



**ORGANIZATION OF
AFRICAN UNITY**

Secretariat
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منظمة الوحدة الافريقية

السكرتارية

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**ORGANISATION DE L'UNITE
AFRICAINNE**

Secretariat
B. P. 3243

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COUNCIL OF MINISTERS

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CM/542(XXII)

Annexes I - IV

COMMENTS OF THE GENERAL SECRETARIAT, THE EXECUTIVE
SECRETARIATS OF STRC AND ITS BUREAUX, THE COORDINATING
COMMITTEE FOR THE LIBERATION OF AFRICA AND THE EXECUTIVE
SECRETARIAT OF NEW YORK ON THE REPORTS OF THE EXTERNAL
BOARD OF AUDITORS



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Annex I

COMMENTS OF THE GENERAL SECRETARIAT ON THE REPORT BY
THE BOARD OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 1972/1973

COMMENTS OF THE GENERAL SECRETARIAT ON THE REPORT BY THE
BOARD OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 1972/73

1. Introduction

The General Secretariat has taken note of the observations contained in the Report of the Board of External Auditors on the Accounts of the General Secretariat for the Financial Year 1972/73. The delay in completion of work by the Auditors at the Regional Office and therefore the delay in arriving at the General Secretariat of the entire team of Auditors to commence audit adversely affected the programme of work prepared by the Secretariat as this clashed with other related activities in which the Technical Staff (i.e. translators and interpreters) were already committed. The situation accounts largely for the limitations described in paragraph 3 of the Report of the Board of External Auditors. This position was aggravated by the fact that at the time of the audit the Technical Staff were actively preparing the ground to proceed to Mauritius for the Third Session of the Educational, Cultural, Scientific and Health Commission held from 10th to 14th December 1973.

2. Staff of Accounts - Paragraph 6 - 7

The Secretariat is encouraged to note that Accounts for the year under review were in the opinion of the Board of External Auditors generally well kept and that on this occasion, were promptly rendered for audit. As regards the maintenance of the final accounts reported to contain wide discrepancies between the Ledger Accounts, the Budget Control Book and the Statement of Actual Expenditure, the General Secretariat recognises the need to ensure that the various Books of Accounts are reconciled with a view to ascertaining in precise terms the final state of the Accounts. To this end the recommendations contained in paragraph 7 of the Board's Report would be implemented forthwith. In addition to the Board's recommendations, the Advisory Committee was informed that at its meeting held from 18th - 23rd December 1973 that the following internal measures aimed at improving the state of the final accounts

and obviating the discrepancies commented upon by the Board would be instituted:-

- a) A review of the Schedule of Duties of the Accounting Staff of the Finance Section with a view to eliminate overlapping of functions and pin-pointing responsibility.
- b) Following the review of the Schedules, appropriate action will be taken against Staff Members in the Finance Section against whom instances of dilatoriness will be proved and who will be held responsible for any discrepancies in the Books of Accounts.
- c) A system of monthly Progress Reports will be introduced to ensure that the various Ledgers and Books of Accounts are reconciled and brought up-to-date at intervals.
- d) Under the supervision of the Assistant Secretary-General in charge of Administration and Finance these Progress Reports and Books of Accounts will be examined and initialled by the Chief Finance Officer, the Chief Internal Auditor and later by the Head of Administration of the General Secretariat periodically i.e. at least monthly with a view to correcting lapses and rectifying errors, if any, which may come to light.
- e) The Chief Internal Auditor will report on the staff of the final accounts to the Administrative Secretary-General periodically i.e. on a bi-monthly basis as check against delays.

The General Secretariat is happy to report to the Council that:

- a) The discrepancies between the Ledger Accounts, the Budget Control Book and the Statement of Actual Expenditure have since been rectified and the Accounts brought up-to-date.
- b) The recommendations contained in paragraph 7 of the Board's Report have been put into operation in the Finance Section.

- c) The re-organisation and the procedures envisaged in a) - e) were instituted with effect from 31st December 1973.

and the Secretariat is hopeful that these measures would go a long way to eliminate the criticisms in the report and improve the standard of performance of the Finance Section of the General Secretariat.

