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PROGRESS REPORT
OF THE CHAIRPERSON OF THE AU COMMISSION (AUC) TO
THE EXECUTIVE COUNCIL THROUGH THE PERMANENT
REPRESENTATIVES' COMMITTEE (PRC)
ON THE IMPLEMENTATION OF RECOMMENDATIONS OF
THE PWC FORENSIC AND PERFORMANCE AUDIT ON AUC

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**MEETING OF THE PRC SUB COMMITTEE
ON AUDIT MATTERS
MAY 2022
ADDIS ABABA, ETHIOPIA,**

Original: English

**PROGRESS REPORT
OF THE CHAIRPERSON OF THE AU COMMISSION (AUC) TO
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INTRODUCTION

1.1 Background

1. Reference to the February 2021 decision of the Executive Council which recalled decisions EX.CL/Dec.1031(XXXV) and EX.CL/Dec.1057(XXXV) adopted at the Thirty-Fourth and Thirty-Fifth Ordinary Sessions of the Executive Council, held respectively in January 2019 in Addis Ababa, Ethiopia, and in July 2019, in Niamey, Niger, which directed that an independent forensic and performance audit be carried out, with the following objective:
 - a. An independent forensic and performance audit should be carried out parallel to the restructuring of the Commission on financial management, recruitment of personnel, travel, and procurement to identify the responsible staff and the root causes for the irregularities and violations of the FRR and SRR.
 - b. On the utilization of administrative fees/costs it receives for managing Partner funds; and
 - c. On the utilization, status, and balance of the 1993 Peace Fund.
2. The Executive Council examined the forensic audit done by Price Waterhouse Coopers (PWC) in its session of February 2021 and approved its recommendations contained therein in the Executive Council decision EX.CL/Dec.1107(XXXVIII) on the Forensic Audit report of the African Union Commission. The decision directs the AU Commission as follows:
 - a. to take immediate disciplinary action, in line with the Staff Regulations and Rules, against staff identified and mentioned in the Price Waterhouse Coopers (PWC) Report as responsible for breaking the rules and regulations of the Union;
 - b. The Chairperson of the AU Commission will report on the implementation of recommendations of the forensic audit to the Executive Council during its 39th Ordinary Session in June/July 2021. This report should include clear timelines and deadlines for the measures taken by the Commission in connection with the implementation of the Forensic Audit;
 - c. to carry out a comprehensive audit to cover the staff files that were not covered by PwC since the sample size for the forensic audit covered only 112 files, and also to review the period 2019 to 2020 not covered by the PWC on all audit required areas.
3. The decision further recalled, “Executive Council Decision EX.CL/Dec.1031(XXXIV) and **DIRECTED** the Commission to implement all the recommendations of PwC Report on the Forensic and Performance Audit of AUC without further delay, including sanctions on staff for irregularities and non-compliance of various AU Rules and Regulations and **URGES** all parties concerned to ensure their effective implementation.
4. The purpose of this Report is to provide the “**second update**” on the progress of implementation of recommendation of Forensic Report to the Executive Council through the Permanent Representatives’ Committee (PRC).

1.2 Scope

5. This Report covers consequence management process undertaken by the AU Commission based on the recommendations from report of PwC on the Forensic and Performance Audit of the African Union Commission (“AUC”) for the period 2012 – 2018. It also covers measures undertaken by the AU Commission on systemic issues raised by PwC Auditors that either require current or a futuristic action.

1.3 Structure of the Report

6. The Report is presented in three (3) main sections (NB: *this was the same format used when issuing the “first update”*):
 - 6.1. Section one: Consequence management - Sanctions and measures against staff identified by PwC as responsible for irregularities and violations of AU Regulations and Rules;
 - 6.2. Section two: Systemic Issues - Measures undertaken to address systemic issues on internal controls, risk management, policy and legal framework; and further work and Conclusion.
 - 6.3. Section three: Annexes.

1.4 Limitations

7. Noting that the cases reported on “**Forensic Audit**” are either currently under investigation/fact finding process in line with the requirements of the Staff Rules and Regulations or *sub-judice*, hence this Progress Report does not refer to concerned staff members by name, nor disclose information which can reasonably be expected to reveal the identity of those concerned. It should also be noted that where specific sanctions have been taken against staff, these sanctions are still potentially subject to an appeal, in line with AU Regulations and Rules.

SECTION ONE

CONSEQUENCE MANAGEMENT - SANCTIONS AND MEASURES AGAINST STAFF IDENTIFIED BY PWC AS RESPONSIBLE FOR IRREGULARITIES AND VIOLATIONS OF AU REGULATIONS AND RULES.

- 8.** It is to be recalled that the main purpose of the audit review was to perform a forensic investigation into possible wrong-doing, misuse, and/or mismanagement of the AUC's resources. The report of PwC indicated a possible wrong-doing, misuse, and/or mismanagement of resources in the areas below where names of key individuals were provided:
 - 8.1. Recruitment and Contract Renewal Process;
 - 8.2. Procurement and Travel Practices;
 - 8.3. Management of Member States and Partner Funds (this includes Management of Administrative Costs);
 - 8.4. Finance and Accounting Practices;
 - 8.5. Management of the AU Peace Fund.

- 9.** On the other hand, the report of PwC indicated a possible wrong-doing, misuse, and/or mismanagement of resources in the areas below where names of key individuals were provided:
 - 9.1. Recruitment and Contract Renewal Process;
 - 9.2. Procurement and Travel Practices;
 - 9.3. Management of Member States and Partner Funds (this includes Management of Administrative Costs);
 - 9.4. Finance and Accounting Practices;
 - 9.5. Management of the AU Peace Fund.

- 10.** In this regard, the PwC provided a list of key individuals that were identified to have personally been involved in a possible wrong-doing, misuse, and /or mismanagement of the AUC. The sections below summarize the relevant areas, staff involved and action taken by management (Consequence management status) following the provisions of the Staff Rules and Regulations (SRR). To follow up on the implementation of the forensic audit, the Chairperson of the Commission constituted a High-Level Task Force to follow-up on the implementation of the Forensic Audit recommendations related to consequence management led by H.E the Deputy Chairperson of the AUC.

I. Activities of the High-level Taskforce on the Follow up on the implementation related to Consequence Management

11. The High-Level Taskforce is constituted to assist the Chairperson in addressing the audit findings as outlined in the Forensic Audit of the African Union Commission from 2012 – 2019 and enhance governance and accountability through an effective follow-up of the implementation of Forensic Audit recommendations.
12. As can be recalled from the initial report, the Terms of Reference (ToRs) of the High-Level Taskforce is as follows:
- a. To study the forensic audit recommendations and advice the Chairperson on the implementation of Forensic Audit recommendations.
 - b. To review the list that was submitted by PWC of individuals responsible for key roles which resulted in irregularities as outlined in the forensic audit following the relevant provisions of SRR and FRR.
 - c. To direct any department of the Commission to speed up of implementation of Forensic Audit recommendations related to consequence management.
 - d. To guide and direct HRM with the assistance of the Office of the Legal Counsel to follow due process in the investigation of the identified irregularities in line with Rule 58, 59, 60, and 61 of the SRR.
 - e. To guide HRM on the fact-finding process during the investigation process.
 - f. To study the outcome of the fact-finding process and advice the Chairperson accordingly.
 - g. To recommend any necessary action to the Chairperson depending on the seriousness and gravity of each case based on SRR and FRR.
 - h. To review the recommendations of the Disciplinary board and advice the Chairperson accordingly.
 - i. To study/ follow up on all other pending cases prepared by HRM for further submission to the disciplinary board without delay.
 - j. To review the composition of the Disciplinary Board
 - k. To draft the section on the consequence management to be included in the report on the implementation of Forensic Audit to be presented to the next session of the Executive Council planned to be held in Chad July 2021.
 - l. To take any necessary action required by the Chairperson to implement the Forensic Audit recommendations related to consequence management.
13. The task force was composed of the following five (5) members of the Commission:
- a. H.E Deputy Chairperson - Chair
 - b. Cabinet of the Chairperson (CCP) - Member
 - c. Advisor from the Cabinet of the Chairperson - Member
 - d. Office of Internal Oversight (OIO) - Member
 - e. Office of the Legal Counsel (OLC) - Member
14. The work and recommendations of the Taskforce were classified as **CONFIDENTIAL** to preserve the integrity of the work and to avoid any undue influence that might be exerted on the process.

- 15.** The task force from the outset identified the challenges it might face and outline the following questions it has to address to conduct its work in a smooth manner:
- a- What are the applicable rules and regulations on individual misconduct?
 - b- What are the procedures if there are allegations against an elected official?
 - c- What happens if the staff has left the AU?
 - d- What happens if the staff is moved to another AU institution?
 - e- Is the fact-finding process mentioned in the SRR still applicable after this forensic audit?
 - f- Can the Chairperson suspend a staff as the Human Resource Management Directorate prepares the charges for the Chairperson and disciplinary board hearings?
- 16.** The Task Force has addressed the questions listed above, by noting that the SRR in Chapter XIII – Disciplinary Matters has outlined various rules on how to deal with individual misconduct and the due process to be followed and the sanctions those misconduct will entail if proven. Of this Rule 58- Acts of Misconduct, has outlined a non-exhaustive list of misconduct, which allows the Chairperson to proffer charges that are deemed to fall under misconduct and have a staff member charged.
- 17.** The Financial Rules and Regulations (FRR) (*which have since become the Financial Rules since its adoption in February 2022*) also outline procedures if a staff member fails to observe the financial rules and regulations, in Article 107 the FR - Compliance and Sanctions for Breach of Rules and Regulations, instructs members of staff shall comply with the FR and with any other Rules and Regulations, administrative instructions and procedures issued by the Accounting Officer in connection with the FR. The FR relies on the SRR to outline the procedures for the breach in compliance with its Rules.
- 18.** The due process to be followed in any disciplinary action has been set out in the SRR in Rule 59- Disciplinary Procedures, which lists that the proceeding of the Disciplinary Board which dictates the strict application of fact-finding, notification of the identified staff member, and an opportunity to defend himself/herself of the identified charges both in written format and ability to appear before the board and present his/her defence.
- 19.** The SRR has included sanctions in the form of administrative and disciplinary measures for the possible misconduct if proven through the disciplinary procedure. The Chairperson may opt for administrative measures, such as an oral or written warning or reprimand against a staff member as outlined in Rule 61.2 of the SRR. In more serious cases, the Chairperson has a host of other disciplinary measures that can be used, based on the recommendation of the disciplinary board, as outlined in Rule 61.3 of the SRR.
- 20.** In circumstances where there are allegations against an elected official, the SRR is silent on this matter, however, paragraph 4 of Article 107 of the FR (Compliance and Sanctions for Breach of Rules and Regulations) provide a clear answer if an elected official was subject to any irregularities, Article 107 stated that *“In the event that the breach has been caused by an elected official-, the matter shall be referred to the Executive Council”*.

21. If the staff has left the service of the Union, the options are quite limited to redress any misconduct that may have taken place by the former staff member. The Union may opt to liaise with the Member State from whom the former staff member came from and use diplomatic channels to have some sort of action be taken on the former staff member, this is especially recommended if there is any financial impropriety that has not been addressed before the departure of the former staff member, the Member State can be asked if they can assist in the recovery of funds if the allegations are proven.
22. Where the above options are not available, where nothing can be done, the Union should seek policy organ approval to right off any fund accrued to be paid to the union as a loss and remove it from the registers of the AU books.
23. In addressing the possible misconduct by a staff member who has moved to another organ, the Misconduct and Disciplinary process as stipulated in Rule 58,59,60,61 and 62 of the SRR can be initiated by the Chairperson or any other head of the organ. In the circumstances where the staff has moved from the Commission to another AU institution/organ, the Head of that Organ has the authority and responsibility to initiate the disciplinary process following Rule 59 of the SRR.
24. In this instance, the Chairperson may transmit officially the Forensic Audit as well as all relevant documents to the relevant head of the organ and request him/her to start the due process as outlined in Rule 59 whereby the Director of Human Resource Management of that organ shall initiate the fact-finding process followed by applicable by disciplinary proceedings.
25. The high-level task force underscored that the undertaking of the forensic audit does not preclude the process of the disciplinary procedures as outlined in the SRR. In Rule 59(1) it states that “*The Director of Administration and Human Resource Development or the competent authority of any other organ shall, **upon receipt of information on a staff member’s breach of obligation set out in the Staff Regulations, Rules, Financial Regulations, and Rules** and other relevant rules and regulations including administrative notices, conduct a fact-finding process and the concerned staff member shall be immediately notified, provided such notice will not compromise the investigation.*”, which indicates that the information that would be the basis for the fact-finding process can come from any source, which can reasonably include the forensic audit.
26. Due process has to be followed at every stage of the process to have a successful outcome in proving if the identified misconduct took place, furthermore, the lack of due process will lead to the disciplinary board rejecting any case for its consideration. If a disciplinary measure has been instituted against a staff member by the Chairperson through a process that did not follow the measures outlined in the SRR, it may attract an Administrative Tribunal case against the Union for the non-compliance of the SRR.
27. Once the above clarifications were provided and upon the recommendation of the High-level Taskforce, the Chairperson of the Commission had instructed the Director of HRMD to initiate, in line with Rule 59 of the SRR a fact-finding process based on

the Forensic Audit and for the concerned staff member, to be immediately notified, provided such notice will not compromise the fact-finding process.

28. In undertaking any fact-finding process, the HRMD was directed to apply in the strictest terms the rules as outlined in the SRR. The fact-finding process was expected to analyse the identified irregularities as outlined in the audit recommendations related to consequence management and come up with a clear recommendation including all staff members involved in any possible irregularity that would need to be accountable even if under any circumstances, they were omitted by forensic Audit. The area of irregularity and the issue to be addressed as identified by the PWC Forensic audit, were as follows:

No	Area of Irregularity	Number of Staff identified	Issue	Starting period	Status of Cases
1	Staff Recruitment and Contract Renewal Process	Two (2)	Irregular renewal of fixed-, short-term and special service contracts where staff contracts were automatically renewed without the requisite performance evaluations and justification of renewals from the user departments in contravention of SRR Rule 33.3.	Starting from the review period of the Forensic Audit (2012)	Both staff members cleared of allegations and notified accordingly
		One (1)	Acting appointments lacking the Chairperson's approval	Starting from the review period of the Forensic Audit (2012)	Staff member cleared of allegation and notified accordingly
		Two (2)	Questionable recommendations for recruitment, appointment and renewal of contracts by Directorate Heads in contravention of the SRRs	starting from the review period of the Forensic Audit (2012)	One staff member cleared of allegation and notified accordingly. The other sent to disciplinary board for consideration.
		One (1)	Staff within a department not assigned work	Starting from the review period of the Forensic Audit (2012)	This was a case against a former elected official and could not be handled by the Taskforce
		Two (2)	Appointment of short-term staff to acting positions	Starting from the review period of the Forensic Audit (2012)	Both staff members cleared of allegations and notified accordingly
		Two (2)	Delay in and a lack of responses by the AUC during the proceedings of the administrative tribunal case.	2016	OIO report on the case was received. The case is waiting task Force consideration.
		2	Procurement and Travel Practices	One (1)	Long outstanding advance payments amounting to USD 18M as of 31 December 2018.

No	Area of Irregularity	Number of Staff identified	Issue	Starting period	Status of Cases
					notified accordingly
		Two (2)	A consultant was hired in a questionable recruitment process and was later absorbed into the Commission to undertake the same work despite noted gaps in experience.	2017	Both staff members cleared and notified accordingly
		Six (6)	Doubtful delivery of procured items totalling USD 1.6M from the sample reviewed. This includes a case in which generators were procured for the Commissioners' residences.	Between 2013 - 2017	All six staff members cleared of allegations and notified accordingly
3	Finance and Accounting Practices	One (1)	Late / non-recovery of travel advance amounting to USD 150K	Since 2013	Staff member cleared of allegation and notified accordingly
4	Management of the Member States and Partner Funds	Three (3)	Failure to include Administrative Costs amounting to USD 22M as funds available during the budgeting process, by erroneously recording them as a liability.	Starting from the review period of the Forensic Audit (2012)	All three staff members cleared of allegations and notified accordingly
		Three (3)	Inconsistently closing dormant/long-outstanding Partner accounts with balances amounting to USD 27M to various accounts (such as the Administrative Costs account and the Peace Fund) during the review period and in contravention of the FRRs, thereby presenting an avenue for possible misuse of the funds due to lack of transparency and accountability, as the funds were not subjected to the budgeting process.	Starting from the review period of the Forensic Audit (2012)	All three staff members cleared of allegations and notified accordingly
		One (1)	Possible under-reporting of "Administrative Costs" income where the income was reported net of other costs such as exchange losses.	Starting from the review period of the Forensic Audit (2012)	Staff member cleared of allegation and notified accordingly.
		Three (3)	Possible breach of Partner agreements where Partner funds are held in commingled bank accounts against funding agreements which in a number of cases required dedicated bank accounts for the respective project funds.	Starting from the review period of the Forensic Audit (2012)	All three staff members cleared of allegations and notified accordingly.
		One (1)	Un-procedural pre-financing, co-financing, and charging of ineligible expenditure from Partner funded projects to the General Fund.	Starting from the review period of the Forensic Audit (2012)	Staff member cleared of allegation and notified accordingly.

No	Area of Irregularity	Number of Staff identified	Issue	Starting period	Status of Cases
5	The Peace Fund Account.	Two (2)	Closure of balances from mainly dormant and partner accounts amounting to USD 28M to the Peace Fund on the basis that they had been earmarked for peace and security related activities, with no evidence of concurrence of the specific partners allowing the balances to be closed to the Peace Fund.	Starting from the review period of the Forensic Audit (2012)	One Staff member cleared of allegation and notified accordingly. The Other is awaiting Task Force consideration.
		One (1)	USD 2.2M ineligible expenditure relating to the reimbursement of ineligible expenditures incurred on support to the "Peacebuilding and transition activities of the African Union" project.	Since 2003	Staff member cleared of allegation and notified accordingly.
		One (1)	Misrepresentation of facts in written responses to the CP.	2016	Awaiting the Task Force consideration

NB: Each case is an individual staff member (or subject of the investigation) and one individual staff may have more than one charge. Also some of the charges to a staff may be cleared while other charges on the same staff may be sent to Disciplinary Board.

