintenance of premises	500.00	-	59.40	440.60	
404	Electricity and water	600.00	-	-	600.00	
406	Insurance of vehicles, equip. etc.	1,500.00	-	629.09	870.91	
	TOTAL PART IV	6,100.00	-	5,322.23	777.77	

A/C CODE	TITLES	ALLOTMENT US\$	EXPENDITURE		TOTAL	REMARKS
			OBLIGATION	ACTUAL		
	<u>PART V - COMMUNICATIONS</u>					
500	Cables	5,000.00	680,00	2,107.91	2,892.09	
501	Telephones					
502	Postage					
503	Pouches					
504	Freights					
	TOTAL PART V	5,000.00	680,00	2,107.91	2,892.09	
	<u>PART VI - MISCELLANEOUS SUPPLIES AND SERVICES</u>					
600	Stationery and Office Supplies	1,000.00	-	1,057.81	(57.81)	
601	Bank charges and revenue stamps	250.00	-	307.81	(57.81)	
603(a)	Entertainment and return of hospitality	500.00	-	356.66	143.34	
603(b)	OAU Reception Day	1,500.00	-	-	1,500.00	
604	Staff Welfare	300.00	-	-	300.00	
606	Newspapers and periodicals	300.00	-	324.89	(24.89)	
607	Other services and supplies	700.00	-	109.31	590.69	
608	Printing of documents	600.00	-	-	600.00	
	TOTAL PART VI	5,150.00	-	2,156.48	2,993.52	
	<u>PART VII - CAPITAL ASSETS</u>					
-703	Office equipment	2,000.00	-	-	2,000.00	
	TOTAL PART VII	2,000.00	-	-	2,000.00	
	GRAND TOTAL	122,325.00	680,00	92,736.89	29,588.11	



## ANNEX II

<u>CODE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
10	Salaries and wages	7,615.92
11	Dependency allowance	1,633.36
12	OAU Medical Scheme	155.81
13	OAU Pension Scheme	1,066.08
15	Travel on Duty - Drivers	1,170.67
16	Maintenance of vehicles - Lusaka	42,570.61
17	Maintenance of vehicles - Dar es Salaam	18,624.94
18	Maintenance of vehicles - SDU	38,757.12
19	Bank Charges	451.06
20	SWAPO Material Assistance	101,606.60
23	ANC Material assistance	11,840.55
24	Official Travel - Director	400.00
SA	Salary Advance	390.13
26	Loss of fluctuation (net)	4,727.56
AR/4	Executive Secretariat	42,995.13
TOTAL EXPENDITURE		<u>274,005.54</u>

Dear Sir,

OUTSTANDING ACCOUNT AS AT 30.01.83

We are concerned to note that despite our several reminders your account is still showing a balance of K2,968.70 due to us as at .....  
analywed as follows :

Current

Year	says	ZK 2,968.70
------	------	-------------

Total due	ZK 2,968.70
-----------	-------------

=====

We wish to emphasize that our credit terms are strictly thirty days and unless we receive your payment in full for the above amount within two weeks, we will be compelled to suspend the credit facilities and take possible legal action to recover the dues.

We sincerely hope that you will clear the outstanding early. If you disagree with the balance shown above, please arrange to give us the proof of payment to enable us to adjust our records.

Yours faithfully,

(Signed)

CHIEF ACCOUNTANT

FINAL NOTICE

of intention to proceed in the Court of Civil Justice  
for recovery of Debt

Whereas O.A.U. LC SUB-REGIONAL OFFICE  
is truly and justly indebted to Zambia Airways Corporation Limited Box 30272,  
Lusaka in the sum of TWO THOUSAND NINE HUNDRED AND SIXTY EIGHT KWACHA SEVENTY NGWEE  
(K2,968.70) #

for tickets/Cargo charges, the aforesaid amount being considerably overdue, and  
the Debtor having been repeatedly notified of this fact, by letter and by  
statement

Therefore, you O.A.U. LC. SUB-REGIONAL OFFICE are hereby given final warning  
that, unless the said amount is paid on or before 31st August, 1983 the matter  
will be handed over to our Attorneys to take legal proceedings for the recovery  
of this debt, together with all costs involved.

SIGNATURE : M.K. KAKANDA

For Zambia Airways Corporation Limited  
P.O. Box 30272 - Lusaka

Dated : 16th August, 1983

To : O.A.U. LC SUB-REGIONAL OFFICE,  
P.O. Box 33377,  
LUSAKA.

Date Due : 31st August, 1983

COUNCIL OF MINISTERS

FORTIETH ORDINARY SESSION

Addis Ababa - Ethiopia

27 February - 7 March 1984

CM/1225 (XL) Add. VIII

ORIGINAL: ENGLISH

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF  
THE CO-ORDINATING COMMITTEE FOR THE LIBERATION OF AFRICA  
SUB-REGIONAL OFFICE, MAPUTO FOR THE YEAR ENDED 31ST MAY, 1983

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF  
THE CO-ORDINATING COMMITTEE FOR THE LIBERATION OF AFRICA  
SUB-REGIONAL OFFICE, MAPUTO FOR THE YEAR ENDED MAY 31ST 1983

1. INTRODUCTION

The audit was undertaken by the Lesotho External Auditor of the Board of Auditors of the OAU from 22nd to 25th August 1983. The audit was undertaken in accordance with generally accepted auditing principles and it covered such areas as were considered necessary for the purpose of verification.

2. AUDIT CERTIFICATE

The Accounts of the Maputo Sub-Regional Office have been audited in accordance with Article 88 of the Financial Regulations of the Organization, and having obtained all the information and explanations considered necessary for the purpose of my audit, I certify that to the best of my knowledge and belief the attached financial statements reflect a true and fair view of the accounting operations of the Sub-Regional Office for the ended 31st May 1983.

3. CASH BALANCE AT 31st MAY 1983

The cash position at the end of the financial year stood as follows:

US Dollar Account	US\$ 29,218.09
Meticals Account	1,573.60
Imprest Account	<u>94.95</u>
Total	US\$ 30,886.64
	=====

I would like to point out that since about 1978 there has existed a Bank Debit of US\$ 161.87 between the Bank Account and the cash book record. Over the years it has not been possible to ascertain the reason for this discrepancy.

Recommendation:

Since the reason for the discrepancy has not been ascertained all these years, I recommend that the amount of US\$ 161.87 be written off in order to balance the cash book.

#### 4. INSURANCE OF OFFICE BUILDING

In October 1982 a sum of US\$ 30.20 was paid for renewal of the Insurance Premium of the Office building valued at Meticals 810,961.20 (Twenty five thousand six hundred sixty six US Dollars and zero seventy five cents). However I have not been able to verify the existence of the Title deed in respect of this office which was kindly donated by the Government of the People's Republic of Mozambique.

#### Recommendation:

Once again it is recommended that a legal instrument for the ownership of the building be obtained from the relevant Authority.

#### 5. INSURANCE FOR THE OFFICIAL REPRESENTATIONAL CAR

In November 1982 an amount of US\$ 1,105.61 was paid for the comprehensive Insurance of this vehicle. In view of the fact that this vehicle has travelled over 100.000 Km, I recommend it should no longer be insured for comprehensive Insurance purposes in future because of its age, thus saving the Organization about US\$ 1,000.00 a year.

#### 6. BUDGET

The total approved budget for the year is US\$122,829.00 the actual subvention received during the year was US\$ 83,000.00, thus resulting in an underfunding of 39,829.00.

#### Incope

According to records the following amounts were received during the year:

a) Subvention	US\$ 83,000.00
b) Interest on foreign exchange	3,265.60
Total	US\$ 86,265.60
	=====

The total expenditure incurred, including obligations was US\$103,636.36 resulting in an overall saving of US\$ 19,192.64. However as will be seen from the attached financial statement three items of the Budget totaling US\$ 1,192.23 were overspent. On the 9th December 1982 an application for virement variations was submitted to the General Secretariat, but at the date of this Report the decision of the Advisory Committee on Budgetary and Financial Matters has not been seen.

7. ADVANCE RECOVERABLE

The major advances outstanding at the end of the financial year were:

- a) General Secretariat - Expenses incurred when the Accountant travelled to Addis Ababa in December 1981 for a seminar US\$ 1,710.05.
- b) Purchase for Dar-Es-Salaam Office of drinks for the OAU Day US Dollars 312.77 . At the date of this Report the Advances have remained outstanding.

8. PENSION CONTRIBUTION

Since the inception of the Office, Contributions by the Staff and the Organization totaling US\$ 34,188.48 have not been remitted to the American Life Insurance Company, but have been held in the Office cash Account. I have been informed that the total remittance will be made in the current financial year 1983/84.

SPECIAL FUND

9. CASH POSITION

The balance at 31st May 1983 was as follows:

- a) US Dollar Account US\$ 1,843.28; Local Currency Account (212,755.07) = US\$ 6,733.39.

I would like to point out that an amount MT 125,601.00 has been appearing in the Bank Reconciliation Statements since about 1978. As it is not possible to establish the precise reason for this discrepancy of the Bank Debit all these years I recommend that the amount of US Dollars 3,975.00 be written off the Local Currency Account, in order to reconcile with the cash book.

10. INCOME

According to records the approved budget for the Special Fund was US\$ 240,000.00. At the end of the financial year a subvention of US\$ 238,632.21 was received from the Executive Secretariat - Dar-Es-Salaam. In addition Miscellaneous Income of US\$ 3,952.16 was received as gains on foreign exchange transactions.

11. EXPENDITURE

The total disbursements at 31st May 1983 were US\$ 249,101.88 made up as follows:

	US\$
a) Assistance to ANC(SA)	228,094.90
b) Other Disbursements: Salaries & Wages	7,867.00
Dependancy Allow.	1,900.08
Travel Expenses	696.87
Maintenance of Vehicles	10,440.52
Bank Charges	1,102.51
Total	US\$ 249,101.88
	=====

12. VEHICLE

Truck registration No. MLP 68-91 which has travelled 68.000Km and purchased in 1979 was found unserviceable at the date of this Report. It is understood that the vehicle has been out of commission for 9 months but has not been repaired owing to inadequacy of funds.

Recommendation:

I recommend that a sum of about US\$ 10,000.00 should be made available to the Maputo Office so that the necessary repairs can be undertaken.

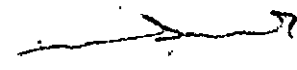
13. ADVANCES RECOVERABLE

The major advances outstanding at 31st May 1983 were:

- a). Clearing and forwarding goods of Luanda Office US\$1,486.94 (payment made in December 1981).
- b) Part payment owed by Luanda Office US\$ 3,607.65

14. ACKNOWLEDGEMENT

I wish to record my deep gratitude for the co-operation and assistance which I have received from the Director and his Staff during the course of my Audit.