3. Income - Assessed Contributions: Pages 8 - 11)

The General Secretariat continues to draw the attention of Member States to the need to liquidate arrears outstanding against them and to bring their contributions up-to-date. In this regard, it is worthy of mention that the Secretariat on its initiative furnished Member States in November 1973 with a Statement of Contributions as received up-to-date while urging those in arrears to fulfil their obligations towards the Organization. The General Secretariat associates itself with the appeal from the Board of Auditors.

4. Expenditure: (Paragraphs 12 - 13)

Expenditure Control has been given considerable attention in the General Secretariat, the objective being to operate within the financial limits imposed by the Budget which continues to be the only authority for expenditure during the given financial year. While the Secretariat exercises budgetary control, its efforts are invariably thwarted by increased world prices over which it has no control and which were neither foreseen nor could be predicted at the time of the appropriations. In this connexion the General Secretariat wishes to draw attention to the recent increases in airfares and monetary fluctuations which cannot but affect the world economy in general and the Budget of the Organization in particular. The global over-expenditure of US \$ 18,644.89 referred to in paragraph 12 of the Report should therefore be viewed against this background and not from the point of view of the Secretariat setting aside the limits imposed by the Budget and expending without regard to the financial rules, budgetary control and economy.

a) Excesses: (Paragraph 14)

While it is admitted that the major areas of excess

expenditure relate to votes for 'Travel of Staff on Official Mission' and 'Communications' these were inevitable as it was imperative during the financial year under review for the Organisation's Staff to undertake a number of Missions important as they were but unforeseen and therefore not budgeted for at the time. The year 1972/73 also witnessed an untimely rise in air fares, a situation which should not be lost sight of in judging the extent of the over-expenditure and which was beyond the control of the General Secretariat. As regards the field of Communications, the increased activities of the Organisation not excluding the miscellany of conferences and seminars which often necessitated the hiring of free-lance technical personnel to supplement the Organisation's existing staff at a short notice and the need to contact Member States by the quickest and fastest means on a variety of important issues added to the rise in the budgetary appropriation. Much as the Organisation would wish to exercise control over these votes, this is unfortunately unpredictable and the resulting charges were therefore unforeseen. Every effort would be made, where possible, to keep down the level of expenditure in these areas. The excess expenditure in respect of the OAU Pension Fund was the result of under-estimation. As regards post-adjustment allowance the rate stood at 6% at the time of preparation of the Budget only to rise to 14% during the financial year.

b) Medical Expenses (Paragraph 17)

Payments made to staff members were governed by the regulations in force and any erroneous interpretation of the rules relating to medical treatment were promptly corrected.

As regards the Board's recommendation, that the regulations be reviewed to reduce the OAU position of this outlay and for 80% of the first US \$ 100 of each staff member's expenses to be met by the Organisation and thereafter 50% of any additional expenditure, the General

Secretariat is unable to accept this recommendation which, if adopted, will adversely affect the morale of staff members whose medical claims are already not being met in full. In the opinion of the General Secretariat no concrete evidence of abuse has been brought to light warranting a review of the existing regulations as approved earlier by the Council of Ministers.

c) Medical Expenses of Mrs. Nzo Ekangaki (Paragraph 18)

It is regretted that although an exhaustive correspondence exists on this subject between the Internal Auditor, the Director of Administration, the Assistant Secretary-General in charge of Administration and the Secretary-General, the External Auditors did not consider it fit to examine the said documents, after which they would really have found no need to make the remarks they have made, for the action they are recommending had already been decided upon at the level of the Secretariat. The minute of the Administrative Secretary-General dated 5th July 1973, addressed to the Assistant Secretary-General in charge of Administration, disposing of the matter reads as follows:

"AsAd, Your memos of 15th May and 15th June refer. The overpayment that has been effected over and above my entitlements for the transportation of my cars to Addis and for the treatment of my family in London would have to be refunded. For the modalities of this refund my Private Secretary shall deal with the Finance Services. The medical bills although in my wife's name include those of my baby who was rushed to London for an operation during the last Summit. There is no need to change the regulation about women resident with their husbands in post, as this will open room for many controversial cases. I remember making a minute sometime ago to you on school fees of children who are separated to which I have not got your response. This more meaningfully merits consideration and I would like you to look for the said minute and respond. 5/7/73, Signed Nzo Ekangaki".

