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REPORT OF THE SUB-COMMITTEE ON AUDIT MATTERS

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PRC SUB-COMMITTEE ON AUDIT MATTERS

JANUARY 2022

ADDIS ABABA, ETHIOPIA

Audit S/Cttee/Rpt/.....

Original: English

**ACTIVITY REPORT
OF THE PRC SUB-COMMITTEE ON AUDIT MATTERS**

LIST OF ABBREVIATIONS

Abbreviation	Full name
AMERT	African Union Monitoring, Evaluation and Reporting Tool
AMIS	AMIS African Union Mission in Sudan
AMISOM	African Union Mission in Somalia
ARI	African Rehabilitation Institute
AU	African Union
AUC	African Union Commission
CELHTO	Centre for Linguistic and Historical Studies by Oral Tradition
CIDO	Civil Society and Diaspora
COE	Contingent Owned Equipment
CSO	Civil Society Organization
DCP	Deputy Chairperson of the AUC
DPO	Deputy Presiding Officer
ECOSOCC	Economic, Social and Cultural Council
EU	European Union
Finance	Directorate of Finance
FRR	Financial Rules and Regulations of the African Union
GA	General Assembly
H.E.	His Excellency
HQ	Headquarters
HRM	Human Resources Management
ICT	Information and Communication Technology
IPED	Pan-African Institute of Education for Development
IT	Information Technology
MOU	Memorandum of Understanding
NGO	Non-Governmental Organisation
OIA	Office of Internal Audit
OIC	Officer In Charge
OIO	Office of Internal Oversight
OLC	Office of Legal Council
PAPS	Political Affairs, Peace and Security Department
PO	Presiding Officer
PRC	Permanent Representative Committee
PSD	Peace and Security Department
SPO	Standard Operation Procedures
SRR	Staff Regulations and Rules
TCC	Troop Contributing Countries
TV	Television
UN	United Nations
UNSC	UN Security Council
USD	United States Dollar

ACTIVITY REPORT OF THE PRC SUB-COMMITTEE ON AUDIT MATTERS FOR THE PERIOD NOVEMBER 2021 TO JANUARY 2022

I. INTRODUCTION

1. The sessions of the PRC Subcommittee on Audit Matters were held on 9 December 2021, 15th December 2021 and 17 January 2022 virtually in Addis Ababa, Ethiopia, under the chairpersonship of H.E Ambassador Mohamed Omar Gad, the Ambassador of Arab Republic of Egypt and Permanent Representative to the African Union, the Chairperson of the PRC Subcommittee on Audit Matters.

2. The Chairperson informed the members that his office as the Chairperson of the Sub-Committee had requested for an updated schedule of the audit assignments given on various audits by various Executive Council decisions so as to ascertain if such decisions were implemented. He informed the members that he was glad that most of decisions were fully implemented whilst only a few were still in progress and that the schedule will be circulated to members as it would be also annexed to the activity report for information to the PRC.

II. ATTENDANCE

3. The following members of the PRC Sub-Committee on Audit matters attended the meetings:

1. Algeria
2. Cameroon
3. Chad
4. Comoros
5. Egypt
6. Gabon
7. Gambia
8. Lesotho
9. Malawi
10. Mauritius
11. Seychelles
12. Zambia

III. AGENDA AND PROGRAM OF WORK

4. The Members met and discussed the agenda items as summarised in the program of work below:

Agenda Items Discussed	Date
1. Consideration of the Internal Audit Special Report on Review of Outstanding Payments owed to the Republic of Senegal. 2. Consideration of the Reports on Detailed Analysis of all Dormant Special Funds from OIO and Finance.	9 December 2021
1. Consideration of Internal Audit Special Report on Review of Outstanding Payments owed to the Republic of Uganda. 2. Consideration of the Office of Internal Oversight (OIO) Report on AUC Budget Performance for 6 Months - January to June 2021. 3. Consideration of OIO Reports on Reserve Fund & Special Funds, and Maintenance & Working Capital Funds	15 December 2021
1. Consideration of the OIO Investigation Report on ECOSOCC Members	17 January 2022

IV. ACTIVITIES OF THE SUB-COMMITTEE:

A. CONSIDERATION OF THE INTERNAL AUDIT SPECIAL REPORT ON REVIEW OF OUTSTANDING PAYMENTS OWED TO THE REPUBLIC OF SENEGAL.

5. The Special Audit Report on the Review of Outstanding Payments Owed to the Republic of Senegal was presented by the Director, Office of Internal Oversight, AUC. She indicated that the Republic of Senegal wrote to AUC to follow up debts owed directly to the Government of Senegal and also to the deceased citizens of Senegal who worked in AUC and other AU Institutions. She informed the meeting that the amount owed directly to the Government was fully paid by the African Union Commission in February 2020.

6. Following the presentation of the report, members of the Subcommittee raised some concerns as follows: -

- i) With regard to the case of USD 1,574,990, which was owed to the Government of Senegal, the members wanted to know the mechanisms that have been put in place to streamline the process of paying amounts owed to Member States in line with the Executive Council decision to engage Member States that are contributing troops to resolve some problems.
- ii) On the case of transportation of personal effects of Mr Ndiang (Former Head of CELHTO office in Niamey, Niger with a short-term contract), members emphasized the need to adhere to AU-SRR. Therefore, staff

members cannot be paid any allowance which is not entitled to them, and this should be clearly stated in contracts of employment.

- iii) Regarding the case of death claim for beneficiaries of Late Caporal-Chef Mouhamadou Abdallah NDIAYE (who was deployed to Darfur in 2005), members wanted to know how the troops are covered since they are not under staff members' insurance policy.
- iv) On the issue relating to IPED staff, members enquired on the option for the AU Commission to take up the responsibility to pay the IPED staff. Members also wondered as to why the AU should take up the responsibility for the period when such an organization was not yet adopted into AU.
- v) On the case of death compensation for the Late Colonel Abdoul Selly NIANE (Former AU staff in DRC), the members insisted that the claim should be made through the insurance company (this should be the first option). If the issue is non-availability of death certificate, then AUC should approach the Embassy of the Republic of Senegal to assist in providing the death certificate.
- vi) There were no comments from members on the issue of arrears for staff under African Rehabilitation Institute (ARI), which was already cleared.