29. In light of the areas of irregularity and the Staff Regulations and Rules, irregularities and staff identified in the independent Forensic and Performance Audit Report, as being responsible for breaking the rules and regulations of the and related consequence management actions, of which 12 staff members were identified and asked to respond to the allegations made in the PwC Audit report. The fact-finding process undertaken by HRMD and oversights by the High-Level Task Force had identified additional staff member who were not initially implicated in the Forensic Audit report.

30. HRMD informed each staff member that the final classifications of the act as to whether it constitutes misconduct under the SRR would be determined at the end of the fact-finding process in accordance to the Staff Rule 59.2 which provides that "Until the investigation is completed and a prima facie case established against the Staff member, the Director of Administration and Human Resource Development shall not draw any conclusion by reference to the name of staff member without the concerned staff member being invited and asked to comment on facts concerning him or her."

31. In addition, HRMD informed the staff members of Staff Rule 59.4 that if at the end of the fact-finding process, no case is established against the staff member, "the case in question shall be closed without any further action and the Director of Administration and Human Resource Development shall immediately inform the staff member."

32. It was also pointed out to each staff member that where there is evidence indicating any misconduct on a prima facie basis, further proceedings may follow as per Staff Rule 59.5, which states:

33. "...Where on the basis of the fact-finding report prepared by the Director of Administration and Human Resource Development and the response thereto by the staff member a prima facie case is established against the staff member, the Director of Administration and Human Resource Development shall file charges against the Staff Member with the Disciplinary Board through its Secretariat following the approval of the Chairperson or the competent authority of any other organ..."

II. Challenges faced by the High-Level Taskforce

34. The High-Level Taskforce, in fulfilling the mandate given by the Chairperson of the Commission, had undertaken a series of meetings to review the cases which are detailed in the subsequent sections. In this process the Taskforce have faced the following challenges:
- 34.1. The findings made by the audit firm (PwC) on the identified staff members, could not wholly be used as a basis to the fact-finding process, as the task force had to refine and broaden the scope of the fact-finding process and include additional staff members who would have to respond to fact-findings whom were not identified by the forensic audit report.
 - 34.2. HRM notes the disclaimer that is on Page 40/41 of the forensic report, which states "***This report contains and refers to information obtained during interviews conducted with individuals that PwC may not have been able to verify. We have deemed it necessary to include this information to provide context to the findings. The conclusions reached in this report are our own, are based on the information and evidence gathered, and should not be regarded as a reflection of either the guilt or the innocence of any party as not all parties.***"
 - 34.3. After reviewing the response of each staff member, the supporting documents provided, and the disclaimer mentioned above, the Task Force observed that the investigation conducted by the Forensic Auditors was vague and inconclusive in several cases. The assessments made by PwC in relation to some of the cases lacked detailed analysis and thoroughness, and did not point out specific evidence in support of the allegations. Most of the staff members mentioned above were not approached for any clarification by the forensic auditors before they made their conclusions. In this regard, the task Force had to ask OIO several times to undertake a further investigation on these cases.
 - 34.4. In response to the letters issued to the identified staff members as part of the fact-finding process, the response from staff ranged from few pages to hundreds of pages of documents which the Taskforce had to review to ascertain if either the allegations have been fully addressed or if the issue should be forwarded to disciplinary board for consideration. This process took

a substantial amount of time for the Taskforce members and is partly responsible for the slow pace of resolution of the identified cases.

- 34.5. During the process of fact-finding, once a letter or clarification was sent to the identified staff members, some staff members citing the gravity of the allegations have sought to get additional time for response over and above the time frame initially indicated on the letter. The Taskforce upon consideration of the allegations and the time it would require the identified staff members to respond have granted the extensions to show fairness to identified staff members and have a transparent process, while the extensions were necessary, they have delayed some of the considerations of the responses and had an overall impact on the workflow of the task force.
- 34.6. The response from some of the identified staff members, while comprising hundreds of pages, they were also full of technical documents that required the Office of Internal Oversight (OIO) to have a closer look at the documents and ascertain their validity as a defence for the identified staff members.
- 34.7. Additionally, while the HRM is tasked with analysing the response from the identified staff members, the expertise to evaluate the technical document (i.e. financial documents) is not available in HRM, consequently the Commission had to rely on OIO investigator (OIO has only one investigator) whom deal with technical areas, however due to the amount of documentation that needed to be analysed the staff strength in OIO was not sufficient to thoroughly evaluate the financial technical documents which had delayed the work of the task force.

III. Updates on Concluded Fact-finding Processes (12 cases)

35. During the previous reporting period, the taskforce has updated on the conclusion of three cases listed below, which have been closed based on the recommendation of the HRMD and approval of the Taskforce as there was no prima facie case to be established against the three staff members. The three cases were relating to the following allegations:

Case 1 - Allegation in regards to engaging in irregular extensions of fixed-term, short-term, and special service contracts without the requisite performance evaluation and justification for extension from user departments in contravention of SRR.

Case 2 - Allegation in regards to delayed recoveries or in some instances non-recovery of travel advances and imprest advances issued to staff members and amounting to \$150,000.

Case 3 - Allegation of doubtful delivery of procured items amounting to \$1.6 Million from a sample of transactions reviewed, including a transaction in which generators were procured for the Commissioners' residences

36. Since the presentation of the last report, additional six cases have found resolution, and the summary of the cases are as follows:

Case 4

37. The Audit Report labelled four (4) allegations against a staff member as follows:

Failure to include administrative costs amounting to \$22 million

38. The Report identified the staff member's failure to include Administrative Costs amounting to \$22 Million as funds available during the budgeting process. The Report also stated that there were inconsistent closures of long-outstanding Partner accounts with balances amounting to \$27, million to various accounts (such as the Administrative Costs Account and the Peace Fund) during the review period, presenting an avenue for possible misuse of the funds due to lack of transparency and accountability.

Improper Management of Member States' and Partner Funds

39. The Report allegedly implicated the staff member in possible breaches of Partner Agreements where Partner Funds were held in commingled bank accounts against funding agreements which in a number of cases required dedicated bank accounts for the respective project funds. It also established that there has been a breach of Financial Procedures, co-financing and charging of ineligible expenditures from Partner funded projects to the General Fund.

Improper Recording of the Peace Fund Account

40. The Report further revealed that there was closure of balances from mainly inactive and Partner Accounts amounting to \$28 million to the Peace Fund on the basis that they had been earmarked for Peace and Security related activities with no evidence of concurrence of the specific Partners allowing the balances to be closed to the Peace Fund.

Improper Management of the Peace Fund Account

41. The Forensic Report stated that there was \$2.2 million ineligible expenditure relating to the reimbursement of ineligible expenses incurred in support to the Peace Building and Transition activities of the African Union Projects which had been funded with an amount of \$12 Million by EU as a result of a Bilateral Agreement between EU and the African Union, titled: **Support to the Peace Building and Transitional Activities of the African Union**. The Report attributes the ineligible expenditures to the period 4 July 2003 to 31 December 2008.

42. In light of the allegation and the request from the fact-finding process the staff member responded to the allegation by email providing an extensive explanation on each allegation, which is summarized as follows:
- 43. On failure to include Administrative costs amounting to \$22 million** - The staff member noted that the Commission had earned an amount of around \$22 Million over a period of time and the amounts standing in the credit of the Administrative Cost is further audited yearly by the Board of External Auditors (BoEA) as part of the financial statement, further noting that Member States as part of funding the 2021 budget in the Executive Council Decision of October 2020 Summit approved the use of \$8.5 Million to fund the 2021 budget.
44. The staff member further claimed that it is not an error to treat Administrative Cost as deferred revenue because of its nature as maintaining it as a deferred revenue availed the Commission and Member States the opportunity to utilize the funds for activities where funding shortfall is identified.
45. Referring to Article 26(5) of AU FRR, the staff member explained that unexpended contribution to the Union after the completion of activities for which they were provided are treated in line with the agreement under which the contributions were made because partners provide funding with specific conditions which the Union cannot treat as its revenue.
46. In regard to inconsistency in closing of inactive / partner funds accounts with various account balances amounting to \$27 Million, the staff member stated that the treatment accorded to each transaction is dependent on the nature of the agreement and purpose of funds and provided a detailed table to support the claim. He explained that because AU does not have any guidelines for closing of dormant accounts, the use of professional judgment is necessary as long as it does not contradict with the FRR. He also stated that during the period under review, he was not the supervisor of Peace and Security Finance Division and neither the Director of Finance.
- 47. On improper Management of Member States' and Partner Funds** - the staff member stated that at the time when the transaction occurred, the staff member was not the Director of Finance. However, the staff member noted that from the information available, it seems the former director of finance was acting in the interest of the Commission to minimize the impact of the new European Central Bank rules on the finances of the Union.
48. Further rebuttal to the allegation was given indicating that, as the Commission during the period under review was managing accounts in excess of 300 Banks which presented some challenges in management, it was a priority for the former director of finance to reduce the number of Banks by transferring the funds to existing Bank accounts pending negotiations with the partners to resolve the issue.

49. The staff member further explained that because ING Bank's new policy was to charge negative interest for deposits of more than Euro 40 million, the funds for EU support to MNJTF, EC contribution to APSA, EU support to AMISOM and ERM were transferred to ECOBANK to avoid the interest charges. The staff member further noted that in all the above process, the staff member was not involved and cannot be charged of this misconduct whatsoever.
50. On breach of Partner Agreement where Partner Funds are held in commingled bank accounts against funding agreement, and financial procedures, co-financing and charging of ineligible expenditure from Partner funded Projects to the general fund without approval by the Policy Organs, the staff member stated that consequent to the contribution agreement signed between AUC and EU for EUR 55 Million, 8.33 % was contributed to the eligible expenses as co-financing as required by the agreement which was considered as ineligible by the EU Auditors. According to the staff member, the then Director of PBFA as part of costs of IPSAS implementation decided to reclassify the expenses to the General Fund as funds have already been spent from the General Fund.
51. **Improper Recording of the Peace Fund Account** – the staff member reiterated his non-involvement in the transaction claiming that at the time under review, there was another Director of Finance. The staff member further explained that in line with Article 21 of the Peace and Security Council Protocol, and supplemented by Article 27 of the FRR, closure of balances to the Peace Fund is consistent with the FRR as all voluntary contributions to the peace and security activities contributes to the Peace Fund.
52. **Improper Management of the Peace Fund Account** - the staff member explained that during the period under review there was another Director of Finance. However, the \$2.2 million ineligible expenditure relates to the reimbursement of ineligible expenditures on the support to the Peace Building and Transition activities of the AU, funded by EU of amount EUR 9.8 million expenditure covered the period from 4 July 2003 to December 2008. The Audit done by the Partners revealed ineligible expenses arising from insufficient documentation and missing documents amounting to \$2,227,752 which was recovered by the EU.
53. In support of the above claims a number of documents were provided by the staff member which the task force has directed the OIO to for further investigation. In this regard after a thorough and extensive review of the documents, the OIO made the following conclusions:
54. **Failure to include administrative costs amounting to \$22 million** - The OIO reviewed the data in SAP and noted that indeed administrative costs collections from partners are allocated in SAP customer Account number 300240 for Headquarter Administrative Costs. The OIO further noted transfers from this customer account to the General Peace Fund and the balance was retained as deferred revenue and hence not recognized as revenue in the Budgets estimates. The OIO concluded that there is no evidence to suggest that the funds were personally misused in any way, shape or form.

- 55. Improper Management of Member States' and Partner Funds** - O.I.O established that the staff member was not the Ag. Director of PBFA at the time when the transaction occurred. Hence, OIO agreed to the turn of events as was detailed by the staff member.
- 56. Improper Recording of the Peace Fund Account** - The OIO noted that from the review of the Forensic report, the balances from mainly dormant accounts amounting to USD28 Million were closed to the Peace Fund on the basis that they had been earmarked for peace and security related activities. The OIO further noted that indeed there was improper recording of Peace Fund Account. It was noted that the balances from mainly inactive and Partner accounts amounting to USD28,766,504 were closed to the Peace Fund on the basis that they had been earmarked for peace and security council which constitutes irregularity in the context of the FRR which was a violation of the procedures as stated in the PWC Forensic Report. Furthermore, the OIO stated that the staff member was not the Director of PBFA during the improper recording of the Peace Fund account.
- 57. Improper Management of the Peace Fund Account** - The OIO stated expenditures were charged to Peace Fund without the authorization of the approval of the Peace and Security Council which is in violation of the FRR. Article 27(1) of FRR states that a special Fund known as Peace Fund shall be established to provide the Financial Resources for Peace Support Operations and other operational activities relating to Peace and Security. Furthermore, no expenditure should be charged to the Peace Fund unless authorized by the Accounting Officer and upon the approval by the Peace and Security Council. However, various documents have confirmed that the alleged staff member was not the Director of PBFA during the period under review.
- 58.** In conclusion, in light of the response from the staff member and the further review of documentation by the OIO, HRMD made the following recommendations to the task force for consideration:
- 58.1. HRMD was of the view that during the period under review the staff member was not the Acting Director of PBFA;
 - 58.2. On the allegation of failure to include administrative costs amounting to \$22 million, it is to be noted that there was inconsistent closure of long outstanding partner accounts where such balances were transferred to General Peace fund or administrative cost account. However, it is noted that there are no guidelines for closing dormant accounts. Notwithstanding the inconsistent closure of dormant Bank accounts, there is no evidence to show that funds from such accounts were personally misused
 - 58.3. With regard to co-financing and charging of ineligible expenditures from Partner funded projects to the general Fund, ineligible expenditure was charged amounting to \$4,252,611.07 against the General Fund and there is no evidence of approval by the Chairperson and the Policy Organs as provided in FRR;
 - 58.4. There were balances from mainly inactive and partner accounts amounting to USD 28,766,504 to the Peace Fund on the basis that they had been earmarked for peace and security activities. There were expenditures charged to Peace fund without the authorization and the approval of the Peace and Security Council which constitutes irregularity and violation of the FRR. However, the

staff member was not the director of PBFA at the time and cannot answer to these claims;

58.5. There was improper management of Peace Fund account as pointed out in the forensic audit. A review of the documents noted that the former Director of PBFA wrote to the then DCP seeking approval for reimbursement of ineligible expenditure to support the peace building and transition activities which was approved. However, this was a violation of the FRR since it was done without approval of the Peace and Security Council.

59. In light of the analysis from HRMD and the Report of the OIO in its recommendations, did not establish any level of misuse of fund by the staff member, no prime facie case has been established. In response the taskforce ruled that the staff member be notified that no prima facie case has been established and that the case has been closed.

Case 5

60. The Audit Report labelled allegations against a staff member as follows:

61. The forensic audit report alleged that that a transaction was done for procuring a generator set for the residence of the Chairperson in March 2014, following an urgent request to replace the existing generator which was reported to be in an irreparable state. However, the report states that the company involved was not among the Fifteen (15) venders proposed to supply generators and air conditioning system to the Commission. Furthermore, the Report indicated the following points:

61.1. The New generator with a value of US\$58K was not found in the Financial Accounting Reporting (FAR) while the old generator existed on the FAR.

61.2. The Auditors pointed out that the acquisition value of the 200KVA generator in the FAR is USD15k, about a quarter of the value of USD58k. Therefore, the auditors could not verify whether the listed item was the old generator or the new generator.

62. In light of the allegation a fact-finding letter was issued to the staff member to which the following responses were given:

62.1. The capitalization date in the FAR is listed as 31 December 2013. A decision was made to register all assets capitalization dates as being December 31st 2013 and the generators had a capitalization date of 31 December 2013 even though it was received in June 2014.

62.2. The total acquisition value of the asset including VAT is US\$58,619. The acquisition cost captured in the FAR is US\$50,256.1 less 15% VAT (receivable) which is refunded that is why this amount does not appear in the FAR as part of the value of the asset.

62.3. According to the 354th inspection report, the generator was delivered and inspected by the Inspection Committee which recommended for the next steps to be conducted by the Stores Unit.

62.4. The staff member stated that the generator is still in use at the residence of the Chairperson.

63. After reviewing the response and the supporting documents provided by the staff member, HRMD has made the following observations and conclusions:

- 63.1. It was evident to the HRMD that the Generator has been delivered and currently at the Residence of the Chairperson as per the documents provided;
 - 63.2. The Generator was procured as per the request made by the former Head of AFMD and due to the urgency, the company was single sourced;
 - 63.3. The Tender Board has approved single sourcing Equatorial Business Group for the purchase of the Generator even though the company was not among the Fifteen (15) venders proposed to supply generators and air conditioning system to the Commission; and
 - 63.4. HRMD has taken note of the auditor's comment on the report by which they have explained that "the company was a certified supplier of Cummings generators which was the specific model required by the user department, which explained the decision." Furthermore, the staff member has attached the voucher of the payment made for the generator.
64. After reviewing the response and the documents provided, HRMD could not establish no prima facie case against the staff member. In response the taskforce ruled that the staff member be notified that no prima facie case has been established and that the case has been closed.

Case 6

65. The forensic audit report labelled three (3) allegations against a staff member as follows:

Improper Management of Procurement and Travel practices.

66. The Report states that the staff member failed to clear long outstanding Advance Payments amounting to USD 18 Million as at 31 December 2018 of which USD 1.5M was proposed for provision and possible writ-off.
67. The Report also indicated that the 2017 BOEA management letter highlighted long outstanding payment balances reported in the financial statements totalling to USD **6,981,287.30** as at 31 December 2017. 56% of these, - USD **3,906,571.32** had been outstanding for a period of over nine (9) years, and PBFA Directorate had to take it upon itself to conduct an analysis of the long outstanding balances as part of its continuous improvement strategy. Its review focused on advances as at 31 December 2018, which had grown to USD **18,138,840**. The report revealed that USD **8M** of the balances (45%) have since been cleared following verification of the relevant delivery documentation. A further USD **1,586,390.59** (USD 1.6M) of transactions were considered doubtful.

Questionable hiring and Recruitment of Consultant.