  
(D.H. TARR)  
External Auditor  
Lesotho

25 August, 1983.



ACCOUNTS Nº	ALLOTMENTS US.\$	OBLIGATIONS US.\$	EXPENDITURE		UNENCUMBERED BALANCE	REMARKS
			MONTH TOTAL	ACCUMULATED TOTAL		
100	44,247.00		3,519.84	41,531.04	2,715.96	
201	1,500.00			1,241.00	259.00	
204	2,000.00		170.85	2,050.10	(50.10)	Virement applied for
205	13,920.00		1,160.00	13,920.00	-	
206	6,000.00	5,814.44			185.56	
207	2,662.00				2,662.00	
208	1,000.00			21.34	978.66	
212	4,800.00				4,800.00	
213	8,000.00		690.20	8,183.70	(183.70)	Virement applied for
300	6,000.00	0.30	246.00	4,354.85	1,644.85	
401	3,000.00		264.90	3,958.43	(958.43)	Virement applied for
402	500.00			500.00	-	
403	2,000.00	700.61	800.00	1,299.39	-	
404	1,000.00	785.80	21.14	214.20	-	
406	2,500.00			1,135.81	1,364.19	
500	4,500.00	2,574.40	429.91	1,925.60	-	
501	1,500.00	1,035.96		464.04	-	
502	300.00		28.67	227.64	72.36	
503	1,000.00				1,000.00	
504	300				300.00	
600	1,500.00	500.00	640.00	720.71	279.29	
601	500.00		7.15	24.09	475.91	
603	2,000.00	1,555.15	383.29	444.85	-	
604	300.00	268.55		31.45	-	
606	500.00			137.80	362.20	
607	800.00		98.11	138.28	661.72	
608	1,200.00				323.17	
702	2,000.00				2,000.00	
704	300.		-	-	300.00	
707	7,000.00	7,000.00	-	-	-	
GRAND TOTAL	122,829.00	20,235.21	9,090.66	83,801.15	19,192.64	

COUNCIL OF MINISTERS  
FORTIETH ORDINARY SESSION  
Addis Ababa - Ethiopia  
27 February - 7 March 1984

CM/1225 (XL) Add IX  
ORIGINAL: ENGLISH

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF  
LUANDA SUB-REGIONAL OFFICE FOR THE YEAR ENDED 31ST MAY 1983

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF LUANDA  
SUB-REGIONAL OFFICE FOR THE YEAR ENDED 31ST MAY, 1983

1. INTRODUCTION

The accounts and records maintained at the above Sub-regional Office have been examined by the External Auditor (BOTSWANA) between 24th August and 29th August, 1983 in pursuance of the External Audit Programme.

2. SCOPE OF AUDIT

The audit was carried out in accordance with general accepted auditing principles, practices and methods, and covered such related areas of operation as were considered necessary satisfactory external audit.

3. AUDIT CERTIFICATE

I have obtained all the information and explanations that I have required and I certify that in my opinion, the accounts reflect a fair view of the State of the affairs of the above Sub-regional Office as at 31st May, 1983 and the results of this operations for the year ended on that date subject to the comments contained in this report.

GENERAL FUND

4. REVENUE

Funds available during the year under review were detailed as follows :

1. Cash Balance from previous year		
(a) US Dollar Account	13,319.80	
(b) Local Currency A/c(71,886.00)	<u>2,426.78</u>	15,746.58
2. 1981/82 Subventions	13,732.00	
3. Subventions received during the year	83,000.00	
4. Amount transferred from Special Fund	15,000.00	
5. Recovery of Car Loan	3,229.11	
6. Refund from Special Fund	689.79	
7. Refund by Airline	697.96	
8. Interest on Car Loan	<u>396.79</u>	<u>116,745.65</u>
		US\$ 132,492.23

=====

The total Subventions received during the year under review was US\$83,000.00 as against approved appropriation of US\$113,792.00 thus leaving a balance of US\$30,792.00 which had not been received by the office.

#### 5. CASH BALANCE

Cash balances as at 31st May, 1983 stood at US\$45,547.38 made up as follows :

(i) Dollar Account	43,801.68
(ii) Kwanza Account (Kz 51,711.40)	<u>1,745.70</u>
	US\$ 45,547.38

#### 6. EXPENDITURE

Against a total budget of US\$113,792.00 the total expenditure amounted to US\$86,944.84 including 1981/82 obligations and transfer of US\$16,891.58 to the General Secretariat, thus leaving an overall Saving of US\$26,847.16 however the following items were overspent.

<u>Code</u>	<u>T i t l e</u>	<u>Allotment</u>	<u>Total Expenditure</u>	<u>Excess Expenditure</u>
201	Travel on Home Leave and Separation	1,600.00	3,980.72	2,380.72
606	Newspaper and Periodicals	500.00	500.84	<u>0.84</u>
				US\$2,381.56

It would appear that the office had not applied for virement particularly for Code 201 which had been far exceeded.

On enquiry why this item was overspent, the explanation given was that at the time of preparing the estimates the amount estimated was US\$5,000.00 but the approved amount was only US\$1,600:- ( 1/3 of estimated figure).

7. ADVANCES RECOVERABLE

Advances outstanding as at the end of Fiscal Year were as shown below:-

1) General Secretariat	3,541.96
2) Mr. Pedro J. Antonio	<u>321.81</u>
	US\$3,863.77

Advance of US\$321.81 appeared to have been long outstanding.

It is recommended that measures be taken to recover the amount from him or deduction be made from his salary.

8. PAYMENT BENEFITS

Vide his report dated 28/03/83 to the address of the Chief Liaison Officer the Internal Auditor had commented that the ex-driver had been paid his leave, OAU Pension Contribution and June Salary on DV 4/7 whilst he had not respected the rules laid down in Staff Rules and Regulations.

I endorse his comments that the Officer be asked to refund US\$600.78 to the Organization as soon as possible. The Chief Liaison Officer in his letter SO 04/06/83 dated 7th June, 1983 wrote him to refund the said amount.

9. ADVANCE PAYMENT TO ALEXANDER BROTHERS (SD) LTD.

Scrutiny of the records revealed that the office paid the amount of US\$1,800:- in advance to A & P ALEXANDER BROTHERS (SD) LTD. being payment for the purchase of curtains, and the company sent receipt No. 110 dated 28/08/81 to acknowledge receipt of same. It was then observed that at this present moment after 2 years of payment the goods had not been received. Efforts have been made by the office to get the goods but in vain.

- 1) It is recommended that the office be advised not to pay for goods which have not been received;
- 2) That Advance Recoverable Card be opened against the company pending receipt of goods.

SPECIAL FUND10. REVENUEFunds available during the year under review

1. Cash balance as at 01/06/83:-		
(a) US Dollar Account	54,721.44	
(b) - Kwanza Account (Kz 70,706.80)US\$	<u>2,386.92</u>	57,108.41
2. Subventions from General Secretariat	18,000.00	
Cancelled cheque	2,244.32	
3. Refund by Staff	<u>887.36</u>	<u>183,131.68</u>
TOTAL		US\$ 240,240.09

11. CASH BALANCE

Balance per Bank Statement as at 31/05/83

(i) US Dollar Account	163,957.01	
(ii) Kwanza Account (Kz 281,128.40)US\$	<u>9,490.53</u>	173,447.54

Less Unpresented Cheques:

837611 dated 26/04/83 (KZ35,900.00)US\$	1,211.94	
837619 dated 30/04/83 (Kz 12,360.00)US\$	<u>417.26</u>	<u>1,629.20</u>
	US\$	<u>171,818.34</u>

12. EXPENDITURE

Total expenses incurred during the year amounted to US\$68,421.73 including 1981/82 obligations (US\$446.67) expenses incurred by the fund on behalf of General fund (15,962) and transfer of US\$15,000 to the latter.

(See Annex II to this report)

13. ADVANCES RECOVERABLE

1. Executive Secretariat	213.66
2. General Fund (inter-borrowing)	<u>73,535.44</u>
	<u>US\$ 73,749.10</u>

Checking of the Ledger Cards revealed that amount shown against General Fund has been outstanding since the previous year. On enquiry it was explained that this happened due to lack of funds in the latter account. Non submission of approved Subvention to the Sub-regional Office places it in an awkward position of not meeting its expenses.

It is recommended that the General Secretariat be asked to send enough funds on General Fund so that it clears amount shown as owing to Special Fund.

14. ACKNOWLEDGEMENT

I wish to express my appreciation to Staff of this Sub-regional Office for assistance and co-operation, particularly the Accountant who had devoted his time to enable me discharge of my statutory duties.

Thanks also goes to the Secretary whose hard work has contributed to accomplishment of my audit inspection.

B. ENTAILLE (MRS)  
EXTERNAL AUDITOR (BOTSWANA)

LUANDA OFFICE STATEMENT OF EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 31ST MAY, 1983

<u>CODE</u>	<u>ALLOTMENT</u>	<u>ACTUAL EXPENDITURE</u>	<u>OBLIGATIONS TOTAL</u>	<u>UNDER/OVER EXPENDITURE</u>
100	44,037.00	36,546.88	-	7,490.12
201	1,600.00	3,930.72	-	(2,380.72)
204	3,400.00	1,849.96	-	(1,550.04)
205	4,416.00	4,416.00	-	-
206	5,034.00	4,350.08	-	638.44
207	1,800.00	-	1,800.00	-
208	1,000.00	-	-	1,000.00
212	3,600.00	-	-	3,600.00
213	7,505.00	7,395.62	-	109.38
300	6,400.00	2,370.99	-	4,029.01
401	2,000.00	1,761.51	-	238.49
402	1,000.00	207.24	-	792.76
403	2,000.00	-	2,000.00	-
404	1,000.00	-	1,000.00	-
406	1,200.00	1,088.39	-	111.61
500	1,000.00	48.61	951.39	-
501	1,200.00	-	1,200.00	-
502	300.00	149.04	-	150.96
600	2,000.00	91.15	1,908.85	-
601	500.00	44.84	-	455.16
603	2,000.00	-	2,000.00	-
604	300.00	-	-	300.00
606	500.00	500.84	-	(0.84)
607	500.00	183.63	-	316.39
608	500.00	-	500.00	-
702	8,000.00	337.58	7,662.42	-
703	3,000.00	-	3,000.00	-
704	5,000.00	-	5,000.00	-
705	2,000.00	1,215.31	-	784.69
709	1,000.00	-	1,000.00	-
	<u>113,792.00</u>	<u>66,538.85</u>	<u>28,022.00</u>	<u>19,230.49</u>



CODE	DESCRIPTION	AMOUNT
16B	Assistance to ANC of South Africa	5,108.01
20B	Assistance to SWAPO of Namibia	20,901.74
27	Salaries and Wages	6,776.11
28	Dependency Allowance	424.96
36	Maintenance of Vehicles	3,799.09
38	Miscellaneous Expenses	3.21
		<u>37,013.12</u>
		=====

COUNCIL OF MINISTERS

CM/1225 (XL) Add. X

FORTIETH ORDINARY SESSION

ORIGINAL: ENGLISH

Addis Ababa - Ethiopia

27 February - 7 March 1984

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS  
OF THE INTER-AFRICAN BUREAU OF LANGUAGES (IABL) KAMPALA

REPORT BY THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF  
THE INTER-AFRICAN BUREAU OF LANGUAGES (IABL) - KAMPAIA

The audit of the Inter-African Bureau of Languages was undertaken by the Representative of the Republic of the  
Gambia

1. Scope of Audit

The under listed books of accounts and statements were examined :

- (a) General Journal
- (b) Disbursement Vouchers
- (c) Disbursement Ledger Sheets
- (d) Petty Cash Journal
- (e) Receipt Books
- (f) Bank Statement
- (g) Petrol Imprest Book
- (h) Code Cards for Advances Recovered and Advances Recoverable

2. Audit Certificate

I have obtained all the information and explanations that I have required and I certify that the accounts reflect a true and fair view of the state of affairs of the office.

3. Revenue Receipts

Revenue brought to account during the course of the financial year, was derived from the following sources :

Subvention from the OAU Secretariat	US\$200,000.00
Miscellaneous Income	" 5,109.09
Interest on Car Loans	" 275.77

4. Budget Appropriation and Disbursements

- (a) Expenditure incurred against the codes indicated below exceeded the amounts appropriated :

	<u>Budget</u>	<u>Expenditure</u>	<u>Excess</u>
Code 202	NIL	180.00	180.00
213	34,146.00	41,643.26	7,477.26

In as much as it is desirable for the cause of the excess expenditure against Code 213 to be satisfactorily explained and reasons given for incurring expenditure against a code for which funds have not been provided in the Budget, the Director and members of his accounting staff must be congratulated for the neat and meticulous manner the accounting records have been maintained.

- (b) According to the General Journal and other relevant records, cash holdings of the Bureau as at 31st May, 1983 was made up as follows :

Dollar Account	28,150.88	Debit
Shilling	111,481.25	Credit
Petty Cash	280.00	

From the above stated details it will be observed that monies allocated to the shilling account was actually exhausted. This is a situation whereby the Bureau might have been committed to the payment of interest on over draft when funds in the dollar account could have been utilized to regularise the position. This is a serious act of negligence which must not be repeated.