7. In conclusion, the Subcommittee adopted the report and made the following recommendations:

- i. Regarding the issue on the amount of USD \$1,574,990 which was owed to Republic of Senegal, it was recommended that the AU Commission should at all times ensure that there is adequate engagement with Troop Contributing Countries on issues concerning their troops and payments owed to them should be paid timely.***
- ii. Regarding the issue related to the amount for transportation of personal effects owed to Mr. Niang, the subcommittee agreed with OIO recommendation that Mr. Niang could not be paid since short term staff members did not qualify for this allowance. HRM should however made the employment contracts clear on what is eligible to the staff on fixed and short term, including separation packages.***
- iii. Regarding the issue of compensation to the family of Late Caporal-Chef Mouhamadou Abdallah NDIAYE, the subcommittee supported the recommendation to compensate him accordingly.***
- iv. Regarding the issue on the amounts owed to IPED staff, it was recommended that the additional information should be provided to the Subcommittee on the legality of AU paying the IPED arrears to avoid creating a wrong precedent. Furthermore, the Directorate of Finance***

should calculate the entire outstanding debts to all staff and creditors of IPED and the breakdown of outstanding arrears of Member States contributions and submit for the consideration of the Subcommittee so as to make full recommendations to PRC on all IPED dues. The subcommittee further urged finance to assist in following up the contribution areas from IPED Member States.

- v. ***On the issue regarding death compensation for the Late Colonel Abdoul Selly NIANE, the Subcommittee recommended that the first route (option) of compensation through insurance should be pursued. In that regard relevant departments should contact the embassy of the Republic of Senegal to obtain the death certificate, and then contact the insurance company for the claim. The relevant department (PAPS) should report back to the Subcommittee on the outcome of such consultations.***
- vi. ***The subcommittee also made a recommendation to put in place mechanism to ensure that once an organization is closed or merged into the AU all arrears should be timely cleared to avoid litigations.***

B. CONSIDERATION OF THE REPORTS ON THE DETAILED ANALYSIS OF ALL DORMANT SPECIAL FUNDS (REPORTS FROM FINANCE AND OIO).

8. The Director of OIO made a presentation and stated that the main report was from Finance Directorate and the role of OIO was to verify the figures provided in the Report and that the figures indicated in the report were certified as correct figures.

9. The Acting Director of Finance also presented the report from Finance and informed the meeting that following the decision to consult departments on the projects, the directorate followed up. However, no information was received as departments responded that information could not be found on the respective projects due to departure of old staff who managed the projects and requested Member States to approve the request for closure of dormant accounts in line with the AU-FRR.

10. Following the presentation, members of the Subcommittee made comments and sought clarification as summarized below:

- i. Members requested for clarification regarding the differences between the ledger and the bank balances of the Funds. In particular, the members wanted to know the reason for the differences.
- ii. Members wanted to know the measures which have been put in place to ensure that pledged funds are used for intended purposes.
- iii. Members wanted to know how much was in the Reserve Fund and if these unutilized funds can go into other core programmes of the Union, including health, economic recovery and climate change.

- iv. Members were concerned about lack of responses (information on projects for the funds) from departments and observed that the main take away was the lack of enhanced institutional memory in the organization and urged that information should be properly archived to enable retrieval of such information when needed.
- v. Members requested the Director of OIO to provide her views regarding the need to close the Dormant Special Funds as requested by Finance Directorate.

11. In conclusion, the Subcommittee adopted the report and made the following recommendations:

- i. The Sub Committee recommends the closure of the dormant Special Funds in line with article 29 (6) of the AU Financial Rules and Regulations which states “If such funds have remained dormant for a period of five (5) years, they shall be analyzed and may be closed from the books of accounts. Adjustments which arise subsequent to the closing of such funds shall be classified as miscellaneous Revenue and Credited to the Reserve Fund”.*
- ii. The AU Commission should periodically report to the PRC and Executive Council on all special funds in line with article 26 (7) of the AU-FRR which states that “The Accounting Officer shall prepare and submit reports of these special funds to the PRC and at each meeting of the Executive Council”. Hence, the reports on closure of projects should include information on achievements and challenges of the funds.*
- iii. The AU Commission should enhance the institutional memory mechanisms by upgrading its digital systems such that all management reports including those on Special Funds and other Funds are maintained in central portals for ease of retrieval by authorized officials and submit a Progress report with the road map for the June/July 2022 Executive Council Meeting*
- iv. The AU Commission should ensure that audits are done at the closure of all projects so as to assess the achievement of objectives and verify the closing balances of the funds. Further audits should be done before the closure of the Dormant Funds in line with the AU rules and standard accounting practices*

C. CONSIDERATION OF INTERNAL AUDIT SPECIAL REPORT ON REVIEW OF OUTSTANDING PAYMENTS OWED TO THE REPUBLIC OF UGANDA

12. The Director OIO presented the Internal Audit Special Report and informed the meeting that there are two findings related to amounts owed to the Republic of Uganda; a Claim of US\$ 10,629,754.40 for Reimbursement of the Government of Uganda's COE Deployed in AMISOM and another on Outstanding Balance of US\$ 1,564,579 for the Loss and Damage of Equipment. The amounts owed had not yet been paid.

13. Following the presentation, members of the Subcommittee made comments and sought clarification as summarized below:

- i. Members raised concerns that member states involved in such cases were not present in meetings and suggested that in future, concerned member states should be invited whenever such reports are being considered, so as to enable them make clarifications and raise their concerns as well.
- ii. Members also wondered why funds could not be raised for such cases and emphasised the need to prioritize the payment to the member states from the budget savings or other sources.
- iii. Members also noted that responses were general and requested to have a specific detailed payment plan from PAPS on how they would honor these debts to the Republic of Uganda.