68. The report raised an issue against the staff member in the Recruitment Process of a Consultant whose recruitment legality was questionable, and that the same Consultant, upon expiration of his contract, was later absorbed into the Commission as short-term staff to undertake the same work despite noted gaps in experience. The Report outlined favouritism during the procurement of the Consultancy Service for PIE, claiming that the hired candidate was favoured through the evaluation process.

Doubtful delivery of Procured items.

- 69.** The audit report disclosed a doubtful delivery of procured items amounting to USD 1.6 Million from the sample reviewed which included a case of Procurement of five (5) Generators for the Residences of Commissioners. The Report highlights that a company was contracted to procure five (5) Generator sets meant for the Commissioners Residences. It further disclosed that in the procurement of the said items, it appears the supplier was paid full amount quoted for delivery of the sets. However, only three (3) were delivered, and one installed.
- 70.** In light of the allegation and the request from the fact-finding process the staff member responded to the allegation by providing an extensive explanation on each allegation, which is summarized as follows:
- 71. On improper Management of Procurement and Travel Practices,** particularly the long outstanding Advance balance, the staff member responded that as at 30 March 2019, the total amount of Advance to suppliers was USD 18,138,840, and that the Directorate of Finance had established a joint taskforce to conduct its analysis of which USD **8,095,268** of the balances-(45%), has been cleared by the taskforce following the verification of the relevant delivery documentation. To substantiate the claim, the staff member has submitted a categorized documentation as part of the response.
- 72. On allegation of questionable hiring and recruitment of a Consultant** – the staff member explained that the hiring of the consultant, was in line with the World Bank guidelines of May 2004, revised October 1, 2006, and May 1, 2010, which stipulates that *selection and employment of consultants shall follow fairness and transparency for all candidates in the selection.* In pursuant of the guidelines the consultant's CV, together with three other candidates, was evaluated in the same and identical criteria without any favour offered to the consultant. According to the staff member, the consultant's qualifications in Project Management and vast experience obtained from different International Organizations excelled the applicant among other candidates. The consultant has a Master's Degree in Business Administration and specialization in Project Management, coupled with BSc. in Civil Engineering, which educational background, according to the staff member, fully met the Terms of Reference of the Job when compared to other candidates. As such, the staff member assured the Management that the Procurement Division fully applied the Procurement Manual principle of fairness without any compromise.
- 73. On doubtful delivery of Procured items** – the staff member indicated that on June 29, 2015, Procurement Division received a request from Administration and Facility Management to initiate a Purchase of five (5) Generators. To the effect, Procurement process for the supply, delivery, installation and commissioning of five (5) Generators sets at Residences of the Commissioners in Addis Ababa, Ethiopia. Based on its competitiveness, the contract was awarded to a bidder at a cost of USD 46,211.85 as the most competitive bidder, and the Report of which was submitted to the 14th Tender Board on June 23rd, 2016, which approved the request and added the following;

- 73.1. Requested for financial comparison in terms of cost between the Local and Foreign Company.
 - 73.2. Suggested in its observation the necessity to find out the validity of the initial price of the Project and if any after sales services would be provided.
 - 73.3. The diligence and the capability of the Company to provide the initial required services.
74. According to the staff member, the Procurement Unit, following the decision of the Tender Board, wrote to bidder to confirm its original bid of USD 46,211.85, and requested for extension of its bid validity. In response, the Company stated that it has never quoted for the amount above, but for 47,586.86 (without Duty and VAT) for the five (5) Generators as per its bid of 09 October 2015. The Company allegedly indicated that USD 46,211.85 was the total CIF price Djibouti Port (without inland delivery to the final destination, and without Duty and VAT).
75. The staff member further explained that following the variation in price, the Procurement Unit requested all suppliers to confirm their prices and extended their bid validity for comparison purpose (Annex 3.5). As such, the staff member stated the correct price per unit was established as USD 11,517 without duty and VAT, and the final, USD 16,311 per unit, including duty and VAT. As a result, the Procurement Unit, according to the staff member submitted a request to the IPC for reconsideration of contract award decision, which on 16 November 2016 approved the amended price to Ethio Global Trade for five Generators sets at USD 81,555 with duty and VAT inclusive (Annex 3.8).
76. The staff member further stated that AFMD sent a request to the Procurement Division for the reduction of the number of Generators sets from 5 to 3. Moreover, following the request, an order of 3 Generators sets with PO No. 4500044726 has been placed for a total amount of Ethiopian Birr. 1,100,999.97 (367,000x3). Conclusively, the staff member stated that the Commission ordered and paid USD 48,363.93 (16,311X3), corresponding to the value approved for 3 Generators.
77. The review and scrutiny of the documents revealed no malpractices and this provided determinations for HRMD and the Task force to clear the staff member of the allegations on questionable hiring and recruitment of a consultant and none delivery of Procured items (five sets of Generators intended for the Commissioners residences).
78. The analysis of all the available documents pertaining to PWC Report claim that a Consultant was allegedly favoured through the evaluation process, leading to his selection as **Process Improvement Expert**, revealed no irregularities committed during the evaluation process. It is established that the recruitment was through selective tender from LinkedIn. The consultant was evaluated together with three (3) other candidates, using the same and identical criteria, and the principles contained in the Procurement Manual were applied accordingly. The Consultant qualifications in the related field and vast experience from different International Organization were elements feasibly noted for his consideration.
79. On none-delivery of Procured items (five sets of Generators), the available evidences indicate that, of the five generators initially requested to be procured for the

Residences of Commissioners, three (3) were delivered, and the remaining two (2) couldn't be procured due to budget constraints. Therefore, no procurement malpractice was noted.

80. On the allegation of improper management of procurement and Travel practices, particularly alleging failure to clear long outstanding Advance Payment amounting to USD 18,138,840, more time was required to collect and verify information pertinent to the analysis of the claim. Consequently, after consultation with Finance Directorate and MIS Division, and failure to obtain substantial facts HRMD requested the staff member to provide further clarification on an earlier claim regarding the improper management of procurement and travel practices. The review of the clarification did not provide what was expected. Thus, in a meeting held with the Task force and relevant Directorates (Finance and OIO), HRMD presented the case and explained the bottlenecks, which impeded the conclusion of the fact-finding process within the expected period.
81. In light of the challenges faced, the Taskforce tasked OIO with the responsibility to conduct thorough verification on the following claims expressed by the staff member's explanation;
 - 81.1. That an amount of USD 87,840.62 of the Advance Payment was pending in the SAP and could not be cleared due to the period closed,
 - 81.2. Goods and services for an amount of USD 2,342,978.59 had been delivered by suppliers, but could not be posted due to the period closed.
 - 81.3. In addition, that a total amount of USD 16,665,286 of the total outstanding Advance Payment of USD 18,138,840 Finance Directorate and PTSD had cleared.
82. After thorough investigation, the OIO submitted its findings to the Bureau of H.E the Deputy Chairperson which noted that contrary to the assertion made by the PWC Forensic Report that it appeared there was no improper management of Procurement and Travel Practices and OIO findings did not established any suspected fraud against the staff member.
83. Considering the fact that no level of fraud was established against the staff member in regards to improper management of procurement and travel practices, HRMD could not establish no prima facie case against the staff member. In response the taskforce ruled that the staff member be notified that no prima facie case has been established and that the case has been closed.

Case 7

84. The Audit report implicated a staff member on the following allegation:

Doubtful delivery of Procured VSAT Services.

85. The Forensic Audit Report implicated the staff member as being responsible for non-delivery of Procured VSAT Services. It is noted that AU Commission had signed a

contract with EMC for the provision of VSAT Network on Quarterly Advance payment, whose value cost of USD 356,440 is reported to have not been recorded as Advance Payment, but rather, direct expense, making it appear that no entry sheet has been raised, thereby, putting the delivery of the VSAT service in question.

86. In addition, the Report noted that during the bidding, the document indicated that the process was a two-envelope bidding, and according to the Procurement Manual, two envelop bids are evaluated in two stages where the financial evaluation is done after approval of the technical evaluation by the tender board.
87. However, the Report mentioned that it appears only one stage was applied, and that the evaluation, as well, appeared to have been undertaken by one MIS staff member with the assistance of a Consultant from Infrastructure Department. As the said MIS staff was in charge of the evaluation process, the winning bidder, EMC was at the time implementing a project in the Department (MIS). As such, it ruled the possibility of the bidder having contact with the evaluator at the time.
88. In light of the allegation a fact-finding letter was issued to the staff member to which the following responses were given:
89. **On the involvement of the staff member in the process**, the response pointed out that as SAP Administrator, Head of ERP Unit, he has never been appointed as acting Head of MIS nor been responsible for VSAT Services as claimed by the Report.
90. **On the provision for advance payment** as stipulated in the ECM's contract, the staff member stated that it is a common practice with many IT Services and license. As such, payment to the VSAT Service provider was made quarterly in advance as per the stipulation of the contract.
91. **On the Report's clause 4.464** that the payments were not booked as advance payments, but rather direct expense, the staff member refuted the findings labelling it as "**incorrect**". For this, the staff member provided attachments containing a list of Purchase orders, service entries and invoices for the period of analysis 2014-2018, which to the staff member clearly indicates that the payments were not directly expensed as claimed by PWC.
92. The staff member further explained that unlike directly expense payments, which are fully paid in Finance, all Procurement initiated Purchases for goods and services under go several checks by various agents, including verification and approval by Head of PTSD. For clarity, and to substantiate his claims, the staff member had attached some reports on the VSAT usage that indicates the use of VSAT in remote offices.
93. **On the Report's clause 4.465**, where it states that "*[the staff member], the acting Head of MIS explained that the contract must have been delivered since access to systems in remote offices and organs were connected via VSAT*", the staff member stated that he has never been the acting Head of MIS nor responsible for VSAT

Service as alleged by the Report. The staff member accused the PWC of inability to verify simple facts and identify the right person responsible for VSAT Services.

94. HRMD after examining the staff members detailed response and attached documents, had concluded that VSAT Services is being used in remote offices. Furthermore, the staff member was never an acting Head of MIS and was not responsible for VSAT Services. Therefore, HRMD could not establish no prima facie case against the staff member. In response the taskforce ruled that the staff member be notified that no prima facie case has been established and that the case has been closed.

Case 8

95. The Audit report implicated a staff member on the following allegation:

Doubtful delivery of Procured items.

96. The report cited a staff member as one of the staff responsible for non-delivery of some of the procured good and services, in particular, the 13 DCMP translators allegedly paid an amount of USD 36,898 without any evidence of a tangible work performed.
97. The staff member, in response explained that, there is no responsibility from the staff member for non-delivery of any procured items, particularly the issue of translators allegedly paid without delivering any service. The staff member noted that she had not been in any way responsible for translation during the period considered by the Forensic Audit.
98. After reviewing the case and the response thereto, submitted by the staff member, HRMD scrutinized the file of the staff member for any evidence of whether at any point the staff member was responsible for handling affairs to do with translation from the period under review. The records revealed no official evidence of the holding such responsibility. It is established that the staff member only became Ag. Director of DCMP effective March 2020 until her retirement on 31 December 2020.
99. The Forensic Audit was conducted from January 2012 to December 2018, which time the staff member was yet to assume the acting responsibility of the Directorate. It is noted that the substantial office holder at this time was another staff member whom since then have retired from the Service of the Commission. Therefore, HRMD could not establish no prima facie case against the staff member. In response the taskforce ruled that the staff member be notified that no prima facie case has been established and that the case has been closed.

Case 9

100. The Audit Report labelled three (3) allegations against a staff member as follows:
Failure to include Administration cost USD 22 million.

101. The Forensic and Performance Audit Report uncovered an amount of USD 22 million (Twenty-two million United States Dollars) which the staff member allegedly failed to include as administrative cost, and Funds available during the budgeting process by erroneously recording them as liability.

Inconsistently closing dormant/long-outstanding Partner accounts.

102. Among other staff, the Forensic Audit Report held the staff member responsible for inconsistent closing dormant/long-outstanding Partner accounts which had the balance amounting to USD 27 million (Twenty seven million United States Dollars) to various account (such as Administrative costs account and Peace Fund) during the review period of the Forensic Audit, and in contravention of the FRRs, thereby presenting an avenue for possible misuse of the fund due to lack of transparency and accountability as the funds were not subjected to the budgeting process.

Possible breach of Partner Agreement.

103. The Report also revealed that there was possible breach of Partner Agreements where partner fund was held in comingled Bank Accounts against funding agreements, which in a number of cases required dedicated Bank Accounts for the respective Project funds.

104. In light of the allegation and the request from the fact-finding process the staff member responded to the allegation by addressing each allegation, which is summarized as follows:

105. At the outset, the staff member noted that during the course of the Forensic Audit, she was designated by the Division of External Resource Management as focal point for the Forensic Audit, and principally for the Partner Funds, other than Peace and Security. During the exercise, she expected the Audit would focus on the responsibilities of the senior leadership rather than on junior staff such as her. TH staff member claimed that her name appeared in the Audit Report because of the responsibility that the Division had bestowed on her-to collect and collate views as requested by the auditors, and to provide, on behalf of her Division, the necessary responses on issues pertaining to the Department.

106. The staff member indicated that the PWC auditors in their exercise mentioned some gaps, which had also been brought forth by past Audits, indicating systematic issues within the Organization, which included (i) ***lack of guidance on the treatment of Administrative costs from Partners***, (ii) ***lack of guidance on how to settle liabilities from the Partners Projects after the end of the implementation period***, and (iii) ***lack of clarity on the treatment of balances from Dormant/closed Partner Accounts***. The staff member further noted that in the absence of the guidance, Accounting Principles permits professional judgement to take course without deriving personal benefits.

107. In regards to the allegation of ***failing to include Administrative costs as Fund available during the budget process***, the staff member expressed her surprised of the allegation, and explained that the Administrative Cost Customer Account in the general ledger **in SAP is available** like any other funds from Partners with multiyear funding for allocation to priority activities of the Union and visible to all, including the

then Deputy Chairperson as the controlling Officer, and the then Director of Finance as responsible for funding the activities of the Union was aware of the needs of the Union and could allocate funds accordingly.

- 108.** The staff member further indicated that for the purpose of transparency and accountability, a Customer Account number **300240** was created in the general ledger to capture transaction from the administrative costs from Partner in SAP, and once the project is completed and the financial report submitted to the Partners, the amount determined by the Commission is transferred from the specific Partner Project Accounts to the Administrative costs' general ledger Account. The staff member claimed that in her understanding is that the creation of the Accounts was to ensure transparency and accountability in the management of the Administrative Costs, and often, the final amount to be considered as Administrative Costs are determined after the audits commissioned by the respective Partners and necessary adjustments made to reflect the agreed amounts, hence, recorded as Deferred Revenue.
- 109.** The staff member noted that, the PWC Audit Report seems to portray some inconsistencies and contradiction regarding the treatment of Administrative Costs, because the firm was contracted by the Commission in 2017 to assist in review and preparation of an IPSAS Compliant Financial Statement However, the PWC as per the staff member, did not raise any issue concerning the treatment of Administrative Costs when it assisted the Commission in the preparation of the 2016 Financial Statement, which included the Administrative Costs as deferred revenue.
- 110.** Furthermore, the staff member indicated that Administrative Costs could not be declared as miscellaneous revenue until the condition of article 16 of the General condition of European Union agreement is fulfilled. The article states that "the Organization shall, until at least five years make available to a competent body of the EU all relevant financial information for auditing". Therefore, since the balance is still payable to the Project or Partners, it is declared as deferred revenue. For emphasis, she indicated that the General Condition of grant agreement with the European Commission in article 14.4 on Administrative Costs provides that a fixed percentage of direct eligible costs not exceeding 7% may be claimed as indirect costs by the Organization to cover administrative overheads incurred for the action, and the resulting funding in respect of indirect costs does not need to be supported by accounting documents.
- 111.** The staff member further explained that as mentioned by the auditors that there was no specific guideline on the treatment of Administrative Costs, which can lead to accounting judgement, there, was no rule or regulation violated in that matter, and for the same reason, the Directors of Finance maintained the Administrative Costs as deferred Revenue, which provided the Commission and Member States with the opportunity to utilize the find for activities where funding shortfall is identified.
- 112.** Regarding the second allegation, *involving inconsistent closing of dormant/long outstanding Partners Accounts with balances amounting to USD 27 million* to various Accounts, the staff member explained that the treatment accorded to each transaction is dependent on the nature of the agreement and purposes of funds provided by the Partners. To solidify the claim on this particular allegation, the staff member had

provided a tabular illustration indicating how each transaction is treated base on its nature and purpose.