- (c) The following Disbursement Vouchers were not traced in their relevant monthly files :

D.V. 44 of September, 1982

D.V. 9 of January, 1983

It would be appreciated if these Vouchers are located and placed in the relevant monthly files.

- (d) The sum of \$92.54 was paid on D.V. 4 dated 2/7/82 to meet the cost of 2 telephone receivers supplied for the use of the Bureau.

It has been observed that the supporting document attached to the Voucher is a proforma invoice.

Immediate action should be taken to obtain a proper receipt and invoice from the suppliers for attachment to the Voucher.

#### 5. Counter foil Receipt Books

It is essential that all the stock of receipt and Local Purchase Order books are recorded in a counter foil receipt book register. The register should contain the following details.

<u>Date</u> <u>Received</u>	<u>Ref.</u> <u>D/N</u>	<u>Serial Nos.</u> <u>of receipts</u>	<u>Date</u> <u>issued</u>	<u>Recipients</u> <u>Signature</u>
--------------------------------	---------------------------	------------------------------------------	------------------------------	---------------------------------------

#### 6. Stationery Record Cards

In order that the use of the stationeries purchased is effectively controlled, the record cards should be completed and utilised without any further delay.

#### 7. Advances Granted and Recoveries

As at 31/5/83 amounts outstanding in respect of advances granted were as follows :

AR.1	Salary	21.04	21.04
AR.2	Car Loans		5,244.40
AR.4	Imprest for Petrol		58.93
	OAU General Secretariat		7,260.64

Attention is drawn to the need to vigorously pursue reimbursement due from the Secretariat.

#### 8. Accommodation Allowance

Three monthly advance payments of accommodation allowances feature prominently in the Disbursement Vouchers examined. It also came to light that payments were made to the officials and not the Land Lords and that tennancy agreements attached to the Vouchers were excuted between the Land Lords and officials concerned.

Informed sources revealed that the Secretariat rightly raised objections to the prevailing arrangements and directed that tenancy agreements be executed between the Organization and the land lords and rents made payable to them directly.

The receipt of this directives necessitated the issue of letter No. BIL/FIV.101 dated 28/4/83 in which the then Ag. Director drew the attention of authorities concerned to all the implications surrounding the subject matter and requested for an Administrative ruling but as explained there is still no reaction from the Secretariat.

Since this is a policy matter which requires urgent clarification, it is hoped that authorities concerned at the Secretariat will issue the appropriate administrative ruling as early as possible.

9. Acknowledgement

I am thankful to the entire staff of the Bureau particularly the Director and his accounting staff for the cooperation and assistance given to me during the course of executing my audit duties.

M. B. S. Colley

External Auditor & Representative of  
the Gambia

12th September, 1983

COUNCIL OF MINISTERS

FORTIETH ORDINARY SESSION

Addis Ababa - Ethiopia

27 February - 7 March 1984

CM/1225 (XL) Add. XI

ORIGINAL: FRENCH

AUDIT REPORT ON THE ACCOUNTS OF THE  
OAU PERMANENT MISSION IN GENEVA  
FINANCIAL YEAR 1982 - 1983

AUDIT REPORT ON THE ACCOUNTS OF THE  
OAU PERMANENT MISSION IN GENEVA  
FINANCIAL YEAR 1982 - 1983

TABLE OF CONTENTS

I	Brief Introduction of the Mission
II	Auditing of Income
III	Auditing of Expenditure
IV	Remarks and Recommendations
V	Budget Control of Expenditure
VI	Inventory
VII	Conclusion
VIII	Appendices

I. Brief Introduction of the OAU Mission in Geneva

Status: : OAU Permanent Mission to the United Nations and its Specialized Agencies in Geneva.

Head of Mission: Ambassador Omar Mountasser Executive Secretary.

Address: 13, Rue de Bude, Geneva 1202

Telephone: 338560 and 338569

Structure: 1 Executive Secretary assisted by:  
 1) Assistant Executive Secretary for economic and Social Affairs and  
 2) 1 Assistant Executive Secretary for political Affairs and Information.

Activities: OAU representation at the United Nations and the Specialized Agencies.  
 - OAU's instrument for the struggle against Colonialism, racism, apartheid and racial discrimination.  
 - Plays the role of coordinator and source of information for the African Group in Geneva.



MATERIAL AND FINANCIAL STANDING:      FLEET OF VEHICLES:  
2 cars: 1 Mercedes  
and 1 Peugeot 505(New)

Budget Allocation: US\$ 857,194.00 for the Financial year 1982 - 1983.

SCOPE of AUDIT: Covers Financial year 1982 - 1983.

In consonance with the Audit Programme set out in Note Ref. No. 041/SG/DF-83 of 19th April External Auditors was assigned to audit the accounts of the Geneva Office from 22 to 28 August 1983.

The documents appended to this report give the situation of the Accounts of the Office for the period from 1st June 1982 to 31st May 1983.

The following Accounts documents were checked:

- Incomes Statement
- Petty-Cash Statement
- Adjustment Vouchers
- Disbursement Vouchers
- General Cash Journal
- Ledger
- Recoverable Advances Ledger Card
- Budget Control Register
- Bank Reconciliation Statements

## II Auditing of Income

For the 1982 - 1983 Financial year, the budget allocation for the Geneva Office was in the sum of US\$ 857,194.00 representing an increase of US\$ 60,161.00 (in other words + 7.55%) compared with the allocation for 1981 - 1982.

To this allocation should be added the amount miscellaneous income in the form of interests on staff car loans.

1) Subventions

- R-V No. 208 of 31-8-1982	US\$ 200,000.00
- R-V No. 209 of 16-12-1982	200,000.00
- R-V No. 210 of 27-4-1983	100,000.00
- R-V No. 207 of 6-7-1983	120,000.00

## 2) Miscellaneous Income

206.24

## TOTAL INCOME

US\$ 620,206.24

## A) Recoverable Advances (vide table hereunder)

<u>Name of Staff</u>	<u>Salary</u>	<u>Car. loan</u>	<u>AR/4</u>	Misc. Income
				<u>AR/5</u>
Mr. Afanou				4,266.67
Mr. Daar	55.23	1,437.00	-	-
Mr. Malick Sy	-	940.00	-	-
Miss Devi Ramasawmy	2,245.84	4,860.00	-	25.86
Mr. Adeyinira	195.25	-	-	-
Mr. Pobi	-	-	-	4,049.36
Mrs. Agouagou	-	840.00	-	-
- Headquarters -	-	(2,634.56)	(2,634.56)	-
Mrs. Beatrice Tushme	-	440.00	-	-
Mr. Yahia Younes	276.41	-	-	-
	<u>3,269.71</u>	<u>8,450.00</u>	<u>NB 2,634.56</u>	<u>8,341.89</u>

NB: AR/4 credit in favour of the Geneva Mission

III. Auditing of Expenditure

The expenditure for the Financial year totalled US\$ 743,268.92 to which should be added the amount of US\$ 51,536.50 obligated during 1981/82. This brings the total, expenditure to US\$ 794,805.42.

It appears that expenditure exceeded income. In order to tide over this budget imbalance, the Geneva Office had to ask for assistance from the Swiss Banks Corporation.

This situation is in fact confirmed by the debit balance shown on the bank statements of 31st May 1983.

Balance of Accounts as at 31st May 1983

	US\$
- Bank (dollar account) No. 264-719-60 .....	(-16,244.02)
- Bank (Swiss Franc account) No. 264-719-00R .....	(-57,030.28)
- Petty Cash SF - 500	<u>256.41</u>
	US\$ <u>-73,017.89</u>

The Petty Cash Account is replenished with fixed amounts of SF 500.

Remarks and Recommendations

The checking of the income and expenditure books brings me to make the following remarks and recommendations:

A) Expenditure1) Home Leave

The disbursement vouchers Nos 10/9 and 16/9 of 7/9/82 and 21/9/82 were in respect of per diem paid to Messrs Adey Adeyinka and A. Farag respectively on their departure on home leave. The amounts involved were US\$ 622.00 and US\$ 422.00 totalling US\$ 1,042.00.

These two operations were effected in good faith by Mr. Adeyinka, as was confirmed to me by the Executive Secretary.

In my opinion, however, the payments were irregular more so as the procedure for the payment of per diem of this nature was not followed.

In fact Article 23, sub-paragraph 2 of the OAU Staff Regulations on home leave stipulates that staff members including their families shall be entitled to home leave once every 2 years at OAU expense.

Under Code 201 of the approved budget for the application of these provisions, there is a list of officials going on leave together with their itineraries the cost of the travel tickets for themselves and their families, and tickets for accompanied and unaccompanied excess baggages.

It appears clearly therefore that the granting of per diem is not automatic. It must be explicitly budgeted for and especially authorized.

The Executive Secretary is therefore requested to take the necessary measures to recover the amount of US\$ 1,042.00 unduly paid by any arrangements he may deem necessary, like deductions at source in view of the good faith of Mr. Adeyinka, the accountant who made the payments.

It is recommended that in future the procedure should be complied with.

When the draft budget is being prepared and the list of officials going on home-leave is being drawn up, the following provisions should be made for each official involved:

- 1) The cost of air tickets for himself and members of his family, excess baggage, tickets for accompanied and unaccompanied luggages and, if need be, per diem.
- 2) Because of the budget imbalance (expenditure exceeding income) the Geneva Office has experienced tremendous financial difficulties. The staff has suffered under those conditions in the form of delays in the payment of their salaries. Even for some months they were paid only 50% of their monthly emoluments.

B. INCOME

1) Trade-in of Vehicle

The Geneva Office bought a new Peugeot 505 as a service vehicle from the concessionaire of peugeot vehicles in Switzerland under the following terms:

- The old 504 service car was taken back by the garage for SF 1,000.
- An amount of SF 15,500 was paid after deducting the price of the old car.

The accounts records cover the price difference between the two vehicles (SF 16,500 - 1,000 = SF 15,500) but shows no trace of the old vehicle which had been traded-in.

Trade-in means selling and the proceeds in the sum of SF 1,000 should have been recorded as miscellaneous income so that the new car could be entered in the books at its original price of SF 16,500 and not SF 15,500. In this way the actual terms of the transaction would have been reflected in conformity with the Accounting Procedures and would have given a clearer picture of the accounts.

2) Profit on Exchange rate

The Geneva Office has two bank accounts: One in dollars and the other in Swiss Francs. The dollar account is replenished with subventions and the Swiss franc account with transfers from the dollar account.

Payments made in dollars do not give rise to any problem. By contrast, the transfers from the dollar account to the Swiss franc account lead one to enquire as to the exchange rate used. Indeed the dollar exchange rate fixed by the OAU is US\$ 1.00 to 1.95 Swiss Franc.

On the Swiss money market, however, the dollar rate floats and changes every day. It has been higher than 1.95 SF and at times lower than 2.12 SF, in other words the rate has fluctuated between 1.95 and 2.12 SF to the dollar.

This difference in rate results in profit when transfers are made from the dollar account to the Swiss Franc Account, in so far as the official exchange rate has always been higher than the OAU exchange rate. Inversely these transfers would have resulted in losses on exchange. This did not happen during the 1982-83 financial year.

It is therefore strongly recommended that care should be taken about such operations and the profits thus derived should be recorded.

### 3. Unutilized M.C.O.s

The Swiss - Air Company issues credit coupons to the Geneva Office for unused MCOs against their bills.

The accounting records show that the credit coupons are used to adjust the amounts of the bills although they are receipts and should have entered in the books as income for which receipt vouchers should have been issued. This would have been in conformity with the Accounting Procedures and would have given a more exact picture of the state of the accounts.

### Budget Control of Expenditure

The table hereunder shows over expenditure under some codes and indicates those codes which call for comments.

