



ORGANIZATION OF
AFRICAN UNITY

Secretariat
P. O. Box 3243

منظمة الوحدة الأفريقية
السكوتاريه
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ORGANISATION DE L'UNITE
AFRICAINNE

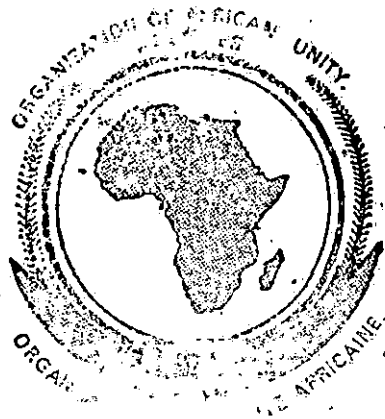
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Addis Ababa •••••

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FINANCIAL RULES AND REGULATIONS
OF THE ORGANIZATION OF AFRICAN UNITY



FINANCIAL RULES AND REGULATIONS
OF THE ORGANIZATION OF AFRICAN UNITY

1. Applicability:

These regulations are promulgated by the Council of Ministers and shall govern the financial administration of all the organs of the OAU (hereinafter referred to as the Organization).

II. The Financial Year:

The financial year shall be the period 1 June to 31 May inclusive.

III. The Budget:

1. The Budget of the Organization shall be prepared by the Administrative Secretary-General in accordance with Article XXIII of the Charter and the relevant rules of the "functions and Regulations of the General Secretariat."

The budgetary proposals of the Administrative Secretary-General shall be submitted to the Council for security and approval.

2. The Council of Ministers shall be responsible for adoption and control of the budget of the Organization. In accordance with Rule 6 of its Rules of Procedure, the Council shall, at its Ordinary annual session which shall be held in February each year, consider and approve, inter alia, the Programme and Budget of the Organization for the next fiscal year.

3. The proposed Programme and Budget shall include:

(a) the expenses of the Assembly, of the Council of Ministers, of the Specialized Commissions and of other organs of the Organization;

(b) a list showing contributions from Member States in accordance with the scale of assessment established by the Council of Ministers on the basis of the provisions of Article XXIII of the Charter;

(c) an estimate of various incomes;

(d) an estimate and a description of the situation of the Working Capital Fund.

4. Once the Budget is approved by the Council of Ministers, the Administrative Secretary-General shall communicate it to the Member States with all pertinent documents. The Budget shall be accompanied by a list indicating the annual contributions assigned by the Council to each Member State. The annual contributions of each Member State becomes due on the first day of the Fiscal Year.

5. The Administrative Secretary-General is the Accounting Officer of the Organization and shall be responsible for the proper administration of the Budget. He may, however, designate an officer who shall be responsible on his behalf, for the administration of the budget and the application of the financial rules and regulations.

6. The Administrative Secretary-General shall submit to Member States a quarterly statement on payments of contributions and outstanding contributions.

7. The Administrative Secretary-General may accept, on behalf of the Organization, gifts, bequests and other donations made to the Organization, provided that such donations are consistent with the objectives and purposes of the Organization, and are approved by the Council of Ministers.

8. The estimate, both for income and expenditure, shall be prepared for the financial year to which they relate.

9. The annual budget estimates shall be divided into appropriate parts and sections and shall be accompanied by such information annexes and

explanatory statements as may be requested by, or on behalf of the Council of Ministers, and such further annexes or statements as the Secretary-General may deem necessary and useful.

10. Supplementary estimates for the current financial year shall be prepared in a form consistent with the annual estimates and shall be submitted to the Council of Ministers.

IV. Appropriations:

1. The appropriations voted by the Council of Ministers shall constitute an authorization to the Administrative Secretary-General to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.

2. Appropriations shall be available for obligations during the financial year to which they relate. They shall remain available for twelve months following the end of the financial year to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial year and to liquidate any other outstanding legal obligations of the year. The balance of the appropriations shall be transferred to the working capital fund. Any unliquidated prior year obligations shall at that time be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.

3. Transfer of funds from one part of the Budget to another should only be effected with the approval of the Council of Ministers.

V. Provision of Funds:

1. The Appropriations shall be financed by contributions from Member States. Pending the receipt of such contributions, the appropriations may

be financed from the Working Capital Fund, to an amount not exceeding 25% of the Budget. In the assessment of contributions of Member States, adjustments shall be made to the amount of appropriations in respect of supplementary appropriations for which contributions have not previously been assessed on Member States.