113. Furthermore, the staff member explained that because AU does not have any guidelines in closing Partners dormant Accounts, the need to ***use professional judgement arises*** in as long as it does not contradict the FRR. In addition, she claimed that there is no avenue for possible misuse of the funds due to lack of transparency and accountability because the opening and closing of the customer accounts in SAP are for reporting purposes to ensure transparency and accountability in the management of Partner Funds. As such, the treatment of dormant/long outstanding Partners Account does not result in misstatement of the financial statements of the Union as claimed by the auditors.
114. Concerning the allegation on the *possible breach of Partner Agreements*, the staff member explained that the ING Bank had in June 2016, sent a letter to the then Ag. Director of Finance notifying her of the change of European Central Bank rules on the Euro Current Bank Account, charging a negative interest for deposits balance exceeding overall threshold of Euro 40million. The failure by the Commission, she said, to respond to the ING letter, resulted to it charging the Commission a negative interest of over USD 200,000 in December 2016.
115. The staff member also pointed out the importance to understand the context in how the relationship with the Partners are managed. She explained that when AUC signs a contribution agreement with EU, the agreement stated that the funds will be transferred to a dedicated Account which cannot be changed during the pendency of the agreement as the Banking details are linked to the EU Accounting systems called CRIS, and any alteration would mean that the Commission will not be able to received payments again.
116. The staff member further asserted that there was no possible breach of Partners' Account as the auditors claimed. The auditors, she said, misinterpreted the provisions in the Partners agreement because opening specific Bank Account does not foreclose; the money will not be transferred from a dedicated Bank Account to another Bank Account for operational purposes as the Account are denominated in Euro, although the local currency of the Union is the United States Dollars.
117. The staff member further noted that when the Member States decided that the money be moved from outside of the Continent to the Continent, the Commission closed all the Bank Accounts with ING to avoid the negative interests, and all Partner Accounts are opened with either EcoBank or Standard Chartered Bank, Kenya, and reconciliations are conducted to refund the amount in the commingled Bank Account to the respective designated Bank Accounts where the Project is still on-going. She expressed that even though there is no violation of the Partners' Agreement, the decision of moving the funds is the responsibility of the Director of Finance. As such, the allegation of misconduct cannot be charged to junior staff.
118. In conclusion, in light of the response from the staff member, HRMD made the following recommendations to the task force for consideration:

- 118.1. On the allegation of failure to include administrative costs amounting to \$22 million, it is to be noted that there was inconsistent closure of long outstanding partner accounts where such balances were transferred to General Peace fund or administrative cost account. However, it is noted that there is no guidelines for closing dormant accounts. Notwithstanding the inconsistent closure of dormant Bank accounts, there is no evidence to show that funds from such accounts were personally misused.
 - 118.2. With regard to co-financing and charging of ineligible expenditures from Partner funded projects to the general Fund, ineligible expenditure was charged amounting to \$4,252,611.07 against the General Fund and there is no evidence of approval by the Chairperson and the Policy Organs as provided in FRR. The staff member did not manage such case as well as closing dormant account.
 - 118.3. The Charging of ineligible expenses and co-financing against the General Fund was initiated by another staff member whom at the time served as the Head of External Resources Management Division and approved by th former Director of PBFA via memo which is a violation of FRR.
 - 118.4. There were balances from mainly inactive and partner accounts amounting to USD 28,766,504 to the Peace Fund on the basis that they had been earmarked for peace and security activities. There were expenditures charged to Peace fund without the authorization and the approval of the Peace and Security Council which constitutes irregularity and violation of the FRR. This was undertaken during the tenure of the former Director of PBFA.
- 119.** In light of the response to the allegation, HRMD could not establish prima facie case against the staff member. In response, the taskforce ruled that the staff member be notified that no prima facie case has been established and that the case has been closed.

IV. Ongoing Fact-Finding Processes

Case 10

- 120.** The PwC report labelled an allegation of lack of responses on the Administrative Tribunal concerning the case filed in December 2016. Following the identified staff member's response to the above allegation and its analysis by HRMD, the Taskforce requested HRM to contact the relevant department to provide additional information as to why there was no response.
- 121.** The Taskforce further decided to investigate the matter and question additional staff members handling the case that were not identified by the Forensic Audit report for the lack of response from the Commission on the same case in 2016 and in 2018 and sent further probing question to the identified staff member.
- 122.** After reviewing all responses from the staff member and its supporting documents HRMD has made the following observations and conclusions:

- 122.1. The identified staff member should not be held responsible for the lack of response in 2016, as the staff member earmarked by the PWC report only assumed duty after the year 2016.
 - 122.2. HRMD was of the view that the lack of response in 2018 was not the sole reason the AUC lost the case of Mr. Yedaly's. OLC could have only objected to the request and wouldn't have been able to submit substantial arguments or evidence that would win the case, as that was supposed to be done in December 2016 or by a special permission from the Tribunal reasonably thereafter.
 - 122.3. It is also observed that the identified staff was on a mission at the time and another colleague of the identified staff from the office was the officer in charge, and the case was forwarded for the officer in charge to deal with.
- 123.** The Office of Internal Oversight (OIO) investigated the additional information obtained in response to the fact-finding as requested by the taskforce and issued the report accordingly. The case is awaiting the Task Force's consideration.

Case 11

- 124.** The audit report implicated a staff member on the allegations as summarised here below:
- 124.1. Failure to include administrative costs amounting to USD 22 Million
 - 124.2. Improper Management of Member States and Partner Funds
 - 124.3. Improper Recording of the Peace Fund Account
 - 124.4. Misrepresentation of facts
- 125.** In regards to the misrepresentation of facts, the Report noted that the staff member response to the show cause letter from the Chairperson, noted instances in which he misrepresented several facts in regards to the USD 5.6 million worth of transaction among which the staff member stated that the OIA reviewed the response and cleared the audit findings as indicated in the Report of PRC Subcommittee on audit matters. The staff member also misrepresented facts that the OIA cleared the financial Controller based on Article 73.2 of the FRR which states the responsibility of the financial controller is to effect payments regularly. This was found out not to be so when the auditors on reviewing the report observe that the OIA did not clear the financial controller on the basis of Article 73.2 of the FRR.
- 126.** In light of the allegation and the request from the fact-finding process the staff member responded to the allegation by addressing the allegation, which is summarized as follows:
- 127.** The report noted an instance by which the staff member misrepresented several facts in his response to the show cause letter to the Chairperson in regards to 5.6Million USD among which the staff member stated that the OIA reviewed the response and cleared the audit findings as indicated in the report of PRC

Subcommittee on audit matters. In his response the staff member stated that in his memo to the Chairperson, he clearly mentions that the OIA has reviewed all documents and cleared the findings related to the lack of approval from the Accounting Officer. It was stated on the OIA report that approval was done by the accounting officer. Therefore, the OIA cleared the findings related to the lack of approval from the Accounting Officer.

128. The report also stated that staff member misrepresents facts that the OIA cleared the Financial Controller based on Article 73.2 of the FRR which states that the responsibility of the Financial Controller is to effect payment regularly in accordance with the written order to pay for contracts or agreements signed by the Accounting Officer. Which was found not to be so as the OIA did not clear the Financial Controller on the basis of Article 73.2 of the FRR. In his response the staff member stated that there was no misrepresentation and that he referred to the PRC Subcommittee on audit matters report which the OIA also have on his show cause letter to the Chairperson.

129. After the presentation of the response and subsequent discussion on the matter by the taskforce, the following further clarification was needed from the staff member:

Alleged lack of authorization from Policy Organs

130. It has been noted on the PWC report that there is no evidence of approval sought from policy organs (such has PSC) by PSD in any of the questioned expenditure comprising the USD 5.6M expenses charged to Peace Fund.

Alleged misrepresentation as to why some Payments were made from new (revitalized) Peace Fund bank account

131. It is noted in the PWC report that at different times the staff member provided contradicting information about the possible reasons as to why payments were made from the Revitalized Peace Fund Bank Account. According to information in the OIA report on Peace Fund, the response given is 'human error' while the response given to PWC report was insufficient balances in other accounts and hence a decision by the then Director of PBFA to pay from Revitalized Peace Fund Bank account. In this regard, the staff member was requested to clarify which representation is correct (as was provided by the staff member), and why there are contradicting reasons for the same matter. Furthermore, if the staff member did not provide such response, to indicate who would have provided such responses as this response was to come from unit/office in which the staff member works.

Alleged lack of authorization from H.E. Chairperson

132. It is noted in the report that between January and November 2016, expenses for the AU Liaison Offices were financed from the Peace Fund through JP Morgan Chase Peace Fund account upon receiving the first instalment from the EU in November 2016, a refund of the pre-financed amount was made to JP Chase account on 06 December 2016. It has been stated on the PWC report that there is no evidence of the Chairperson approval to pre-finance the expense in line with the established practice. It is stated in the report that the staff member denied that AU- Liaison office expense had been pre-financed. However, on a memo dated 29 August 2019 from the staff member to H.E. the Chairperson, states that the expenses had been pre-

financed, but a refund had been subsequently sought. In this regard, the staff member was asked to clarify whether the approval was sought and obtained from Chairperson, if NOT, what justified proceeding with the action without approval from Chairperson.

133. After reviewing the response provided by the staff member, in regards to misrepresentation of facts, while the reason was stated that it was “human error” on OIA and Insufficient Fund on PWC, it is clear that the decision to pay from the Revitalized Peace Fund Bank Account was made by the former Director.
134. In regards to pre-financing the expense, the staff member stated and provided an evidence that the word “pre-financing was used based on agreement with EU. The terminology “pre-financing “is used by the EU to indicate the tranches released in line with their special condition of agreement. The case is awaiting the Task Force’s consideration

Case 12

135. The Audit Report asserted that a staff member was engaged in misrepresentation of facts in a written response to the Chairperson concerning the information he provided to PSD relating to the transaction of \$5.6 million charged to the Peace Fund. The report specified the alleged misrepresentation was that the PSD Finance did not pre-finance the AU Liaison Office JFA expenses in 2016. According to the report, the AU Peace Fund, being part of the approved budget was available for use to support any peace and security expenditures including the AU Liaison Offices operating expenditures without any approval from mandated bodies.
136. In his response to the fact-finding process, the staff member rejected the statements of the Forensic Auditors on Peace Fund as incorrect. He stated that the Peace Fund is funded through not only member states’ contributions, but also contributions from member states, partners and voluntary contributions.
137. In regard to the AULOs, the staff member responded that the process is that all subvention requests are authorized by the Special Representative of the Chairperson of the Commission and approved by the Director of Peace and Security for processing by Finance Directorate. He explained that the EU had suggested to PSD that the word “pre-financing” be included in the note verbale signed by the Director of PSD. However, that did not mean that AU actually pre-financed the activities related to AULOs as there were sufficient funds from other partners.
138. Following the initial response and the analysis undertaken by HRMD the Taskforce had asked for further Clarification regards to the allegation of misrepresentation of facts from what was noted in the PWC report:
139. “It is noted in the PWC report that at different times the staff member provided contradicting information about the possible reasons as to why payments were made from the Revitalized Peace Fund Bank Account. According to information in the OIA report on Peace Fund, the response given is ‘human error’ while the response given to PWC report was insufficient balances in other accounts and hence a decision by

the Director of PBFA to pay from Revitalized Peace Fund Bank account. In this regard, the [staff member] was asked to clarify which representation is correct (as provided by the staff member), and why are there contradicting reasons for the same matter. Also, if the staff member did not provide such response, indicate who would have provided such responses as this response was to come from your unit/office.”

140. In his response, the staff member responded with similar response to his first memo. He indicated that his response was provided by the representative of Financial Management Division and the Financial Management Division will be in a better position to explain their role in the matter.
141. Furthermore, the staff member stated that he never said such statement of “Human Error” as a reason to the payment from the Revitalized Peace Fund. He also stated that he has never made a statement of “insufficient fund” to support the program.
142. After reviewing the staff member’s responses and the supporting evidences provided, while the reason was stated that it was “human error” on OIA and Insufficient Fund on PWC, it is clear that the staff member served as a coordinator to gather and consolidate information’s from different departments and present it to the Auditors and those statement were never mentioned by him. The case is awaiting the Task Force’s consideration

V. New Cases Derived from PwC Forensic Report

143. During the period, the Task Force also identified other cases that emanated from the PwC Forensic Report. Currently, the cases that were considered includes the following:

Case 1

144. A senior staff member was reported by another staff member who was implicated in the PWC Report, that he resisted any deductions from his salary to recover his outstanding balance. Furthermore, it was stated that staff member intimidated Finance staff members to make sure no deduction was made. When his resistance was reported by the External Audit of 2019 Financial Statements, he agreed on the deductions with the Ag. Director of PBFA and Payroll started the deducting effective 20 August 2020 to be paid over a period of 10 years.
145. After receiving the allegations against him, HRMD requested OIO to review the case in order to assure the exact amount owed by the staff member and on the alleged office intimidation. The OIO submitted a report by which they clearly stated that a total amount of USD 82,702 is owed by the staff member and for Finance Directorate to ensure the amount is settled. It was also stated that no intimidation was done by the staff member. Furthermore, it was recommended that administrative action should be taken against the staff member for failure to settle various imprest within 7 days upon return from official mission. The case is awaiting Taskforce’s consideration.

VI. Other Disciplinary Cases - Not mentioned in PwC report

146. During the period, the AU Commission has also continued to deal with other cases that are not from PwC Forensic Report. These cases have been summarised into three groups namely (a) Finalised Cases (b) Cases awaiting final decisions and (c) Ongoing cases. The table below provides the list of each case and its current status:

Other Case	Summary of Case / Allegation	Status of the Case
Other Case 1	Violation of the Procurement Procedures by single sourcing a Firm that conducts training without approval of the Internal Procurement Committee (IPC).	After conducting a fact-finding process, Director of HRMD issued a warning letter to the staff member
Other Case 2	Unauthorized transfer that was attempted from a bank account of the Union to another unauthorized account without authorization of the Controlling Officer and the Investment Committee of the Commission with the signature of two senior staff members of the Commission. (Signing for unauthorized transfer)	After conducting a fact-finding Process and recognizing the role of the staff member in the attempt unauthorized transfer, the staff member was issued a warning letter. The other senior staff member was Charged with misconduct.
Other Case 3	Staff member defrauding the Commission	After taking all the necessary Disciplinary Proceedings, the Staff member has been Dismissed from the Organization.
Other Case 4	The staff member was reported absent from duty for a period of one and half year.	HRMD took all the necessary proceedings and presented the case to the Disciplinary Board. The staff has been Dismissed from the Organization.
Other Case 5	Unauthorized absence, Refusing to carryout lawful instructions and verbal assault against the former Chairperson of ACHPR	After taking all the necessary Disciplinary Proceedings, the Staff member has been Separated from the Organization.
Other Case 6	Allegation of violation of AU Procurement Rules by single sourcing the Virtual Solidarity Concert.	After a fact-finding process, HRMD issued a warning letter to the staff member.
Other Case 7	Staff member who has been habitually absent from his duty. The supervisor gave him several verbal warning and finally a written warning. When the habitual absenteeism continued, the head of the division reported the case to HRMD.	HRMD took all the necessary Disciplinary Proceedings and presented the case to Disciplinary Board. Recommendation of the Board to separate the staff members is submitted to the Chairperson. HRMD waiting for the Decision of the Chairperson.
Other Case 8	Staff member who has been habitually absent from his duty. The supervisor gave him several verbal warning and finally a written warning. When the habitual absenteeism continued, the	HRMD took all the necessary Disciplinary Proceedings and presented the case to Disciplinary Board. Recommendation of the Board to separate the staff

Other Case	Summary of Case / Allegation	Status of the Case
	head of the division reported the case to HRMD. <i>(NB: This is a similar case as above)</i>	members is submitted to the Chairperson. HRMD waiting for the Decision of the Chairperson.
Other Case 9	An incident by which a supervisor physically assaulted his supervisee	HRMD took all the necessary Disciplinary Proceedings and presented the case to Disciplinary Board. The Disciplinary Board met to deliberate on the case. The Board to finalize the deliberation and submit their recommendation to the Chairperson.
Other Case 10	Unauthorized transfer that was attempted from a bank account of the Union to another unauthorized account without authorization of the Controlling Officer and the Investment Committee of the Commission with the signature of two senior staff members of the Commission. (Planning and Signing for unauthorized transfer)	HRMD took all the necessary Disciplinary Proceedings and he was charged with acts of misconduct. The Disciplinary Board to deliberated on the case and submit their recommendation to the Chairperson.
Other Case 11	Staff member who had dispatched a memo containing defamatory allegations against H.E the Chairperson and other staff members of the Commission.	HRMD took all the necessary Disciplinary Proceedings and he was charged with acts of misconduct. The Disciplinary Board to deliberated on the case and submit their recommendation to the Chairperson.
Other Case 12	Two seconded staff members in violation of the provisions of the AU Procurement Manual in failing to disclose the conflict of interest and not formally recusing themselves from the selection of the Consultancy	HRMD took all the necessary Disciplinary Proceedings and he was charged with acts of misconduct. The Disciplinary Board to deliberated on the case and submit their recommendation to the Chairperson.
Other Case 13	An investigation against a staff member on alleged outside activities by accepting active employment with UNDESA, New York and AfDB Abidjan, and threats/verbal assault of a staff member in Economic Affairs Department (EAD).	HRMD took all the necessary Disciplinary Proceedings and he was charged with acts of misconduct. The Disciplinary Board to deliberated on the case and submit their recommendation to the Chairperson.
Other Case 14	Staff member who had supported the FAO office in Nigeria to develop some activities on livestock. When he left Nigeria, he allegedly left a sum of USD 3,900 unpaid rent and did not make any effort to settle the bills.	HRMD took all the necessary Disciplinary Proceedings and he was charged with acts of misconduct. The Disciplinary Board to deliberated on the case and submit their recommendation to the Chairperson.
Other Case 15	The Director of AU-IBAR notified HRMD that IBAR office had been informed that a staff member was	HRMD took all the necessary Disciplinary Proceedings and he was charged with acts of misconduct. The Disciplinary Board

Other Case	Summary of Case / Allegation	Status of the Case
	engaging in inappropriate transaction with suppliers.	to deliberated on the case and submit their recommendation to the Chairperson.
Other Case 16	An investigation against a staff member based on a complaint for alleged Education Allowance Fraud for submission of fraudulent Education Claim for his dependents. (Amount involved is USD 71,703.43 .)	HRMD took all the necessary Disciplinary Proceedings and the Charges against him are submitted to the Chairperson for approval.
Other Case 17	An investigation against a Staff Member who defrauded the Organization with regard to education allowance claim for his dependents. (Amount involved is USD 299,937.15)	HRMD took all the necessary Disciplinary Proceedings and he was charged with acts of misconduct. The Disciplinary Board to deliberated on the case and submit their recommendation to the Chairperson.
Other Case 18	An investigation against a Staff Member who defrauded the Organization with regard to education allowance claim for his dependents. (Amount involved is USD 114,221.22)	HRMD took all the necessary Disciplinary Proceedings and the Charges against him are submitted to the Chairperson for approval.

NB: The “other case 2” and “other case 10” have the same charges involving two persons. One person was issued with a Warning Letter and the other person was sent to Disciplinary Board.