Code	Description	Allocation	Expenditure	Difference	Difference in % age
100	Emoluments	261,724.00	278,617.36	16,893.36	+ 6.45%
200	Initial Recruitment	-	57.00	57.00	+ 100%
202	Travel on Transfer	-	1,187.08	1,187.08	+ 100%
205	Housing Allowance	187,200.00	175,543.20	11,656.80	-
206	OAU Pension Scheme	27,117.00	35,779.08	8,662.08	+ 32%
208	Medical Scheme	30,000.00	44,649.07	14,649.07	+ 49%
209	Gratuity	-	1,272.60	1,272.60	+ 100%
213	Post Adjustment	67,312.00	110,150.26	42,838.26	+ 64%
402	Maintenance of Equipment	1,000.00	1,132.29	132.29	+ 13.2%

This table of budget control of expenditure leads me to make the following comments:

- 1) No allocations were made under Codes 200 - 202 and 209, hence the 180% over expenditure.

2) Housing allowance (205) which was not overspent has been entered in the table to show the specific nature of the allowance granted to the staff members of the Geneva Office. The 80% ceiling fixed by the headquarters for each professional category was complied with.

3) The medical scheme code (208) which was overspent by 49% in spite of the additional US\$ 5,000.00 allocated in the budget, seems to be open to abuse and should be checked.

Code 213 was overspent by US\$ 42,838.26 or by + 64%. The overexpenditure can be attributed to an under-estimation of the budget allocation.

#### VI. Inventory of the fleet of vehicles, furniture and office equipment

##### 1) Fleet of Vehicles

Mention should be made of the new peugeot 505, number CD GE 21206 purchased to replace the old peugeot 504 which was traded-in for S.F. 1,000 to SF 15,500 (vide para IV, (B) 1).

##### 2) Furniture and Office Equipment

The new acquisitions during the financial year comprised the following:

- 1 Office table and chair for Miss Devi Ramasaw Y.	for	1,095.66 SF
- 6 telephone tables		1,370.92 "
- 1 Metal file cabinet		425.79 "
- 1 Coat-stand		201.69

##### 3) Alcoholic Beverages -- No Comments

##### 4) Office Supplies

According to the accountant Mr. Adeyinka, the accounting report on supplies is being compiled. It is to be hoped that the report will be ready for the 1983/84 financial year.

#### VII. Conclusions

The documents submitted for auditing had been well kept and supported by the necessary documents. Subject to the comments made in paragraph IV the accounts faithfully reflects the financial situation of the Permanent Mission in Geneva. At the end of my work, I acquainted H.E. Ambassador Dr. Omar Mountasser with the outcome of my audit. His answers and deep perception of things enabled me to fulfill my duty with ease and awareness. They enabled me also to see the importance of the Geneva Office and the considerable role it could play if the General Secretariat would settle its grievances including:-

- 1) The re-structuring of the Geneva Office which is said to have been endorsed by the OAU decision-making bodies but has not been carried out;

- 2) Revision of the present staff establishment on the basis of the restructuring;
- 3) The possible acquisition of larger and more functional premises;
- 4) The increase in the staff establishment with specialists in economics, finance, management and consulting economists;
- 5) The establishment of a research and documentation unit which is lacking now.

I should, in conclusion, like to thank sincerely the Executive Secretary and his staff including Mr. Adeyinka for the welcome they expended to me and for making my work easy and performed under best conditions and within schedule.

The Representative of Tunisia  
on the Board of External Auditors

Dr. A. SEDIRI

ANNEXES I - II

I. Bank Reconciliation Statement as at 31.5.1983

(Dollar Account)

	<u>US \$</u>
- Bank Balance	- 12,856.27
-- Uncashed cheque No. 54870272 of 24.5.1983	<u>3,387.75</u>
	- <u><u>16,244.02</u></u> US \$

II. Bank Reconciliation Statement as at 31.5.83

(Swiss Franc Account No. 264719.00R)

- Bank balance	110,908.09.SF
- Transfer: 27.5.83	120.60
- Transfer: 27.5.83	142.45
- Transfer: 3.5.83	<u>37.90</u>
	<u>300.95</u>
Balance according to the Journal	- <u><u>111,209.04 SF</u></u>

ANNEX IIIFinancial Situation as at 31.5.83

- Bank balance (dollar account)	- 16,244.02
- Bank balance (Swiss Franc account)	
111,209.04 SF equivalent of	- 57,020.28
at the rate of 1.95 SF to US\$ 1	
- Petty cash 500 SF eqv.	<u>256.41</u>
Balance as at 31.5.83	- <u><u>73,017.89</u></u> US \$

Petty cash position as at 3.5.83 (NB)

- Balance as at 30.4.83	500.00 SF
- Expenditure of the month	- <u>37.90</u>
	<u>462.10</u>
- Deposit	+ <u>39.90</u>
- Balance as at 31.5.83	<u><u>500.00</u></u> SF

NB. The petty cash account is replenished with fixed amounts of 500 SF and is always checked at the end of the month.

ANNEXStatement of Expenditure from 1st June, 1982 to 31st May 83

(in US dollars)

- June	59807.07
- July	76459.83
- August	26164.06
- September	80524.81
- October	72819.24
- November	29740.08
- December	89431.89
- January	66683.59
- February	56024.00
- March	59106.17
- April	71275.56
- May	<u>55232.62</u>
	<u><u>US\$74,3268.92</u></u>



COUNCIL OF MINISTERS  
FOURTIETH ORDINARY SESSION  
Addis Ababa -- Ethiopia

CM/1225 (XL) Add. XII  
ORIGINAL: FRENCH

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF THE  
OAU ACCRA REGIONAL OFFICE FOR THE FINANCIAL YEAR 31st  
MAY 1983

OAU REGIONAL OFFICE

ACCRA - GHANA

No.

Subject: 1982/83 External Audit

Ref: L/No 041/SG/DG - 83/OAU

dated 19 August 1983

- Telex No. 0093/MET/DGB/DB/RHS of 11 July 1983

REPORT

I have the honour to inform you of the following:

Pursuant to the above telex, I audited the accounts of the OAU Regional Office in Accra for the 1982/1983 fiscal year from 22 to 30 August 1983. The audit exercise covered the accounts of the period from 1 June 1982 to 31 May 1983. I would like to make the following observations in the light of this audit exercise.

I FINANCIAL SITUATION AS AT 31 MAY 1983

CM/1225 (XL) Add. III  
Page 2

The following table shows the financial situation of the OAU Accra Office at the end of the fiscal year under review.

INCOME AND EXPENDITURE  
1982/1983 FINANCIAL YEAR  
IN US \$

I N C O M E					Total	E X P E N D I T U R E				Total
Month	Sub.	Deposit	Over Pay- ment	Allowance		Budgetary Expenditure	Obligations 1981/82	Expenditure on Account of OAU S. G.	Commissi- ons	
Balance 81/82					17,589.48					
June 82						9,575.56				9,575.56
July 82						7,204.83				7,204.83
August 82						8,270.03				8,270.03
Sept. 82	25,000.00				25,000.00	13,317.97				13,317.97
Oct. 82						6,538.31				6,538.31
November 82						6,540.13				6,540.13
December 82	100,000.00				100,000.00	12,891.10				12,891.10
January 83			102.00		102.00	11,433.00				11,433.00
February 83						8,575.46				8,575.46
March 83						21,716.13				21,716.13
April 83		4,340.00		1,210.75	5,550.75	15,044.42				15,054.42
May 83	15,000.00	590.00			15,590.00	19,039.50	5,469.86	1,848.73	32.01	26,390.10
GRAND TOTAL	140,000.00	4,930.00	102.00	1,210.75	163,832.23	140,156.44	5,469.86	1,848.73	32.01	147,507.04

A. INCOME

The subventions received from the Headquarters of the Organization are the sole source of income of the OAU Regional Office in Accra. It is therefore necessary to draw the attention of the Headquarters to this state of affairs which should be taken into consideration as a valid reason in the distribution of these subventions. This appears even more realistic for the Accra Office in so far as the task of nutrition assigned to it is of vital importance to most of our African States.

Regarding the management of the 1982/1983 budget, the subventions received from headquarters amounted to US\$ 140,000.00 to which was added a few incidental receipts which raised the total income to US\$ 163,832.23.

B. EXPENDITURE

The total expenditure during the financial year audited amounted to US\$ 147,507.04 and this has been recapitulated in the preceding table. Compared therefore to the effective receipts there is a credit balance of US\$ 16,325.19.

C. BANK STATEMENTS

From the adjacent table, it can be seen that there is a credit balance of US\$ 16,325.19 or C 489,265.95 by the end of the financial year.

Bank reconciliation for 1982/83 ( in US dollars)

Balance as at 1/6/1982	9,360.46
Cheques issued by Addis but not credited	14,739.95
Cheques issued but not presented at the Bank	7,775.22
Balance as at 31/5/1983	16,325.19

II. BUDGET PERFORMANCE DURING THE 1982/1983 FINANCIAL YEAR

On a preliminary reading of the table hereunder, one would be tempted to be satisfied with the positive balance. However, it should be noted that the gross balance, includes 1982/1983 obligations, which were expenses incurred but not paid for. These obligations amount to US\$ 5,700.00.

However, I have had the opportunity once again, to note with satisfaction that the financial management of the Accra Office remains healthy. Proof of this are the few rare overexpenditures under certain codes of Sections II and VI which moreover, do not only appear to be unforeseeable but do not consequentially affect the overall balance as a whole. The tabulation hereunder therefore provides information in this regard: 1982/1983 (in US \$)

Section and Codes	Description	Appropriation	Expenditure	Obligations	Balance
I (100 to 103)	Staff Salaries	61,112.00	60,209.12	-	902.88
II (200 to 215)	Common Staff Costs	36,760.00	37,519.13	1,000.00	-1,759.13
III (300)	Travel on official mission	14,250.00	6,393.05	1,000.00	6,856.95
IV (400 to 406)	Rental and maintenance of premises and equipment	22,200.00	19,544.57	2,500.00	157.23
V (500 to 504)	Communications	4,400.00	2,200.00	2,200.00	1,111.72
VI (600 to 611)	Stationery and office supplies	6,300.00	7,237.93	200.00	-1,137.93
VII (700 to 709)	Capital Expenditure	7,050.00	6,964.36	-	85.64
		152,072.00	140,156.44	5,700.00	6,215.56

III. FINANCIAL AND ACCOUNTING MANAGEMENT

Here too, and as I have pointed out in my report on C.E.L.H.T.O. in Niamey, there is no internal auditor. Yet everything is done correctly and all the books and accounting records were submitted to me for examination.

A. Accounts Documents

From the ledger to the stock inventory sheets through the income and disbursement journal, the monthly balance sheet and the bank reconciliation statement, I observed that all the entries have been made, thus denoting the second knowledge of bookkeeping of the accountant. Furthermore, the two separate advances recoverable cards have been well kept.

B. Supporting Accounts Documents

1. Disbursement vouchers

Here also, the seriousness with which the accountant performs his duties enabled me to clearly understand the invoices accompanied by vouchers showing the sources of supplies. All these invoices moreover were subjected to very careful scrutiny.

2. Receipt vouchers

There is nothing special to say in this regard in so far as all incomes necessitating receipts came from the Headquarters of the Organization in the form of subventions.

RECOMMENDATIONS

For the Accra Office, it is a host of recommendations that should be made. However, I shall here confine myself to the salient ones especially regarding the staff in Ghana working for the OAU. Certainly, an external auditor as I would not like to portray myself as a defender of workers' rights, but in the light of certain socio-economic problems which I faced during this mission, I am duty bound to underscore the possible adverse consequences which these problems could engender. Among others, the case of that staff with multiple duties deserves attention.

It is Mr. Jean-Marc Couessu, and he is in fact the staff I am referring to. He is used in the Accra Office not only as a bilingual secretary (English/French) but also as a translator, interpreter because it was through him that I managed to communicate with the accountant. Furthermore, he performs all protocol duties (meeting and welcoming personalities, making flight bookings, etc).

To my mind, Mr. Couessu's already good performance could become excellent if the headquarters of the Organization increased his salary. Of course if it is not yet opportune to make him a statutory staff of the Organization, I think that granting a few service allowances over and above his salary could for the time being solve the problem of this staff who moreover is not a Ghanaian.

