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**REPORT OF THE MEETING OF THE JOINT SITTING OF THE SUB-
COMMITTEE ON GENERAL SUPERVISION AND COORDINATION ON
BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS AND
THE EXPERTS OF F15**

JANUARY 28-29, 2019, ADDIS ABABA

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**MEETING OF THE JOINT SITTING OF THE PRC SUB-COMMITTEE
ON GENERAL SUPERVISION AND COORDINATION ON BUDGETARY
FINANCIAL AND ADMINISTRATIVE MATTERS AND THE EXPERTS OF
FIFTEEN MINISTERS OF FINANCE (F15)
PLENARY HALL, OLD CONFERENCE CENTER
JANUARY 28-29, 2019
ADDIS ABABA, ETHIOPIA**

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REPORT

Introduction

1. Joint Sitting of the PRC Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters and the Experts of Fifteen Ministers of Finance (F15) (GSCBFAM) held series of meetings over the 2018 financial year under the chairmanship of Ambassador Ndumiso Ndima Ntshinga, Permanent Representative of the Republic of South Africa to the African Union and Chairperson of the PRC Sub-Committee on GSCBFAM and the rapporteur of the meeting, Amb. Idule-Amoko James of the Republic of Uganda discussing issues covering the following matters:
 - a) Administrative and Human Resources and Management
 - b) Directorate of Program Budget Finance & Accounting
 - c) Strategic Policy Planning, Monitoring and Evaluation

A. Administrative and Human Resources and Management matters

2. Following the November 2018 Executive Council Decision (Ext/EX.CL/Dec.1 (XX)) — in particular, on issues cited from section (5) to Section (12) — relating to Staffing Status, AU Performance Management, Recruitment System, Staffing Quota System, Salary Arrears, Travel Administration, Procurement, and Information Technology, the Commission has been tasked to draw-up an actionable roadmap for the implementation of these decisions. Furthermore, the Commission worked on the harmonisation of allowances for all Organs and preferential rates. And following the review of these by the sub-committee, the proposals are herewith included for consideration by the PRC.
3. In drawing up the Road Map, due consideration has been given to dependencies between the various elements and the need for phased in approach where applicable on the implementation of the initiatives.
4. The expected outcomes and progress made against each item included in the November 2018 Executive Council Decision (Ext/EX.CL/Dec.1 (XX)) are outlined below.

I. MAIN ELEMENTS INCLUDED IN THE ROAD MAP

(A) STAFFING REVIEW

5. Expected outcome: High performing staff with the right skills and competencies are in place to deliver on the AU Commission's mandate and departmental functions
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Progress made towards attainment of the above expected outcome under this section are as follows:

6. **Paragraph 15:** where by the Executive Council “**REQUESTS** the Commission to conduct an audit of the Human Resources and submit the report to the PRC Sub-Committee on General Supervision and Coordination on Administrative, Budgetary and Financial Matters”.

The Commission has developed the Terms of References (ToR) for the skills and competence audit. This audit will be made against positions on the new structure. The developed ToR will be sent to the member states for input.

7. **Paragraph 19:** where by the Executive Council “**DECIDES** to impose a moratorium on the recruitment of Short, Fixed Term and Special Service Contracts until a staffing solution is found;”

The Commission has complied with this decision. Any exception on the moratorium regarding recruitment of the non-regular staff shall be handled on a case by case basis.

8. **Paragraphs 16 to 25:** where by the Executive Council “**16. REQUESTS** the Commission to develop and submit a new structure based on the draft 2016 structure to meet the mandate of Agenda 2063 within two (2) years; **19. DECIDES** a moratorium on the recruitment of Short, Fixed Term and Special Service Contracts until a staffing solution is found; **20. REQUESTS** the Commission, in collaboration with the PRC, to review the existing AU Staff Regulations and Rules (SRR) in order to ensure that it responds to the current need of the Organization and its expanded mandate; **21. DIRECTS** the Commission to urgently fill vacant regular positions by June/July 2019, taking into account the countries that are least represented within the Commission; **22. DECIDES** to lift the cap on the recruitment of fifty (50) Regular staff per annum; **23. REQUESTS** the PRC, in collaboration with the Commission, to come up with an implementable proposal (action plan) dealing with the issue of the Non- Regular staffing without causing disruption to activities of the Commission, for consideration by the Executive Council in February 2019; **24. REQUESTS** the Commission to strictly apply the SRR with immediate effect, as it relates to short and fixed term staff, bearing in mind Executive Council Decision EX.CL/Dec.899(XXVIII) on the Activities of the PRC, wherein paragraph 12, the Commission was requested to “strictly apply the provisions of the existing African Union Staff Regulations and Rules regarding compulsory retirement of both regular and separation of short-term staff as well as implement an effective succession planning system; **25. REQUESTS** the Commission and the PRC to submit in February 2019 a report on the financial, legal and administrative implications of separation of staff whose contracts were renewed in contravention of the SRR, more than the permissible number of renewals, taking into account the human resource gap,
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and should incorporate the results of an inquiry to hold those who are responsible for the irregularities accountable”.