147. The paragraphs below provide the details of each case in three groups namely (a) Finalised Cases (b) Cases awaiting final decisions and (c) Ongoing cases:

a) Finalized/ Concluded Cases

Other Case 1

148. The final Report of the Office of Internal Oversight (OIO), dated 23 November 2021, on alleged violation of the Procurement Procedures by single sourcing a Firm that conducts training without approval of the Internal Procurement Committee (IPC).
149. The Report of the Office of Internal Oversight stated that the concerned Staff Member did not follow proper Procurement procedures during the Procurement of Firm that conducts Training by failing to consult the Procurement Unit as a focal person for the Project. Furthermore, the Report also pointed out the improper advice she provided to the then Ag. Director of AHRMD and the Head of HRM that the single sourcing of the Firm had been conducted in the manner consistent with the applicable procurement procedure.
150. Staff member’s failure to refer the continuation of services of the Firm to the procurement Unit for upward transmission to IPC for necessary approval was in violation of Procurement Manual article 3.7.1.

151. In view of the above and in consideration of **Rule 61.2** of the SRR, a written warning letter has been issued to the Staff member by the Management.

Other Case 2

152. A case of possible misconduct was investigated, upon the request of the Controlling Officer, a report from the Office of Internal Oversight (OIO) was submitted to the latter, which identified unauthorized transfer that was attempted from a bank account of the Union to another unauthorized account without authorization of the Controlling Officer and the Investment Committee of the Commission following the Financial Rules and Regulations (FRR) with the signature of two senior staff members of the Commission. A fact-finding procedure was authorized by the Chairperson on four (4) staff members implicated in the attempted transfer, and due to the grave nature of the allegation and sufficient evidence collected on one of the Senior staff members identified, the Chairperson had issued the suspension of the one (1) identified staff member for three (3) months while the fact-finding process was being undertaken in line with Rule 61.3 (j) of the SRR.
153. While the first two staff members were cleared after the fact-finding process, one of the staff members was issued a warning letter for signing documents without their necessary attachments.

Other Case 3

154. On March 2020, the Office of internal Audit investigated against a youth volunteer within PBFA on misconduct. The Report indicated credible evidences including a confession from the staff member admitting on defrauding the Commission of 24,080.00USD. HRMD took all the necessary measures and submitted the case to the Disciplinary Board. The Disciplinary Board conducted a hearing with the respondent on 26 June 2020 and found him guilty of the charges against him. The Board submitted its recommendation to the Chairperson on 29 July 2020. The Board recommended to Dismiss the staff member and for the Commission to institute criminal proceedings against the staff member. After receiving the approval of the Chairperson, HRMD Dismissed the staff member.

Other Case 4

155. After the study leave granted to him on **29 October 2014 to 3 May 2015** (Period not more than six (6), the staff member was reported absence from duty for a period of one and half year. To the effect, HRMD sent a memo **Ref: AHRM/10000607/2743.1** on 23 March 2017 requesting for suspension of his salary pending the disciplinary process.
156. HRMD followed due disciplinary steps, including sending him an explanation letter to respond to the allegations. A disciplinary process was initiated and the Disciplinary Board virtually met on June 19 2020 to consider the case as presented by

Administration. The Board found the staff member guilty of absence from duty without authorization and henceforth, made the following recommendation

Dismissal of the staff member as per Rule 61.3 (h)

157. On November 3rd, 2020, by memo File No. **AHRM/75/4553.20**, the Chairperson of the Disciplinary Board requested H.E the Chairperson of the Commission to approve the recommendation of the Disciplinary Board against the staff member. After receiving the approval of the Chairperson, HRMD Dismissed the staff member.

Other Case 5

158. On 12 July 2019, the office of Internal Audit submitted an investigation report on alleged misconduct against a staff member in ACHPR, Banjul. Following a fact finding process by HRMD, charges were filed against the staff member. The charges included unauthorized absence, Refusing to carryout lawful instructions and verbal assault against the former Chairperson of ACHPR. The Disciplinary Board met virtually to deliberate on the case and found the staff member guilty on the charges against him. The Disciplinary Board submitted their recommendation to separate the staff member to the Chairperson on a memo dated 29 July 2020. After receiving the approval of the Chairperson, HRMD separated the staff member.

Other Case 6.

159. The OIO investigation report implicated the staff member on allegation of violation of Procurement Procedures by single sourcing the Virtual Solidarity Concert on Covid-19. HRMD reviewed the report, and taking into account the Administrative procedural aspect in the process of fact-finding upon receipt of such allegations, was the application of the Staff Regulations and Rules 58.3 which ***prohibits charging a staff member for misconduct without communicating to him or her, in writing, the allegations made against him or her and providing him or her an opportunity to respond.***
160. Upon receipt of the response, HRMD concluded that it was apparently the staff's responsibility to submit the signed approval to PTSD for upward transmission to Internal Procurement Committee (IPC) as required by the Procurement Manual. However, the concerned staff failed to do so. In view **of** the above and in consideration of **Rule 61.2** of the SRR, a written warning letter has been issued to the Staff member by the Management.

b) Other Cases Awaiting a Final Decision

161. **Other Case 7 & 8** - The Head of Administration and Facility Management (AFMD) had, on multiple occasions reported to HRMD of continuous absence, from duty of Messrs. two staff members, and those efforts to warn them to refrain from the act of misconduct did not bring about any anticipated change. Following the reports of their absenteeism and the fact-finding process undertaken by HRMD and the response of the staff members thereto, which revealed that the two staff members have indeed been absent as reported, HRMD established a prima facie case against them. Thus,

a request for approval to file charge of misconduct against the two was sent to H.E the Chairperson in accordance with Rule 59.5 of the SRR.

- 162.** The charge has been approved and the case was presented to the Disciplinary Board. Taking into consideration all the details contained in the documents presented by the Secretariat, the Disciplinary Board found the two staff members guilty of the allegations. Consequently, the Board recommended dismissal of the staff members as per Rule 61.3 (h) of the SRR. HRMD is waiting for the approval of the recommendation by H.E the Chairperson for implementation.

c) Other Ongoing Disciplinary Cases

Other Case 9

- 163.** HRMD received an incident report by which a supervisor accused a supervisee of verbal and physical assault. After receiving the report, HRM conducted a fact-finding process by which the supervisee was requested to explain the allegations made by the supervisor. Upon receiving the explanation from the supervisee, and assessing the reply the HRM noted that there is a need for further investigation on the matter and requested Security camera footage to substantiate what transpired on the day of the incident. Based on the review of the footage, HRMD established the fact that the supervisor initiated the physical assault. After collecting the necessary documents, HRMD had submitted for approval to file Charges, which was subsequently approved and the case is under consideration of the Disciplinary Board.

Other Case10

- 164.** A case of possible misconduct was investigated, upon the request of the Controlling Officer, a report from the Office of Internal Oversight (OIO) was submitted to the latter, which identified unauthorized transfer that was attempted from a bank account of the Union to another unauthorized account without authorization of the Controlling Officer and the Investment Committee of the Commission following the Financial Rules and Regulations (FRR) with the signature of two senior staff members of the Commission. A fact-finding procedure was authorized by the Chairperson on four (4) staff members implicated in the attempted transfer, and due to the grave nature of the allegation and sufficient evidence collected on one of the Senior staff members identified, the Chairperson had issued the suspension of the one (1) identified staff member for three (3) months while the fact-finding process was being undertaken in line with Rule 61.3 (j) of the SRR.

- 165.** The staff member in line with the due process was requested to provide response to the allegation and upon the review of the response and in consideration of the recommendation of OIO investigation report, a prima facie case was established against the staff member and a request for approval to file charge against the identified staff member, in line with Rule 59.5, was sent to H.E the Chairperson. The charge has been approved and the case is to be presented to the Disciplinary Board for deliberation.

Other Case 11

- 166.** In March 2020, the staff member had dispatched a memo containing defamatory allegations against H.E the Chairperson and other staff members of the Commission. Following the allegations contained in the memo, HRMD established an Ad-hoc Panel which consisted representatives from the Bureau of Deputy Chairperson, Office of the Legal Counsel and HRMD in order to examine the allegations.
- 167.** After reviewing the content of the Report of the Ad-hoc Panel, the Management presumed it necessary to establish a prima facie case against the staff member. Thus, a request to file charges of misconduct against him was sent to H.E the Chairperson, in accordance with Rule 59.5 of the SRR. The Charges have been approved, and the case is waiting to be presented to the Disciplinary Board for deliberation.

Other Case 12

- 168.** In March 2021, the Office of Internal Oversight (OIO) conducted an investigation against two seconded staff of African Field Epidemiology Network (AFENET) to AUC-Africa CDC. The investigation was based on the request of the Internal Procurement Committee (IPC) in December 2020, following its rejection of the Evaluation Report of the Evaluation Committee.
- 169.** The IPC rejected the Evaluation Report on the basis of non-declaration of conflict of interest by the two seconded staff, who both, were members of the Evaluation Committee for the selection of a consultant for the establishment of Africa CDC Monitoring, Evaluation & Learning System.
- 170.** The findings of the investigation implicated the two seconded staff members in violation of the provisions S. 2.4.3 (b) & (c) of the AU Procurement Manual in failing to disclose the conflict of interest and not formally recusing themselves from the selection of the Consultancy as AFENET, their seconding organization, was bidding in Partnership IQVIA Solutions Pty Ltd.
- 171.** Following the receipt of the OIO investigation report, HRMD took all the necessary steps within the context of AUC staff Regulations and Rules, including requesting the accused to provide explanation to the allegation in accordance with Rule 58.3 of the SRR.
- 172.** The review of the documentations led to the establishment of a prima facie case against the two seconded staff members. Thus, a request for approval to file charge against the two staff was sent to H.E the Chairperson. The charge has been approved and the case is to be presented to the Disciplinary Board in accordance with Rule 59.5 of the SRR.

Other Case 13

- 173.** The OIO concluded an investigation against a staff member on alleged outside activities by accepting active employment with UNDESA, New York and AfDB Abidjan, and threats/verbal assault of a staff member in Economic Affairs

Department (EAD). The investigation was based on a request from the Ag. Director of AHRM following a complaint made by a staff member in the Economic Affairs Department.

174. The investigation implicated the staff member in the allegation of engaging in outside activities by taking up employment with UNDESA and AfDB without the authorization of the Chairperson or his/her designated authority. Following the findings and recommendations of O.I.O, HRMD took all the necessary procedures to engage the staff member, including requesting him to provide explanation to the allegations.
175. The review of the documentations, including the staff member's response, which found him guilty of the allegation, led to the establishment of a prima facie case against him. Thus, HRMD requested for the approval of H.E the Chairperson to file charges against the staff member and as the charges have been approved and the case is to be presented to the Disciplinary Board for deliberations.

Other Case 14

176. A staff member, had taken up leave of absence from 1 October 2018 to 30 September 2019 and resumed duty on 1 October 2019. On 4 March 2020, the Food and Agricultural Representative (FAO) in Nigeria wrote to IBAR advising the Office of improper conduct of the staff member following his return from his leave of absence. According to the FAO Representative, the staff member had supported the FAO office in Nigeria to develop some activities on livestock. When he left Nigeria, he allegedly left a sum of USD 3,900 unpaid rent and did not make any effort to settle the bills.
177. Similarly, the Representative also reported that FAO received a complaint from Ecobank in Abuja that the staff member owes the Bank a sum of USD 12,000, which he abandoned to pay. Efforts by the IBAR office to engage the staff member to pay the money did not yield any results. Hence, IBAR office forwarded the matter to AU Commission for necessary disciplinary procedures to be taken against the staff member.
178. On receipt of the information, AHRM wrote memo to the staff member requesting him to respond to the allegations. The staff member responded promising to pay the debts in the soonest time possible. However, no refund was made. Following his failure to commit to his promise, a prima facie case has been established against him and charges filed in accordance with Rule 59.5 of the SRR. HRMD will present the case to the Disciplinary Board.

Other Case 15

179. On 5 June 2020, the Director of AU-IBAR notified HRMD that IBAR office had been informed that a staff member was engaging in inappropriate transaction with suppliers. According to the Report, the Image Plus Company, a supplier based in Nairobi, Kenya, approached IBAR in May 2020 with a complaint of non-payment for goods delivered in IBAR office during the period May-June 2019, stating that it had

been conducting its business through the staff member, and upon repeated request for payment, nothing had been forthcoming which compelled the Company to engage the Director of IBAR.

180. The Image Plus Company also reported that some financial transaction had taken place where it rendered the staff member with certain amount of money, and after receiving the amount, she went further to request for a larger amount, which the Company did not pay. The Company submitted written documentations and audio recording between the staff member and a staff member of the Image Plus Company, which was translated from Swahili to English and submitted to HRMD.
181. On receipt of the Report, HRMD took into consideration all the Administrative Procedures, including requesting the staff member to respond to the allegations in line with Rule 58.3 of the SRR. However, the staff member failed to respond.
182. Considering the available documents presented to HMRD by the Director of IBAR, and the fact that the staff member failed to respond to the request for explanation, a prima facie case was established against the staff member and a request for approval to file charge of misconduct against her was sent to H.E the Chairperson in line with Rule 59.5. The charge has been approved and the case is to be presented to the Disciplinary Board for deliberation.

Other Case 16

183. In February 2021, OIO conducted an investigation against a staff member based on a complaint for alleged Education Allowance Fraud for submission of fraudulent Education Claim for his dependents. It is alleged that the staff member submitted receipts of paying fees in Cash totalling 12,000 Euro and 9,000 Euro for his two dependents for the academic year 2018/2019, while they were allegedly schooling in "Ecole Primaire Marie Curie" and "Institut Polytechnique de Vichy" in France.
184. It is further alleged that in October 2019, the staff member submitted documents that looked like photocopies but with original stamps on behalf of his two dependents for reimbursement of Education Allowance claims in the sum of 20,000 Euro for 2019/2020 academic year. An initial review of the documents submitted to Finance Officer in ACSRT, Algiers by the staff member raised some red flags with prima facie evidence of fraud thereby necessitating a full-fledged investigation from the OIO.
185. The findings of the Investigation implicated the staff member in defrauding the organization of a total USD 71,703.43. Following the findings and the recommendations from O.I.O, HRMD requested the staff member to respond to the allegations in line with Rule 58.3. Upon his response, a prima facie case was established and a request for approval to file charges of misconduct against him has been sent to H.E the Chairperson in accordance with Rule 59.5 of the SRR. Once approved, the case will be presented to the Disciplinary Board for deliberations.

Other Case 17

186. The O.I.O Investigation Team, by its findings inscribed in its Report, revealed clear and convincing evidence that the concerned Staff Member defrauded the

Organization of USD 299,937.15 with regard to education allowance claim. The findings exposed that staff member has been collecting education allowance claim for four (4) of his dependents alleged to have been studying in various school/University from 2008/2009 to 2019/2020 academic years. It was also discovered that the receipts and all the documentations the staff member has been submitting to the Finance Directorate from 2008/2009 to 2020/2021 academic years, for education allowance reimbursement for his dependents do not have the location of the school, telephone number nor serial number.

- 187.** Furthermore, during its visit to the said school, the O.I.O Investigation Team established clear and convincing evidence that the school in which the staff member alleged his dependents have been studying, does not exist. The findings also indicate that the bank receipts the staff member submitted to the Finance Directorate for reimbursement are fake and forged.
- 188.** HRMD requested the staff member to respond to the allegations in line with Rule 58.3. Upon his response, a prima facie case was established and a request for approval to file charges of misconduct against him has been sent to H.E the Chairperson in accordance with Rule 59.5 of the SRR. The charges have been approved by the Chairperson, the case will be presented to the Disciplinary Board for deliberations.

Other Case 18

- 189.** The OIO Investigation Report revealed a clear and convincing evidence that a staff member defrauded the organization of a total amount of USD 114,221.22 with regard to Education Allowance claims for his dependents.
- 190.** HRMD requested the staff member to respond to the allegations in line with Rule 58.3. Upon his response, a prima facie case was established and a request for approval to file charges of misconduct against him has been sent to H.E the Chairperson in accordance with Rule 59.5 of the SRR. The charges were sent to the Chairperson for approval, the case will be presented to the Disciplinary Board for deliberations.

VII. Conclusion and Recommendations

- 191.** The under listed conclusions have been drawn from the legal processes undertaken on staff members and former officials considered during the period thus far: *(Each case is an individual staff member (or subject of investigation) and one individual staff may have more than one charges. Also some of the charges to a staff may be cleared, while other charges on the same staff may be sent to Disciplinary Board).*
- 191.1. With regard to **twelve (12) cases** that were listed by PwC Forensic Report:
- i. Nine (8) cases have been concluded as there was no sufficient prima facie evidence established.
 - ii. Three (3) cases have been recommended to the Taskforce for further consideration.

- iii. One (1) case has been referred to the Disciplinary Board for consideration.

191.2. With regard to **one new case** derived from PwC Forensic Report:

- i. Recovery of funds has been initiated and appropriate administrative action against the staff member is under consideration.

191.3. With regard to Other **eighteen (18)** cases (i.e. Disciplinary Cases Not from the PwC Forensic Report):

- i. Six (6) cases have been concluded whereby three staff members have been dismissed (separated) and warning letters have been issued to the other three staff members.
- ii. Two (2) cases have been finalised by the Disciplinary Board with a recommendation to separate the staff members implicated. The two cases are waiting for final decision of the Chairperson
- iii. Nine (9) cases have forwarded to the Disciplinary Board for consideration.
- iv. One (1) case whereby charges have been submitted to Chairperson for consideration and approval of the charges accordingly.

191.4. With regard to overall processes in handling various cases and irregularities:

- i. The current Commission has taken decisive actions by suspending and separation of staff members due to proven irregularities.
- ii. The Commission has been dealing with disciplinary cases in line with the SRR to instil accountability and consequence management within the Union.
- iii. The reconstituted disciplinary board will continue to address cases which will be presented for its consideration in order to systematically address accountability in the work of the Union
- iv. Departments working on internal control within the Union, such as Cabinet of the Deputy Chairperson, HRMD, OIO, Directorate of Finance and Office of the Legal Counsel should be strengthened to have a stricter internal control in place and reduce the need to have an outside firm undertake audit on the operation of the Union.

SECTION TWO

SYSTEMIC ISSUES - INTERNAL CONTROLS, RISK MANAGEMENT, POLICY MATTERS, AND LEGAL FRAMEWORKS.