On the other hand, it would also be worthwhile for the Accra Office to have among its staff a secretary who could be assigned the operation of the telephone and telex machine for which the consent of the headquarters has already been obtained. I therefore strongly recommend the recruitment of the candidate proposed by Ambassador Elbatt. There is also the need to recruit another driver for the service car of the Accra Office.

Regarding the rolling-stock, the service car should be reconditioned a matter of urgency pending its replacement.

#### CONCLUSION:

Each time that I have had the opportunity of auditing the accounts of the Accra Regional Office the warm human presence of Ambassador Elbatt, the constant readiness of the entire staff have always contributed ~~in easing a great deal the accomplishment of my mission. And once again this tradition has been the rule and~~ it is from the bottom of my heart that I extend my most heartfelt thanks to all of them.

Finally, it is also through the dynamic and enlightened intervention of Ambassador El Batt that I succeeded in obtaining my per diem from the Bank of Ghana.

Done in Accra, 30 August 1983

KOBLAVI K. ROBERT  
Administrateur des Services Financiers  
République de Haute Volta  
B P 7012  
Ouagadougou, HAUTE VOLTA

COUNCIL OF MINISTERS

FORTIETH ORDINARY SESSION

Addis Ababa - Ethiopia

27 February - 7 March, 1984

CM/1225 (XL) Add.XIII

ORIGINAL : FRENCH

AUDIT REPORT ON THE ACCOUNTS OF THE CENTRE FOR

LINGUISTIC AND HISTORICAL STUDIES

BY ORAL TRADITIONS

NIAMEY - NIGER



CENTRE FOR LINGUISTIC AND HISTORICAL  
STUDIES BY ORAL TRADITIONS - OAU  
BP 876 - NIAMEY - NIGER

NO.

SUBJECT : External Audit Report.  
1982/1983 Fiscal year.

REPORT

I have the honour to inform you of the following:

On the strength of a Telex No.0093/MEF/DGE/DB of 11 July 1983 signed by the Minister of Economic Planning and Finance of the Republic of Upper Volta and a letter N.041/SG/ DF-83 dated 19 April 1983 by the OAU Director of Finance, I audited the accounts of the OAU Centre for Linguistic and Historical Studies by Oral Tradition (CELHTO/OAU) for the 1982/1983 financial year.

The audit exercise took place from 15 to 21 August 1983 and covered the period 1 June 1982 to 31 May 1983. The audit of the various accounting books and records submitted by the Head of the Finance Division of the Centre calls for the following observations.

FINANCIAL SITUATION AS AT 31 MAY 1983

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Page 2

The tables hereunder show the various expenses made under each code compared with the receipts of the financial year under review.

ORGANIZATION OF AFRICAN UNITY  
CENTRE FOR LINGUISTIC AND HISTORICAL STUDIES BY ORAL TRADITION

NIAMEY - NIGER

BREAK DOWN OF INCOME  
AS AT 31 MAY 1983.

1. SUBVENTIONS

	US\$	US\$
1-1 Subvention received from Addis Ababa.....	275,000.00	
1-2 UNESCO's Subvention.....	16,976.27	
1-3 ACCT subvention .....	<u>5,932.20</u>	297,908.47

2. MISCELLANEOUS INCOME

2-1 Sales of publications.....	524.41	
2-2 Rent revenues.....	1,752.53	
2-3 Interest on car loan.....	348.86	
2-4 Miscellaneous.....	<u>7,515.31</u>	<u>10,141.11</u>

TOTAL US\$.....

308,049.58

EXPENDITURES AND OBLIGATIONSAS AT 31 MAY 1983

(ALL FIGURES IN US DOLLARS)

CODE	DESCRIPTION	APPROPRIATIONS	ACTUAL EXPENDITURE	OBLIGATIONS	ACCUMULATED EXPENSES	BALANCE
	<u>SECTION I</u>					
100	Personal Emoluments	1,981,178.96	138,680.47	316.71	138,997.18	59,181.78
102	Temporary assistance	300.00	-	-	-	300.00
	TOTAL SECTION I	1,984,478.96	138,680.47	316.71	138,997.18	59,481.78
	<u>SECTION II</u>					
201	Travel on home leave	3,000.00	3,862.95	-	3,862.95	(862.95)
202	Travel on transfer	-	2,603.79	-	2,603.79	(2,603.79)
203	Installation allowance	12,960.00	-	-	-	12,960.00
204	Dependency allowance	20,200.00	10,637.72	91.67	10,729.39	9,470.61
205	Housing allowance	82,560.00	43,915.95	-	43,915.95	38,644.05
206	OAU pension fund	20,000.00	7,413.84	5,602.70	13,016.54	6,983.46
207	OAU group insurance scheme	7,192.95	6,937.16	-	6,937.16	255.79
208	OAU medical scheme	2,500.00	1,244.32	2.30	1,246.62	1,253.38
212	Education allowance	14,400.00	1,670.81	5,529.19	7,200.00	7,200.00
213	Post adjustment allowance	50,000.00	41,541.35	37.80	41,579.15	8,420.00
	TOTAL SECTION II.....	212,812.95	119,827.89	11,263.66	131,091.55	81,721.40

CODES	DESCRIPTION	APPROPRIATIONS	ACTUAL EXPENDITURE	OBLIGATIONS	ACCUMULATED EXPENSES	BALANCE
305	<u>SECTION III</u> Travel on Official Mission	13,000.00	9,044.52	3,955.48	13,000.00	-
	TOTAL SECTION III	13,000.00	9,044.52	3,955.48	13,000.00	-
401 402 403 404 406	<u>SECTION IV</u> Maintenance of vehicles	7,500.00 2,500.00 2,000.00 10,000.00 3,000.00	6,669.55 1,609.80 956.00 9,583.98 2,197.03	830.45 208.33 169.49 416.02 -	7,500.00 1,818.13 1,125.49 10,000.00 2,179.03	- 681.87 971.51 - 820.97
	Maintenance of equipment					
	Maintenance of premises					
	Public utilities (water and electricity)					
	Insurance of Vehicles and Equipment					
	TOTAL SECTION IV	25,000.00	20,998.36	1,624.29	22,622.65	2,374.35
504	<u>SECTION V</u> Communications	8,000.00	5,400.91	2,599.09	8,000.00	-
	TOTAL SECTION V					

CODE	DESCRIPTION	APPROPRIATIONS	ACTUAL EXPENDITURE	OBLIGATIONS	ACCUMULATED EXPENSES	BALANCE
	<b>SECTION VI</b>					
600	Stationery and Office Supplies	3,000.00	2,059.55	621.71	2,681.26	318.74
601	Bank charges and Revenue Stamps	300.00	236.77	63.23	300.00	-
603(i)	Ordinary hospitality	500.00	174.00	-	174.00	-
603(ii)	OAU Day Reception	1,500.00	-	-	1,500.00	-
604	Staff Welfare	300.00	-	-	-	300.00
605	Library books and services	1,000.00	213.25	786.75	1,000.00	-
606	Subscription to Newspapers and Periodicals	400.00	301.97	98.03	400.00	-
607	Other services and supplies	1,200.00	729.05	100.00	829.05	370.95
608	Printing of Documents and Publications	20,000.00	4,693.20	3,141.29	7,834.49	12,165.51
609	Translation and additional Secretarial Services	600.00	-	-	-	600.00
610	Training and Research Projects	6,000.00	-	1,500.00	1,500.00	4,500.00
615	Publications in African languages	3,000.00	-	1,500.00	1,500.00	1,500.00
	<b>TOTAL SECTION VI</b>	<b>37,800.00</b>	<b>8,407.79</b>	<b>7,811.01</b>	<b>16,218.80</b>	<b>21,581.20</b>

CODE	DESCRIPTION	APPROPRIATIONS	ACTUAL EXPENDITURE	COMMENTS	ACCUMULATED EXPENSES	BALANCE
	<u>SECTION VII</u>					
701	Improvement to premises	1,000.00	-	-	-	1,000.00
702	Furniture and Fixtures	2,000.00	-	-	-	2,000.00
705	Telecommunications Equipment	400.00	-	-	-	400.00
706	Press and Information Equipment Publications	400.00	-	-	-	400.00
	TOTAL SECTION VII	3,800.00	-	-	-	3,800.00
	<u>SECTION VIII</u>					
800	Conferences and Meetings	10,000.00	-	-	-	10,000.00
	TOTAL SECTION VIII	10,000.00	-	-	-	10,000.00
	<u>SECTION IX</u>					
900	Field work	48,000.00	4,681.64	5,489.36	10,171.00	37,829.00
	TOTAL SECTION IX	48,000.00	4,681.64	5,489.36	10,171.00	37,829.00
	GRAND TOTAL	556,891.91	307,041.58	33,059.60	340,101.18	216,790.73

RECAPITULATION OF MONTHLY EXPENDITURE  
AND OBLIGATIONS

(All figures in US\$)

<u>MONTH</u>		<u>MONTHLY EXPENDITURE</u>	<u>ACCUMULATED EXPENDITURE</u>
June	1982	85,195.63	85,195.63
July	"	19,748.96	104,944.59
August	"	30,491.32	135,435.91
September	"	13,476.89	148,912.80
October	"	42,178.05	191,090.85
November	"	30,303.42	221,394.27
December	"	26,705.50	248,099.77
January	1983	36,207.92	284,307.69
February	"	28,450.36	312,758.55
March	"	20,073.75	332,832.30
April	"	25,097.78	357,930.08
May	"	17,864.44	375,794.52
Obligation as at 31/5/1983.....			55,968.07
TOTAL EXPENDITURE AND OBLIGATIONS IN US\$			<u><u>431,762.59</u></u>

RECAPITULATION OF THE OBLIGATIONS  
AS AT 31 MAY 1983

UNESCO	16,976.27
ACCT	<u>5,932.20</u>
TOTAL US\$	<u>22,908.47</u> =====



BANK RECONCILIATION STATEMENT AS AT 31/5/83ACCOUNT NO.00 013 795

Balance according to Bank Statement = CFAF

8,866.755

8,866.755Dt

Plus cheques not presented at the Bank :

<u>Date</u>	<u>Cheque No.</u>	<u>Amount in CFAF</u>	
18/05/83	0325446	210,705	
23/05/83	Bank transfer	<u>117,165</u>	<u>327,870Dt</u>
			<u>9,194,625Dt</u>

ACCOUNT NO. 00 04 012986

Balance according to Bank Statement = CFAF

2,703,785

2,703,785CT

Minus Cheques not presented at the Bank:

<u>Date</u>	<u>Cheque No.</u>	<u>Amount in CFAF</u>	
23/05/83	Bank transfer	584,670	
23/05/83	Bank transfer	<u>473,784</u>	<u>1,063,454</u>
			<u>1,640,331Ct</u>

ACCOUNT NO. 4527/0

Balance according to Bank Statement

US\$

219,09

219,09 CtRECONCILED BALANCE AND PETTY CASH EXPENDITURE

Bank Account No. 00 01 013795 F CFA

9,194.625.....\$31,168.22Dt

No. 00 04 012986 F CFA

1,640.331.....\$ 5,560.44Ct

No. 4527/0

\$ 219.09Ct

Petty Cash Expenditure F CFA

50.000.....\$ 169.49Ct

\$25,219.20Dt

RECAPITULATION OF ADVANCES RECOVERABLE AS AT 31/5/83

	<u>SALARIES</u>	<u>CAR LOAN</u>
	AR/1	AR/2
Mr. Dioulde Laya.....	287.77	-
Mr. Abdelkader Bencheick.....	-	833.20
Mr. Traore Boubacar Mahamane.....	-	3,020.64
Mr. Mangone Niang.....	-	2,604.00
Mrs. Tchêrnaka Rahila.....	-	700.00
Mr. Moussa Koyssogo.....	25.47	-
Mr. Boubacar Oumarou.....	-	66.74
Mr. Adamou Tini.....	36.94	-
Mr. Timothee Djonou.....	153.60	-
Mr. Aboubacar Mahamane.....	216.22	-
Mr. Hima Moussa.....	97.22	-
	<u>US\$ 817.22</u>	<u>7,224.58</u>