The Commission has undertaken an extensive analysis of the issue of Non-Regular staffing.

This document outlines the factors driving the demand for non-regular staffing and makes recommendation on how to address this matter. In addition, the financial, legal and administrative implications of this proposal are highlighted.

Based on the analysis, the Commission proposes an integrated and rational (pragmatic) approaches. The need for an integrated approach is informed by the various interrelated reform decisions coming out of the 20th Extraordinary Session of the Executive Council held prior the Assembly in November 2018. And the rational (pragmatic) approach has been articulated by the decision to address this matter – which clearly states that “*the PRC, in collaboration with the Commission, to come up with an implementable proposal (action plan) dealing with the issue of the Non-Regular staffing without causing disruption to activities of the Commission...*”

The Sub-Committee recognised the effort made on the analysis and drafting of this document and provided input. The Committee also agreed that the items under this section are inter-linked therefore, the implementation of these items should be undertaken in an integrated way. This is so as to avoid wastage and duplication of efforts. In addition, given that the majority of the non-regular staff are locally recruited General Service staff, new employment condition for locally recruited staff should be taken into consideration when addressing the issue of non-regular staff. Committee urged the Commission to finalise the report and present to the sub-committee as soon as possible.

9. **Paragraph 26:** where by the Executive Council “**REQUESTS** *the Commission to develop a disciplinary code that includes clear rules on accountability, based on the general rule that the punishment should be equivalent to the misconduct;*”

This will be included through the review of the Staff Regulations and Rules which should be ready for submission to the Executive Council at its next Ordinary sitting in July 2019.

10. **Paragraph 27:** where by the Executive Council “**REQUESTS** *the Commission to properly advertise and disseminate information on vacant positions and inform Member States of the same, to circulate amongst their public. In case of absence of applications from the least and under-represented countries, the Commission is requested to ask Member States of the mentioned category, to propose qualified candidates to compete*
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in the recruitment process and to appoint from this category (least and underrepresented countries);”

The Commission has complied with this request by sending a note Verbal to All Embassies on the advertised positions along with a monthly Quota status.

However, some Member State embassies reported they did not receive this information. The Commission made an undertaking to ensure that all embassies receive this information in future. Furthermore, the Committee requested that in addition to the list of published vacant positions, the Commission shall send to the Member State embassies the detailed job profiles for these positions. Priority will be given to the member states whose quotas are least or under-represented. These member states are therefore encouraged to identify qualified candidates and to send the CVs of the candidates through the embassies to the Commission.

(B) IMPROVE RECRUITMENT OF THE UNION

Expected Outcome: Credible and transparent recruitment process in place. Enabling timely recruitment of qualified staff.

11. **Paragraph 34**: where by the Executive Council “where by the Executive Council **“REQUESTS** the Commission to work with a group of 10 independent experts, two (2) from each Region, to review and improve the AU Recruitment and Selection System to institute credible and robust recruitment and selection system and report to the Executive Council in June/July 2019;”

The Commission has conveyed the Terms of Reference to All Embassies through a Note Verbal. The Commission invites the Member States to send their nominations by end of February 2019. The Committee reviewed the Terms of Reference and requested the Commission to include in the scope of work the requirement for the Committee to also review the recruitment section in the Staff Regulations and Rules.

(C) REVIEW OF THE AU STAFF REGULATIONS AND RULES

12. Expected Outcome: Predictable and transparent set of Staff Rules and Regulations in place to guide the effective management of human resources in line with best practice.
13. **Paragraph 20**: where by the Executive Council **“REQUESTS** the Commission, in collaboration with the PRC, to review the existing AU Staff Regulations and Rules in order to ensure that it responds to the current need of the Organization and its expanded mandate;”
-

The Commission has established an internal Task Force to review the Staff Regulations and Rules. The Document will be ready for submission to the Executive Council at its next Ordinary sitting in July 2019.

(D) TRAVEL ADMINISTRATION REVIEW

14. Expected Outcome: The efficient, effective and service-oriented administration of AU related travel undertaken within a transparent and accountable framework based on value for money.