14. The Sub-Committee adopted the report and made the following conclusions and recommendations:

- i. The concerned Member States should be invited to the meetings of the Sub-Committee on Audit Matters whenever such reports are being considered to get clarifications from them.***
- ii. The Commission (PAPS) should prioritize the payments on debts owed to Member States from the budget savings or other sources where funds are available under AMISOM.***
- iii. The AUC should look for funds without any further delay and implement the Executive Council decision reference number EX.CL/Dec.1057 (XXXV) and the concerned Division within PAPS should prepare and submit for consideration a concrete detailed payment plan including specific sources of funds, identifying amounts available in each source, on the debt owed to Uganda.***
- iv. AUC should always expedite the implementation of the Executive Council decisions, in particular those with financial obligations owed to Member States.***
- v. The AUC should put in place an effective system for early verifications of troop claims and compensation of the military equipment's deployed by the Member States so as to ensure that they are compensated or paid their dues well on time***

**D. CONSIDERATION OF THE OFFICE OF INTERNAL OVERSIGHT (OIO)
REPORT ON AUC BUDGET PERFORMANCE FOR 6 MONTHS -
JANUARY TO JUNE 2021**

15. The presentation was made by the Director, Office of Internal Oversight (OIO) indicating that, the overall execution rate was **26%** of the total budget and **34%** of the available funds. The execution rate on operational budget was **40%** on total revised budget and **41%** on released funds whilst the execution rate for the program budget was **17 %** against the total program budget and **26 %** against the available funds, which was much lower than that of 2020 at **34%** for the same period. She also informed the meeting that the collection rate of funds on programmes was **64%**, even though the execution rate was low. She further informed the meeting that there were **no** completed outputs even though **58%** outputs had been started but not completed, and that activities on 110 (**33%**) outputs for 24 projects could not be reviewed as they had not been submitted in the AMERT system by **13 Departments/ Directorates/Units/divisions**. The reasons advanced by departments for low execution were on lack of human capacity, delayed funding and procurements as well as challenges caused by COVID-19 pandemic.

16. Following the presentation, members of the Sub-Committee made comments and sought clarification as summarized below:

- i. Members expressed concerns on the low execution rate and urged that concerns of the members should be conveyed to the DCP, to ensure that special consideration is taken by the Commission on the very low execution rates budgets.
- ii. The members also expressed concern on non-submission of reports and wanted to know why sanctions are not re-enforced against managers who do not submit reports in AMERT as required;
- iii. Members also noted that management engagement in the meeting of the Subcommittee was very minimal with either no one or mostly junior staff from various departments were attending the meetings.
- iv. Members raised concerns on low execution rates and emphasized on having realistic budgets in line with estimated funding and available human resources as part of effective budgeting;
- v. Members noted that there is a need to have a minimum implementation threshold, so as to prevent departments from making high budget proposals;
- vi. Members also raised concerns on non-implementation of Executive Council Decisions and insisted on the need to implement the Executive Council decision number EX.CL/Dec 815 (XXX) and all other subsequent decisions on planning, budgeting and budget performance by all organs of the Union.

- vii. Members raised concerns on non-implementation of programmes on Africa-Arab cooperation and requested for other mechanisms to be put in place for approval of such programmes outside the Africa-Arab summit

17. In conclusion, the Subcommittee adopted the report and made the following recommendations:

- i. All Executive Council Decisions starting with number EX.CL/Dec 815 (XXX) on effective planning, budgeting and budget implementation should be implemented and the sanctions should be re-enforced on directors/departments which do not submit reports in AMERT.*
- ii. All recommendations in the OIO report are pertinent and should be implemented. In this regard, the AUC should:*
 - a) Engage Partners with low funding as compared to the pledges made and strong commitments should be sought from Partners before programmes are put in budget proposals;*
 - b) Submit a request to Policy Organs on how effective it can implement the filling of the positions in the new structure at all levels so as not to hamper the work of some departments who need more staff at lower levels than at managerial levels;*
 - c) Come up with a framework which could compile departments to scale down activities in the AMERT annual work plan to fit in annual requirements and conditions in line with available capacity and other resources;*
 - d) Develop effective mechanisms on quarterly allocation of funds and not on the current system of equal share without considering cost and size of programmes to be implemented by departments;*
 - e) Work on the AMERT system to enhance the effectiveness and efficiency of the system. Alternatively, if AMERT is no longer fit for the purpose, Finance should consider using the project module in SAP for planning, monitoring, evaluation and reporting projects performance, or look for any other suitable system.*
 - f) In collaboration with the League of Arab States Secretariat, should find alternative ways of having its work plan approved with the support of the Member States, in case of further delays in holding of Africa–Arab Summit.*
- iii. A minimum rate of implementation threshold should be set up, so as to prevent departments from making high budget proposals but have realistic budgets based on the available human and financial resources, and recommended that the matter should be brought to the attention of the Sub-Committee on General Supervision and Coordination on Budgetary, financial and Administrative Matters.*
- iv. As Africa-Arab summit has not been held for more than two years, the AUC should submit to the Sub-Committee on General Supervision and*

Coordination on Budgetary, financial and Administrative Matters the program implementation plan on AUPD-LAS programmes for 2022 as well as a draft of what is intended to be presented to the summit future programmes.

- v. ***The Budget performance report and other reports should be annexed to the Activity report of the Sub-Committee to PRCR***

E. CONSIDERATION OF OIO REPORT ON RESERVE FUND & SPECIAL FUNDS

18. The Director, Office of Internal Oversight (OIO) presented the report highlighting key findings.

19. Following the presentation, members of the Sub-Committee made comments and sought clarification as summarized below: -

- i. Members were concerned about the significant audit findings appearing in the audit report and especially the account balances not matching to the respective bank balances and indicated that the issues raised in the report should be addressed with the utmost urgency.
- ii. Members also indicated that the opinion by the OIO of “Room for Improvement” did not match the significant findings in the report as it looked to be weak and not strong.
- iii. Members were concerned with AU Management’s reluctance to provided management comments to audit recommendations and therefore indicated the need for AUC Leadership, especially the DCP to take responsibility of answering audit findings before reports are considered by the Sub-Committee and the PRC.
- iv. Members also raised concerns on the quality of some responses provided by management as they were not clear and did not address the audit issues.
- v. Members stressed on the importance for AUC managers to ensure that segregation of duties is adhered to at all times.
- vi. Members recommended for a special audit engagement to look at the missing vouchers as well as the whole filling system so as to establish the root cause of such gaps.