2. There shall be established a general fund for the purpose of accounting for the expenditures of the Organization. The contributions paid by Member States, miscellaneous income, and any contributions made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.

3. In order to reflect the true financial position at a given date, the Balance Sheet shall include all the assets and obligations of the General Secretariat. The whole amount of the contribution shall, in the first place, be credited to a Member State's account, and any excess payment involved in the contribution shall be used to reduce the following year's contribution of the Member State concerned. However, the General Secretariat shall request the Member State that has made excess contribution to indicate any other method of treating the excess contribution.

4. There shall be established a Working Capital Fund for purposes to be determined from time to time by the Council of Ministers which shall also fix the minimum level of the fund. The source of moneys of the Working Capital Fund shall be contributions from Member States in accordance with the scale of assessments established by the Council of Ministers on the basis of Article XXIII of the Charter. Unless otherwise additionally specified, the Working Capital Fund will be used to provide:

- (a) advances necessary to finance budgetary appropriations pending the receipt of contributions;
- (b) advances necessary to finance obligations enumerated in a special resolution relating to unforeseen and extraordinary expenses to be approved by the Council of Ministers at each budget session.

5. Advances made from the Working Capital Fund to finance budgetary appropriations during a financial year shall be reimbursed to the Fund as soon as and to the extent that income is available for that purpose.

6. Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorized purposes shall be reimbursed through the submission of supplementary estimates.

7. The Administrative Secretary-General may establish fiduciary funds, reserve funds and special funds with approval of the Council of Ministers. The objectives and limitations of these funds shall be defined by the Council of Ministers. These funds shall be administered in separate accounts, in accordance with special regulations to be approved by the Council of Ministers.

8. In the case of monetary donations for specific purposes, these funds shall be treated as fiduciary or special funds. Monetary donations for no specific purposes shall be considered as miscellaneous income.

VI. Custody of Funds:

1. The Secretary-General shall designate, with the approval of the Council of Ministers, Institutions in which the funds of the Organization shall be kept. The interests accrued by such funds, including the Working Capital Fund, shall be entered as miscellaneous income.
2. The Administrative Secretary-General shall establish official Bank accounts and designate signatories to operate the accounts and issue official receipts in respect of all monies received.
3. Only officials duly designated by the Secretary-General shall be authorized to issue such receipts and approve payments.
4. Receipts shall be recorded in the accounts on the day the remittance is received. All monies received shall be deposited intact in an official bank account not later than the business day following the date of receipt.
5. The Administrative Secretary-General shall set up a petty cash fund on an imprest system, the amount being held to the minimum compatible with working requirements.
6. Payments shall be made on the basis of supporting vouchers and documents.
7. All disbursements shall be made by cheque except to the extent that cash disbursements are authorised by the Secretary-General. Disbursements shall be recorded in the accounts as of the date when the disbursement is made, that is, when the cheque is issued or cash is paid out.
8. Cheques shall be signed by two authorized signatories.
9. The payee's receipt shall be obtained for all disbursements.

VII. Internal Control:

1. The Administrative Secretary-General shall maintain an internal financial control in order to ensure effective financial administration, and the conformity of obligations and expenditure with the appropriations or other financial provisions voted by the Council of Ministers.
2. The General Secretariat shall set up a control account for individual advances which shall be balanced monthly.
3. No organ of the Secretariat may enter into any obligation or commitment without a written authorization from the Secretary-General.
4. Central supplies, equipment and other property shall be issued, and central services provided, only against requisitions or orders signed by officials designated by the Secretary-General.
5. The Administrative Secretary-General may, after full investigation, authorise the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Board of "Auditors" with the annual accounts.
6. Tenders for equipment, supplies and other requirements shall be invited by advertisements, except where the Administrative Secretary-General deems that, in the interests of the Organization, a departure from the rule is desirable.
7. Contracts for the purchases of services, supplies, equipment or other requirements shall be entered into for or on behalf of the OAU only by officials duly authorized for the purpose. All types of purchases involving expenditure of US\$5,000 or more, may be entered into only after careful scrutiny and recommendation by a Committee to be established by the Secretary-General for this purpose.

8. Written contracts and purchase orders shall specify in detail description of the goods and services, quantity, unit price, conditions of delivery or fulfilment, and terms of payment and all other relevant information.
9. Complete and accurate records shall be maintained of supplies, equipment and other property received issued, sold or otherwise disposed off, and remaining on hand.
10. Physical inventories shall be taken of all supplies, equipment or other property of the OAU at such intervals as may be necessary to ensure adequate control over such property.

