

COUNCIL OF MINISTERS

Twenty-fourth Ordinary Session

Addis Ababa, 14-21 February 1975

CM/618/Annex.I  
to CM/618/Annex VI

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COMMENTS OF THE GENERAL SECRETARIAT ON THE EXTERNAL AUDIT REPORT ON THE  
ACCOUNTS OF THE ORGANISATION OF AFRICAN UNITY FOR THE PERIOD  
1st JUNE 1973 TO 31st MAY 1974

The General Secretariat acknowledges the receipt of the Report of the Board of External Auditors on the accounts of the Organization of African Unity for the period 1st June 1973 to 31st May 1974 submitted by the Board in compliance with its terms of reference as governed by Article IX, Section 3 of the Financial Rules and Regulations. The comments of the Board have always been valuable and have guided the Department of Administration and Finance in streamlining its financial procedures and management techniques and in operating as much as possible within the framework of the Organisation's Financial Rules and Regulations. Against this background, the annual external audit of the accounts has been looked upon more of an opportunity to welcome a broad range of views and constructive criticisms from a Panel of Experts in the spheres of accounting and auditing. The General Secretariat was therefore determined on this occasion as ever to update its books and submit them promptly for audit while ensuring that for the duration of the Board's stay in Addis Ababa everything was done by the Finance Section in particular and the Department of Administration and its ancillary services in general, to facilitate the execution of its task.

Audit Programme for 1973/74: (paragraph 4)

In accordance with the modus operandi which has been observed by the General Secretariat over the years, the audit programme for 1973/74 as prepared by the General Secretariat was finalised with the prior consultation with the Members of the Board of External Auditors in the genuine hope that they would arrange with the appropriate departments of their Governments in a state of preparedness to abide by the programme of audit on which they had been consulted and on which they were generally in agreement. The Board was unable to abide by its programme resulting in their arriving in Addis Ababa two weeks behind schedule. In addition, to the constraints under which the audit of the accounts were conducted by the Board, the General Secretariat would appeal to the Board of External Auditors as a whole to abide by its programme as much as possible as undue delays and unscheduled dates and visits including unexpected

appearances in some cases tend to affect adversely planning and other related arrangements made by the General Secretariat to facilitate the work of the Board. In the light of the fact that the services of OAU technical staff are invariably required for other African meetings and conferences outside Addis Ababa, the need to adhere to programmes of audit cannot but be over-emphasized. As regards the Representative of Upper Volta, no news has since been received about him despite the fact that a pre-paid ticket was sent and a stream of telexes sent to ascertain the reasons culminating in his absence.

Following the decision of the Council of Ministers that the accounts of the Bureau of Placement and Education of African r Refugees for the period 1st June 1968 to 31st May 1974 should be audited by the Board of External Auditors of the OAU, the elected Members of the Board present in Addis Ababa, having examined the possibility of their doing so during their stay, felt that they were unable to combine the two audits on this occasion partly owing to the brevity of time at their disposal and partly owing to the volume of work involved and suggested that the Representative of Upper Volta should be requested to come to Addis Ababa in January 1975 to undertake the external audit of the BPEAR accounts in compliance with the decision of the 22nd session of the Council of Ministers. The General Secretariat has accepted this proposal and the Representative of Upper Volta will be requested to utilise the pre-paid ticket already made available to him.

#### State of Accounts: (Paragraph 7)

The General Secretariat is gratified to learn that the Board of External Auditors noticed considerable improvement over the position reported last year and that there was conclusive evidence that serious efforts were made to minimise the errors, the discrepancies and the irregularities which had characterised the accounts of the previous years. It will continue in its bid to attain an appreciably high standard of accounting and introduce measures aimed at eliminating wasteful and nugatory expenditure including effective and productive control measures. To this end, the General Secretariat has already embarked on remedial measures which when fully achieved and implemented will have pleasing results. In addition it has as a matter of routine been carrying out desk to desk surveys of its current financial procedures aimed at improving its methodologies and rendition of proper and correct accounts.