15. **Paragraphs 40**: where by the Executive Council “**REQUESTS** the Commission to review the internal Travel Policy and submit a report to the PRC by January 2019, taking into account:
 - (i) Most economic route and value for money;
 - (ii) Business Class for the Chairperson, Deputy Chairperson, Commissioners, all elected officials, special envoys, former Heads of State and Government, Special Representatives and Heads of Missions; and
 - (iii) Business Class ticket for Directors of AUC, Organs and Deputy Heads of Mission of Member States or their equivalent travelling beyond eight (8) hours.”

The Commission has reviewed its Travel Policy and submitted the reviewed Policy to the Joint Administrative Committee (JAC) in charge of Policies within the Commission. The JAC has approved the Draft Policy and will submit it to the Commission for Approval before endorsement by the Chairperson of the Commission and implementation.

The Commission is considering the decentralization of the travel unit. Finance and procurement to look into the most cost effective ways of reduce waste.

The Committee acknowledged the Commission’s progress on the reviewed of the policy and on initiating the internal approval process. The Committee therefore, requests for a report detailing the steps taken to effect this decision. This report should include status of unused tickets, the development of a mechanism including an IT tool to track the use of tickets and progress made thus far.

It should be noted that the revised Travel Policy needs to enable the AUC to manage its travel costs in the most cost effective way. Therefore, the Committee recommends that AHRM and PBFA to work out a solution to decentralize the travel process.

(E) PERFORMANCE MANAGEMENT

Expected Outcome: A clear accountability framework that embeds results and delivery as a core

16. **Paragraphs 30 & 31**: where by the Executive Council “**DIRECTS** that all structures of the AU shall function on the principles of results based performance management;” and “**REQUESTS** the Chairperson of the Commission to ensure the AU Leadership

Involvement in the performance management planning and compliance, based on the following:

- (i) The Commission shall identify the goals for the year;*
- (ii) The Chairperson will ensure that the goals will be cascaded to elected officials;*
- (iii) The elected officials will cascade to Departments and Organs;*
- (iv) Performance management needs to be done at all levels, including elected officials and special appointees;*
- (v) A skills development and capacity building system should be elaborated in line with the Commission goals;*
- (vi) The Commission should explore non-financial incentive of recognizing performing staff;”*

The Commission is developing a new result based Performance Management Approach system The Chair to identify a priority to be presented to the executive Council.

Eight Organisational priorities that form the basis of the Budget Framework Paper have been identified. The identified priorities will be presented to the Chairperson for review and selection of his priorities for the year. This will be in turn cascaded to the Deputy Chairperson and the Commissioners - who will further cascade to their respective departments and staff members.

Moreover, all AU staff members are being sensitised on the new performance management approach. Various campaigns and trainings on the new performance management cycle have also been consistently made available. HRM has undertaken an analysis of all departments’ compliance with the End of Term Review since 2012 of Performance and communicated to each Department with the consequences.

The Committee reinforced the need for an integrated top down performance management approach and full involvement of the AU Leadership in these processes.

17. **Paragraph 32**: where by the Executive Council “**ENCOURAGES** the Commission to speed up promotion processes;”

The ongoing review of Staff Regulations and Rules will address this issue.

(F) AU STAFFING QUOTA SYSTEM

Expected Outcome: The principles of equitable geographical representation and gender equality upheld.

18. **Paragraphs 36 to 37:** “**DECIDES** that the current quota system applied to AUC regular staff should take into account the gender and youth quotas and be extended to short term, fixed term and special service staff and to all staff of the Organs, excluding general service staff; and **REQUESTS** the Commission to:
- (i) set up a mechanism to reach out to Member States through the Diplomatic channels, among others, of least and under-represented countries in order to attract qualified candidates from these countries, so that all African countries will be represented;
 - (ii) not shortlist applicants from quota full countries;
 - (iii) submit monthly reports on quota status to Member States.”

The Commission has put in place a mechanism to report the quota on a monthly basis to the Member States. In addition, the Commission is working on a system to replicate the quota to all Organs as part of the reform of the recruitment system. This quota will apply to non-regular staff excluding the general staff. Moreover, the Commission is sending a note Verbal to All Embassies on the advertised positions.

The Committee requested the extension of the AUC quota system to the Organs and urged the Commission action this request by end of February 2019. Thereafter the Commission is expected to send the consolidated AU wide Quota status to the Member State embassies on monthly basis.

Committee raised the issue around the inclusion of non-regular staff in the quota system. The Commission reported that this work will be done in collaboration with the 10 Member State regional experts focusing on recruitment system enhancement.