d) Cheque Exchange (Paragraph 19)

The few instances spotted by the Board cannot be sufficient justification for the conclusion reached by the Board that staff members concerned were avoiding payment of commission at the recognised exchange establishments. The instances spotted by the Board were however created by the absence of specific written instructions from the staff members concerned regarding their wishes to the Finance Section. The practice is no longer being encouraged and staff members are now advised to undertake these monetary transactions at the recognised exchange establishments.

e) Nugatory Expenditure (Paragraph 20)

The General Secretariat wishes to recall that the hire of temporary residence for the present Secretary-General and the renovation of the former official residence were discussed and approved at the meeting of the Sub-Committee of Resident Members of the Advisory Committee held on 10 November 1972. It is evident from the Report that the Board of External Auditors did not familiarise itself with the decision of the Advisory Committee and if this had been done there would not have been any need for the Board's observation in this regard.

f) Hotel Expenses of Secretary-General (Paragraph 21)

A note has been taken of the observations in the Report. The bill from the Hotel was sent direct to the Accounting Department and payment was made as it was believed that the OAU was responsible for the entire bill since the OAU did not pay per diem to the Secretary-General during the period. It should however be emphasised that the OAU would, if the Administrative Secretary-General were treated as being on Mission, normally have been responsible for paying both per diem and hotel bill in lieu of suitable permanent accommodation, to which he is entitled while in Addis Ababa. The General Secretariat sees no objection to implementing the recommendation of the Board of External auditors in paying the Administrative Secretary-General per diem for the period in exchange for the items criticised although this will result in a greater

expenditure for the Organization than the procedure previously adopted.

g) Water and Electricity Bills of Secretary-General
(Paragraph 22)

The General Secretariat ceased to make payments from OAU funds for electricity and water in respect of Secretary-General's residence as soon as the Advisory Committee took a decision on the matter. The payments listed in paragraph 22 of the Board's Report had already been made before the Advisory Committee's decision. As evident in the Committee's Report, the Advisory Committee's decision did not imply recovery of the amounts already paid.

h) Telephone Charges (Paragraph 23)

The calls were in fact made as evidenced in the Report. There has been no ruling that the Administrative Secretary-General shall not use the telephone in his house and office for private family calls. As to why most of these calls were made to London, the General Secretariat would like to recall that the family of the Administrative Secretary-General was resident for 4½ months in London undertaking medical treatment as evidenced by paragraph 18 of the report of the Board of External Auditors.

i) Petty Cash Transactions (Paragraph 24)

While the General Secretariat is encouraged to note the improvement in the manner of keeping the Petty Cash Book, it is in disagreement with the Board's views against the reimbursement of medical expenses and consultation fees from the Petty Cash. The Secretariat in this regard wishes to invite attention to the Board's earlier advice that payments of medical bills from petty cash should be made up to the maximum of Eth.\$10.00 only. It is the view of the Secretariat that payments of small sums need not be made by cheque but from the petty cash as it is uneconomical considering that the Organization pays for Cheque Books supplied by the Bank. As regards Disbursement Voucher Nos. 4/11, 6/11, 1/9, 3/8, 1/7, 3/5, all the

medical claims received prior certification of the OAU Health Bureau on the Claim form designed for such purposes and not on the bills themselves. The Petty Cash will continue to provide for the acquisition of minor items necessary for the smooth operation of the Organization's services including medical claims not exceeding Eth.\$10.00 as earlier advised by the Board of Auditors.

j) Gasoline (Paragraph 29)

While the Secretariat has observed that the scope of the audit covered the period 20 November 1972, date of the last audit, to 30 November 1973, the Report regrettably provides consumption levels for the months of December 1972 and for January, March, April, May and October 1973 only to support its case against staff vehicles for which quotas were exceeded. Considering that the period covered a whole year it is obvious that the vehicles having maintained a rather low gasoline consumption level for the other six months, there is no strong reason for the censure in the Report. In fairness to the Secretariat the Report should have shown the monthly levels of consumption throughout the period covered by the audit to enable a more realistic comparison to be made. As regards the Board's recommendations, the Secretariat will:-

(a) Continue to enforce the provisions of Circular AD/65/1 of 12 January 1973. It should however be

j) borne in mind that there are peak periods i.e.

meetings of the Council of Ministers etc., during which there are considerable activities necessitating the frequent use of the vehicles with its attendant high level of consumption.