Posting of the Journal and Bank Charges: (Paragraph 8-9 )

The recommendation that a break-down, by Codes, of every transaction be recorded in the Journal to facilitate cross reference with the Ledgers is accepted as well as the recommendation to separate bank charges (including cost of cheque books) from transfer charges for payment on separate vouchers. These recommendations have been put into effect without delay.

INCOME

Contributions: (Paragraph 11-12)

The position as outlined by the Board of External Auditors represented the status of contributions by Member States for the year 1973/74. The General Secretariat has, in accordance with Rule 19 of Part IV of the Functions and Regulations of the General Secretariat, reminded Member States of the Organization from time to time of their obligations in the light of assessed contributions including arrears of contributions to previous budgets and it will continue to draw attention to outstanding contributions and to appeal to Member States for payment. These contributions to the Budget represent the major and regular income of the Organization and it is with this that the General Secretariat and its Regional and sub-Regional Offices are sustained to execute the yearly approved programmes of the Organization. Regular and prompt payment of contributions is therefore vital for the Organization's operations. The recommendation of the Board of External Auditors that "a special paper on the subject be presented to the Council of Ministers by the Administrative Secretary-General is therefore accepted. However in view of the importance of the matter and the size of outstanding contributions, it is recommended that the Current Chairman should address an appeal to Member States of the Organization before the next session of the Council of Ministers to stress the need for the payment of both the outstanding contributions in respect of the previous years and those of the current financial year.

Financial Assistance to Guinea Bissau: (Paragraph 13)

The observations of the Board of External Auditors, while reflecting the state of contributions to the OAU Special Budget of US \$ 438,600 for financial assistance to the newly independent Republic of Guinea Bissau to consolidate her independence, underscore the need for the General Secretariat's recommendation for the Current OAU Chairman to address at his level an appeal to Member States of the Organization.

EXPENDITUREAppropriations: (Paragraph 15)

The Advisory Committee, it would be recalled, examined this matter in depth at its eighteenth session when the General Secretariat submitted requests for authorisation of excess expenditure over the approved appropriations. The observations and constructive criticisms of the Committee during which it reiterated, inter alia, the need for the Secretariat to seek prior approval before incurring expenditure beyond the authorised appropriations, have been carefully noted for implementation. As regards the "Adjustment of US Dollar Devaluation", the devaluation of the US Dollar, a situation beyond the control of the General Secretariat and into which it was thrown in consequence of world monetary fluctuations, was responsible for the over-expenditure. In the area of "Post Adjustment Allowance" the modus operandi of the General Secretariat allows an automatic adjustment of the allowance based on the changes in the indices of the United Nations and any upward adjustment during the financial year was bound to affect the expenditure under this Code. Comments in respect of the other areas of expenditure items exceeded are contained in the ensuing paragraphs.

Travel on Home Leave and Separation: (Paragraph 16)

While it is always possible to make provision for Staff Members and their families due to travel on home leave during a given financial year, it is on the other hand not possible to forecast during the year cases of separation which the Organization would have to contend with since the numbers of Staff Members resigning from the Organization are invariably unknown until such separations are formally announced; consequently it should not be out of place to regard provisions made under Code 201 - Travel on home leave and separation - as

reflecting the home leave status of Staff Members for the year in which the provision is made with a little margin to cater for separations. During the year under review no less than six Staff Members including two Assistant Secretaries-General left the General Secretariat on separation in response to calls from their Governments and these unexpected recalls with their heavy financial outlay unbudgetted for are bound to affect adversely the provision in the budget and hence the excess expenditure which is the subject of the Board's observations.

Marginal provision will continue to be made for separation of Staff Members from the Organization but as a remedial measure and to control expenditure arising from unexpected recalls, it is the view of the Secretariat that Member States recalling their nationals for service with their national Governments should <sup>on separation of such nationals.</sup> meet the cost of travelling of the fact that under the Organization's Staff Rules and Regulations such Staff Members have an entitlement on separation and while the Organization will continue to meet its obligations through pay benefits including those of social security, Member States recalling their nationals should bear the financial responsibility of such recalls by meeting obligations such as cost of travelling including baggage entitlements on separation. As regards the Board's recommendation that Staff Members and their families should surrender the passengers' portions of their tickets on their return from leave, the General Secretariat accepts the proposal since it will help to ensure that the provisions to the Staff Rules and Regulations which stipulate that Staff Members should spend a substantial portion of their leave in their home country are complied with.