RECAPITULATION OF EXPENSES INCURRED BY THE CENTRE  
ON BEHALF OF THE GENERAL SECRETARIAT AT ADDIS ABABA  
AND NOT REIMBURSED AS AT 31 MAY 1983

Air Afrique

Air ticket issued to Mr. A.T. Akpan on official mission to Nairobi

Reference Telex SG 1193..... \$282.46

Mr. Compaore Paul Marie -- External Auditor

Per diem - Reference DV 19/8..... \$367.00

Mr. Dioulde Laya

Expenses while on official mission to Cotonou

Reference your Telex SG 169..... \$144.00

Mr. Dioulde Laya

Expenses while on official mission to Cotonou

Reference your Telex SG 433 ..... \$511.00

Air Afrique

Air ticket issued to Mr. Dioulde Laya on official mission to Ouagadougou..... \$168.55

To be BROUGHT FORWARD..... \$1,473.01

RECAPITULATION OF THE EXPENSES INCURRED BY THE  
CENTRE ON BEHALF OF THE GENERAL SECRETARIAT IN  
ADDIS ABABA AND NOT REIMBURSED AS AT 31 MAY 1983

BROUGHT FORWARD \$1,473.01

- Air ticket issued to Mr. Bakwesegha  
Reference Mr. Paul Aryee's memo..... \$3,045.85
- Air ticket issued to Mr. Dioulde Laya on official mission to Cotonou..... \$ 312.97

Mr. Mangone Niang

- Expenses on official mission to Yacunde  
Reference Telex SG 433..... \$ 287.50

TOTAL US\$..... \$ 5,119.33

GENERAL RECAPITULATION OF THE INVENTORY AS AT 31/05/83

<u>DESCRIPTION</u>	<u>AMOUNT US\$</u>
1. Office Supply.....	1,568.06
2. Maintenance of equipment.....	44.62
3. Office equipment.....	16,302.57
4. Office furniture.....	8,631.25
5. Rolling Stock.....	6,775.82
6. Rolling stock equipment.....	208.52
7. Technical equipment in stock.....	3,098.77
8. Loaned technical equipment.....	1,120.71
9. Cooking utensils.....	440.31
10. Publications.....	139,749.15
11. Library books.....	717.71
	<hr/>
TOTAL US\$.....	178,657.49
	<hr/>

Some observations regarding the tables:

A. INCOME

Subventions from the OAU Headquarters often constitute the bulk of CELHTO's total budget. Unfortunately, however, for the financial year audited, these subventions represent only 49.38% of the CELHTO's over-all budget whereas in the 1981/82 fiscal year they far exceeded the 50% threshold.

Admittedly, this significant drop would certainly be attributed to the fact that in 1982/83 the Organization was beset with many political problems which compelled it to adopt austere financial measures.

Fortunately UNESCO and ACCT continue to provide the Centre with quite significant financial assistance.

Moreover, in order to reach the figure of US\$308,049.58 which constitutes the over-all amount of the appropriations actually received from 1/6/1982 to 31 May 1983 the Centre has had to fall on various receipts accruing from the sale of publications, guest room fees, interest on car loans, scrapped equipment and gains on Bank transactions.

B. EXPENDITURE

The budgetary expenditure actually incurred and liquidated during the 1982/1983 fiscal year amounted to US\$307,041. To this should be added five other categories of expenses.

These are:

- The 1982 - 1983 obligations i.e expenditure normally incurred but not liquidated.....	US\$ 33,633.60
- The 1981 - 1982 obligations committed during the previous fiscal year but not liquidated during the 1982 - 1983 financial year.....	US\$ 63,633.61
- Expenditure incurred on behalf of UNESCO.....	US\$ 16,976.27
- Expenditure settled on behalf of ACCT.....	US\$ 5,932.20
- Expenditure incurred upon instructions from Addis Ababa.....	US\$ 5,119.33
- All these expenses increased by.....	<u>US\$307.041.58</u>
Give a total balance of.....	<u><u>US\$431,762.59</u></u>

The total amount of these expenses compared to the over-all income to which is added the balance as at 31 May 1982 and carried forward to the following financial year shows a gross deficit of US\$96,688.23. This deficit was however absorbed thanks to a subvention received from Headquarters at the beginning of the current financial year.

#### C. BANK STATEMENTS

The Bank and cash statements as recorded in the corresponding table show a deficit balance of US\$25,219.20 at the end of the financial year (31 May 1983).

## II. BUDGET PERFORMANCE

It can be seen from the table hereunder that during the 1982 - 1983 financial year the Centre for Linguistic and Historical Studies by Oral Tradition spent only 67.48% of its total budget.

(ALL FIGURES IN US DOLLARS)				
Appropriations	Actual Expenditure	CEHTO Obligations	ACCT/UNESCO Obligations	Balance
556,891.91	375,794.52	33,059.60	22,908.47	125,129.32

Besides, it should further be pointed out that the balance as shown in the preceeding table is only indicative since all the appropriations were not received in full.

However, the interesting thing to note as far as CELHTO accounts are concerned, and this is a proof of good management, is that throughout the financial year no over expenditure has been incurred under any code compared to the approved appropriations.

### SECTION I. Code 100 : STAFF SALARIES

Code 100 shows a credit balance of US\$59,481.76. Admittedly, at a glance this balance seems abnormal. However, when looked at critically, it can be justified especially from the fact that some posts under this code have still not yet been filled. This applies for instance to the post, Head of the Historical Section and that of a translator which are still vacant.



SECTION II Code "200" COMMON STAFF COST.

Under this Section, apart from Codes 200 and 201 which were slightly over expended, the over-all credit balance is US\$81,721.40.

SECTION III. Code 305 - TRAVEL ON OFFICIAL MISSION

The appropriations under this code amounting to US\$13,000 have been fully spent.

SECTION IV. Code "400" - RENTAL AND MAINTENANCE OF PREMISES AND EQUIPMENT

Under this Section the over-all credit balance is US\$2,377.35.

SECTION V. Codes "500" - COMMUNICATIONS

It appears that the problems previously facing CELHTO in respect of various communications expenses have been definitively resolved. Indeed, during the financial year under review, the expenses incurred and liquidated were within the range of the appropriations approved under this code i.e. US\$8,000 00

SECTION VI.- Codes 600 to 615 - MISCELLANEOUS SUPPLIES AND SERVICES

Out of a total appropriation of US\$37,800 under this Section, only US\$16,218.80 was effectively spent, thus leaving a balance of US\$21,581.20.

SECTION VII. Codes "700" - CAPITAL EXPENDITURE

Between the period 1/6/82 to 31 May 1983 no expenditure was incurred under this Section which had a total appropriation of US\$3,800.00.

SECTION VIII. - Codes 800 to 802 - CONFERENCES AND MEETINGS

Under this Section as well, the US\$10,000.00 appropriation has not been utilized.

SECTION IX. Codes "900" - FIELD WORK

The total balance under this Section amounted to over US\$37,829.00. Finally, as indicated above, these savings have been possible thanks to the good management and sense of duty demonstrated by the Accountant who despite the absence of an internal auditor, has always discharged his duty faithfully and competently.

III. CELHO's FINANCIAL AND ACCOUNTING MANAGEMENT

Earlier on, I reported the absence of an internal auditor. And yet, the Accountant has been able to keep the accounts properly, which made it possible to have easy access to all the following accounting books and documents.

A.- ACCOUNTING DOCUMENTS

These consist of:

- The ledger in which all daily debit and credit entries are made.
- The income and disbursement journal which shows the daily records of income and expenditure. In this same journal are also recorded the various bank transactions.
- The monthly balance sheet of appropriations prepared at the end of every month showing the situation of the various budgetary codes.
- The bank reconciliation statement prepared every month on the basis of bank statements and uncashed cheques.
- The individual cards indicating the state of the advances recoverable.
- An inventory sheet of the office supplies, maintenance equipment, office metal furniture, rolling stock and rolling stock equipment, technical equipment in stock or issued out, cooking utensils and publications.

B. EXPENSES AND INCOME SUPPORTING DOCUMENTS

1. Invoices

All invoices together with their supporting documents were duly checked against their corresponding entries in the ledger.

2. Income

The Accountant issues receipts from the counterfoil book for all payments made to the office. Similarly, the recipient of payment made in cash from the petty cash issues a receipt to the Accountant against such payment.

3. Summary Statements

All summary statements in respect of both the disbursement and income vouchers were prepared by the Accountant in his report at the end of the financial year and there is no need mentioning them at this stage again.

4. Recommendations

In the light of the recommendations made by the Upper Volta representative who served on the board of external auditors during the 1981/82 financial year audit exercise, I would like to make the following suggestions:

- A French/English Translator should be posted to the Centre for Linguistic and Historical Studies by Oral Tradition.
- For an effective control of the physical accounting of the office, the audit period should be extended by at least two days to make it possible to compare in greater detail the inventories in relation to the real stock.

- In conclusion, I should like to express my sincere gratitude to the entire staff of the Centre for Linguistic and Historical Studies by Oral Tradition for their co-operation. I should like to commend especially the Director and the Accountant for their high sense of duty and abnegation.

I carried out my mission in very good working conditions due to the excellent management of the Centre.

Finally, before leaving for Accra the Niger Office paid me my per diem to cover the period, 15 to 21 August 1983.

Niamey, 20 August 1983

KOBLAVI KOCOU ROBERT

Administrateur des Services Financiers

Direction Generale du Budget

B.P. 7012

Ouagadougou - HAUTE VOLTA

COUNCIL OF MINISTERS  
Fortieth Ordinary Session  
Addis Ababa - Ethiopia  
27 February - 7 March, 1984

CM/1225 (XL) Add.XIV  
ORIGINAL: FRENCH

AUDIT REPORT OF THE ACCOUNTS OF THE TUNIS PERMANENT  
DELEGATIONS TO THE LEAGUE OF ARAB STATES IN TUNIS

I Brief presentations of the Accounts of the Tunis Permanent

Delegation to the League of Arab States in Tunis

- Head of the Office - H.E. Ambassador Boubacar Kante
- Date of establishment: November 1980
- Date of effective operation: May 1981
- Address: 19 Rue Jaafar El Barmaki: El Menzah  
B.P. 76  
1004 El Menzah - Tunis - Tel. 285.772
- Function: Promotion of Afro-Arab co-operation.
- Status : Permanent Delegation to the League of Arab  
States in Tunis.
- Working hours: 8 AM - 2 PM (consistent with the working hours  
of the League).
- Normal strength: 10
- Funding source: - Budget appropriation: US \$ 328,051.00  
- Increase of US \$ 70,327.00 compared to 1981 - 1982  
- Currency: - Dinar US \$ 1 = about D 0,651 (variable rate)
- Means of transport: 1 car
- Audit mission: Financial year 1982 - 1983.

Introduction

The 1982 - 1983 Financial year audit of the OAU Permanent Delegation to the League of Arab States in Tunis was made by the representative of Tunisia on the Board of External Auditors from July 28 to 6 August 1983.

As agreed by the competent authorities, the audit date was postponed to enable the Executive Secretary and the Accountant to take their leave.

Under Article 3 of the Financial Regulations, the Financial Year begins 1 June and ends 31 May. The financial statements attached to this Report show the state of the accounts of the Office during the period 1 June 1982 to 31 May 1983.

The monetary unit is the American dollar. Transactions in Tunisia are made in Dinars through bank transfers from the Dollar Account to the Dinar Account on the basis of an exchange rate fixed by the headquarters of the OAU Secretariat. That rate which was pegged at 0.500 has been raised as from June 1983, to OD.650 to the dollar.

The following accounting records were audited:

- Receipt Vouchers
- Petty Cash Vouchers
- Adjustment Vouchers
- Disbursement Vouchers
- The Journal
- The Ledger
- Advances Recoverable cards
- Budget Control Book
- Bank Reconciliation Statements

Audit of Receipts

The OAU General Secretariat's subvention is the main source of the Permanent Delegation's income. For the Financial Year 1982 - 1983, the appropriation was US \$ 328,051.00, an increase of US \$ 70,327 compared to 1981 - 1982.