(b) The Secretariat is unable to agree to the Board's recommendation that excess consumption beyond the limit imposed should be the user's responsibility.

The Secretary-General and his Assistants are responsible officials of the Secretariat whose judgement and integrity should not be impugned.

(c) The Transport Officer, Colonel Girma Zawdie, has been instructed to review the existing practice and submit suggestions.

(d) A book recapitulating globally and chronologically all incoming and outgoing gasoline for the eleven vehicles during the year will be kept by the Finance Section and the Transport Officer.

5. Pension and Social Security Funds (Paragraph 32)

With the reorganisation of schedules in the Finance Section and the institution of a progress Report system which was referred to in the Secretariat's comments on paragraph 6 of the Report, the General Secretariat wishes to state that the position has been one of marked improvement since the Board's Report was submitted. The Statements of Pension and Social Security Fund contributions in respect of the 1972/73 Financial Year have been brought up-to-date and had since been submitted to the American Life Insurance Company. Subsequent statements have also been processed and brought up-to-date.

6. Advances Recoverable from Member States (Paragraph 34)

The General Secretariat will continue its efforts for the recovery of the Advances from the Member States concerned.

Conclusion in the Report

7. Augmentation and Upgrading of Internal Audit Staff

The General Secretariat has taken note of the Board's observation on the rapid growth of the volume of work in the Internal Audit Section of the Headquarters and of the need to augment the present Staff by the recruitment of an additional Audit clerk and wishes to endorse the Board's findings in this direction. As regards the proposal for upgrading of the Chief Internal Auditor and his Deputy, The Secretariat considers, without prejudice to the interests of the staff members concerned, that much as in accordance with its terms of reference the Board of Auditors in addition to certifying the accounts, may make such observations as it may deem necessary with respect to the efficiency of the financial procedures, the accounting system and the internal financial controls and in general the financial consequences of administrative practices, it is outside its scope

and terms of reference to recommend categorically upgrading of posts, a matter which is within the purview of Job Evaluation and which has to await the Younis and Osindero Reports.

8. Observation on the Finance Section

The observation made by the Board that the quality of work at the Finance Section has improved considerably is gratifying. The review of schedules and the organisation and flow of work in the Finance Section envisaged in paragraph 2 would enable the Chief Finance Officer to exercise stricter hierarchical control over his immediate staff both in Headquarters and in the Regional and sub-Regional Offices.

9. Programme of the External Auditors

To ensure proper planning and organisation, the General Secretariat will greatly appreciate the need for the Board of External Auditors to abide by the approved programme of audit and ensure that the entire membership arrives in the General Headquarters to commence the audit on schedule. This will facilitate technical staff servicing arrangements.

10. Official Residence of the Secretary-General (Paragraph 35)

At the time the Administrative Secretary-General took up office the architectural plans and designs for the official residence to be constructed were not yet ready. After exhaustive consultations between the Ministry of Public Works of the Imperial Ethiopian Government, the Mayor's Office in Addis Ababa and the General Secretariat the architectural plans and designs were to be finalised and construction started. For reasons beyond the control of the General Secretariat the completion of these plans and designs took a much longer time than anticipated. They were however finally handed over to the Administrative Secretary-General on 15 December 1973 and the General Secretariat was thereafter in a position from technical point of view to engage the normal procedures of tender to have the contract awarded.

But from a financial point of view there arose a major problem. Although only the tender results may give the exact figure of the construction costs, yet it has been estimated that the building which was estimated many years ago when the money was voted to cost about

US \$100,000 may now cost a sum ranging between US \$227,000 and US \$258,000 without the inclusion of furniture which is further estimated to cost between US \$ 50,000 and US \$ 60,000. This state of affairs has been occasioned by the changes in costs and prices due to lapse of time as well as by the present unstable international and local markets due to inflationary pressures.

The Advisory Committee meeting in December 1973, upon bearing of this situation set up a Sub-Committee which met with the Architect examine the plans and to explore all possibilities of reducing costs, including the use of alternative cheaper materials and the elimination of a number of features. The Committee finally recommended after hearing the report of the Sub-Committee that the vote for the residence be raised to a ceiling of 200,000 US dollars exclusive of furniture, fixtures and fittings.