Travel of Staff on Official Duty: (Paragraph 17)

While the Board's recommendation must have been made in the interest of strict expenditure control on the vote for travel of Staff on official duty, it is obvious that such a step will be more retrogressive than progressive since its application will affect adversely the operation of the General Secretariat and tend to encroach on the administrative domain of the Administrative Secretary-General. This does not however mean as far as the General Secretariat is concerned, that effective control and restraint is not required in disbursement and expenditure under this vote; recent measure taken which requiring, inter alia, the Secretary-General's prior authorisation even though provision may exist for such a mission have been geared towards strict control of Staff movements and expenditure. This has proved to have salutary

effect and in time, control will be effective with pleasing results. The General Secretariat would wish to recall that the Council of Ministers sitting at its 22nd Ordinary Session in Kampala considered this proposal which was found to be inexpedient at that stage and the reasons which led to the adoption of an alternative proposal are well known.

The Secretariat, while assuring the Committee that serious effect will continue to be made to apply effective and strict control over the vote in question, is convinced that nothing will be done to obstruct the functioning of the General Secretariat in the execution of the tasks entrusted to it by the Council of Ministers, a move which the Board's recommendation is likely to drive at, if adopted.

Cables: (Paragraph 18)

Events during the year covered by the Board's report necessitated urgent contacts with Member States by the quickest possible means. The telex facilities available in the General Secretariat have always been used and stretched to the maximum but invariably long delays have occurred in some cases either through technical difficulties encountered with the Board of Telecommunications in Ethiopia or the receiving end with the result that the Secretariat was obliged as the last resort to send a number of messages by cable. In addition to messages to Member States, it was necessary to send cables to technical staff whose services were needed to service conferences and unless in the case of a few known to be employed or available in offices with telex facilities, the great majority of these messages had to be sent by cable.

Instructions on the following lines aimed at reducing the expenditure on messages sent either by telex or cable have since been issued:

- (a) Directors/Heads of Departments should personally authorize or approve telexes and cables emanating from the Departments of the General Secretariat ensuring that telexes and cables are restricted to urgent and pressing matters which cannot under normal circumstances be handled through ordinary correspondence or mail;

- (b) Telex messages and cables should be worded in telegraphic language as is consistent with understanding and without distorting the meaning such messages are intended to portray. The construction in all cases should be elliptical;
- (c) Registered telegraphic and telx addresses should be used and where these are not available, concise but traceable and abridged address should be used bearing in mind that the longer the address the more costly the message is;
- (d) The Chief of Cabinet under whose immediate supervision the Telex Operator is, should scrutinise and approve all telex messages and cables leaving the Secretariat prior to their transmission by the Telex Operator. In doing so, the Chief Cabinet is in a position to cut down if necessary the length of a particular message or draw attention to any instance of duplication;
- (e) Messages to Member States should as much as is technically possible, be sent through the telex system to reduce cost since the Ministries of Foreign/External Affairs and Presidential Offices of Member States are connected to the telex link;
- (f) An additional Teleprinter is being provided for receiving messages, the other being confined to transmission of outgoing messages, the idea being to reduce congestion and to eliminate delays otherwise caused by the use of a single Teleprinter for both receiving and transmission of messages.

It is the firm belief and genuine hope of the General Secretariat that these measures will go a long way to reduce expenditure and ensure that the telex facilities are used to the maximum advantage.