In that budget, the subventions received have been summarized as follows:

- 9/9/1982	US \$	25,000.00	
- November 1982	"	50,000.00	
- January 1983	"	100,000.00	205,000.00
- May 1983	"	<u>30,000.00</u>	
		<u>205,000.00</u>	

To these transfers must be added reimbursements to the tune of US \$ 1,385.32 making a total of US \$ 206,385.32.

### Cash Position

At the beginning of the Financial year on 1st June 1982, the Delegation had a credit balance of over US \$ 82,819.11 in its Dollar Account. By that same date, the balances in the Dollar and Dinar Accounts were as follows:

1. US Dollars	US \$	82,819.11
2. Tunisian Dinars D1,707.882 or	"	3,418.76
3. Petty Cash	"	<u>16.53</u>

Total cash balance carried forward:	US \$	<u>79,416.88</u>
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Subvention received	206,385.32
---------------------	------------

### Misc. Receipts

- Interest (profit) obtained (Dinar a/c)	36.52
- Gain on exchange	23,472.84
- Interest on car loan	<u>35.93</u>
	309,347.49

The cash balance as at 31 May 1983 is as follows:

Dollar Account	15,465.19
Subvention	30,000.00
Dinar Account (1,204.660) OR	2,409.32
Petty Cash	<u>32.56</u>
	<u>47,907.07</u>

### Recommendation:

It is strongly recommended that a small safe be bought for cash receipts and petty cash as well as for keeping draft postings.

While auditing the latter, we noted that the cash was kept by the Accountant in an envelope in his personal attaché-case. This practice is not in conformity with the principle of separating personal funds from those of the Organization. It is recommended that a file be opened for filing receipt vouchers so as to simplify the accounting.



III Audit of Disbursements

As at 31 May 1983, total expenditures stood at US \$ 273,322.94 as against a budget of US \$ 328,051.00 including last years obligations.

Observations:

1. According to DV No 3/10, the sum of D 40 (forty dinars) or US \$ 61.50 at the rate of 0.650 to the dollar was paid as tip to the staff of Hotel Africa.  
  
Strictly speaking, such payments which do not correspond to any real service or for that matter, to any concrete payment, are irregular under Article 50 of the Financial Regulations. Certainly, tips have now become a practice in everyday life. This question is addressed to the competent authorities for the right solution to be found to this problem facing almost every country.
2. By DV No 13/6 the sum of D 130.872 was paid in respect of motor vehicle insurance for the period April 1982 to April 1983.  
  
This payment was charged to the Financial Year 1981-1982. Regarding expenses which overlap 2 Financial Years, it is proposed that when the next payment is due, it should be made in two instalments with each payment corresponding to the period of the Financial Year concerned in a way as to avoid a repeated overlapping of this expenditure in the future. This will also relate expenditures to the Financial Year in which they are made.
3. We noted the refund of medical expenses incurred in May 1981 but refunded in June 1982 and posted under the 1981-1982 Financial Year. We are of the opinion that in the absence of a proforma supported by a requisition, such disbursements should be changed to the Financial Year during which the refund was made.  
  
For instance, the date of a medical visit cannot constitute a legally binding act in the strict sense of Article 4 of the Financial Regulations.

Recommendations:

Regarding disbursements, there is the need to adhere strictly to the stipulations of Article 4 of the Financial Regulations which provide a further period of three months during which legally obligated financial transactions should be effected before 31 May if these have not been regularized.

It is inadmissible and a serious shortcoming for an Accountant to keep money belonging to the Organization on himself. The same applies to the absence of a cash register which had existed before the arrival of the new Accountant.

Regarding the management of funds, audit of the expenditures brought to light over expenditures on the codes listed hereunder:

208	Medical refund		
	Over expenditure of	US \$	232.91
213	Post Adjustment Allowance		
	Over expenditure of	US \$	251.17
401	Maintenance of Premises		
	Over expenditure of	US \$	1,957.03
402	Maintenance of Equipment		
	Over expenditure of	US \$	89.87
500	Telegrams		
504	Freight		
	Over expenditure of	US \$	2,077.80

It should be pointed out that these over-expenditures could have been submitted to the Advisory Committee on Administrative, Financial and Budgetary Matters if the Committee had met. However, it is general knowledge that the committee did not meet.

#### IV. Advances Recoverable

The advances recoverable have been tabulated hereunder:

Staff	Car loan	Misc.	AR/3	M C O
Mr. Kabengele	3,330.00	463.00	-	855.07
Ambassador Kante	-	-	1,382.25	937.20
Total in US \$	3,330.00	463.00	1,382.25	1,792.27

The MCOs issued to the Accountant Mr. Kabengele were authorized in a Note ref. PF/35 dated 7/12/1981 by the Director of Administration.

This transaction should be accounted for in accordance with that note.

Regarding the MCOs issued to the Executive Secretary on his initial recruitment, these should be accounted for in view of the explanations he has given. Justification for how they were utilized could not be given since he was at the time ignorant of the procedure in force.

V. Inventory of Office Supplies, Office Desks, Fittings and Equipment

A recently installed telex machine has been added to the list of equipment prepared on 31 May 1982.

The OAU Offices in Tunis are modest, without air conditioners and fans so that working conditions are painful especially in summer.

1. Stock of Wines and Spirits

We noted that there is no stock card for these drinks. Purchase and utilization of drinks are recorded on a loose sheet of paper which does not guarantee anything. Moreover we saw bottles of beer and wine in the physical stock but without any entry to show when they were stocked.

Furthermore, access to these drinks is easy and this could allow for thefts and replacements.

We therefore prepared the correct list of the drinks on the basis of the bottles found in excess.

Recommendations:

It is strongly recommended that this situation should be corrected by taking necessary measures to keep a permanent inventory and for these drinks to be put under lock and key.

VI. Conclusions

The accounting and financial organization of the Tunis Office are now definitely established.

The accounts clearly reflect the financial situation of that office. However, improvements are possible if the following recommendations are adopted:

1. Purchase of a small safe for the petty cash.
2. Opening of an inventory book and stock cards for spirits.
3. Keeping a record of office supplies, stamps, etc.

These recommendations concern, in particular, the keeping of the accounts. On the other hand, regarding the actual management of funds, and the authorization of expenditures, the Executive Secretary has shown distinction through strict management by authorizing only budgeted expenditures and priorities. Large and prestigious disbursements have been discouraged. This is why the Tunis Office did not face the financial difficulties engendered by the OAU political crises.

The staff have been paid regularly and without the least delay. This strict management is clearly reflected by certain codes whose appropriations have not been expended. These are codes 405, 603 (ii) and 707 on Improvement to premises, OAU Day reception and purchase of vehicle. These last three appropriations which are rather substantial have been saved.

These are our observations and remarks following our audit of the financial management during the financial year 1982 - 1983.

For reasons of objectivity, we held a meeting with the Executive Secretary of the Tunis office after our audit mission at which these remarks were brought to his attention. His replies and opinion on all the queries raised clarified the position and helped me in accomplishing my task conscientiously, with the intellectual honesty required and with the profound conviction that the recommendations formulated would be taken into consideration.

The Representative of Tunisia on the  
Board of External Auditors

SIGNED  
SEDIRI

FINANCIAL SITUATION AS AT 31 MAY 1982

- Balance as at 31 May 1982	US \$	79,416.88
- Subvention received	US \$	205,000.00
- Transfer	US \$	1,385.32

Miscellaneous Income:

- Intrests		
- Gain on Exchange	US \$	23,472.84
- Interest on car loan	US \$	35.93
	US \$	<u>23,508.77</u>

Balance Details:

- US dollar account	US \$	82,819.11
- Dinar account	US \$	(3,418.76)
- Petty Cash	US \$	<u>16.53</u>
		<u>79,416.89</u>

CONTRIBUTIONS TO THE OAU PENSION FUND

- Mr. Kabengele Muzemba	US \$ 77.75
- Mrs. Guenet Solomon	US \$ 52.43

FINANCIAL SITUATION AS AT 31 MAY 1983

- US dollar account	US \$	15,465.19
- Dinar account (Dinar 1,204,660) i.e.	US \$	2,409.32
- Petty Cash	US \$	<u>32.56</u>
Balance as at 31/5/1983	US \$	<u><u>47,907.07</u></u>

PETTY CASH

- 1/5/1983 carried forward	D. 88,798
- Monthly Expenditure	D. <u>72,518</u>
	<u><u>16,280</u></u>

i.e.

US \$ 32.56



Bank Reconciliation StatementAs At 31 May 1983 - Dinar Account

Balance as shown by the  
Bank Statement

1,768,936

Balance as Recorded In The  
Office's Account Book 1,204,660

Cheques not presented at  
the Bank

- 31/8/81 Cheque No. 237083	95,701
- 19/5/83 Cheque No. 0716978	10,691
- 24/5/83 Cheque No. 0716989	457,884
	<u>564,276</u>

(-564,276)1,204,660  
=====

STOCK OF ALCOHOLIC DRINKS

- Whisky (Walker)	11(b) x 5.60 =	61.60
- Old Blended (Haig)	11(b) x 12.60 =	138.60
- Gordon's Dry Gin	11(b) x 5.40 =	59.40
- Cinzano	3(b) x 3.10 =	9.30
- Cognac Hennessy	3(b) x 14.20 =	42.60

Items not recorded on  
Inventory sheet

- Beer	15(b) x 0.41 =	6.15
- White Wine	2(b) x 1.8 =	<u>3.60</u>
		321.43

GAIN ON EXCHANGE AS AT 31 MAY 1983

Vouchers

- No.	17/6	1,818.000
-	17/6	312.500
-	10/7	1,697.850
-	15/9	1,257.000
-	11/10	273.800
-	8/10	438.000
-	20/12	867.000
-	12/1	1,111.000
-	11/4	1,549.000
		<hr/>
		DT 9,324.150

Equivalent to: US \$	18,648.30
US \$	<u>4,824.54</u>
	23,472.84

BANK RECONCILIATION STATEMENT

Balance as shown by

Bank Statement

US \$ 15,465.19

- Cheque for US\$30,000 paid  
into the account

" 30,000.00

US \$ 45,465.19

- (Balance as recorded in  
the office account book

US \$ 45,463.42

Bank Charges:

23/8/1982

0.67

5/5/1983

0.85

31/5/1983

0.25

45,465.19

COUNCIL OF MINISTERS

Fortieth Ordinary Session

Addis-Ababa, Ethiopia

27 February - 7 March, 1984

CM/1225 (XL) Add. XV

ORIGINAL: ENGLISH

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF  
THE OAU SECRETARIAT TO THE ACP/EEC BRUSSELS OFFICE FOR THE  
FINANCIAL YEAR ENDED 31ST MAY 1983

REPORT OF THE BOARD OF EXTERNAL AUDITORS  
ON THE ACCOUNTS OF THE OAU SECRETARIAT  
TO THE ACP/EEC BRUSSELS OFFICE FOR THE  
FINANCIAL YEAR ENDED 31 MAY, 1983.

1. INTRODUCTION

The accounts of this office were examined by the Lesotho Representative between 29th August and 2nd September, 1983. The audit was undertaken in accordance with generally accepted auditing principles, practices and methods and it covered such selected areas of operation as were considered necessary for the purpose of the External Audit.

The accounts presented to me were generally well kept and in terms of Article 88 of the Financial Regulations of the Organization, I certify that, having obtained all the explanations necessary, in my opinion, subject to the comments contained in this report, the accounts reflect a true and fair view of the financial operations of the office for the year ended 31 May, 1983.

2. Cash Position : The cash held by the office at 31 May, 1983 totalling U.S. \$ 113,063.39 was made up as follows :

(a) U.S. External Account	\$ 106,249.09
(b) Local Currency Account	\$ 6,800.50
(c) Petty Cash Account	\$ 13.80
	<hr/>
	\$ 113,063.39
	=====

3. Gains on Foreign Exchange : In the year under review the office received a surplus of U.S. \$ 31,924.45 on foreign exchange transactions primarily due to the devaluation of the Belgian Franc.