On the basis of this recommendation the General Secretariat is proceeding with the normal tender procedures. The Council of Ministers may wish to approve this action of the Advisory Committee.



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Annex II

COMMENTS OF THE GENERAL SECRETARIAT AND THE EXECUTIVE
SECRETARIAT OF STRC AND ITS BUREAUX ON THE REPORT OF
THE EXTERNAL BOARD OF AUDITORS

COMMENTS ON THE EXECUTIVE SECRETARIATSTRC AND ITS BUREAUS

It is important to note that the Advisory Committee did not approve the virement request of the STRC and its Bureaux even though the request was presented three times. This has led to the over-expenditure under certain votes noted by the auditors. As soon as it became evident that there was need for additional fund under some votes the Secretariat presented the request to be allowed to transfer fund from one vote to the other to be able to meet the requirement. This request was not approved throughout the financial year by the Advisory Committee. The need for the expenditures were therefore established with the knowledge of the Advisory Committee throughout the financial year.

Secondly it was the STRC virement alone that was not approved eventhough detailed explanation was supplied. Despite this situation the STRC had global saving on its budget.

Comments on the various offices are as follows:-

Lagos OfficeSubvention from General Secretariat

It would be appreciated if the additional sum of \$25,070.37 calculated to be necessary for the running of the office were approved by the Advisory Committee. The present method of obligation is used to ensure that funds are available to meet existing commitments. Sums at present obligated are for this purpose only.

Sale of Publication: All debtors are warned monthly of their outstanding debt. Of the \$5,471.53 which is outstanding a sum of \$1,000.00 has been recovered in October. It is hoped that more payment would be received on this account shortly.

Detailed information on subscriptions have been compiled and this is available in Lagos Office.

Rent from Houses: Houses were let out only when OAU officials are not occupying them. The houses were built to ease housing problems for OAU officials not for commercial purposes. If they were for commercial purposes then OAU would pay commercial rent on the land and the utilities.

It is not correct that the Executive Secretary reduced the rent by OAU officials. The truth is that the Executive Secretary petitioned the Secretary-General on the rent being paid by OAU officials which was too high compared with UN officials or officials of the host government. It was this petition that prompted the change approved by the Secretary-General that OAU officials should pay the same rate of rent as officials of the UN and the host government.

It is important to note that because of the change of housing situation in Nigeria the Nigerian Government now gives rent subsidies to certain categories of staff who are not occupying government quarters.

The Secretariat would appreciate it if the Advisory Committee would recognise the change in the situation and agree to the proposal of the Administrative Secretary-General that OAU officials should pay the same rate of rent as officials of the host government and UN officials serving in Lagos.

Code 401:

During the Financial Year 1972/73 it was clear that appropriation allowed under this code would not be sufficient. Consequently request was made for additional provision to cover the estimated excess expenditure. It was explained that the maintenance and running costs of cars in Lagos had increased due to sharp rise in duty on imported spareparts. One of the Service Cars (Renault) had a series of breakdowns and require complete over-hauling. This was very expensive. It has also been noted that cost of labour in motor workshops has increased in the past 5 years in Lagos and this has reflected itself in the bills from these workshops. These Service Cars are used largely for official Technical Meetings which are held in Lagos. Experience has shown that it is cheaper to maintain our own cars than hire cars for these important technical meetings. The Executive Secretary will continue to exercise greater control on the cars.

Code 608 - Printing and Publication:

Strict control is maintained by the Executive Secretary on the printing and publication of scientific reports and journals of the Organization. The following facts had emerged in the past year.

First the demand for STRC scientific documents has increased as more and more Scientific Officers in Member States take interest in the activities of the Executive Secretariat. Secondly cost of printing and publication has gone up more than 300 per cent. This is a result of the inflationary trend in the whole world which is itself characterised by high labour costs, increases in freight charges and high printing charges. Thirdly, the celebration of the Tenth Anniversary prompted the Executive Secretariat to put up additional publications to highlight the science and technological activities of the Organization.

For example, it was necessary to issue two scientific reports on Tsetse and Trypanosomiasis research and control, two special reports on the Inter-African Bureau for Animal Resources and a special Tenth Anniversary publication to advertise the work of the Organization. As soon as this additional work became necessary request was made for virement to cover the additional expenditure. As I have indicated in the opening paragraph, this virement was not approved throughout the year.