Obligation of Funds: (Paragraph 19)

The General Secretariat has been guided by the provisions of Article 2 of Section IV of the Financial Rules and Regulations which is quoted in extenso in paragraph 19 of the Board's report; in effect funds have often been obligated only when definite commitments have been entered into and only



when it is satisfied that there are sufficient justifications and grounds for adhering to requests for obligation of funds from Departments within the Secretariat otherwise the vote in a particular financial year is deemed to have lapsed. The Board should have enumerated any instances which came to light during its audit in justification of its contention. On the contrary the records of the Secretariat indicate that funds were obligated during the year under review to enable the following meetings postponed for technical and other valid reasons to take place in the 1974/75 financial year; these amounts involved were obligated on the basis of firm commitments that the meetings will take place in the current financial year:-

<u>Conference</u>	<u>Date originally scheduled</u>	<u>Reasons for postponement</u>
(a) Meeting of Cardiovascular diseases	1973/74	Postponed to September 1974 & later in view of unstable conditions in Addis Ababa.
(b) Meeting of Mental Health and Mental Diseases in Africa	1973/74	Postponed to October 1974 & later in view of unstable conditions in Addis Ababa.
(c) Training of para-Medical personnel 1973/74		Postponed to August 1974 & later in view of unstable conditions in Addis Ababa.

The Board would indeed have fulfilled its mission and proved its case beyond doubt if it had examined the reasons underlying the postponement and it had gone further afield to ascertain if definite commitments had been made for the meetings to take place on dates either already or to be determined by the authorised bodies.

The Board's observation in connection with suspected inflation of budgetary proposals is not well understood. Perhaps it is not fully aware of the fact that the budgetary proposals are scrutinized by the Advisory Committee and only when it is satisfied with the reasons adduced and justification given is the draft Budget commended to the Council of Ministers for consideration. On the other hand the comparative statement of expenditure as given by the Board does not provide simultaneously the appropriation in each case for the same year to enable a more realistic appraisal to be made.

The 1974/75 appropriations as shown in paragraph 20 of the Board's report as against the obligations for the same year are rather misleading, the figures obligated being figures for the financial year 1974/75 only. Besides some of the codes have been automatically reduced following the decision of the Council of Ministers to effect a total reduction of US \$ 450,000.00 from the 1974/75 Budget.

#### OBSERVATIONS FROM DISBURSEMENT VOUCHERS

##### Motor Vehicle Advances: (Paragraph 21)

The observation of the Board of External Auditors has been noted for compliance and receipts will be obtained in respect of the payments enumerated. Future payments will however be made only against official receipts which will be used in supporting the Disbursement Vouchers. A few of the salient conditions under which car loans are granted are briefly as follows:

- (a) The vehicle purchased shall be legally assigned to the OAU Secretariat until such time as the total loan together with the interest charges is completely repaid.
- (b) The vehicle shall be covered by comprehensive insurance policy which shall be regularly renewed upon expiration.
- (c) The legal ownership booklet and the comprehensive insurance policy shall be deposited with the Chief Finance Officer of the OAU as long as any part of the loan remains outstanding.

In addition to these conditions, the Staff Member is called upon to produce evidence of purchase one month from the date of receipt of the loan and to submit the documents relating to the purchase for inspection. By these procedures, the General Secretariat ensures that the loan is utilised for the purpose for which it is granted, that its interests are protected and at least avoids any doubts as to the utilization of the loan. As regards the payments listed, the General Secretariat satisfied itself that payments were in fact made to and received by the "Suppliers" in spite of the absence of official receipts. While suggestion of the Board of External Auditors that official receipts should be obtained will be complied with in all future transactions of the kind. It has however been the practice of the firms to

issue receipts in favour of the Staff Member on whose behalf the loan is paid on the grounds that he is the purchaser and not the OAU General Secretariat. Receipts so issued are therefore included in the documents submitted and inspected by the General Secretariat.