(G) ON PREFERENTIAL RATES

19. It is recommended that in order to address the preferential rate, the following measures should be taken:
- i. Preferential rates shall no longer be applicable
 - ii. The organisation to bear the loss on Foreign Exchange
 - iii. The staff member affected should be given the option to either remain in the duty station or request for a transfer as the preferential rates will not apply.
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The tables below reflect the salary comparison between AU and UN

		AU - Addis Ababa			UN - Addis Ababa				
	Basic salary	Post Adjustment (46%)	Housing Allowance	Total Salary	Basic salary	Post Adjustment 43.1	Housing Allowance	Total	Difference
P59	50,746.0	23,343.20	26,208.00	100,297.29	85,543.00	36,869.03		122,412.03	82%
P35	37,453.25	17,228.49	22,932.00	77,613.74	59,151.00	25,494.08		84,645.08	92%
P28	31,073.08	14,293.62	22,932.00	68,298.70	46,472.00	20,029.43		66,501.43	103%

		AU - Geneva				UN - Geneva					
	Basic salary	Post Adjustment (64%)	Housing Allowance	Total	Preferential rate (95%)	Total salary	Basic salary	Post Adjustment 72.2	Housing Allowance	Total	Difference
P59	50,746.0	60,903.10	44,415.00	156,064.19	148,260.98	304,325.17	85,543.00	61,762.05		147,305.05	206.60%
P35	37,453.25	43,812.13	31,003.20	112,268.57	106,655.14	218,923.72	59,151.00	42,707.02		101,858.02	214.93%
P28	31,073.08	39,728.82	31,003.20	101,805.10	96,714.85	198,519.95	46,472.00	33,552.78		80,024.78	248.07%

	AU - Brussels				Preferential rate (49.33 %)	Total salary	UN - Brussels				Difference
	Basic salary	Post Adjustment (54 %)	Housing Allowance	Total			Basic salary	Post Adjustment 44.1	Housing Allowance	Total	
P59	50,746.0	43,499.21	29,808.0	124,053.30	61,195.49	185,248.79	85,543.0	37,724.46		123,267.46	150.28%
P35	37,453.2	32,744.11	23,184.0	93,381.36	46,065.03	139,446.39	59,151.0	26,085.59		85,236.59	163.60%
P28	31,073.0	29,298.82	23,184.0	83,555.91	41,218.13	124,774.04	46,472.0	20,494.15		66,966.15	186.32%

Remark

There is no Uniform Percentage of Housing allowance in UN. The Housing cost is considered as integral part of Post adjustment. In case only if staff is paying rent in excess of threshold, Rental Subsidy will be paid to the staff and will not be more than 40% of the rent.

This recommendation was informed by a study undertaken by the UN and the analysis made by the Commission which clearly revealed that there is no need for application for preferential rate.

Based on the above recommendation, the two (2) AU representatives in Geneva and Brussels Missions requested to provide input to this proposal. While recognizing the need to address the preferential rate matter as it is not financially sustainable, the two representatives emphasized the need for an independent study to effectively inform the decision on how address this matter.

Given this input, the Committee recommends the following steps as way forward:

- i) The Commission shall draft and submit to the Sub-Committee for review and input a consultant's Terms of Reference – regarding a study on the preferential rate for Geneva and Brussels Missions;
- ii) The Consultant shall be hired to undertake the study;
- iii) Pending the outcome of the study, the status quo on preferential rate shall be maintained.

(H) ON HARMONISATION OF AU ORGANS' ALLOWANCES

20. For some years, the African Union noted, in its budget approval process, several ad-hoc applications of allowances for the officials of its Organs. In the absence of specific approved policy guidelines on Allowances and Benefits for Officials of African Union Organs, numerous allowance budgetary rates were presented to Policy Organs for consideration without appropriate justifications. It is evident that the African Union needs to establish an appropriate Policy Guideline with the view to harmonize these allowances with proper caps so as to ensure its affordability by Member States as well as to be non-discriminatory. Harmonization of allowances for the Officials AU Organs have become a necessity aiming at reducing or eliminating differences between the applicable rates and having a more efficient administrative and budgetary mechanisms that Member States can afford to pay.

The recommended allowances are as follows:

ORGAN	Members	Modus Operandi	No of Sessions and duration per year		Total No of Days	Honorarium			Admin Allowance USD500 per month	Sitting Allowance USD500 per session	Inter-sessional Allowance (DSA Rate of Duty Station x No of Days) per Session			Judicature Allowance USD1181.75 per session	Travel Insurance Coverage USD1000 per year	TOTAL AMOUNT USD	Current Budget	Additional Fund required		
			Session	Days		Rate per Session	Calculation	Total USD			Air DSA Rate	No of Days	Amount							
PAP (Bureau Members Only)	6	4 Sessions of 15 Days	4	15	60	1000.00	4 Sessions x1000x5	20,000.00	18,000.00	✗	✗	✗	✗	✗	5,000.00	43,000.00	338,400	Reduction by		
PAP Caucuses/ Committee Chair, Vice Chair and Rapporteur)	30		4	15	60	1000.00	4 Sessions x1000x38	152,000.00	✗	✗	✗	✗	✗	✗	38,000.00	190,000.00		-105,400.000		
AFCHPR (African Court)	10	4 ordinary @ 2 week+1 Extra Ordinary @ 1 week	4	14	83	1050.21	5 Sessions x1050.21x10	52,510.50	36,000.00	✗	188	63	118,440.00	59,087.50	10,000.00	276,289.00	1,422,747	Reduction by		
		1	7																-1,146,458.00	
ACHPR	11	2 ordinary @10 days+ 2 Extra Ord @ 10 Days	2	10	40	668.80	4 sessions x668.80x11	29,339.20	38,800.00	✗	194	40	85,360.00	51,997.00	11,000.00	217,530.20	341,000	Reduction by		
		2	10																-123,469.80	
AUABC	11	2 ordinary @5 days+ 2 Extra Ord @ 5 Days	2	5	20	333.40	4 sessions x333.40x11	14,669.60	38,800.00	✗	✗	✗	✗	✗	11,000.00	65,269.60	82,500.00	Reduction by		
		2	5																-17,230.40	
AUCIL	11	2 ordinary @ 10 days	2	10	20	333.40	2 sessions x333.40x11	7,334.80	38,800.00	✗	✗	✗	✗	✗	11,000.00	57,934.80	370,922	Reduction by		
																			-312,987.20	
AU Committee on the Rights and Welfare of the Child	11	2 ordinary @ 10 days	2	10	20	333.40	2 sessions x333.40x11	7,334.80	38,800.00	✗	✗	✗	✗	✗	11,000.00	57,934.80	66,000	Reduction by		
																			-8,065.20	
ECOSOCC (Bureau Members Only)	3	2 ordinary @ 5 days	2	5	10	166.70	2 sessions x166.70x3	1,000.20	10,800.00	✗	✗	✗	✗	✗	3,000.00	14,800.20	0	Increase by		
																			14,800.20	
TOTAL	100		27					284,189.10	223,200.00						283,800.00	111,684.50	100,000.00	922,273.60	2,621,569	Reduction by
																			-1,699,296.09	

Noe:

- DSA and ticket will be provided as per AU Rules and regulations.
- No First Class tickets are to be issued
- Travel Insurance will be provided only on Official Mission
- Pension and Gratuity are not to be provided

21. Given this proposal, the representatives of these elected officials from the various AU Organs requested to provide input to this proposal before it is adopted by the policy organs.
22. Based on this request, the Committee recommended that the Commission and Organs shall work together and submit by end of February 2019 a comprehensive proposal.
23. The proposal elements shall be benchmarked against similar organizations and shall take into account affordability of this proposal by the member states.
24. The Joint sitting wish to pronounce the progress made so far on the road map implementation as it's a work in progress and expected to be completed by May 2019.

II. CRITICAL SUCCESS FACTORS

The critical success factors to be taken into consideration on the implementation of the initiatives to attain the decisions include:

- (a) Taking into account the Financial, Legal and Administrative implications on the implementation process
- (b) Collaboration, coherence and consistency amongst the drivers — i.e amongst policy organs and various departments responsible for the implementation of the initiatives.

III. DETAILED ROAD MAP ON IMPLEMENTATION OF DECISIONS

25. A detailed Road Map outlining the outcome, high level initiatives and timelines on the attainment of decisions is attached – entitled ***Roadmap for the implementation of the African Union's Administrative and Financial Reforms.***

A. Directorate of Program Budget Finance & Accounting

26. The joint sitting Committee embarked on couple of initiatives targeted to improve the financial management of the union. This has led to identify the need to review the financial rules and regulations, develop a number of management reports like the Foreign exchange status report, Reserve Fund Position Report, Budget Execution Reports amongst others.
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I. Revision of the AU Financial Rules and Regulations

27. The Committee recalled the Assembly Decision /AU/Dec. 635 (XXVIII) Assembly/AU/Dec. 687 (XXX), Ext/Assembly/AU/Dec.3 (XI), and asserted the revision of AU Financial Rules and Regulations and tasked the Commission to commence the implementation of the decision alongside a road map on financial management improvement mechanism.
28. Following the recommendation of the Policy making Organs, the Commission engaged a consultant in November 2018 to review, accordingly, the Financial Rules and Regulations. A draft FRR has already been prepared and will be submitted to the Commission and the F15 Technical Committee of Experts for their input. The final draft FRR will be submitted to the policy organs in June/July 2019 summit.
29. The Joint sitting wish to pronounce its self on the implementation progress made so far on the road map and expected to be completed by June/July 2019 summit.