Unfortunately, we have taken delivery of these scientific publications and they have been distributed to all Member States as soon as received in the hope that the virement would be approved. The Executive Secretariat therefore foresaw the need for additional fund early in the Financial Year and did make the request for the fund as was requested. It also curtailed its activities in other fields to be able to finance its increased expenditure in this area.

The Executive Secretariat would appreciate it if the Advisory Committee would kindly support it on this matter so that the monies owed to printing firms might be paid. The Executive Secretariat has taken firm action to ensure that quotations are received and spending is made within the appropriation in future. It appeals that the fund obligated be approved by the Advisory Committee.

Code 603

The Executive Secretariat and the Bureaux on previous occasions either stopped completely any expenditure on hospitality when funds were not enough or make request and obtain additional expenditure during the Financial Year when it is absolutely necessary to incur additional expenditure under this code in the interest of the Organization. The last OAU Anniversary Celebration was however made compulsory because of the decision of Heads of State to celebrate the Tenth Anniversary. The expenditure undertaken in Lagos, Nairobi, Yaounde, Niamey and Bangui were therefore an implementation of the decision of Heads of State to celebrate the Tenth Anniversary of the Organization. The cost of entertainment has increased in all these capitals in recent years. Similarly, the number of diplomatic missions in all these cities have also increased. For example, whereas one could make provision for only 50 guests at the normal annual OAU Day Celebration, during the Tenth Anniversary, it was found that the number of guests was compulsorily increased since the entire diplomatic community and a few distinguished personalities in all the cities concerned were invited.

Payment of Salaries:

Salaries were paid early in December because both the Executive Secretary and the accountant were to travel on official duty. The auditors point is noted and alternative arrangement would be worked out for the future.

Inventory of Property:

Action will be taken accordingly.

IAPSC Yaounde, Cameroon:

If the virement request of the STRC was approved during the Financial Year there would have been no over expenditure. The over expenditure at the Yaounde office arose from the expenditure incurred as a result of the death of the former Scientific Secretary, the late Mr. Milla. He died while receiving medical treatment in France. The Council of Ministers authorized the Secretary-General to handle his burrial in collaboration with the Government of Cameroon. The over

payment was therefore in respect of his medical expenses and the payment of gratuity to his family according to OAU rules and regulations.

Dr. P. Addoh: Since the auditors raised the issue the Secretary-General has taken action in respect of the arrears of monies due from this officer. The Organization owes him six months' salary in respect of vacation leave which official duties did not permit him to take. The money he owes the Organization is equivalent to his two months' salary. He has been called upon to forfeit his leave entitlement for three months to offset his indebtedness to the Organization.

Recruitment of Local Staff:

All temporary officers in Yaounde are given letters of appointment and copies sent to Lagos. Copies of the letters of appointment of the three persons involved have been received in Lagos. It is unfortunate that the auditor did not ask to see them.

BIS Bangui C.A.R.:

The over expenditure arose because the virement was not approved throughout the Financial Year.

Mr. Barreto: Action is in progress to trace Mr. Barreto. If he cannot be traced the amount will be written off.

Mr. Mpe: The Executive Secretary has already asked the good offices of the Secretary-General of OCAM about this man's debt. It is hoped that the money will be recovered if he is still in the employ of OCAM.

Signing Cheques: The Executive Secretary has directed that both the Director and his new deputy who assumed duty only 5 months ago should be signing cheques.

Publication Office Niamey, Niger:

Excess expenditure arose because the virement submitted to cover the items was not approved during the Financial Year.

Funds Spent 1971/72:

The expenditure arose because the Publication Officer returned to the Bureau in that Financial Year. He found that certain expenses were absolutely necessary, and these were contained in a virement request which was not approved till the end of the Financial Year. It is hoped that the Advisory Committee will approve these expenditures at this meeting.

Printing Vote: The Secretariat does not agree with the suggestion of the auditor that this vote should be transferred from the Executive Secretariat in Lagos to the Publication Office. The experience of the Secretariat is that for efficient and proper financial control the printing vote should be controlled by the Executive Secretary who has direct responsibility to the Secretary-General.