Advances - General: (PARAGRAPH 22)

The General Secretariat notes with satisfaction the Board's acknowledgment that the grant of a month's salary advance is within the ambit of the Staff Rules and Regulations and that the loans were therefore granted on the basis of an accepted authority within the framework of the approved Rules and Regulations. It might help, in the view of the General Secretariat to resolve the issue, to quote in extenso the relevant section of the Staff Rules which reads inter alia:-

"Subject to the provisions of Section 11, paragraph 7 of the Staff Rules and Regulations, salary advances will be granted under the following conditions only:-

- i. On first appointment the salary advance granted to a Statutory or entitled member of staff shall not exceed the value of three months salary of the applicant.
- ii. The advance granted under paragraph i above shall be payable in not more than 12 equal monthly instalments and the first instalment shall be payable at the end of the month in which the advance is given.
- iii. In the course of any financial year an application for salary advance from entitled officer will be entertained only once and with the exception of officers who qualify under paragraph (i) above, the salary advance which may be allowed shall not exceed the officer's monthly salary.
- iv. Any advance granted under paragraph iii above should be refunded in four consecutive equal monthly instalments beginning at the end of the month in which the advance is given.
- v. Whatever the compelling circumstances officers who have not completed the repayment of advances under paragraph i will not be granted an advance under paragraph iii.

It is obvious from the wording of the rules that this is an entitlement of staff members and any attempts to turn their applications for advances for a month's salary on ground that the reason assigned by the staff member are either frivolous, less cogent or untenable would not have legal basis. The number of applications should on the other hand not constitute reasonable grounds for applying stricter controls and making it difficult for staff members to avail themselves of the concession. The General Secretariat considers that provided such advances are refunded in accordance with the rules under which they are granted, and provided the scheme is not open to abuse, no grounds exist for applying measures likely to defeat the objectives behind the concession which are in the main to help alleviate the burden of staff members and as a staff welfare measure, out of any particular financial difficulty in which they may find themselves at a given period.

#### Medical Expenses (Paragraph 23)

The Board of External Auditors observations happily do not imply that refunds made to staff members were not in conformity with the staff Rules and Regulations governing refund of medical expenses. As regards the escalating expenditure on which the Board expresses concern, while the General Secretariat supports any move to curtail expenditure generally it wishes to point out that the conditions and circumstances are beyond its control and caution should therefore be exercised in advocating any measures which although aimed at curtailing expenditure will tend in the final analysis to affect adversely the morale of staff members whose medical claims are already not being met in full. It should be recalled that the aim of the medical scheme is to protect, maintain and promote the highest quality of health possible among the staff and their families, an important social function fundamental to the other components of human welfare. Sight should also not be lost of the fact that a good number of officers in the Organization are non-nationals from various countries who face problems of acclimatisation, diet and other sociological difficulties resulting in psychological disorders which need the care and attention of Medical Doctors from time to time. Payments made were governed by the staff rules and regulations in force and there is no concrete evidence of abuse put forward by the Board.

#### Subventions (paragraph 24)

Official receipts are being obtained in respect of the subventions referred to. These were however acknowledged by correspondence and the General Secretariat therefore satisfied itself of the receipt of the

subventions by the offices and organizations concerned. Instructions have since been issued by the Secretariat for official receipts to be forwarded in respect of all subventions.

Trip by former Secretary-General and wife (Paragraph 25)

The General Secretariat confirms that the Staff Rules and Regulations are silent on the Secretariat's responsibility for passage when the Administrative Secretary-General is accompanied by his wife especially when on invitation and will be in official attendance at functions to which the Secretary-General has been officially invited. To enable the Secretariat to deal with future cases of similar nature, it will be appreciated if the matter be looked into for a ruling on the two issues as required by the Board.

As regards paragraph 26 of the Board's report, it is obvious that it is in reference to an administrative decision taken in the case of ticket provided for Mr. Vincent K. Acquah, a staff member to accompany the corpse of his late wife. While the staff rules stipulate that "upon the death of staff member or his dependent, the OAU shall pay the expenses of transporting the body from the official duty station to his home country, provided this is requested". The Rules are silent as regards the Organization's responsibility for someone accompanying the body, Mr. Acquah's passage was however paid by the Organization to enable him accompany the body. The corpse of the late Mrs. Acquah was flown to the United States by the ECA as Mrs. Acquah was working for that Organization and the OAU was therefore not responsible financially. Under the Staff Rules, and Regulations of the OAU, the cost of transporting the body would have been met by the OAU if the ECA was not shouldering the responsibility. Mrs. Acquah while working with the ECA enjoyed the facility of accompanying the husband on home leave at the expense of the OAU. It was therefore decided that on the grounds that OAU would have had to pay for transporting the corpse, the ticket provided for Mr. Acquah to accompany the body should stand charged to OAU funds but that OAU should be responsible for meeting the cost of ticket for Mr. Acquah to the staff member's home country which is Ghana and not the United States. In taking this decision, the Organization was guided by the fact that (a) it had been financially responsible during home leave periods for the cost of passage to the staff member's home town i.e. Ghana and not to the United States, the country of origin/or birth