II. On the Budget Preparation

30. Due diligent in the budget preparation process, presentation and execution has been greatly advanced, with much improvement observed over the 2019 budget preparation that resulted to reduction of 12% if compare to 2018 budget. This experience had accounts for better utilization of Member states contribution, credible and realistic budget. Going forward, three years average budget execution rate form the basis for ceiling formulation of program budget.
31. The joint sitting recommended to develop the Standard Operating Procedure (SOPs) to accompany the Golden Rules implementation as follows;
- a) Institutionalization of a multi annual (3 Years) budget and consequently of a new budget cycle
 - b) Introduction of Mid-year review of the budget where adjustment to the budget could be made leading to a reduction or an increase of the previously approved budget;
 - c) Strengthen and embed "Monitoring & Evaluation" in the planning and budgetary processes.
 - d) Reinforce a culture of accountability, performance and result oriented
 - e) Amend and adjust the dispositions related to the sanctions regime to reflect the new mechanism

III. Implementation of the Golden Rules

32. A tremendous improvement has been made on the implementation of the golden rules. Eight out of Nine Golden Rules that were adopted by the Assembly in January 2018, are on the verge of being fully operational.
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1. golden rule one: member states' contributions should cover a minimum threshold of the budget
2. golden rule two: revenue must be predictable
3. golden rule three: budgets must be credible
4. golden rule four: expenditure ceilings should be set
5. golden rule five: all expenditure must be authorized
6. golden rule six: resource flows and transactions must be reliable and efficient
7. golden rule eight: Reporting should be an integral part of the financial management process
8. golden rule nine: Centralization process of engaging partners

33. The application has led to a budget being rationalized, results focused and better aligned with priorities resulting in budget discipline.

IV. Foreign Exchange Transactions

34. The joint sitting requested to be provided with a comprehensive report on the Foreign exchanges gain and loss for the last three years particularly on its management and how it is used at Union wide level. This report is under progress and it will be completed by May 2019 after the completion of the External Audit for 2018 financial statements.

v. On the reserve fund

35. A modality had been developed in the way to manage the reserve fund and conditions to set up for regular transfers / fixed amounts to the Reserve fund and how to present the reserve fund. The F15 and the commission will further review the modalities and incorporate in the FRR.

VI. Recommendations

36. As a result, it is recommended as follows:

- a) To create a "Revaluation of Assets" account which shall form part of the reserve fund report. This shall take into account the asset valuation done in 2014 and the revaluation of assets concluded in 2018.
 - b) The report on the revaluation of assets conducted in 2018 to incorporate the inputs from the F15 technical committee of experts.
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- c) The report of the assets revaluation to be presented in the next summit in June/July 2019.

VII. On the Supplementary Budget

37. The directorate of Programming Budget Finance and Accounting (PBFA) has fully complied with the Executive Council decision in enforcing the compliance on the submission of supplementary budget request as the focal department to vet the accuracy of the submission as per the FRR and it's mandated to present all the request before the joint sitting. This has taken into account the criteria for which a supplementary budget can be presented in line with Article 17 of AU Financial Rules and Regulations.

VIII. Oversight and Accountability Mechanisms

38. Through the Decisions Assembly/AU/Dec.605 (XXVII), Assembly/AU/Dec.635(XXVIII) , Assembly/AU/Dec.687(XXX) the Commission was requested to put in place strong oversight and accountability mechanisms for ensuring the effective and prudent use of the resources. A comprehensive mechanism policy will be completed by May 2019. (Annex XXX)

XI. Budget Execution Rate

39. Through Decision **Assembly/AU/Dec.577 (XXV)**, the Assembly of Heads of State and Government requested the Commission to take the necessary measures to improve on the execution rate of the budget against available funds.

40. Considerable progress has been registered since 2015. While in 2015, the execution rate to available funds was 62% (77% and 40%, respectively for Operational and Program budgets), the execution rate to the available funds improved to 74% in 2018 (79% for Operational budget and 71% for Program budget).

IX. Salary Arrears

41. The Executive Council during its 20th Extraordinary Session held in November 2018 in Addis Ababa, Ethiopia approved through Decision Ext/EX.CL/Dec.1(XX) payment of US\$11 million salary arrears the AU owes its staff. The decision is in tandem with Rule 12.5(b) of the Staff Rules and Regulations and further requested the Commission to propose modality for paying the salary arrears, in collaboration with the Committee of experts of the F15 to look into other options, apart from the Reserve Fund, for the settlement of arrears. Among others, the F15 Experts will ensure that the proposed modality does not disrupt the smooth operations of the Union institutions. The accepted modality should be applicable such that salary arrears are paid to staff within twenty four (24) months.