20. In conclusion, the Sub-Committee took note of the report and made the following recommendations:

- i. ***The OIO Recommendations are pertinent and should be implemented. In this regard, AUC Management should: -***

- a) ***Ensure that the 3% is transferred from AU Acquisition of Properties to AU Maintenance Fund in line with the Executive Council Decision reference number Ex.Cl.877 (XXVII).***
 - b) ***Ensure that the fund balances match with the related dedicated bank balances as per required effective financial management.***
 - c) ***Make reversals to correct the wrong postings made on depreciation;***
 - d) ***Ensure that approvals are sought from the chairperson and PSC before funds in Peace Fund are used,***
 - e) ***Ensure that segregation of duties is observed in finance at all times,***
 - f) ***All missing documents should be availed to OIO for review***
- ii. ***AU Management should always provide management comments to audit findings and no report without management responses should be submitted for consideration by the Sub-Committee and the PRC.***
 - iii. ***A special audit engagement to look at the missing vouchers as well as the whole filling system should be conducted so as to establish the root cause of such gaps.***

F. CONSIDERATION OF OIO REPORT ON MAINTENANCE & WORKING CAPITAL FUNDS

21. The Director, Office of Internal Oversight (OIO) presented the report highlighting key findings, and cited the certified fund balances on both general ledger and bank accounts for the AU Working Capital and AU Maintenance Fund as at 31 October 2021.

22. Following the presentation, members of the Sub-Committee made comments and sought clarification as summarized below: -

- i. Members expressed deep concern on non-availability of management responses in the report.
- ii. Members sought to know whether the unreconciled deposits of 2019 and 2020 are first time or it was previously reported on.
- iii. The Members also sought to know whether the monthly reconciliations could not be done in the Maintenance Funds account to avoid waiting for the year end to do it.
- iv. Members expressed their deep concern regarding the missing documents from the archive and requested for explanations from Finance.

23. ***In conclusion, the Sub-Committee took note of the report and made the following recommendations:***

- i. The Commission should ensure that management responses are made to all audit reports.*
- ii. AUC Leadership, especially the DCP should take responsibility of answering audit findings and a note verbal to be sent by the Chairperson on behalf of the Sub-Committee to emphasise the importance of management comments on audit reports. (this might be changed to that the chairperson will communicate with the DCP on the level of attendance and engagement as well as responses because the chairperson had informed the dcp personally in a meeting)*
- iii. AUC management should ensure that monthly reconciliations on fund balances are done so as to reflect correct amounts.*
- iv. An audit should be conducted on the missing documents and the archiving system so as to establish the root cause.*
- v. Finance should expedite the project on digital documentation so that the documents could be available on line.*
- vi. The OIO report could be amended to include responses if they are available before the subcommittee reports to PRC.*
- vii. The Reports on General and Reserved Funds, AU Maintenance and Working Capital Funds should be appended to the Activity Report of the Sub-Committee to the PRC.*

V. CONSIDERATION OF OIO INVESTIGATION REPORT ON ECOSOCC MEMBERS

24. The Investigation report was presented by the Director, Office of Internal Oversight (OIO).

25. She informed the meeting that the investigation was done in line with Executive Council Decision reference number **EX.CL/Dec. 1115(XXXVIII)** of February 2021 on paragraph 3 (ii) which requested “*The Commission to conduct an independent investigation by the relevant Department of the Commission into current and future alleged violations of the African Union Code of Ethics and Conduct by members of the ECOSOCC General Assembly, and to recommend appropriate sanctions through the Bureau of the Chairperson of the Commission*”. She informed the meeting that the investigation team reviewed various relevant documents and conducted Twenty-Nine (29) recorded interviews with those identified as witnesses including the subjects of investigation in the course of the investigation process. The team used applicable AU Legal Norms including ECOSOCC Statutes and Rules of Procedure. She sighted the thirteen (13) objectives of the audit, the approach used and the seven (7) sections of the allegations as outlined in the report.

26. On the Joint Statement by some members of ECOSOCC, the Director assured the members that the required professional processes were followed in carrying out the investigation. The results of the interviews with witnesses including subjects of investigations were verified and only key issues affecting the operations of the Organ has been put in the report and not each and every information obtained during the interviews. In this regard, matters that were not supported by evidence were not included in the investigation report. She noted that this could have triggered the reaction from some members of ECOSOCC, especially the subjects of investigation.

27. The Director summarized the conclusions, findings and recommendations under each of the seven (7) allegations of: - Alleged deregistration of the Former Presiding Officer's organization by Government of Sudan and continued misrepresentation as Presiding Officer of ECOSOCC, Alleged abuse of authority by ECOSOCC Members by signing binding and nonbinding MOUs without passing through the ECOSOCC Secretariat and Office of the Legal Counsel (OLC), Alleged illegal General Assembly and destabilization of ECOSOCC; Alleged illegal activities of some Members of ECOSOCC; Alleged appointment of people to act on behalf of ECOSOCC; Alleged improper acts of some Members of ECOSOCC; and Alleged residence of Presiding Officer outside the continent.

28. The OLC also made a briefing on the legal requirements following the results of the investigations and the processes needed to implement the recommendations of the audit. The briefing outlined the legal basis to ban members of ECOSOCC from participating in activities of the African Union for violation of rules of the Union; defined the terms 'appropriate sanctions; and identified relevant provisions regarding the duty bound nature of the so called 8 majority members of the standing committee to work with the Presiding Officer of the ECOSOCC.