of the wife and (b) that the OAU Staff Rules define the "country of home leave" as the "country of the staff member's nationality, unless in exceptional and compelling circumstances the Administrative Secretary-General authorizes as the home country, for the purpose of this rule, a country other than the country of nationality. In the light of the Staff Rules and Regulations and of the observations of the Board of External Auditors, the General Secretariat would require ruling on the following:

In the event of the death of a spouse or dependent whose nationality is other than the home country of the staff member as in Mrs. Acquah's case whether the Organization should meet the cost of transporting the body to the country of origin of birth of the spouse or to the home town of the staff member as accepted by the OAU at the time of his initial recruitment.

The General Secretariat is of the opinion that in such cases the Administrative Secretary-General should have the right to detail an official as his representative to accompany the body and that in the case of the death of a staff member, provision should be made for the wife and the children to accompany the corpse at the expense of the Organization. In the light of past experience, this opportunity should be seized to spell out the Secretariat's responsibility in providing coffin and the payment of undertakers expenses in such cases. It is the view of the General Secretariat that the Organization should be responsible for the following:

- (a) Cost of coffin and the payment of undertaker's expenses of both the staff member or his spouse in the event of death.
- (b) Meeting the cost of passages of the staff member and other eligible surviving dependents provided they wish to accompany the body. In the case of the latter however, the dependents should be entitled to one way passages only.
- (c) Meeting the passage of any other staff member designated by the Administrative Secretary-General as his representative to accompany the corpse.

Petty Cash (Paragraph 27)

The use of the Petty Cash had since the first observation of the External Board of Auditors in November 1973 been confined to small purchases and refund of medical claims are made by cheque. The payments which are the subject of the current observations had therefore been made long before.

BALANCE SHEETGeneral Fund (Paragraph 29)

The General Secretariat is in agreement with the views expressed by the Board on the decline of the balance of the General Fund, and since a healthy balance is dependent on Member States bringing their contributions up-to-date the General Secretariat would like to associate itself with an appeal to Member States to pay their contributions and clear outstanding arrears.

Working Capital Fund (Paragraph 30)

Member States negotiating with the EEC were requested to contribute the total sum of US\$150,000 made available from the working capital fund on the authority of Document CM/546 (of 18th October 1973 in accordance with the approved scale of assessment; while a few Member States have responded favourably, a large number of countries are yet to pay their contributions. Here again the General Secretariat wishes to associate itself with an appeal to the countries from which contributions are due for payment of their assessed contributions.

Advances Recoverable (Paragraph 31)

Efforts have been made to recover the advances from the Member States concerned, the representatives of some of which, it would be recalled, undertook to take the matter up with their Governments. The General Secretariat can at this stage appeal to the Member States concerned to expedite the clearance of the advances outstanding against them. In the light of past experience the General Secretariat will in future refrain from making payments on behalf of Member States in the first instance and will be compelled to decline any requests from Member States to meet such payments for which they are responsible under the Rules of Procedure.

Pension and Social Security Rules (Paragraph 32)

The Finance Section has since investigated the matter and rectified the discrepancies reported upon by the Board.

Supervision of Regional and Sub-Regional Offices (Paragraph 32)

The General Secretariat has taken due note of the observations of the Board of External Auditors with particular reference to the need for efforts at improving financial management and accounting in Regional and Sub-Regional Offices which have not kept pace with those of the General Secretariat. Every effort will be made to bring about a more effective supervision and closer liaison with the Regional and Sub-Regional Offices. Already steps have been initiated in this direction in the Finance Section of the General Secretariat to achieve this.