42. As a follow up of this matter the F15 and the Commission met on the 18 January 2019 and exchanged views on the way forward:

- 1) Set up an accrual of salary arrears (for staff in category 1(i) above) in the Financial Statements of 2018 in compliance with the requirements of the International Public Sector Accounting Standards (IPSAS) which AU adopted in January 2013 - Decision EX.CL/Dec.728(XXII)2013. It is a requirement of IPSAS 19 that a provision (which is a liability) be recognized when:
 - (i) An entity has a present obligation (legal/constructive) as a result of a past event;
 - (ii) A reliable estimate of the amount of the obligation can be made;
 - (iii) It is probable that an outflow of resources embodying economic benefits will be made;

In this scenario, all the three conditions above have been met. Further if this provision is not set, the result may negatively affect the audit leading to undesirable outcomes as it will go against the applicable standards.

- 2) Include in the Supplementary budget for 2019 payment of salary arrears for staff which will be assessed to member states.
- 3) Include the arrears in the 2020 budget for the whole amount due.

X. Strategic Policy Planning, Monitoring and Evaluation & Resource Mobilization

African Union Budget Framework Paper

43. The 2020 Budget Framework Paper (BFP) was presented before the joint sitting of the Sub-Committees on GSCBFA, Programs and Conferences and F-15 experts. The BFP contains the thematic priority areas based on the principles of subsidiarity and complementarity between AU Organs and RECs, It further analyzes the social, economic, and political environment of the continent, amongst others.

Recommendations

1. The joint sitting recommends the draft 2020 Budget Framework Paper for the consideration of the PRC;
 2. Budget Framework Paper to include AU priorities to be cascaded from management to all AU staff as a basis for performance measurement;
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3. Strengthen the oversight capability of Members of the joint sitting through targeted result based management trainings;
4. Institutionalize a 3 Years budget cycle;
5. Annual budget ceiling should be based on a three year average execution rate;
6. Introduce Mid-year budget review leading to better budget performance;
7. Strengthen and embed “Monitoring & Evaluation” in the planning and budgetary processes;
8. Reinforce a culture of accountability and result based management.

44. Effectiveness, impact and relevance of programs in terms of actual results and provides for an improved and useful information for decision making.

- f) Institutionalization of a multi annual (3 Years) budget and consequently of a new budget cycle
- g) Introduction of Mid-year review of the budget where adjustment to the budget could be made leading to budget performance execution.
- h) Strengthen and embed “Monitoring & Evaluation” in the planning and budgetary processes.
- i) Reinforce a culture of accountability, performance and result oriented

XI. Supplementary Budget

45. The Director of PBFA presented the 2019 supplementary budget request for both the PAU and a transitional budget for APRM. The APRM budget was as results of the 11th Extra Ordinary AU Assembly Decision, Ext/Assembly/AU/Dec.1 (XI), which provided inter alia, integration of APRM budget into the Statutory Union budget funded by Member States.

46. The Director PBFA presented concrete implementation modalities to be considered during the February 2019 Summit.

47. The Joint sitting;

- a) Adopted the implementation modalities with amendments and requested the legal counsel to provide their input on the legal matters relating to the integration of APRM into AU.
 - b) Adopted and recommended to the PRC the approval of total budget request of **\$10,686,666;**
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- i. PAU 2019 supplementary budget of **\$5,830,600** to be funded as follows;
- **2,500,000** funded from the 2018 unspent funds
 - **2,200,000** funded from the Reserve funds
 - **1,130,600** funded from the re-prioritization of activities following the mid-year performance review in June/July 2019.
- ii. APRM transition budget of **\$4,856,066** in relation to the 1st and 2nd quarter cash flow projection to be funded from the Reserve Fund.
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ROADMAP - ADMINISTRATIVE AND HUMAN RESOURCE FORM

ACTIVITIES FROM THE DECISION	STATUS	RESPONSIBLE	ASSIGNED TO	START DATE	END DATE	REQUIRED BUDGET	COMMENTS
A. FUNDAMENTAL STAFFING REVIEW	IN PROGRESS	AUC	AHRM	19/11/2018			
OUTCOME : High performing staff with the right skills and competencies are in place to deliver on the AU Commission's mandate and departmental functions							
<i>Moratorium on the recruitment of Short/fixed term and SSA</i>	STARTED	AHRM	HR	Q4/2018		NO	Implemented
<i>Conduct an audit of Human Resources Management</i>	STARTED	AHRM	HR	Q1/2019	Q2/2019	YES	Terms of Reference developed
<i>fill vacant regular positions</i>	IN PROGRESS	AHRM	HR	Q1/2019	Q2/2019	YES	On-going where applicable
<i>Development of implementable proposal (action plan) dealing with the issue of the Non-Regular staffing without causing disruption to activities of the Commission</i>	STARTED	AUC	HR/PBFA/OLC	Q4/2018	1-Feb-19	NO	Proposal to be presented to PRC
<i>Submit a report on the financial, legal and administrative implications of separations</i>	STARTED	AUC	HR/PBFA/OLC	Q4/2018	1-Feb-19	YES	Report to be presented to PRC