It is not correct that the Publication Officer orders all printing of scientific documents. The correct position is that orders are placed for printing of documents on the direct instructions of the Executive Secretary. He also determines after discussions with scientific officers concerned the number of documents to be printed. The Publication Officer's duty is to execute these instructions. Secondly, the Publication Officer does not do all the printing activities of the STRC. Printing is undertaken according to requirements of the Organization by Lagos, Nairobi, Yaounde and Niamey. The Executive Secretary controls and coordinates the entire activity.

IBAR Nairobi, Kenya:

It is observed that the auditors have no comments on the accounts of this Bureau which was audited in Lagos along with others.

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Annex III

COMMENTS OF THE EXECUTIVE SECRETARIAT OF THE LIBERATION
COMMITTEE ON THE REPORTS OF THE INTERNAL
AND EXTERNAL BOARD OF AUDITORS

COMMENTS OF THE EXECUTIVE SECRETARIAT OF THE
LIBERATION COMMITTEE ON THE REPORTS OF THE
INTERNAL AND EXTERNAL AUDITORS

Delays in paying-in of cheques and donations into the Bank.

Effort would be made to ensure prompt payment of cheques into the bank. Tanzanian Exchange Control Laws and new directives, however, require written authorisation from the Bank of Tanzania for the commercial banks to credit into our "External Account" funds locally collected. The result right now is that we still have some funds held in suspense accounts with our bankers the National Bank of Commerce.

The Executive Secretariat is now seeking solution in consultation with the Ministry of Foreign Affairs, the Bank of Tanzania and the National Bank of Commerce - perhaps a solution could be found in the opening of shillings accounts Nos. 1 & 2 along the lines of what we have now with the sterling account.

Payment of long outstanding travel bills from the Special Fund.

The Executive Secretary authorises payment after seeking clearance from or giving a full explanation to the Standing Committee on Administration and Finance. These are largely "hangover" debts which are better settled to save the name of the Executive Secretariat and the OAU. The way and manner the debts had been incurred has been questioned in several reports resting with Doc. CM.500 - the report of the Secretary-General which has not only itself taken corrective measures against future recurrence, but the recommendations of which has also been largely incorporated in the new Draft Rules and Regulations governing the functioning of the Executive Secretariat.

It should also be noted that those "hangover" travel bills are in connection with the participation of the liberation movements in the Nairobi Trade Fair and the exhibition mounted as part of the 10th Anniversary Celebrations. It would not, therefore, be too far out of the ordinary if whatever is spent in excess of the specific votes for these occasions are not from the Special Fund with the full knowledge and consent of the Standing Committee on Finance.

None retirement of travel advance by Assistant Accountant.

The Internal Auditors report first highlighted the discrepancy in the account rendered by the Asst. Accountant of this recoverable advance. He was then away on home-leave. But on the receipt of a letter from the Finance Department of the General Secretariat formally requesting him to refund the sum involved in the discrepancy, the matter was taken up at the Executive Secretariat with a view to an agreement on convenient instalmental payments, if necessary. It was then Mr. Assefa disclosed that he had fully explained away the discrepancy to the satisfaction of the External Auditors whose report was then being awaited. The Asst. Executive Secretary (Admin. & Finance) then ruled that no action to recover the amount should be taken until the receipt of the External Auditors report.

Now that the report is out and supports substantially the findings of the Internal Auditors, action would be taken to recover the sum of money involved as soon as we return to Dar-es-Salaam.

Lusaka and Conakry, Sub-Offices

It is regrettable that our former Internal Auditor who visited Lusaka towards the end of the last financial year, was unable to produce a report before leaving on transfer to Lagos. He is still yet to do us the favour of presenting a report.

We intend, however, to send our Accountant as soon as he returns from home-leave to assist them put their accounts in order. In addition, it is the intention to bring the Clerk Accountant in Lusaka to Dar-es-Salaam for a few weeks. During his absence, the Asst. Accountant in Dar-es-Salaam would temporarily man the accounts section in Lusaka.

For Conakry a similar remedy is envisaged. Our Accountant who is now on home-leave in Freetown, would go to Guinea early in January to check their books on the spot. Thereafter, ways and means would be found in co-operation with the Lagos Office and the General Secretariat for the Accounts Clerk there to go for attachment in Lagos for a short period.