Rules and Regulations (Paragraph 33)

The General Secretariat is generally in complete agreement with the Board's observations and it fully appreciates the need for a revision in several respects of the Financial Rules and Regulations and of the Staff Rules and Regulations. Against this background and considering that these Rules and Regulations have been promulgated over a decade, the General Secretariat welcomed the studies of the Expert on the entire OAU financial system and procedures. This unfortunately did not materialise. The Administrative Secretary-General who has since his assumption of duty felt strongly the need, intends to appoint a Committee to study the Rules and Regulations with a view to making appropriate recommendations. Needless to point out that some of the rules and regulations apart from being out of step with present day trends need to be streamlined to remove any doubts and ambiguities both in interpretation and application.

Internal Audit Section

While the observations of the Board have been noted, the General Secretariat would like to emphasize that in addition to such visits which are invariably once a year, Internal Auditors should submit at monthly intervals audit reports to the Chief Internal Auditor in Headquarters, for scrutiny. The Chief Internal Auditor will also audit while in Headquarters the accounts of the Regional and Sub-Regional Offices which are received monthly, a system which



will exercise control and supervision desired by the Board of External Auditors. The General Secretariat endorses the recommendation that reports of Internal Auditors should be made available to External Auditors on the spot.

Finance Section (Paragraph 35)

The Finance Section will continue to explore all avenues for improvement of the work of the Section. A Regional Schedule has been established within the Finance Section to oversee and superintend the monthly accounts of the Regional and Sub-Regional Offices which are received from time to time and it is fervently hoped that given time this will help foster and improve the role of the Finance Section of the Headquarters. As regards the role of coordinating the activities and providing guidance to the Finance Officers of the Regional Offices, the Chief of Finance will continue to do this through monthly observations on the accounts of the Regional and Sub-Regional Offices aimed at rectifying any possible errors and any breaches of the Financial Rules and Regulations.

CM/618/Annex II

COMMENTS OF THE EXECUTIVE SECRETARIAT ON THE REPORT OF  
THE EXTERNAL BOARD OF AUDITORS ON THE  
DAR-ES-SALAAM OFFICE

- ORGANISATION OF AFRICAN UNITY -  
CO-ORDINATING COMMITTEE FOR THE LIBERATION OF AFRICA  
(DAR ES SALAAM)

COMMENTS ON EXTERNAL AUDITORS REPORT  
GENERAL FUND

REVENUE:

7. There has been a change in work schedule in the accounts section. The Assistant Accountant has now taken over the responsibility of handling the cash journal and with this change it is expected that the observation raised will cease.

EXPENDITURE:

9 & 10. The factors accounting for over expenditure under certain votes have been explained in our comments on the Internal Auditors Report.

CONTROL TO AVOID OVER EXPENDITURE:

11. It is expected that control of expenditure will yield greater results henceforth as a consequence of changes now taking place in our internal control system.

OFFICIAL MISSIONS:

12. The explanation has already been given in our comments on the internal auditors report. But external auditors report shows only one-way fare in respect of Lt. Col. H. I. Mbita.

MEDICAL EXPENSES:

14. This has already been explained in the comments on the Internal Auditors Report.

STAFF WELFARE FUND:

15. The sundowner was a small get-together that the staff organised to bid farewell to Mr. O. O. Adesola former Assistant Executive Secretary (Administration and Finance). This was held on the premises of the Executive Secretariat and not at the Palm Beach Hotel as stated. The Palm Beach Hotel only provided catering services.

ISSUE OF LPO's:

16. The accountant has taken the initiative of suggesting to the Executive Secretary the need for the accountant to be more involved in the procedure of purchasing and making other obligations by producing a monthly status of allotments for the information of the Executive Secretary and the Assistant Executive Secretary (Administration and Finance). It is the hope that this will go a long way in preventing or reducing to the minimum over expenditures.