ACTIVITIES FROM THE DECISION	STATUS	RESPONSIBLE	ASSIGNED TO	START DATE	END DATE	REQUIRED BUDGET	PROGRESS
B. IMPROVE RECRUITMENT OF THE UNION	NOT STARTED	MS/AUC	HR				
OUTCOME : Credible and transparent recruitment process in place. Enabling timely recruitment of qualified staff							
Develop ToR for the member state's Experts	STARTED	AHRM	AHRM	30-Nov-18	15-Dec-18	NO	The ToR sent to Member States
Deployment of the HR Regional experts	NOT STARTED	MS	MS	Second Half of January	Q3/2019	NO	Awaiting response from Member States by end of February
Review, recommend and submit report on improvement areas	NOT STARTED	MS/AUC	MS/HR	Q1/2019	Mid of April	YES	
Implement Recruitment new system and processes	NOT STARTED	MS/AUC	MS/HR	Q4/2019	Q4/2020	YES	
<i>Setup the mechanism to introduce Short/fixed term staff in the Quotas System</i>	NOT STARTED	MS/AUC	AHRM	End of January 2019	Q4/2020	YES	
<i>Implement the AUC quota system at other Organs</i>	NOT STARTED	AHRM	HR	Q2/2019	Q2/2019	NO	
<i>Submit the progress report of quotas status to Member States</i>	STARTED	AHRM	HR	Jan-19	Monthly	YES	Monthly reports are sent to Member States' representative missions

ACTIVITIES FROM THE DECISION	STATUS	RESPONSIBLE	ASSIGNED TO	START DATE	END DATE	REQUIRED BUDGET	PROGRESS
C. STAFF REGULATIONS AND RULES REVIEW	IN PROGRESS	AUC	AHRM	Q1/2019	Q2/2019	No	
OUTCOME : A predictable and transparent set of Staff Rules and Regulations is in place to guide the effective management of human resources in line with best practice							
<i>Presentation of the new SRR to the Commission and Other Organs</i>	IN PROGRESS	AUC	AHRM	Q1/2019	Q2/2019	NO	The reviewed SRR should incorporate provisions for the protection of Whistle blower and confidentiality as well as provisions for locally recruited personnel category.
<i>Presentation and Adoption of SRR to Policy Organs</i>	NOT STARTED	AUC	AHRM	Q1/2019	Q2/2019	NO	
<i>Popularization and implementation</i>	NOT STARTED	AHRM	HR	Q3/2019			

ACTIVITIES FROM THE DECISION	STATUS	RESPONSIBLE	ASSIGNED TO	START DATE	END DATE	REQUIRED BUDGET	PROGRESS
D. TRAVEL ADMINISTRATION REVIEW	IN PROGRESS	AUC	AHRM	Q4/2018	Q1/2019	NO	
OUTCOME : The efficient, effective and service-oriented administration of AU related travel undertaken within a transparent and accountable framework based on value for money.							
<i>Review and implement Travel Policy</i>	IN PROGRESS	AUC	AHRM	Q4/2018	Q1/2019	NO	Policy to be presented to the Commission for review and approval
E. PERFORMANCE MANAGEMENT	IN PROGRESS	AUC	AHRM	Q1/2019	Q4/2020		
OUTCOME : A clear accountability framework that embeds results and delivery as a core							
I. Strengthening Performance Management System	IN PROGRESS	AHRM	HR	Q1/2019	Q2/2019	YES	New Policy at JAC approval stage System improved
II. Capacity Building	IN PROGRESS	AUC	HR	Q1/2019	Q4/2020	YES	Training of supervisors sessions in progress Introduction of Balanced Score Card Methodology at Pilot stage
III. Leadership Support	IN PROGRESS	AUC	BDCP	Q1/2019	Continuous	NO	Engagement of the Leadership on support for the new approach ongoing

The Commission to present a report on the analysis of the financial, legal and administrative implications of this roadmap to the policy organs in the first quarter of 2019

The activities requiring additional budget that are within this Roadmap fall in the category of "unforeseen" as the Decision was made in November 2018.

2019-02-07

Report of the meeting of the joint sitting of the subcommittee on general supervision and coordination on budgetary, financial and administrative matters and the experts of F15 January 28-29, 2019, Addis Ababa

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