29. Following the presentation, members of the Sub-Committee made comments and sought clarification as summarized below: -

29.1 On the briefing by the OLC: -

- i) The meeting took note of the proposal of the Legal Brief to give the General Assembly of ECOSOCC to have the initial recourse of action and to declare cessation of membership of these implicated individuals in conformity with its Rule.
- ii) The members took note of the briefing provided by the Deputy Presiding Officer and the ECOSOCC Secretariat on exhausting all administrative recourse for the General Assembly and the undermining role of some members of the Standing Committee and inquired on the available options to impose sanctions if the General Assembly failed to fully discharge its functions and mandate on the matters in question;
- iii) The members expressed concerns on the recurring nature of the violations and lack of actions by the ECOSOCC General Assembly against those alleged to have violated Legal norms of the Union;
- iv) The OLC advised that if the General Assembly failed to take actions, the next available option is for the Executive Council to take up the matter and

take necessary actions to prevent further damage on reputation and asset of the Union including to immediately and indefinitely suspend individuals found to committed a misconduct in breach of AU legal norms including the infringement of AU Intellectual Property Rights and act of forgery.

- v) Members further affirmed the need for the Chairperson of the Commission to communicate to their respective member states to prevent them from participating in future activities of the Union.
- vi) The members recognized the gravity of the allegations made in the OIO report, and recommended for the Chairperson of the Commission, in line with Assembly Decision 757, to immediately institute appropriate sanctions against the concerned individuals;
- vii) Members raised the issue of legal implications on the AU as brought up by the ECOSOCC Members' joint statement;
- viii) Members asked the OLC to update the legal briefing to include the issue of legal implications and requested that the OLC briefing should be annexed to the subcommittee report.

29.2 On the issue of alleged deregistration of the Former Presiding Officer's organization by The Government of Sudan and continued misrepresentation by the former Presiding Officer (Mr. Abozer Elligai) as the current Presiding Officer (PO) of ECOSOCC: -

- i. Members wanted to know why the OIO report recommended that the Chief of Staff should take action and indicated that since the Chairperson of the Commission appoints ECOSOCC Members sanctions should be taken by the Chairperson or the Deputy Chairperson under the delegated authority from the Chairperson and not the Chief of Staff;
- ii. Members wanted clarity on the validity of appointment of Acting Presiding Officer as the Statutes and the Rules of Procedure are silent on this;
- iii. Members wanted to know if the Office of Legal Counsel (OLC) was involved in the investigations.
- iv. Members observed that sanctions, including barring ECOSOCC members in the future should have been recommended considering the seriousness of the issue. However, the Chairperson of the Committee Requested the Office of the Legal Counsel to provide a legal opinion on how future membership should be barred.
- v. Members wanted clarity as to whether deregistration of the organization legally means that the member losses membership to ECOSOCC and the former Presiding Officer loses his position.
- vi. Members noted that there are eight (8) members of ECOSOCC who still perceive that the former Presiding Officer is still the incumbent Presiding Officer of ECOSOCC and recognize his operations as legal mandate to discharge the functions of ECOSOCC as a Presiding Officer. They pointed out the urgent need for African Union to stop this and to inform him categorically that he is no longer the Presiding officer.

- 29.3. On the issue of alleged abuse of authority by ECOSOCC Members by signing binding and nonbinding MOUs without passing through the ECOSOCC Secretariat and the Office of the Legal Counsel (OLC): -
- i. Members emphasized that it should be was the Chairperson of the Commission to implement sanctions against the ECOSOCC members who are subjects of investigation.
 - ii. Members wanted to know the exact sanctions that can be given to both current and former members of ECOSOCC for the various violations they committed and requested the Office of Legal Counsel to provide legal opinion on how formulate sanctions for individual Members should be applied since this is not codified in the legal norms of the African Union.
 - iii. Regarding the issue of the former Presiding Officer, Members wanted to know whether Member States have been informed that the former Presiding Officer is no longer a member of ECOSOCC and so so he cannot serve as Presiding Officer.
- 29.4. On the issue of alleged illegal General Assembly and destabilization of ECOSOCC: -
- i. Members indicated that the advice for members to provide support to the Acting Presiding Officer is toothless ineffective without sanctions to those members who disregard him even after he was elected by the General Assembly.
 - ii. Members noted that the OIO report keeps referring to the “Group of 8 (eight) Majority” and hence advised that it would be appropriate to mention the actual names of these individuals as the “Group of eight Majority” is not part of the provision of ECOSOCC structures.
 - iii. Members raised concerns on the lack of specific sanctions to be given to perpetrators in the OIO Investigation report.
- 29.5. On the issue of misuse of ECOSOCC letterheads and stamp and Illegal Appointment of Ms. Evelyn Joe (Mr. Abozer, Mr. Ngomat, Mr. Mokhtar): -
- i. Members raised concerns that the undue usage of the stamps can lead to activities or commitments that are against the legal processes and norms of ECOSOCC, tempering with the intellectual property rights of the Organization.
 - ii. Members observed that the sanctions should not only apply to people implicated as stated in the OIO investigation by the OIO report but all members who engage in similar activities in future.
 - iii. Members stressed that the Chief of Staff cannot implement OIO recommendations on behalf of the Chairperson of the Commission.
 - iv. Members emphasized that sanctions to be given have to be explicitly specified in the OIO report.

- v. Members wanted clarity as to whether it is appropriate for the Presiding Officer not to have access to ECOSOCC stamp.
- 29.6. On the issue of alleged illegal activities in Nigeria that include signing on binding and nonbinding MOUs, Members raised concerns on how ECOSOCC members could act illegally on behalf of ECOSOCC by opening bank accounts in the name of ECOSOCC without the authority as stated in the AU FRR.
- 29.7. On the issue of alleged improper behavior by Dr. Shem Ochuodho as ECOSOCC Member, Members emphasized that where the Chief of Staff is referred to in the OIO recommendations should be replaced by the Chairperson of the Commission and the OLC should advise on specific sanctions to be given.
- 29.8. On the issue of alleged residence by Presiding Officer outside the Africa continent, Members advised that the report of the study conducted on ECOSOCC should be reviewed to check if there were any recommendations on this matter.