(a) Background

192. The report of PwC on Forensic and Performance Audit of AUC contained **173 recommendations** relating to “Systemic Issues”. The AU Commission (AUC) has been tracking these recommendations and monitoring their implementation status through an Internal Accountability Committee (IAC). The IAC is chaired by the Deputy Chairperson (DCP) of the AU Commission. Otherwise, in the absence of the DCP, the Director General (DG) of AUC has been delegated to chair the meetings of IAC.
193. It is important to note that the recommendations were assigned to various owners (responsibilities) by the PwC forensic report as shown here-below:

OWNER (Responsibility)	Recommendations
1.1. Administration and Human Resources (AHRM)	60
1.2. Procurement, Travel and Stores Division (PTSD);	29
1.3. Management of Information Systems (MIS)	16
1.4. Finance Directorate	54
1.5. Peace and Security Finance (PSD Finance)	13
1.6. Ethics Office	1
TOTAL	173

194. Based on the tracking and monitoring actions undertaken by the IAC, the implementation status of these recommendations have been grouped into four categories namely:
- 194.1. **Implemented** (i.e. *all implementation actions have been completed*)
 - 194.2. **In progress** (i.e. *some implementation actions have started, above 25%*)
 - 194.3. **Not implemented** (i.e. *no implementation action that has started*)
 - 194.4. **Overtaken by events** (i.e. *the recommendation is no longer relevant due to changes in the policies or systems*)
195. It should also be noted that all the recommendations, their relevant implementation status and the evidences were submitted to the Office of Internal Oversight (OIO) for validation and verification accordingly.

(b) Implementation Status of Pending Recommendations

196. The OIO verification process was conducted in December 2021 and focused on **93 Pending Recommendations** (i.e. those that were either *In-Progress* or *Not Implemented*) derived from the Validated Database of June 2021. The implementation status of the Pending Recommendation is summarized in the table below:

Table 1: Summary of Implementation Status of Pending Recommendations Only – 31st December 2021

Owner / Responsibility	Implementation Status of Recommendations				Grand Total
	Implemented (Annex1)	In Progress (Annex2)	Not implemented (Annex3)	Overtaken by events (Annex4)	
1) Ethics Office	0	1	0	0	1
2) Finance	3	15	11	0	29
3) AHRM	9	22	0	0	31
4) MIS	2	1	0	0	3
5) PSD Finance	1	8	1	0	10
6) PTSD	6	12	0	1	19
Grand Total	21	59	12	1	93

(c) Implementation Status of All Systemic Recommendations

197. Based on the OIO verification, the implementation status of **all 173** recommendations by 31st December 2021 is as summarized in the table below.

Table 2: Summary of Overall Implementation Status – 31st December 2021

Owner / Responsibility	Implementation Status of Recommendations				Grand Total
	Implemented	In Progress	Not implemented	Overtaken by events	
1) Ethics	0	1	0	0	1
2) Finance	27	15	11	1	54
3) HRM	36	22	0	2	60
4) MIS	15	1	0	0	16
5) PSD Finance	4	8	1	0	13
6) PTSD	16	12	0	1	29
Grand Total	98	59	12	4	173
Percentage	57%	34%	7%	2%	100%

198. Otherwise, the summary of status of previous implementation (i.e. 30th June 2021) is indicated in the table below. This status was reported during the Executive Council meeting of October 2021 in Addis Ababa.

Table 3: Summary of Previous Implementation Status - 30th June 2021

Details	Implementation Status of Recommendations				Grand Total
	Implemented	In Progress	Not implemented	Overtaken by events	
Grand Total	77	61	32	3	173
Percentage	45%	35%	18%	2%	100%

(d) General Remarks on the Implementation Work

- 199.** Generally, as promised previously, AUC management continues to work on implementation so as to ensure as much as possible a full implementation of PwC recommendations by the end of December 2022.
- 200.** Based on the overall current implementation status (i.e. **57%** implemented, **34%** in progress and **7%** Not Implemented), which has been achieved over an implementation period from July – December 2021, the Commission is confident it will be able achieve its target of full implementation by 30th December 2022, especially for items within its control. The AUC takes note of an improvement in the current implementation status compared to the previous reported status.
- 201.** The current status takes into account the changes/actions (implementation actions undertaken) on forty-four recommendations out of the 93 pending recommendations as summarized here below:

Details	Implementation Status of Recommendations				Total
	Implemented	In Progress	Not implemented	Overtaken by events	
Status as of Dec. 2021	98	59	12	4	173
Status as of June 2021	77	61	32	3	173
Actions (Changes)	21	2	20	1	44 actions

- 202.** The AU Commission (AUC) is committed to continue taking all necessary steps to implement all recommendations with due diligence to avoid any duplications of scope or wastage of the Union’s resources.

(e) Observations on the Implementation Work

203. Some of the important observations on the implementation work undertaken by AUC in relation to the areas that were reviewed and reported by PwC Forensic report are summarized in the paragraphs below:

203.1. Recruitment and Contract Renewal Process;

- 203.1.1. The automated recruitment system (MBRS) has assisted in resolving shortlisting challenges observed by the forensic report.
- 203.1.2. The automatic renewals were stopped by issuance of a circular. Currently, the renewal is done based on performance appraisal and funds availability as appropriate.
- 203.1.3. The ongoing recruitment exercise has assisted also to resolve the issues of long duration acting on vacant position.
- 203.1.4. Otherwise, the revision of the AU Staff Rules and Regulations (SRR) is still in progress. This impacts some of the areas that can resolved only when the revised SRR has been approved.

203.2. Procurement and Travel Practices;

- 203.2.1. The review of the Procurement Manual was on put hold as it was awaiting approval of new FRR. Based on the new approved FRR, the revision of the Procurement Manual will be finalised accordingly. The revised Procurement Manual will also resolve some challenges raised in the Forensic Report.
- 203.2.2. The implementation of the SAP e-procurement module is still in progress. This module will increase the automation and efficiency of procurement processes.

203.3. Management of Member States and Partner Funds;

- 203.3.1. The newly approved FRR contains sections on Revenue and Funds of the Union in Part IV and V respectively. This has assisted to provide more clarity on the management of revenues and funds of the Union.

203.4. Finance and Accounting Practices;

- 203.4.1. The newly approved Financial Rules and Regulations (FRR) has clarified the roles and responsibility of the Accounting Officer, Chief Controlling Officer and Controlling Officers. This has addressed some of the challenges raised in the Forensic Report with regard to delegation of authority in accounting matters.
- 203.4.2. The newly approved Financial Rules and Regulations (FRR) has addressed challenges observed in the forensic report in relation to investments of the Union. For example, Part X of the FRR contains elements such as authority and responsibility, criteria for selecting investment and investment committee.

203.5. Management of the AU Peace Fund.

203.5.1. The newly approved FRR contains a section (Part IV) on Peace Fund. In this regard, the financial management of the Peace Fund and its Crisis Reserve Facility are governed by the new FRR as well as the AU Peace Fund Policies and Procedural Manual.

203.5.2. The governance structure of the fund (i.e. the Board of Trustees, Executive Management Committee, Independent Evaluation Group, and the Fund Manager) is going to address most of the challenges observed in the forensic report.

(f) Some of the Challenges on Implementation Work

204. Based on the analysis of management, it has been noted that some of the implementation work is not at the required pace since some change of policies or structures is needed in order to fully implement them. Specific examples of the require changes that are impacting the implementation include the following:

204.1. The length of time being taken to review and approve the Staff Rules & Regulations (SRR);

204.2. The length of time being taken to recruit or fill in the newly approved structure of AU Commission (AUC) in line with current AU Rules and Regulations.

(g) Additional or Further Work

205. In addition to recommendations, PwC report also listed specific additional work. The Commission undertook some action on the additional work as summarise below:

205.1. Forensic review of other organs of the Union other than the Commission:

An Executive Council decision to undertake a forensic review of other organs was made in due course. Accordingly, the work was advertised and an independent firm namely LOCHAN & COMPANY was selected in December 2021. The firm started to carry out this forensic and performance audit exercise in April 2022. The firm is scheduled to present the inception report before PRC subcommittee on audit matter in May 2022.

205.2. Additional Review of Systemic Areas that need further audits

An Executive Council decision to carry out this review was made in due course. The Board of External Auditors (BoEA) will undertake this review so as determine systemic areas that needs deeper review to get to the bottom of matters highlighted in PwC report. Otherwise, some of the further-work recommended is already being conducted by the OIO and AU Board of External Auditors (BOEA) in the course of their routine audit work.

(h) Conclusion

206. In conclusion, the AU Commission (AUC) is committed to continue taking all necessary steps to implement all recommendations with due diligence to avoid any duplications of scope or wastage of the Union's resources.

The Way Forward and General Recommendations

207. In this regard, the AU Commission (AUC) is committed to take the under-listed steps, among others, as a way forward:

208. On Consequence Management:

- 208.1. Fostering the implementation of the AU sanction regime on staff who violate the rules accordingly.
- 208.2. Ensuring timely recovery of monies from staff members on cases where losses were identified by investigation reports as appropriate;
- 208.3. Providing regular trainings on integrity and honesty to all the staff so as to instil a culture of integrity and honesty to the staff members;
- 208.4. Fast tracking the recruitment of staff in the Ethics Unit so as to ensure that Ethics Unit provides regular awareness to staff on issues of ethics;
- 208.5. Motivating excellent and performing staff members through Reward and Recognition Programs.

209. On Systemic Issues:

- 209.1. Expediting the process of reviewing the Staff Rules and Regulations (SRR) and ensure that it is adopted in the February 2023 summit.
- 209.2. Fast tracking the recruitment of critical staff members at the AU Commission;
- 209.3. Strengthening the on boarding processes of AU staff members with view to ensure integrity.
- 209.4. Optimizing on the use of SAP system at the AU Commission and other AU Organs in order to ensure effective reporting and value for money.
- 209.5. Fostering the use of automation and digital platforms on planning, monitoring and evaluation of programs.

SECTION THREE

ANNEXES

ANNEX 1: PENDING SYSTEMIC ISSUES - RECOMMENDATIONS IMPLEMENTED

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	Verified STATUS at 31 Dec. 2021
3	3.1	<ul style="list-style-type: none"> Both HR unit and APROB should ensure that all recruitment processes are competitive to enable AUC to have access to the most qualified and suitable candidates. Furthermore, the evidence of the competitive recruitment process needs to be presented to the Chairperson together with the appointment recommendations for verification prior to approval; 	Recruitment and contract renewal	HRM	As of November 2021, 104 staff across the Union are CBI certified, 12 staff undertook the TOT	Implemented
4	4.2	<ul style="list-style-type: none"> (Together with APROB) shortlisting and interview reports are verified to ensure integrity and transparency of the process; 	Recruitment and contract renewal	HRM	RSC is now operational in the recruitment process	Implemented
4	4.4	<ul style="list-style-type: none"> As the chair of the APROB, the Deputy Chairperson (DCP) needs to ensure consistency in the APROB members to curb knowledge gaps and the inability to identify discrepancies in the process; 	Recruitment and contract renewal	HRM	RSC is now operational in the recruitment process	Implemented
8	8.2	<ul style="list-style-type: none"> Stoppage of automatic contract renewals; 	Recruitment and contract renewal	HRM	A circular has been issued to stop automatic renewals. Renewals are done based on Performance Appraisals and funds availability as appropriate	Implemented
9	9.4	<ul style="list-style-type: none"> HRM to ensure up to date staff information on file including next of kin, dependency and marriage information certificates to prevent future recurrence of such irregularities. 	Recruitment and contract renewal	HRM	Ongoing activity. Recommendation is considered implemented. However, updating of staff files will continue accordingly.	Implemented
13	13.1	<p>AHRM in liaison with AUC management should:</p> <ul style="list-style-type: none"> Consider application of quota to all professional category staff to achieve equitable representation of Member States; an 	Recruitment and contract renewal	HRM	Use of automated system activated for application of AU quota system	Implemented

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	Verified STATUS at 31 Dec. 2021
15	15.2	<ul style="list-style-type: none"> Capacity building for APROB and all process owners in the recruitment process on policy requirements; and 	Recruitment and contract renewal	HRM	CBI training has been provided as appropriate	Implemented
15	15.3	<ul style="list-style-type: none"> Going forward, the HR unit with support from the Bureau of the Chairperson should ensure that no confirmations of substantive position holders are made without a competitive recruitment process as outlined in SRR. 	Recruitment and contract renewal	HRM	All recruitments are now conducted via MBRS. UNESCO Catalog has been embedded in the new system which is the first verification filter, Then Background Check and reference check are mandatory field before going to the last RSC. This can be verified in the MBRS	Implemented
19	19.1	<p>The PSD unit should consider:</p> <ul style="list-style-type: none"> Being proactive in engaging Partners to ensure timely renewal of the respective mandates before their expiry; 	Recruitment and contract renewal	P&S Fin	<p>November 2021 Update</p> <p>Partner Tracking Sheet put in place See attached Partner Tracking Sheet</p>	Implemented
21	21.2	<ul style="list-style-type: none"> In the interest of professional development of staff, consider rotation within the specialties. 	Procurement, Travel and Stores	HRM	Learning pathway has been identified and developed on AU learn portal. Courses are currently availed through LinkedIn.	Implemented
22	22.1	<p>PTSD should consider:</p> <ul style="list-style-type: none"> A review of the procurement planning process to make it more efficient. This should include a provision for regular monitoring and updating of the procurement plan; and 	Procurement, Travel and Stores	PTSD	1- APP REVIEWED (Approval Memo by DCP attached as evidence)	Implemented
22	22.2	<ul style="list-style-type: none"> Bolstering of the procurement reporting process while utilizing the opportunity to reflect on effectiveness of the procurement plan implemented in the preceding year, challenges faced and opportunities for improvement in the coming year. 	Procurement, Travel and Stores	PTSD	IMPLEMENTED.FOR 2021 FY, REMINDER MEMO WAS SIGNED BY DCP AND SENT TO ALL AU ORGANS AND REGIONAL OFFICES IN ADVANCE TO PREPARE THEIR REPORTS BEFORE THE DEADLINE(Memo attached as evidence 2020 report also attached)	Implemented
22	22.3	<ul style="list-style-type: none"> The Commission should also ensure that otherwise confidential information on the procurement process, is not disclosed to the public/potential bidders. 	Procurement, Travel and Stores	PTSD	IMPLEMENTED. (Attached is evidence of 2021 APP advertised on AU website)	Implemented

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	Verified STATUS at 31 Dec. 2021
37	37.4	<ul style="list-style-type: none"> User departments explained that they have manual compensating controls to address SOD issues. In the review of transactional processes, we however identified gaps relating to lack of segregation of duties, therefore monitoring controls should be developed to review the transactions processed for accuracy, existence and completeness; 	SAP Application	MIS	<p>As noted in the last update, MIS has developed Task Based Roles to enforce SOD violations in the SAP ERP system. Other additional measures in place include but not limited to:</p> <ul style="list-style-type: none"> -Implementation of Role request process, where business users complete a Role assignment form, the form is signed by the respective business users Head of department and reviewed by SAP business team for any SOD violations. During Role assignment process, the roles are also further checked through SAP GRC which highlights if there is any SOD violation based on SAP standard Rule Sets. In the case a violation is triggered the relevant business Head of department/unit is informed and requested to make the appropriate decision on the assignment. 	Implemented

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	Verified STATUS at 31 Dec. 2021
38	38.3	<ul style="list-style-type: none"> Accounts with business roles should be monitored quarterly per best practice to identify user who don't require the roles which should be subsequently revoked 	SAP Application	MIS	<p>MIS have put in place an automated process using SAP GRC to extract an SOD analysis report based on best practice SAP standard Rule Sets.</p> <p>The GRC Quarterly SOD Analysis report is currently being shared to MIS management for review starting Q4 2014. Starting Q1 2021, MIS will begin sharing the report on Quarterly basis to Business Management to review SOD in their respective departments/units. OIO will also be included in the communication for information purposes.</p>	Implemented
44	44.2	<ul style="list-style-type: none"> Where this is not possible, the PTSD should establish a system of perpetual physical asset verifications during a financial year, and amend AUC's policies to reflect this; 	Finance and Accounting	PTSD	ASSET VERIFICATION EXERCISE WAS CONCLUDED (see evidence of report attached)	Implemented
44	44.4	<ul style="list-style-type: none"> Locate all the 829 assets pending verification and duly update the asset register as applicable; 	Finance and Accounting	PTSD	ASSET VERIFICATION EXERCISE for 2020 FY WAS CONCLUDED (see evidence of report attached)	Implemented
44	44.5	<ul style="list-style-type: none"> Ensure that going forward, AUC's assets are regularly monitored and tracked; 	Finance and Accounting	PTSD	IMPLEMENTED:ASSET VERIFICATION EXERCISE WAS CONCLUDED (see evidence of asset verification report attached)	Implemented
45	45.6	<ul style="list-style-type: none"> Ensure that the supplementary budget process is followed for unforeseen expenses such as exchange losses; 	Finance and Accounting	Finance	Implemented. The executive council decision ref. EX.CL/Dec.1126(XXXIX)	Implemented
47	47.1	<p>The PBFA should ensure:</p> <ul style="list-style-type: none"> The centralization of the budget function and the limiting of rights to create and upload budget activities is restricted only to authorized staff within the Budgets Division; 	Finance and Accounting	Finance	<p>PB December 2021 Comment</p> <p>Done. Staff have been assigned accordingly.</p>	Implemented
47	47.2	<ul style="list-style-type: none"> That all expenses charged to the Commission are part of the approved budgets; 	Finance and Accounting	Finance	<p>December 2021 Update</p> <p>A memo sent out to departments advising on the year end closure procedures and processes. This has ensured that all the expenditures are captured during the appropriate budget year.</p>	Implemented