VIII. The Accounts:

1. The principal accounts shall consist of:
 - (a) Budgets accounts showing
 - i. Original appropriations;
 - ii. Appropriations as modified by any transfers;
 - iii. Allotment made;
 - iv. Obligations outstanding;
 - v. Expenditures;
 - vi. Unencumbered balance of allotments and appropriations;
 - (b) General accounts showing for the General Fund all cash at banks, investments, receivable and other assets, payables and other liabilities;
 - (c) Separate accounts for the Working Capital Fund and for any special accounts which may be established;
 - (d) Such records as will provide for a statement of assets and liabilities for the General Fund, the Working Capital Fund and for any special account at the end of each financial year.

2. Financial statements shall be prepared at intervals as prescribed by the Secretary-General.
3. A budget (allotment) account shall be charged with actual expenditures and obligations entered into against for supplies or services.
4. Proceeds from any sale of goods or services shall be taken to account as miscellaneous income.
5. All bank accounts shall be reconciled monthly with the statements submitted by the banks by officers having no actual part in the receipt or disbursement of funds.
6. The accounting and other financial and property records and all supporting documents shall be retained for such period(s) as may be agreed with the "Board of Auditors", after which, on the authority of the Secretary-General such records and documents may be destroyed.

IX General Provisions:

1. Currency:

Contributions by Member Governments both to the Budget and the working capital fund shall be in internationally convertible currencies.

2. The United States dollar shall be used as the basic unit for accounting.

3. Board of Auditors:

The Council of Ministers shall establish a Board of Auditors consisting of six experts designated by Member Governments to perform an external audit of the accounts of the Organization, including all trusts and Special accounts. 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. The Board shall always first afford the Secretariat an opportunity of explanation to it on any matter under observation before including criticism in its audit report to be submitted to the Council of Ministers.

In addition, the following procedure shall be followed by the Auditors:

- (a) the Auditors shall apportion the work among themselves and their reports on Regional Offices shall be signed by the individual members of the Board assigned to them;
- (b) the final Report on the General Secretariat shall be signed by all members present;
- (c) the Chairman of the Board of Auditors shall attend the meetings of the Advisory Committee whenever the Auditors report is to be discussed.

The term of office of Auditors shall be three years and their expenses shall be borne by the O.A.U.

4. Advisory Committee on Budgetary and Financial Matters:

1. The Council of Ministers shall establish an Advisory Committee on Budgetary and Financial Matters consisting of eight representatives of Member Governments who shall be elected in their individual capacity for a period of three years and without any limitation for re-election.

2. The Committee shall from time to time study the budget proposals and the financial operations of the Secretariat and shall submit in writing such comments and observations as it may deem useful.

3. The Committee shall also consider the periodic reports of the Board of Auditors and shall submit to the Council of Ministers such observations and comments on these reports as it may deem useful and necessary.

4. The Committee shall meet at least once a year at the headquarters of the Organization.

5. A sub-committee consisting of Members of the Advisory Committee on Budgetary and Financial Matters, residing in Addis Ababa, be set up for the purpose of considering and deciding on excess and unauthorized expenditure before these are incurred.

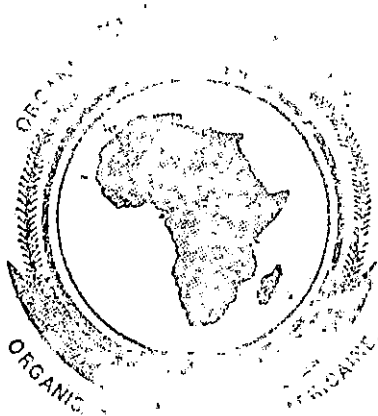
6. Whenever permission is sought on excess and unauthorized expenditure non-resident members of the Advisory Committee shall be contacted by the most economic means for their information, comments and approval.

5. Resolution Involving Expenditures:

The Council of Ministers the Specialized Commissions and all other duly constituted Committees and organs shall not take any decision involving expenditure unless they have before them a report from the Administrative Secretary-General on the administrative and financial implications of the proposal on the current financial year. Where, in the opinion of the Administrative Secretary-General, the proposal expenditure cannot be made from the existing appropriations, it shall not be incurred until the Council of Ministers has made the necessary appropriations unless the Administrative Secretary-General certifies that provisions can be made under the condition of the Special Resolution of the Council of Ministers relating to unforeseen and extraordinary expenses.

6. Amendment:

The financial rules and regulations of the Organization may be amended by the Council of Ministers by a simple majority of all Member States.



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