30. *In conclusion, the Sub-Committee took note of the report and made the following recommendations:*

- i. The AUC Chairperson should ensure that any acts of ECOSOCC members in violation of AU Legal Norms which mislead the general public and expose the AU to legal, financial and reputational risks are cancelled by issuance of public notices from the Office of the Chairperson through the OLC;**
- ii. The Chairperson of the Commission should expedite actions to prevent further damage on reputation and asset of the Union including; to immediately and indefinitely suspend individuals found to have committed a misconduct and breach of AU legal norms including the infringement of AU Intellectual Property Rights and act of forgery;**
- iii. The Chairperson is further requested to communicate officially to their respective member states to prevent the implicated individuals from participating in future activities of the Union;**
- iv. The Chairperson of the AUC should report back to June/July 2022 Executive Council on the actions taken against individual ECOSOCC members who violated the AU Legal Norms, as well as the progress made in the process of revision of ECOSOCC legal instruments.**
- v. The AUC Chairperson should ensure that the review of the Statute and Rules of Procedure of ECOSOCC provides a specific mechanism for the appointment of members of the Standing Committee in an acting capacity in the event of a vacancy.**
- vi. All Standing Committee members of ECOSOCC are duty bound and should respect the Rules of Procedure and recognize the current Presiding Officer as duly elected as the Political Head of ECOSOCC;**

- vii. All ECOSOCC members are directed to exercise a high degree of confidentiality in the discharge of their mandate and duties;
- viii. ECOSOCC MOUs with Third Parties should be initiated by the ECOSOCC Secretariat and vetted by the OLC and any MOU signed outside the required processes should be declared null and void;
- ix. The ECOSOCC Secretariat should be the custodian of the stamps, letterheads and related seals of ECOSOCC, and no ECOSOCC member including the Presiding Officer is allowed to use such documents without involving the Secretariat.
- x. An official communication should be sent to the Permanent Mission of Nigeria on the actions of Dr. Tunji Asaolu and Mr. John Oba as they illegally acted on behalf of ECOSOCC;
- xi. The Chairperson through the OLC should make an official communication to the Permanent Mission of Nigeria in Addis Ababa on the actions of Dr. Tunji Asaolu and Mr. John Oba as they illegally acted on behalf of ECOSOCC and request for the closure of the bank account opened in the name of ECOSOCC in contravention with the AU-FRR;
- xii. AUC Chairperson should pursue legal actions to hold accountable, the ECOSOCC members who illegally opened the Bank account in the name of ECOSOCC in accordance with the national laws of the Federal Republic of Nigeria;
- xiii. The AUC Chairperson should review the recommendations of the investigation to ensure alignment with the results of the in depth study on ECOSOCC.
- xiv. ECOSOCC should finalise the Framework on the Functioning of National Chapters in Member States to guide their operations so that they can function in a more professional manner and that the CSOs and National Chapters within Member States are strengthened through capacity building to make them more effective and operate in a professional manner;
- xv. The OLC should add a paragraph in the legal briefing to address the issues of legal implications mentioned in the joint statement from some of ECOSOCC members;
- xvi. The Members also requested that the investigation report, the joint statement by some ECOSOCC Members and the updated OLC Briefing should be attached to the Activity Report to be presented to the PRC.

VI. CLOSING REMARKS

31. The Chairperson of the Subcommittee expressed appreciation to the members and the Commission for supporting the work of the subcommittee.

32. The Chairperson also urged the Members to be puncture and participate in all meetings and have high level of interactions so as to highlight key points as it's the Sub-Committee's oversight responsibility to report to PRC on the management of the Union resources following funding from the Member States.

DRAFT DECISION ON AUDIT MATTERS
Doc. EX.CL/1301(XL)

The Executive Council,

1. **TAKES NOTE** of the Report of the PRC Sub-Committee on Audit Matters and, **ENDORSES** the recommendations contained therein.

**ON THE INTERNAL AUDIT SPECIAL REPORT ON REVIEW OF OUTSTANDING
PAYMENTS OWED TO THE REPUBLIC OF SENEGAL AND THE REPUBLIC OF
UGANDA**

2. **EXPRESSES** concerns on the non-implementation of Executive Council decision reference number EX.CL/Dec.1057 (XXXV) and **DIRECTS** AUC to put in place measures to expedite the implementation of Executive Council decisions with financial obligations owed to the Member States to ensure honoring them on time.
3. **DIRECTS** the AUC to ensure that Member States concerned with issues discussed by various PRC Sub-Committees are invited to such meetings for their inputs on required information in accordance with paragraph 5. 2 of the ToR of the Sub-Committee on Audit Matters.
4. **DIRECTS** the AUC to put in place effective systems for early verifications of troop claims and compensation of the military equipment deployed by the Member States so as to ensure that they are compensated and paid their dues well on time
5. **CALLS UPON** the AUC to address the issues raised in the audit reports and **DIRECTS** as follows: -
 - 5.1. On the Obligations Owed to Senegal and its Deceased Citizens:
 - i.) *Recalls paragraph 22 of the EX.CL/Dec 1057 (XXXV) and REITERATES that, AU Commission should adequately engage Troop Contributing Countries on issues concerning their troops and payments owed to them should be paid timely,*
 - ii.) *The AUC should ensure that employment contracts are clear on what is eligible to the staff on fixed and short term, including the separation packages,*
 - iii.) *Recalls paragraph 43.ix of the EXCL/Dec.1126(XXXIX) and Requests the AUC to pay the dues owed to the Late Caporal-Chef Mouhamadou Abdallah NDIAYE and any other military or civilian police who saved under any other AU Missions are paid accordingly without further delay.*