ANNEX 2: PENDING SYSTEMIC ISSUES-RECOMMENDATIONS IN PROGRESS

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
1	1.1	HRM in liaison with AUC management should consider: • Updating the Maputo Structure to provide for adequate regular staff for key administrative posts;	Recruitment and contract renewal	HRM	<p>Appointment stage Director General , Director HR, Director ARBE/Blues Economy, Director PAPS/Conflict management</p> <p>Assessment center completed - to be presented to RSC Director Finance Director, Infrastructure and Energy, Director Economic Development Integration and Trade</p> <p>Shortlisted completed - to be presented to RSC Director Health & Humanitarian Affairs, Director of African Migration Observatory, Director of the African Centre for the Study and Research on Migration, Director of the Continental Operational Centre, Director of Medical and Health Services, Director Peace fund Secretariat Director of Governance and Conflict Prevention, Director Peace fund Secretariat Director of</p>	Out of 21 Directors positions advertised, 14 Directors Position are in Progress> 4 appointed, 3 due for appointment and 7 are already shortlisted		December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
					Governance and Conflict Prevention				
1	1.2	• Development of a policy on Partner funded projects where they are required to provide “administrative costs” support to boost staff numbers in the support functions e.g. hiring of staff on fixed-term contracts for the expected duration of the projects in execution	Recruitment and contract renewal	HRM	SRR still not adopted	SRR still not adopted		Based on SRR approval date	In Progress
1	1.3	• Development of a policy on Partner funded projects where they are required to provide “administrative costs” support to boost staff numbers in the support functions e.g. hiring of staff on fixed-term contracts for the expected duration of the projects in execution	Recruitment and contract renewal	HRM	This recommendation is in relation to having additional positions under Partner Funded projects to cater for the increased workload on partner funded projects. HRMD is in the view that there is no need for an HR policy specific to partner funded project as the SRR provisions cater for the types of contracts as well as benefits and entitlements for project staff.	Waiting Assembly Adoption of SRR		Based on SRR approval date	In Progress
2	2.1	HRM should ensure:• Adherence to SRR guidelines on filling of vacant positions with substantive holders within the stipulated 12-month period;	Recruitment and contract renewal	HRM	Recruitment Policy to be submitted after the adoption of the new SRR. Recruitment Manual to be delivered by the implementer at the end of the On-boarding phase of the OLATANO project	SRR still not adopted		Based on SRR approval date	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
2	2.2	• Development of service level agreements (SLA) and KPIs between user departments and HR with clear allocation of responsibilities and timelines with regards to the process owners at each stage of the recruitment process; and	Recruitment and contract renewal	HRM	SLA and PKIs yet to be submitted for clearance	SLA and PKIs yet to be submitted for clearance		December 2022	In Progress
2	2.4	• HR unit to ensure they only act on senior management instructions that are documented for accountability and to ensure management staff take ownership of their directives. This approach would provide clear way of apportioning responsibility e.g. in the case of delayed recruitment process in PSD.	Recruitment and contract renewal	HRM	Documentation has been made on the MBRS for the cancelation of the position of HCSS.			December 2022	In Progress
4	4.6	• Taking disciplinary action against staff responsible for the anomalies.	Recruitment and contract renewal	HRM	The process for disciplinary actions against identified responsible staff members has started whereby letter of explanation has been sent and responses received in all cases. Some cases have been closed while others are still on-going.	HRMD is working with OIO and OLC to finalize the remaining cases.		December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
5	5.1	• Despite the authority to appoint being at the discretion of the Chairperson, due consideration should be made for the highest ranked candidates especially in cases where they are internal candidates as stated in the SRRs;	Recruitment and contract renewal	HRM	With the establishment RSC, HRM in consultation with OLC and R10 are working in defining the roles of the members and the Chairperson's appointing criteria including discretionary power.	Waiting Assembly Adoption of SRR		based on SRR approval date	In Progress
8	8.5	• Consider capping the tenure of special service contracts to avoid misuse by user departments;	Recruitment and contract renewal	HRM	The SRR has been revised to propose a new type of contract Fixed Term from 1 to less than 2 years renewable twice followed by mandatory separation, the ALD contract for a period of less than 1 year renewable twice with mandatory separation. This has been presented to STC for validation.	Waiting Assembly Adoption of SRR		Based on SRR approval date	In Progress
8	8.6	• Update of the SRRs to address continuity for roles currently executed by short-term staff; and	Recruitment and contract renewal	HRM	The SRR has been revised to propose a new type of contract Fixed Term from 1 to less than 2 years renewable twice followed by mandatory separation, the ALD contract for a period of less than 1 year renewable twice with mandatory separation. This has been presented to STC for validation.	Waiting Assembly Adoption of SRR		Based on SRR approval date	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
8	8.7	<ul style="list-style-type: none"> Obtain legal advice on the standing of the temporary contracts in place and take the requisite steps to address the irregularities. 	Recruitment and contract renewal	HRM	In line with the executive council decision 1097 paragraph 2. Irregularities should be addressed within the context of the transitional plan. This will be handled in the transition plan of three years whereby skills audit will be conducted for all staff members.	Staff Skills Audit SACA in Progress		Based on Skills Audit Outcome	In Progress
10	10.2	<ul style="list-style-type: none"> In consultation with the legal counsel, institute measures to recover the amounts irregularly issued as house and spouse allowances; 	Recruitment and contract renewal	HRM	A comprehensive report has been submitted to Management for consideration on recovery.	Awaiting decision from Management on the way forward.		December 2022	In Progress
10	10.4	<ul style="list-style-type: none"> Capture staff relationship information in staff profiles on SAP for ease of reference and management by HRM division. 	Recruitment and contract renewal	HRM	A project of automating the Declaration of relatives' form with the help of MIS has been initiated. The project is to enable update of relationships on SAP through a platform that will be created. The form has been developed and is at testing level.	Tests to be conducted by HRM and ERP team to be involved for the development of platform to update on SAP		December 2022	In Progress
11	11.1	<p>HRM should ensure:</p> <ul style="list-style-type: none"> Improvements to the performance management system in SAP to ensure that all staff are appraised in every financial year. 	Recruitment and contract renewal	HRM	Performance Management (PM) team continues to launch campaigns every year at the different milestones to galvanize staff and managers to comply with appraisal timelines. As part of	Performance Management (PM) team continues to launch campaigns every year at the different milestones to galvanize staff		December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
					the campaign, briefing sessions/ trainings are offered to staff/ managers so that they could understand what needs to be done and how.	and managers to comply with appraisal timelines. As part of the campaign, briefing sessions/ trainings are offered to staff/ managers so that they could understand what needs to be done and how.			
11	11.3	• Development and implementation of a staff Advancement, Upgrading and Promotion Policy with provisions on staff recognition, award and promotions; and	Recruitment and contract renewal	HRM	A policy already exists but will need to be revised in line with the revisions made to the Staff Regulations and Rules.	Waiting Assembly Adoption of SRR		Based on SRR approval date	In Progress
12	12.1	HRM should consider: • Incorporating the relevant technical trainings for staff in the various departments based on assessed requirements e.g. from the annual appraisals; and	Recruitment and contract renewal	HRM	Technical trainings are being conducted based on the needs expressed at Departmental and Individual level subject to the availability of funds.	Technical trainings are being conducted based on the needs expressed at Departmental and Individual level subject to the availability of funds.	Funding is needed for technical trainings	December 2022	In Progress
12	12.2	• Optimal utilisation of the SAP Learning Solution and where possible other e-learning platforms for efficient delivery of necessary training.	Recruitment and contract renewal	HRM	The Commission launched its Learning Management System (LMS) in October 2020. It is a learning solution offering eLearning trainings to staff. Content is being sourced through a number of ways including in-house development, partner provision and procurement of off the	Additional content to be procured; through commissioning, off the shelf or subscription to populate the LMS with relevant eLearning content in line with the needs of the organization.	Additional funding needed to increase the eLearning content licenses	December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
					shelf or subscription based content. There is currently a limited number of subscription based licenses, however learning technical pathways are being created with them for certain staff and specialty groups based on learning needs.				
13	13.2	• Updating of SRR to reflect this provision (i.e. quota applications).	Recruitment and contract renewal	HRM	The revised SRR has provisions on quota applications under the umbrella of conditions of appointment. The quota will be union wide and applicable to all Professional Positions.	Waiting Assembly Adoption of SRR		Based on SRR approval date	In Progress
14	14.5	• The institution of disciplinary measures for violation of SRR regarding acting appointments.	Recruitment and contract renewal	HRM	The process for disciplinary actions against identified responsible staff members has started whereby letter of explanation has been sent and responses received in some cases.	Report has been finalized and will be submitted and presented to the Task Force. Report will then be submitted to the Chairperson		December 2022	In Progress
15	15.1	The AUC should consider: • Evaluation of qualifications for all staff confirmed to positions without a competitive recruitment process to assess their suitability for the positions;	Recruitment and contract renewal	HRM	This is in Progress as SACA has been launched on 29 October 2021 with the Director positions			Based on Skills Audit Outcome	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
18	18.1	The PSD unit should consider: • Conducting a troop verification exercise to validate and clean-up the AMISOM database;	Recruitment and contract renewal	P&S Fin	November 2021 Update The OIO undertook an audit mission to AMISOM Mogadishu and Nairobi from 22 September to 5th October and 6th to 8th October respectively. We are waiting for the audit report after which we will provide the implementation status of the audit finding.	November 2021 Update The OIO undertook an audit mission to AMISOM Mogadishu and Nairobi from 22 September to 5th October and 6th to 8th October respectively. We are waiting for the audit report after which we will provide the implementation status of the audit finding.	Budget needed	December 2021	In Progress
18	18.2	• Conducting a periodic data verification for the AMISOM troops database to preserve its integrity;	Recruitment and contract renewal	P&S Fin	November 2021 Update The OIO undertook an audit mission to AMISOM Mogadishu and Nairobi from 22 September to 5th October and 6th to 8th October respectively. We are waiting for the audit report after which we will provide the implementation status of the audit finding. See attached OIO Approved 3rd Quarter Activity Plan & Change of Dates - Audit mission to AMISOM in Mogadishu Somalia	September 2021 Update OIO is currently carrying out an internal audit exercise in AMISOM and part of their ToR is to review verification of troops database. November 2021 Update Waiting for the audit report from OIO.	Budget needed	December 2021	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
					and Nairobi Kenya memos				
18	18.3	• Digitization of the system of receiving accountability statements from the TCCs for ease of identification of any inappropriate payments;	Recruitment and contract renewal	P&S Fin	<p>November 2021 Update The OIO undertook an audit mission to AMISOM Mogadishu and Nairobi from 22 September to 5th October and 6th to 8th October respectively.</p> <p>We are waiting for the audit report after which we will provide the implementation status of the audit finding.</p> <p>See attached OIO Approved 3rd Quarter Activity Plan & Change of Dates - Audit mission to AMISOM in Mogadishu Somalia and Nairobi Kenya memos</p>	<p>September 2021 Update Commission is in the process to revise the MoU between TCC and AUC to reflect the revised requirement as per the AU-EU agreement.</p> <p>November 2021 Update Waiting for the audit report from OIO.</p>		December 2021	In Progress
18	18.4	• Conducting a detailed investigation of AMISOM transactions to identify the extent of irregular payments and culpable individuals;	Recruitment and contract renewal	P&S Fin	<p>November 2021 Update The OIO undertook an audit mission to AMISOM Mogadishu and Nairobi from 22 September to 5th October and 6th to 8th October respectively.</p> <p>We are waiting for the</p>	<p>September 2021 Update OIO is currently carrying out an internal audit exercise in AMISOM and part of their ToR is to review verification of troops database.</p>	Budget needed	December 2021	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
					audit report after which we will provide the implementation status of the audit finding. See attached OIO Approved 3rd Quarter Activity Plan & Change of Dates - Audit mission to AMISOM in Mogadishu Somalia and Nairobi Kenya memos	November 2021 Update Waiting for the audit report from OIO.			
18	18.5	• Detailed review to establish facts on the KDF troop who was still in Nominal Roll for 10 months after being declared MIA; and	Recruitment and contract renewal	P&S Fin	November 2021 Update The OIO undertook an audit mission to AMISOM Mogadishu and Nairobi from 22 September to 5th October and 6th to 8th October respectively. We are waiting for the audit report after which we will provide the implementation status of the audit finding.	September 2021 Update OIO is currently carrying out an internal audit exercise in AMISOM and part of their ToR is to review verification of troops database. November 2021 Update Waiting for the audit report from OIO.	Budget needed	December 2021	In Progress
19	19.2	• Streamlining the HROs' contract issuance and renewal process to ensure that no mandates are discharged without valid contracts;	Recruitment and contract renewal	P&S Fin	November 2021 Update Draft AU SRR to be submitted to Policy organs for adoption in January/February 2022 Summit	Waiting Assembly Adoption of SRR	Policy	Feb 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
20	20.1	The AUC should: • Consider reviewing AUC's decentralization framework to allow functional reporting lines to the HQ function heads, or at a minimum, a proportion of performance appraisal to be done by HQ function heads.	Procurement, Travel and Stores	HRM	Following the implementation of the interim structure, ensure that all Finance and Admin officers have the appointed acting Head of Division as their second line supervisor. This will also change when the substantive Head is appointed.	Following the implementation of the interim structure, ensure that all Finance and Admin officers have the appointed acting Head of Division as their second line supervisor.		December 2022	In Progress
22	22.4	• We understand that the Commission has plans to procure the SAP e-procurement module. This should be prioritized to enable AUC reap the benefits of increased automation and efficient business processes.	Procurement, Travel and Stores	PTSD	1-TRAINING USERS ON SAP E-PROCUREMENT CONCLUDED. 2-AWAITING TO SIGN THE USER ACCEPTANCE REPORT. WITH REGARD TO THE CONTENT, THE REPORT COMPREHENSIVELY COVERS THE SUCCESSES, CHALLENGES			December 2022	In Progress
24	24.2	• The list should be periodically updated and have sufficient representation across the continent where practical; and	Procurement, Travel and Stores	PTSD	SAP VENDOR MASTER INCLUDES SUPPLIERS FROM ALL OVER THE CONTINENT.			December 2022	In Progress
24	24.3	• Development of policy guidelines on selection of vendors from the prequalified list e.g. on a rotation basis across the five regions per each procurement category.	Procurement, Travel and Stores	PTSD	Discussions have been held with Consultant handling the S4 Hanna Business review process. The challenges and solutions have been identified.	Implementation of BPR for S4 Hanna.		December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
25	25.1	PTSD should consider: • Putting in place a robust system of supplier vetting and due diligence before onboarding.	Procurement, Travel and Stores	PTSD	Policy review of the AU Procurement Manual is in progress to define the modalities of supplier vetting.	Policy review of the procurement Manual is still in progress.	Policy	December 2022	In Progress
27	27.1	The PTSD unit should consider: • Development of a policy framework to guide the lead time for delivery of goods and services in line with recommendations of OIA report of 2017. This can be done as an update to the Procurement Manual.	Procurement, Travel and Stores	PTSD	The draft revised Manual has been developed.	Review of the Procurement and approval of the provision with KPIs on lead time is still work in progress.	Policy	December 2022	In Progress
28	28.1	PTSD together with PBFA should: • Establish Standard Operating Procedures (“SOPs”) on periodic reconciliation of vendor accounts.	Procurement, Travel and Stores	PTSD	Monthly reconciliation of accounts is ongoing. However there is no SOP guiding on the modalities.	SOP to be developed	Policy	December 2022	In Progress
29	29.1	PTSD in liaison with PBFA should: • Update of the Procurement Manual to provide guidelines on the process and persons responsible for asset disposal.	Procurement, Travel and Stores	PTSD	Discussions have been made with members and Secretary of the Board of Survey (BoS), primarily handling obsolete Asset discarding activity, in order to develop SOP for the steps involved in the process.	SOP to be developed	Policy	December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
30	30.1	The AUC should: • Consider empowering an independent office, for instance Chief of Ethics, that would receive and assess any complaints from the procurement process and if merited, would recommend to OIA to investigate.	Procurement, Travel and Stores	Ethics	The Ethics policies were worked on and completed by a joint team of OLC and Chief of Ethics and HR but they are yet to be cleared by the Joint Admin Committee (JAC) on Policies before it is presented to the Commission meeting for endorsement and subsequent approval of the CP. The next JAC meeting scheduled in January 2022 will be led by Dr Emile, Deputy COS as per the existing delegation by the COS.	The next JAC meeting scheduled in January 2022 will be led by Dr Emile, Deputy COS as per the existing delegation by the COS.		December 2022	In Progress
31	31.1	The AUC should consider: • Harmonization of the policy guidelines and rules and regulations to ensure a consistent approach to execution of procurement processes.	Procurement, Travel and Stores	PTSD	The review of the Procurement Manual is ongoing and attempts are being made to harmonize the two documents i.e FRR and Procurement Manual.	Review of the Procurement Manual is still work in progress. Awaiting approval of FRR which will subsequently lead to approval of the revised Procurement Manual	Policy		In progress
32	32.1	The AUC should consider: • Adequate resourcing of the OIA to be able to conduct adequate review on key functions of the AUC especially the high-risk ones. This could be done in innovative ways so as to either recruit additional staff or engage external	Procurement, Travel and Stores	HRM	HRM has reviewed the SRR to put in place two types of contracts for staff that can work on projects (ALD and Fixed Term). With regards to having staffing support on Partner funded projects, these should be done at the	Waiting Assembly Adoption of SRR		Based on SRR approval date	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
		consultants for review of high-spend and high-risk functions. One way to do this might be by having provisions in the policy on "Administrative Costs" from Partner projects to fund support for such project-specific reviews.			negotiation level with the partners. This will be led by Partnerships and Resource Mobilization Division in consultation with HRM to provide guidance on HR related matters.				
33	33.1	The PTSD in liaison with AUC management should: <ul style="list-style-type: none"> Consider putting in place a travel management system, responsive to the unique needs of the AUC e.g. the high percentage of external travellers; and 	Procurement, Travel and Stores	PTSD	Development of Travel Unit strategy for 2020-2025. Presentation made to former DCP.	Based on the AUC travel management strategic plan, Twenty-three (23) Business process initiatives have been identified. Four (4) have been finalized, Twelve (12) are scheduled for completion by Q4-2021.			In Progress
33	33.2	<ul style="list-style-type: none"> Integrating the travel management system to AUC's ERP and also ticket booking platforms such as Amadeus to enable traceability of the various workflow decisions. 	Procurement, Travel and Stores	PTSD	Discussion ongoing with MIS/SAP team and Deloitte for the feasibility of SAP concur deployment.	Awaiting feedback from SAP concur on whether or not they can accommodate AU needs in SAP concur.			In Progress
35	35.1	The AUC in liaison with PTSD should consider: <ul style="list-style-type: none"> Implementation of guidelines on expenditure while on official missions which could include staying in hotels approved by the AUC and/or with whom the AUC has framework agreements; 	Procurement, Travel and Stores	PTSD	Primary directive available in revised and approved Travel policy on its article 5.1 c, implementation need concerted effort from all departments.	Meeting within the Division to streamline contracting of and usage of hotel in full compliance with policy.			In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
35	35.2	<ul style="list-style-type: none"> Having framework agreements with hotels, travel companies etc. to enable the AUC leverage on economies of scale; and 	Procurement, Travel and Stores	PTSD	Framework Agreement with some hotel chain within Africa and Europe. Significant improvement is required in terms of usage of contracted hotel both in AUC and AU offices	Renewal of agreement to be presented to IPC for approval. Identification, contact and discussion with other hotels or hotel chain within the continent.			In Progress
36	36.2	<ul style="list-style-type: none"> Management should ensure that powerful SAP access in production is restricted to authorized personnel only; and 	SAP Application	MIS	<p>1. ERP Unit agrees with the Recommendation and has already shared the optimum resources to the management (Previous Commission) and the same has been forwarded to CDCP. At the minimum, ERP unit should have at least 2 experts for each specialty area in SAP (BASIS, ABAP, Finance , HR, Procurement, Support) in addition to Coordinators and Head of Unit. ERP Unit has also shared the priority positions that be prioritized on the ongoing-reforms. Final Decision is awaited from Management</p>	Final Decision is awaited from Management		December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
41	41.1	<p>PBFA should :</p> <ul style="list-style-type: none"> • Conduct a comprehensive review and reconciliation of all bank accounts considering the purpose and mandates to determine the required accounts moving forward and the appropriate mandates; 	Finance and Accounting	Finance	<p>Review of Member State Accounts linked to funds have been undertaken and the balances in each account were recommended by the Investment committee to be placed in a consolidated invest pool to be earning interest. This will allow Member states to decide on the future of these funds as per the requirements of the FRR which demands that such accounts be reviewed every 5 years. All Reconciliations are centralized and are being handled by Accounting Division.</p>	<p>The Decision to close account linked funds of Member states is in the hands of the PRC. This can only happens after 5 years from the date the fund was set. The List will be provided by the Director of Finance .</p>		December 2021	In Progress
43	43.1	<p>PBFA should:</p> <ul style="list-style-type: none"> • Ensure compliance to set limits on cash float and payments from petty cash; 	Finance and Accounting	Finance	<p>November 2021 Update Issuance of Petty Cash has almost stopped except those coming from the office of the Chairperson. These payments often come after banks are closed and are abrupt. While they are not many, these are proving a challenge to put a stop to.</p>	<p>Cash demands for medical evacuation , Top executive exigencies , one off refunds during recruitments and 50% payments for new staff DSA since it takes minimum of 3 weeks to open an account.</p>			In Progress