4. Status of the Office : With reference to my Report on the 1980/81 Accounts of the Office, I have been informed that at the date of this report the office has still not been successful in obtaining the necessary legal status. In the event, the official car which was purchased in January, 1980 still remains registered in the ownership of the Director pending finality of the position.

5. Budget : In terms of the decision taken on 9th June, 1983 by the 19th Summit of Heads of State and Government held in Addis Ababa, the Budget of this office was fixed at the 1981/82 Appropriation plus ten percent. The total Appropriation was U.S. \$ 328,182.20. Expenditure including obligations was U.S. \$ 244,993.42 resulting in an overall saving of U.S. \$ 83,188.78. Details of the expenditure appear in the Annexure to this Report.

6. Excess on Codes : Despite the overall savings on the Budget, six (6) Codes of expenditure were overspent.

(a) Code 400	Rental of Premises .....	\$ 10,865.12
(b) Code 404	Electricity & Gas .....	\$ 1,513.01
(c) Code 406	Insurance of Vehicle .....	\$ 261.90
(d) Code 500	Communications .....	\$ 5,285.70
(e) Code 603 (i)	Ordinary Hospitality .....	\$ 408.97
(f) Code 606	Newspapers & Periodicals .....	\$ 154.20
TOTAL .....		\$ 18,488.90

Comments on excess of Rental of Premises appear elsewhere in this Report.

7. Calculation of Budgetary Requirements : It will be recalled that since the inception of this office the official rate of exchange between the U.S. dollar and the Belgian Franc was fixed at 30 BF to \$1 for purposes of Accounting. However, owing to the devaluation of the Belgian Franc (current average exchange rate - 54 BF to \$1) it is obvious that consideration must be given to changing the official rate of exchange; particularly due to the fact that as the Budget is prepared in local currency and converted to the US dollar and that expenditures incurred in local currency are converted to the US dollar at 30 BF, the Budget and the expenditure out-turn are, in my view, unnecessarily inflated.

RECOMMENDATION : I strongly recommend that serious consideration be given to amending the official rate of exchange to about 40 BF to the dollar. This will also have an effect on salaries of locally recruited staff.

8. Income : The only income received by the office besides ordinary miscellaneous revenue was a Subvention of \$ 150,000.00 from the General Secretariat as part remittance of the Budget Appropriation. Since the office was sufficiently liquid in the year under review it was able to discharge its financial obligations.

9. Advances Recoverable : Advances totalling \$38,209.41 were outstanding at the end of the year. Of the major advances, the following comments are pertinent :

- (i) It will be recalled that in the Financial Year 1980/81 both the Director and the Finance Officer were overpaid Post Adjustment Allowance of \$27,111.91 and \$20,629.32 respectively. I am pleased to report that progress has been made in recovering these overpayments and that at the date of this Report amounts outstanding were : Director - \$7,000.00; Finance Officer - \$13,129.32. It is hoped that efforts will continue to be made to recover the outstanding amounts.

(ii) General Secretariat - \$13,478.67. I have to point out that these advances, which have been outstanding against the General Secretariat for over two (2) years, have still not been cleared and the breakdown is as follows :

(a) 14/7/81 - Cost of home leave passage for Finance Officer - \$4,025.33. This advance should not have been recorded against the General Secretariat had timeous action been taken to provide for this leave passage in the Brussels Office Budget.

(b) August, 1981 - \$7,059.66. The advance arose as a result of assisting the MFUNI family on the occasion of the bereavement of their child.

(c) \$1,942.68 - Cost of attending an Accountants' Seminar in Addis Ababa.

RECOMMENDATION : It is recommended that serious efforts be made to clear these advances as soon as possible.

10. Rental of Office Premises :

(i) The Office moved from its original premises to a new building on 1/2/82 and arranged a Lease Agreement for nine (9) consecutive years to 31/1/91. According to records, the monthly rental, which is paid in local currency, is approximately \$3,000.00 whilst the rental plus charges for the previous building was \$1,660.00.

(ii) Part of this building which it is intended to convert into about four (4) offices is currently not utilised except for occupation by a temporary Translator.

(iii) At the date of this report the Lease Agreement has not been formally concluded (19 months after occupation) allegedly on the grounds that the draft Agreement was forwarded to the General Secretariat in December, 1982 for scrutiny and approval.



(iv) I am not aware that the prior authority of the General Secretariat was obtained for shifting premises, particularly in view of the very high rental charges for this office building.

RECOMMENDATION : It is recommended that urgent action be taken to regularize occupation of the new premises.

11. Telephone installation at the new premises : In June, 1982 a sum of \$1,338.07 was paid to a private company called Tele-Norma for installing the telephone system in the new premises. The expenditure was apportioned as follows :

\$1,099.07 (Prior Year obligation)

\$ 239.00 (Current Year).

It is my view that if the services of the Semi-Government Corporation (R.T.T.) had been employed, the costs would have been reduced considerably.

12. Staff Vacancy : Since inception of the office the post of Economist has not been filled. I consider that the vital objective for which the Brussels Office was set up is not capable of whole fulfilment until the position is filled.

RECOMMENDATION : I recommend that serious efforts be made to obtain a suitable candidate as soon as possible.

ACKNOWLEDGEMENT

I record my deep gratitude for the utmost cooperation and assistance which I received from the Director and his staff throughout my audit assignment. A word of thanks also goes to the secretarial staff for having facilitated production of this Report on the spot.

  
(Dyke H. Tarr)

Lesotho Representative of the  
Board of External Auditors

Brussels, 2 September, 1983.

OAU SECRETARIAT TO ACP/EEC GROUP  
BRUSSELS OFFICE

STATEMENT OF EXPENDITURE FOR THE FINANCIAL  
YEAR ENDED 31 MAY, 1983

Account Code	Description	Appropriation	Expenditure	Balance	Obligation	Total Expenditure	Remarks
	<u>PART I - SALARIES &amp; WAGES</u>						
100	Established Posts	110,928.00	93,470.57	14,457.43	-	93,470.57	
102	Temporary Assistance	1,650.00	666.67	983.33	-	666.67	
	TOTAL PART I	112,578.00	94,137.24	18,440.76	-	94,137.24	
	<u>PART II - COMMON STAFF COSTS</u>						
200	Travel of Staff on initial recruitment	-	-	-	-	-	
201	Travel of Staff on Home Leave & separation	16,500.00	-	16,500.00	6,085.00	6,085.00	
202	Travel of Staff on Transfer	-	-	-	-	-	
203	Installation Allowance	-	-	-	4,560.00	4,560.00	
204	Dependency Allowance	4,730.00	1,302.17	3,427.83	-	1,302.17	
205	Housing Allowance	52,800.00	32,640.00	20,160.00	-	32,640.00	
206	OAU Pension Fund	8,197.00	3,935.88	4,261.12	-	3,935.88	
207	OAU Insurance Scheme	4,028.20	4,406.70	(378.50)	500.00	4,906.70	
208	OAU Medical Scheme	11,000.00	7,042.92	3,957.08	1,900.00	8,942.92	
212	Education Allowance	22,000.00	-	22,000.00	-	-	
213	Post Adjustment allowance	20,559.00	18,770.29	1,788.71	-	18,770.29	
	TOTAL PART II	139,814.20	68,097.96	71,716.24	13,045.00	81,142.96	

OAU SECRETARIAT TO ACP/EEC GROUP  
BRUSSELS OFFICE

STATEMENT OF EXPENDITURE FOR THE FINANCIAL  
YEAR ENDED 31 MAY, 1983

CM/1225 (XL) Add.XV  
ANNEX  
Page ii

Account Code	Description	Appropriation	Expenditure	Balance	Obligation	Total Expenditure	Remarks
300	<u>PART III - TRAVEL OF STAFF ON OFFICIAL MISSION</u>	14,300.00	2,301.41	11,998.59	-	2,301.41	
	TOTAL PART III	14,300.00	2,301.41	11,998.59	-	2,301.41	
	<u>PART IV - RENT &amp; MAINTENANCE OF PREMISES &amp; EQUIPMENT</u>						
400	Rental of Premises	26,400.00	38,865.12	(12,465.12)	-	38,865.12	
401	Maintenance of Vehicles	3,300.00	1,932.89	1,367.11	500.00	2,432.89	
402	Maintenance of Equipment	550.00	373.34	176.66	200.00	573.34	
403	Maintenance of Premises	2,200.00	345.84	1,854.16	-	345.84	
404	Utilities, Electricity etc...	1,980.00	3,313.01	(1,333.01)	-	3,313.01	
406	Insurance of vehicles and equipment	2,200.00	2,261.90	(61.90)	-	2,261.90	
	TOTAL PART IV	36,630.00	47,092.10	(10,462.10)	700.00	47,792.10	
500	<u>PART V - COMMUNICATIONS</u>	8,800.00	13,285.70	(4,485.70)	-	13,285.70	
	TOTAL PART V	8,800.00	13,285.70	(4,485.70)	-	13,285.70	

OAU SECRETARIAT TO ACP/EEC GROUP  
BRUSSELS OFFICE

STATEMENT OF EXPENDITURE FOR THE FINANCIAL  
YEAR ENDED 31 MAY, 1983

Account Code	Description	Appropriation	Expenditure	Balance	Obligation	Total Expenditure	Remarks
10	<u>PART VI - MISCELLANEOUS SUPPLIES &amp; SERVICES</u>						
600	Stationery & Office supplies	103,300.00	2,456.78	843.22		2,456.78	
601	Bank charges & Revenue stamps	550.00	382.18	167.82		382.18	
603(i)	Ordinary Hospitality	1,100.00	1,408.97	(308.97)		1,408.97	
603(ii)	OAU Day Reception	5,500.00	-	5,500.00		-	
604	Staff Welfare	330.00	-	330.00		-	
605	Library Books	880.00	58.74	821.26	200.00	258.74	
606	Newspapers and periodicals	550.00	654.20	(104.20)		654.20	
607	Other supplies & services	1,650.00	423.14	1,226.86		423.14	
608	Printing of documents	1,100.00	-	1,100.00	750.00	750.00	
	<b>TOTAL PART VI</b>	<b>14,960.00</b>	<b>5,384.01</b>	<b>9,575.99</b>	<b>950.00</b>	<b>6,334.01</b>	
	<u>PART VII - CAPITAL EXPENDITURE</u>						
702	Furniture and fixtures	-	-	-		-	
703	Office equipment	1,100.00	-	1,100.00		-	
707	Purchase of official car	-	-	-		-	
	<b>TOTAL PART VII</b>	<b>1,100.00</b>	<b>-</b>	<b>1,100.00</b>	<b>-</b>	<b>-</b>	
	<b>GRAND TOTAL</b>	<b>328,182.20</b>	<b>230,298.42</b>	<b>97,883.78</b>	<b>14,695.00</b>	<b>244,993.42</b>	<b>Savings=83,188.78</b>

COUNCIL OF MINISTERS

CM/1225 (XL) Add.XVI

Fortieth Ordinary Session

ORIGINAL: FRENCH

Addis Ababa - Ethiopia

27 February - 7 March, 1984

LIST OF STATES WHICH HAVE PAID THEIR CONTRIBUTION  
IN ADVANCE

LIST OF STATES WHICH HAVE PAID THEIR CONTRIBUTION  
IN ADVANCE

1. Congo	.....	US\$ 112,086.76
2. Ethiopia	.....	22,116.67
3. Guinea	.....	1,190.25
4. Libya	.....	30,058.36
5. Mauritius	.....	2,288.63
6. Zambia	.....	384,253.17
7. Zimbabwe	.....	<u>7,479.96</u>
Total .....		<u><u>US\$ 559,473.80</u></u>



1984-02-27

# Report of the Board of External Auditors for the Financial Year Ended on 31st May 1983 On:

Organization of African Unity

Organization of African Unity

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