- iv.) *Additional information should be provided to the Subcommittee on the legality of AU paying the IPED staff arrears to avoid creating a wrong precedent as these occurred before the Institution was adopted by the AU,*
- v.) *The AUC should calculate the entire outstanding debts to all staff and creditors of IPED and submit for the consideration of the PRC Subcommittee on Audit Matters to make recommendations to PRC by May 2022.*
- vi.) *The AUC should assist in following up the contribution areas from IPED Member States to enable the clearance of the outstanding obligations of the Institution.*
- vii.) *The AUC should compensate the Late Colonel Abdoul Selly NIANE, with the first route (option) of compensation through insurance upon obtaining all required documents including the death certificate through the Embassy of the Republic of Senegal and report back to the Subcommittee on the implementation of this decision in June/July 2022 Executive Council meeting.*
- viii.) *The AUC should put in place mechanisms to ensure that once an organization is closed or/ and adopted into the AU Institutions, all staff arrears and other outstanding obligations are established, audited and timely cleared to avoid legal liabilities to the AU..*

5.2. On Obligations Owed to the Republic of Uganda:

- i.) **RECALLS** paragraph 22 of the EX.CL/Dec 1057 (XXXV) and **REITERATES** that the AUC should prioritise and make payments to the Republic of Uganda without any further delay from budget savings or other sources where funds are available under AMISOM.

AUC should prepare and submit for consideration of the Sub-Committee on Audit Matters a concrete payment plan including sources of funds on the debt owed to Uganda by May 2022.

ON THE REPORT ON THE DETAILED ANALYSIS OF ALL DORMANT SPECIAL FUNDS

- 6. **TAKES NOTE** of the Report and **CALLS UPON** the AUC to ensure that issues raised in the audit report are implemented accordingly to enhance effective management of special funds and **DIRECTS** as follows:

- i.) The AU Commission should periodically report to the PRC and Executive Council on all special funds in line with relevant articles of the AU-FRR, these reports should include information on achievements and challenges of the funds,
 - ii.) The AU Commission should enhance the institutional memory mechanisms by upgrading its digital systems such that all management reports including those on Special Funds and other Funds are maintained in central portals for ease of retrieval by authorized officials, and report back to subcommittee on the progress made in this regard.
 - iii.) The AU Commission should ensure that audits are done at the closure of all projects so as to assess the achievement of objectives and verify the closing balances of the funds. Further audits should be done before the closure of the Dormant Funds in line with the AU rules and standard accounting practices.
7. **APPROVES** the closure of the following seven (7) dormant Special Funds in line with the AU Financial Rules and Regulations.

Description	Ledger Balances USD	Actual Bank Balances USD
Member States -High Level Panel & Ministerial	823,530.69	19,994.50
Work on Union Govt. Proposal	55,059.81	19,994.50
Solidarity fund (SF007)	3,189,907.43	19,994.50
Acquisition of Washington Office Premises	90,959.68	19,994.50
AFISMA Trust Fund	15,000,000.00	19,994.50
Horn of Africa Famine Relief Contributions	2,729,646.70	-
High Level Panel on Alternative Sources of Financing	209,350.00	19,994.50
Total	22,098,454.31	139,961.5

ON THE OFFICE OF INTERNAL OVERSIGHT (OIO) REPORT ON AUC BUDGET PERFORMANCE FOR 6 MONTHS - JANUARY TO JUNE 2021

8. **TAKES NOTE** of the Report and **EXPRESSES** concerns on the low rate of implantation of programmes and **CALLS UPON** AUC managers to ensure that implementation of programmes is enhanced.
9. **RECALLS** the Executive Council decisions reference numbers; *EX.CL/Dec 815 (XXX); EX.CL/Dec.1031 (XXXIV) paragraph 11; 1057(XXXV) paragraph 39 (b & h); 1069(XXXV) paragraphs 10, 11, 12; EX.CL/Dec.1071(XXXV) paragraph 9;*

EX.CL/Dec.1073(XXXVI) paragraph 40; and EX.CL/Dec.1097(XXXVII) paragraph 18, and REITERATES that: -

- i.) AUC should take the necessary measures to reinforce the existing mechanisms for the relevant Departments to regularly submit their reports in AMERT and improve the implementation rate of the programmes during the year failing which, the AUC management shall hold accountable, as appropriate, the personnel in relevant departments responsible for underperformance, in accordance with the SRR;
- ii.) Recalls paragraph 66(iii) of Decision EX.CL/Dec.1073 (XXXVI) and paragraph 39(b) of X.CL/Dec.1057(XXXV) that directed the release and allocation of budget to be in proportion with the performance in line with the AU Golden Rules on Budgeting and an average budget execution rate of the previous three years well as implementation rate of audit recommendations,
- iii.) A minimum rate of implementation threshold should also be set up and submitted for consideration by the Sub-Committee on General Supervision and Coordination on Budgetary, Financial, and Administrative Matters, so as to prevent departments from making high budget proposals and align budget proposals based on the available capacity and human resources.
- iv.) Partners with low funding as compared to the pledges made should be engaged early during the budget year and strong commitments should be sought from Partners before programmes are put in budget proposals, so as to avoid budgets with funding gaps in line with Golden Rule number two (2),

The AUC should work on the AMERT system to enhance the effectiveness and efficiency of the system, and if AMERT is no longer fit for the purpose, finance should start using the project module in SAP for planning, monitoring, evaluation and reporting projects performance, or look for any other suitable system.

- v.) The AUC should develop effective mechanisms on quarterly allocation of funds and not on the current system of equal share without considering cost and size of programmes to be implemented by departments.
10. **RECALLS** section I of the Executive Council decision reference number *EX.CL/Dec 1057 (XXXV)* on the Transitional Plan and **DIRECTS** the AUC to submit a request to Policy Organs on how effective it can implement the filling of the positions in the new structure at all levels so as not to hamper the work of some

departments who need more staff at lower levels than at managerial levels.

11. **ALSO DIRECTS** the AUC to collaborate with the League of Arab States Secretariat to find alternative ways of having the work plan on Africa-Arab Partnership approved, in case of further delays in holding of Africa–Arab Summit.
12. **FURTHER DIRECTS** the AUC to provide the program implementation plan and draft plan of future programmes on AUPD-LAS for consideration of the Sub-Committee on General Supervision and Coordination on Budgetary, Financial, and Administrative Matters by May 2022.