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43	43.2	• Develop SOPs on collection and management of cash collected in Ethiopian Birr;	Finance and Accounting	Finance	The Draft is ready and will be signed off by the Director of Finance to ensure it rolls out on Jan 1,2022	November 2021 Update Work on coming up with a draft SOP is at an advanced phase. A copy of the draft is ready to be shared . Once adopted, the same will take effect from 1 January 2021.			In Progress
43	43.4	• Update the Accounting Policies and Procedures Manual (2016) and the SRR to address the existing gaps on management of staff advances that relate to:	Finance and Accounting	Finance	Challenges faced - No much progress due to lack of adequate staff to do it in house as per the recommendation of the executive council to reduce consultancy services. Also 3 divisions SOPs to be done with assistance of facilities management staff to assist with the manual preparation	Waiting Assembly Adoption of SRR		Based on SRR approval date	In Progress
43	43.6	• The lengthy process between informing the staff member and negotiation on the balances to be deducted, which is caused by the staff member being in possession of unaccounted-for advances that are yet to be banked.	Finance and Accounting	Finance	October 2021 Update Management to advise to recover in totality from their salary for those paying in 10 years (Head of Budget) & Ag. Director who stopped all recovery efforts.	October 2021 Update Management to advise to recover in totality from their salary for those paying in 10 years (Head of Budget) & Ag. Director who stopped all recovery efforts.		December 2022	In Progress
43	43.7	• Automation of imprest management guidelines as per	Finance and Accounting	Finance	The only part affecting FMD is payments which is largely 25% of the entire process	November 2021 Update The Project objective was to		December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
		Article 37 of the SRR and Rule 16 of the SRR.			with the rest co shared between Accounting and Travel. The Consultant was hired to develop this comprehensive module. Accounting volunteered to lead the process. We are yet to test the system as the progress has not been shared.	develop a one cup fitting all stake holders ie that DSA will be computed by Travel , FMD will pay and Accounting will retire the imprests. The Consultant was being managed by MIS and Accounting. To date, only parts of Travel data collection have been completed. The developed system is not ready for parts of Finance and Accounting to use. MIS is in a better position to provide the much needed update including a call for additional resources to complete the project.			
43	43.8	• Use of framework agreements and credit facilities with especially hotels frequently used by the Commission and payment of DSAs through bank transfers and mobile money.	Finance and Accounting	Finance	DSAs are paid by Bank transfers except for the Nationals of Ethiopia.	November 2021 Update DSAs for all staff except Ethiopian nationals are paid by bank transfers. The Forex regulation of Ethiopia restricts locals from getting dollars in their accounts directly		December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
						without the express approval on the National Bank of the country. Part of this recommendation cannot be implemented as such.			
45	45.2	• Ensure necessary adjustments are made to the general ledgers and financial statements to correct the misclassifications;	Finance and Accounting	Finance	Misclassification (MMDA - Chase Account) was agreed upon with Auditors. Needs reclassification. - Distributed Petty Cash Floats, that were identified for closure, were analyzed and staff were given notices to account for the remaining cash balances (or deduction be made through payroll). Then those who need advance it is given as imprest advance and not petty cash. This involves few staff as per attached draft memo. Will be finalized by Sep 2021	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)		December 2022	In Progress
45	45.7	• Develop a policy to guide the treatment and utilization of the "Administrative Costs Income" from Partners;	Finance and Accounting	Finance	Provision has been made in the revised FRR which will serve as the basis to develop the administrative cost guideline tentatively by end of 3rd quarter 2021. Budget The current draft financial rules and	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)		December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
					regulations have been amended to include an article that covers the administration and management of the administrative costs. The inclusion of the administrative costs income in the budgeting cycle negates the interest and spirit of the Member States who prefer it to be treated as part of the reserve fund of the Union. As this income is subject to some performance obligation it can only be reported in the subsequent year when it is earned. However, all other miscellaneous incomes expected to be received within a particular period will be included in the decisions that approve the budget for that particular year. However, this will not be included as part of the revenue to finance the budget unless the member states decide so.				
46	46.1	The AUC should: • Reconcile intercompany balances between the offices within the entity in the accounting system; and	Finance and Accounting	Finance	reconciliation ongoing monthly for current items. Few old items remain it will take time for those to be written off which are already submitted to OIO and once we get feedback	current ongoing ones, for all the payments done on behalf of HQ & most staff entitlements which are centralized in			In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
					it would go to POLICY ORGANS.	HQ. Also analysis of some old balances			
48	48.1	The FMD and Accounting Division should ensure that: <ul style="list-style-type: none"> • Special funds that have remained dormant for a period of 5 years are analysed and closed from the books of account as per Article 29 of the SRR; 	Finance and Accounting	Finance	Review of Member state Accounts linked to funds have been undertaken and the balances in each account were recommended by the Investment committee to be placed in a consolidated invest pool to be earning interest. This will allow Member states to decide on the future of these funds as per the requirements of the FRR which demands that such accounts be reviewed every 5 years. All Reconciliations are centralized and are being handled by Accounting Division.	November 2021 Update The Dormant special funds were analyzed and a recommendation was presented before the investment committee to invest these while a decision is being prepared by the Director of Finance to request immediate closure of these dormant funds.		December 2022	In Progress
49	49.2	• Timely charging of expenses to the allocated budget codes; and	Finance and Accounting	Finance	We follow up with Procurement to clear advances made as per their request.	clearance as soon as its received from procurement		December 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
50	50.3	• Conduct an independent reconciliation of all commingled accounts to assign the balances to the various sources and confirm the existence of the balances claimed to be held in the accounts;	Finance and Accounting	Finance	Dedicated bank accounts have been opened for each partner's agreement to avoid commingled accounts. Reconciliation to be done for all partners fund in 2021	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)			In Progress
50	50.4	• To the extent possible, ensure that Partner agreements have provisions on the treatment of unexpended funds at the end of the project;	Finance and Accounting	Finance	December 2021 Update Communication has been sent to implementing department to reach out Partners in view of reallocating / refund unexpended balances	There is a need to include specific clauses on partner's balances on new agreements signed. November 2021 Update			In Progress
50	50.5	• Reach out to Partners whose projects have unexpended funds to get guidance on treatment of the balances especially for the Partners whose agreements are silent on this matter;	Finance and Accounting	Finance	December 2021 Update Communication has been sent to implementing department to reach out Partners in view of reallocating / refund unexpended balances	There is a need to include specific clauses on partner's balances on new agreements signed. November 2021 Update			In Progress
51	51.2	• Instituting a proper governance and accountability framework of the new revitalized Peace Fund in line with Kaberuka's report endorsed by the PSC.	Peace Fund	P&S Fin	November 2021 Update Recruitment of Peace Fund Manager in progress. The contract vetting is with Office of Legal before issuance. Recruitment of Peace Fund Secretariat Director is ongoing	November 2021 Update Recruitment	Budget and Policy	March 2022	In Progress

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
51	51.3	•Consolidation of all funding (Legacy Peace Fund and the Revitalized Peace Fund) into one new financial instrument.	Peace Fund	P&S Fin	November 2021 Update P&S Fin a draft memo from Director Finance to Deputy Chairperson and Chairperson for approval to consolidate the two Peace Fund into one has been done. See attached draft memo	September 2021 Update See attached Memo November 2021 Update Draft memo ready		December 2022	In Progress

ANNEX 3: PENDING SYSTEMIC ISSUES-RECOMMENDATIONS NOT IMPLEMENTED

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
19	19.3	<ul style="list-style-type: none"> Settlement of the unpaid September 2016 salary for Ms Ndunge due to a non-regularized contact; and 	Recruitment and contract renewal	P&S Fin	November 2021 Update HRMD and Political Affairs, Peace and Security Department should request for supplementary budget for approval by policy organs by June/July 2022	November 2021 Update HRMD and Political Affairs, Peace and Security Department should request for supplementary budget for approval by policy organs by June/July 2022	Budget	July 2022	Not implemented
41	41.6	<ul style="list-style-type: none"> Strengthen budgetary controls by linking the fund and budget codes to respective bank accounts. 	Finance and Accounting	Finance	No action undertaken yet. The challenges experienced include the fact that not all funds (partner accounts) have individual bank accounts. There are instances where more than 1 partner have a single bank account. Linking the funds to a particular bank account in such instance would not result to achieving the desired outcome. In addition, linking funds to bank accounts will limit the flexibility in movement of funds across different partners. This applies to the JFA (Joint Financing Agreements) where different partners pull funds together to implement a particular project but different bank accounts are maintained. Hence one fund can be linked to several bank accounts which will limit the required flexibility in instances where there is a delay to receive funds from a particular partner. In addition, the AUC maintains bank accounts in different banks across and outside the continent. It is therefore a challenge to determine which bank account to be used for linking the funds and budget codes. Exposure to cyber-crime should be taken into	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)	Budget	December 2022	Not implemented

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
					account especially where there will access to a system by third parties.				
43	43.3	• Ensure all operational guidelines developed are aligned to the approved AUC manuals;	Finance and Accounting	Finance	No response	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)			Not implemented
45	45.9	• Create a special fund for the income received as Administrative Costs from Partners that can be utilized to settle legitimate liabilities not covered by partners that arise after projects end or to breach funding gaps from exchange losses.	Finance and Accounting	Finance	December 2021 Submit request for GL creation to AG director as well as indicate, the bank its sitting on, how much etc.	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)			Not implemented
47	47.3	• That disciplinary action is taken against staff who fail to adhere to budgets and funding agreements leading to ineligible costs; and	Finance and Accounting	Finance	Implementation of MoU is conditioned by the approval by the Policy Organs. After the approval, budgets lines are uploaded in SAP for implementation. Budgets are released based on availability of funds and restrictions on the grant agreements. Fund availability certificates are signed before implementation of activities. It shouldn't be limited to Finance staff as they are at the end of the chain. Project Coordinators and Directors should be held accountable.	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)		December 2022	Not implemented
47	47.4	• That an analysis of ineligible expenditure is undertaken and that approvals are sought from	Finance and Accounting	Finance	No update (No response)	No update		December 2022	Not implemented

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
		the policy organs (through the supplementary budget process or in the subsequent year's budget) before charging ineligible costs to Member States funds.							
49	49.1	The AUC should consider: • Providing guidance on the process or pre-financing Partner activities;	Finance and Accounting	Finance	December 2021 update Policy guidelines/circulars to be drafted before end of 2021.	September 2021 Update Policy /guidelines/circulars to be drafted before end of 2021. November 2021 Update		December 2022	Not implemented
49	49.3	• Development of clear policy guidelines on treatment of prior year expenditure that is yet to be recognized in the book of accounts.	Finance and Accounting	Finance	To be included in the accounting manual, before end of year	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)		December 2022	Not implemented
50	50.1	The AUC should: • Ensure strict adherence to Partner agreements and budgets such that activities are funded from the earmarked resources in order to increase transparency and ease of management of partner funds;	Finance and Accounting	Finance	Budget 1. Use of resources other than what they were appropriated is in contravention of Article 10 of the FRR. Article 59 of the current FRR has the provisions on what needs to be done in case of the violation. In order to address this problem, the finance directorate is undertaking a business process engineering in its four functions of Budgeting, Accounting, Financial Management and Peace Security. The implementation of the SAP BPC will ensure that expenditures are only incurred on the activities they were initially	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)		December 2022	Not implemented

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 31 Dec 2021
					<p>approved for. PSD: currently all the activities implemented are as per the approved budget by the policy organs.</p> <p>We plan to have all MOUs to be properly mapped out showing any restrictions and to indicate what happens to the unused fund at the end of project.. Then Henceforth to ensure all MOUs indicate that aspect.</p>				
50	50.6	<ul style="list-style-type: none"> Development of an AUC policy with clear guidelines on treatment of balances from dormant/closed Partner accounts as there appears to be a misunderstanding on the requirements of Article 29 of the FRR that provides for the closing of dormant funds from the books of account to miscellaneous revenue; and 	Finance and Accounting	Finance	<p>Reviewed FRR is silent, but Memo will be sent to OLC and SPPRM to ensure that all MOUs have an article to indicate what happens to left over money at the end of each project, while vetting MOUs/Contracts. Also those dealing in partners fund in PSD and ERM IN June 2021</p>	<p>December 2021 Update There is a need to update the FRR on treatment of balances from dormant/closed Partner accounts</p>		December 2022	Not implemented
50	50.8	<ul style="list-style-type: none"> Set up a task force to reach out to Partners with long outstanding balances with proposals on what to do with the unspent funds and get approvals from these Partners. 	Finance and Accounting	Finance	<p>Review of long-outstanding balances. November 2021 Update Same</p>	<p>No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)</p>		December 2022	Not implemented

N o	Sub	RECOMMENDATION	TOPIC / AREA	OWNE R	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN- PROGRESS	BUDGET / POLICY NEEDED	IMPLEME NTATION DEADLIN E	Verified STATUS at 31 Dec 2021
52	52.1	PBFA should consider strengthening of budgetary controls by linking the fund and budget codes to respective bank accounts.	Peace Fund	Finance	Currently the budget codes and funds are linked in the SAP. The system is configured in a way that you cannot use a budget code that is not linked to a specific fund. However, there is no linkage between a fund with the bank account. The budget division is of the view that a general ledger account should be linked to a fund and that general ledger will be linked to a bank account. The effect of this is that it provided multi-layer of internal controls which ensures there is no direct posting to a bank account when an expense is raised to a relating particular fund. The GL level of control will necessitate two controls that are very key in monitoring;	No additional update given in Nov/ December 2021 (NB: OIO used the status of June 2021)		December 2022	Not implemented

ANNEX 4: RECOMMENDATIONS CLOSED OR OVERTAKEN BY EVENTS

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 30 Nov 2021
23	23.2	<ul style="list-style-type: none"> • AUC should ensure that POs within a single budget match the contracts. 	Procurement, Travel and Stores	PTSD	IMPLEMENTATION OF THIS FINDING IS IMPOSSIBLE SINCE. DEPARTMENTS OFTEN CHARGE DIFFERENT BUDGET CODES FOR THE SAME ACTIVITY WHEN THEY ARE SHORT OF FUNDS. IN SAP WE CANNOT CREATE ONE PO ACROSS MULTIPLE BUDGET CODES SO WE ARE OBLIGED TO CREATE DIFFERENT POS FOR THE SAME ACTIVITY WHEN BUDGET CODES DIFFER. THE MULTIPLE POS ONCE CONSOLIDATED ALWAYS MATCH THE CONTRACT AWARD. HOWEVER, THERE ARE CONTROL MECHANISMS IN PLACE TO ENSURE COMPLIANCE IN USE OF THE				Closed

No	Sub	RECOMMENDATION	TOPIC / AREA	OWNER	ACTION TAKEN FROM JUNE - NOV 2021	WHAT IS IN-PROGRESS	BUDGET / POLICY NEEDED	IMPLEMENTATION DEADLINE	Verified STATUS at 30 Nov 2021
					RIGHT BUDGET CODES BY FINANCE.				

2022-06-20

Progress Report of the Chairperson of the AU Commission (AUC) to the Executive Council Through the Permanent Representatives' Committee (PRC) on the Implementation of Recommendations of the PWC Forensic and Performance Audit on AUC

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