It cannot be gainsaid, however, that, by and large the problems we have with the accounts of the Sub-offices stem from the quality both in basic professional qualifications and practical experience of the personnel. And this in turn bears relevance to methods of recruitment and posting over which we have no absolute control.

Other Technical errors that make auditing tedious

The Head of Finance Department would henceforth keep a closer watch on the Accounts Section to ensure that supporting documents are attached to the relevant vouchers and that the number of cancelled cheques are minimised and treated in accordance with accounts rules of procedure. Close attention would also be paid to unused and disused receipts to ensure necessary cancellation.

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Annex IV

COMMENTS OF THE EXECUTIVE SECRETARIAT OF NEW YORK
ON THE REPORT OF THE EXTERNAL BOARD OF AUDITORS

COMMENTS OF THE EXECUTIVE SECRETARIAT
OF NEW YORK ON THE REPORT OF THE EXTERNAL BOARD
OF AUDITORS

I. INTRODUCTION

No further evidence is needed to prove the specific nature of the Office in New York since all the reports prepared so far on its situation testify to this fact.

In paragraph 3 of the report, the External Auditors touch on a most serious situation. As a matter of fact in New York and in general, in the U.S.A. there are practices different from those obtaining elsewhere. Thus for instance, all purchases are to be made on cash and the possibility which the General Secretariat for example enjoy in settling bills after delivery of goods or services is non-existent in New York. With this in mind, it is imperative that the Executive Secretariat does not run out of funds as outlined by the Board of External Auditors. Banks are sometimes difficult at granting credit facilities.

Some of the suggestions of the Board of Auditors have already been implemented. Thus, a log book has been instituted for the car available at present.

II. Over-expenditure

It is happy that the Board of Auditors has come to realise that there are two kinds of over-expenditure. There are on the one hand unforeseen and unavoidable expenditure which should not be considered as over-expenditure and on the other hand actual over-expenditure. Regarding the latter, the Executive Secretariat would like to make the following comments :

- 1°) Education allowance. The issue of Education allowance for the children of the staff in New York has been the main reason of the frequent change of staff at the New York office. The truth is that there has always been inadequate financial appropriations for this post. As a matter of fact the last two Executive Secretaries who

quitted the office were compelled to pay school fees from OAU funds in order to enable them to make ends meet. The solution to this problem is to make adequate financial appropriations which will take into account the reality of facts in New York. The two persons involved have had the opportunity to lengthily explain their views and made it clear that they were not in a position to make any refund since the amount involved was paid directly to the French Lycee and justified. The Council of Ministers aware of this particular situation in New York has in the past raised the amount of the item from US \$ 2 680 to US \$ 6 000.

- 2°) Salary Advances : The Executive Secretary would like to state that the Financial Rule and Regulations will be complied with in future. Before leaving New York, Mr. Diarra fully settled the salary advance accorded to him when he took office.
- 3°) Communications : We have had opportunity to explain the reasons why this vote had to be overspent. The Executive Secretariat is the organ entrusted with the task of circulating all decisions of the African Group. Sometimes communications have to be made by telephone or telegram out of necessity and the more so during the sessions of the General Assembly. For example, the only way the Executive Secretariat can arrange short-notice meetings of the African Group is by telephone. And yet the telephone like everything else is expensive in New York. The Executive Secretariat will do its best to remain within the limits of whatever adequate appropriations will be made.
- 4°) Maintenance of vehicles : The former car was old. Because of this, reparations were high. In July 1973 a new car was purchased and ever since maintenance costs are only those for regular service and garage fees.
- 5°) Lease Agreement OAU Offices : The Secretariat has taken note of the remarks of the board of Auditors will make the necessary investigation and report in due course.

III. CONCLUSION :

The board of Auditors puts stress on the frequent change of senior staff in New York. The reasons for this state of affairs are known. It behoves the Advisory Committee and to the Council of Ministers to take the necessary measures with a view to improving the material working conditions of the staff in that office.

1974

Comments of the General Secretariat the Executive Secretariats of STRC and its Bureaux the Coordinating Committee for the Liberation of Africa and the Executive Secretariat of New York on the Reports of the External Board of Auditors

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