ON THE OIO REPORTS ON RESERVE FUND & SPECIAL FUNDS AND MAINTENANCE & WORKING CAPITAL FUNDS

13. **TAKES NOTE** of the Report and **CALLS UPON** AUC to put in place effective systems in the prudent management of Reserve, General and other Special Funds in line with AU Financial Rules and Regulations, and further **DIRECTS** as follows:
 - i.) The AUC should ensure that the 3% is transferred from AU Acquisition of Properties Fund to AU Maintenance Fund in line with the Executive Council Decision reference number Ex.Cl.877 (XXVII),
 - ii.) The AUC should put in place effective mechanisms to ensure that the fund balances match with the related dedicated bank balances as per required effective financial management and in line with the relevant Executive Council Decision.,

Put in place effective systems of internal controls to ensure that posting errors are eliminated on transaction postings and that approvals are sought from the Chairperson and Commissioner of Political Affairs, Peace and Security before funds in Peace Fund are used.
 - iii.) The AUC Leadership through the DCP should ensure management engagement in the meetings of the subcommittee with the level of Directors/Deputy Directors and Management responses are provided to all audit findings, the OIA should not submit any report without management responses for consideration by the Sub-Committee.,
 - iv.) A special audit engagement should be conducted to look at the persistent challenge of missing vouchers including the whole filling and archiving system so as to establish the root cause of such gaps,
 - v.) AUC management should ensure that monthly reconciliations on fund balances are done so as to reflect correct amounts.

- vi.) The AUC management should expedite the project on digital documentation so that the documents could be available on line whenever needed for audit reviews.

ON THE OFFICE OF INTERNAL OVERSIGHT (OIO) INVESTIGATION REPORT ON ECOSOCC MEMBERS

14. **TAKES NOTE** of the Report and **EXPRESSES** concerns on the issues raised and **CALLS UPON** the ECOSOCC members to operate within the provisions of the AU Legal Norms.
15. **EXPRESSES GRAVE CONCERN** on the recurring nature of the violations and lack of actions by the ECOSOCC General Assembly against those alleged to have violated Legal norms of the Union.
16. **TAKES NOTE** of the Legal Brief submitted by the OLC on the legal basis for imposing sanctions against ECOSOCC members found in the report to have violated provisions of AU rules and regulations requiring professionalism, honesty, integrity and highest standard of conduct as members of ECOSOCC.
17. **RECALLS** the Executive Council decision *EX.CL/Dec. 1115(XXXVIII) of February 2021*, paragraph 3 (ii) which requested *“The Commission to conduct an independent investigation by the relevant Department of the Commission into current and future alleged violations of the African Union Code of Ethics and Conduct by members of the ECOSOCC General Assembly, and to recommend appropriate sanctions through the Bureau of the Chairperson of the Commission and Assembly decision Assembly/AU/Dec.757(XXXIII) of February 2020 which directed the Commission “...to continue to take effective actions to address all acts of misconduct in the African Union, and to use his financial and administrative statutory oversight authority over all non-Policy Organs and Institutions of the Union, including the Pan-African Parliament, the African Court of Human and Peoples’ Rights, the African Commission on Human and Peoples Rights, and their elected officials.”*
18. **DIRECTS** the AUC Chairperson as follows: -
- i) To ensure that any acts of ECOSOCC members in violation of AU Legal Norms which mislead the general public and expose the AU to legal, financial and reputational risks are cancelled by issuance of public notices from the Office of the Chairperson through the OLC;
 - ii) To expedite actions to prevent further damage on reputation and asset of the Union including; to immediately and indefinitely suspend individuals found to have committed misconducts or any breach of AU legal norms

including the infringement of AU Intellectual Property Rights and act of forgery;

- iii) To further communicate officially to their respective Member States to prevent the implicated individuals from participating in future activities of the Union;
 - iv) To report back by June/July 2022 Executive Council on the actions taken against individual ECOSOCC members who violated the AU Legal Norms, as well as the progress made in the review of ECOSOCC legal instruments;
 - v) To send an official communication to the Permanent Mission of Federal Republic of Nigeria on the actions of the two individual nationals who have illegally acted on behalf of ECOSOCC and request for the closure of the bank account opened in the name of ECOSOCC in contravention with the AU-FRR; and to further pursue legal actions to hold accountable in accordance with the national laws of the Federal Republic of Nigeria;
 - vi) To review the recommendations of the investigation to ensure alignment with the results of the in depth study on ECOSOCC;
 - vii) To make official communications to Members States and the general public notifying them of the names of ECOSOCC members and other individuals who were illegally appointed to act on behalf of ECOSOCC so as to nullify their actions.
19. **INSTRUCTS** all Standing Committee members of ECOSOCC to respect the Rules of Procedure and recognize the current Presiding Officer as duly elected as the Political Head of ECOSOCC.
20. **REAFFIRMS** that the ECOSOCC Secretariat is the sole custodian of the stamps, letterheads and related seals of ECOSOCC, and **DIRECTS** that no ECOSOCC member including the Presiding Officer should be allowed to use and keep such official symbols of the Union.
21. **ALSO DIRECTS** all ECOSOCC members to exercise a highest degree of confidentiality in the discharge of their mandate and duties as directed in the oath of office, failing which they shall be held accountable.
22. **RECALLS** Executive Council EX/CL 924 (XXVI) of June 2015 on the establishment of ECOSOCC National Chapters and **DIRECTS** ECOSOCC to finalise the *Framework on the National Chapters in Member States*.
23. **ALSO REAFFIRMS** that ECOSOCC MOUs with Third Parties are initiated by the ECOSOCC Secretariat and vetted by the OLC and any MOU signed outside the required processes should be declared null and void.

24. **WELCOMES** the election of Mr. Denise Kodhe as the Presiding Officer of ECOSOCC. **INSTRUCTS** all members of ECOSOCC to be mindful of their legal obligation and recognize Presiding Officers, duly elected as the Political Head of ECOSOCC.

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