IMPREST TO MR. ASSEFA:

17. The recommendation and observations have been noted and appreciated although, the imprest was promptly and fully retired by the officer on return of the Executive Secretary and the other senior staff of the Executive Secretariat.

CONTRIBUTIONS TO PENSIONS FUND:

18. Action is being taken to recover from all members of staff the amount overpaid by the OAU as a result of the post adjustment allowances in the calculation of Pension contribution.

CHARTER FLIGHT FOR HEAD OF REFUGEE BUREAU:

19. Although the East African Airways operates regular flights to Tabora, they are not daily. Mr. Ba came with Mr. Conte an Italian benefactor who could only spare a day in Tanzania. A reminder has been sent to the HPEAR to settle this as well as other amounts owing from them. A reminder also has been sent to the Chief Finance Officer of the General Secretariat to expedite recovery.

ADVANCES FOR PURCHASE OF ESSENTIAL HOUSEHOLD  
CAPITAL GOODS:

20. The host government employees enjoy such facilities. The Advisory Committee may however wish to pronounce itself on the matter, since the Secretariat would otherwise feel itself obliged to attempt to give its non-statutory staff the best of local conditions in accordance with OAU Doc.CM/76/Rev.1.

MOTOR VEHICLE LOG BOOKS:

21. It is perhaps not fair to say that the utility cars were being used largely for the conveyance of children of staff members to and from school. No child is taken to school in official cars. Children are however being taken home from school by utility cars in order to avoid unnecessary loss of working man-hours, if all members of staff were to leave their offices at midday to convey their children home. This seems a reasonable practice.

On the question of use of vehicles for other personal needs, this is not the rule as stated by the auditors. It is rather the exception as this occurs only very rarely.

There is strict control in force regarding fuel consumption by vehicles. A log book of a more permanent-type as recommended by the auditors will be considered, although it is the feeling of the Secretariat that its strict keeping would entail further clerical work to an already overworked accounts section, and unlikely to produce any better information or benefits. The average consumption of fuel per month per vehicle is easily available from the records as they are being kept at the moment.

INVENTORY AND STORES:

22. The accountant has initiated a system for stores control which will improve on the present situation. An inventory for the stores and official equipment as distinct from furniture had actually been taken but was in the custody of the Stores Clerk who was away on annual leave when the auditors arrived. An inventory of all properties is also planned within the shortest possible time.

ADVANCES RECOVERABLE:

25. Member States have been reminded to settle their outstanding obligations to the Secretariat. One Member State has in fact already obliged with a settlement in full. Some of these like the one due from Morocco should have been charged to the General Secretariat whose duty it is to recover from the Government of Morocco for expenses connected with the 9th Assembly of Heads of State and Government.

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COMMENTS ON EXTERNAL AUDITORS REPORT  
SPECIAL FUND

ALLOCATION OF FUNDS TO LIBERATION MOVEMENTS:

12. The main observation is that not only are the funds not always available at any particular time for the Liberation Movements to withdraw from; they have for their part got always to make a good case in justifying their applications. And if the auditors report had deducted expenditure from actual receipts rather than budgeted revenue the figure left as balance would have been almost ten times lower - some £25,000 instead of the £213,411-11 figure.

MATERIAL ASSISTANCE TO LIBERATION MOVEMENTS:

13. Usually every remittance made to Liberation Movements, particularly those not resident in Dar es Salaam goes with a cover letter that inevitably reminds them of the elementary courtesy to acknowledge receipt. The movements who fail to do so are usually reminded to do so. As for those with representations in Dar es Salaam, they are normally made to sign the appropriate column of the voucher besides being enjoined to follow up with an official receipt. But experience of dealings with them has shown that they are a bit tardy in their bureaucracy.

ACCOUNTS OF THE LIBERATION MOVEMENTS:

14. The Secretariat will again remind the Liberation Movements of the need for them to account for grants paid to them. But here again our experience is that they do invariably fail to oblige even where special grants are approved for them by a regular session of the Liberation Committee or one of its Standing Committees on the clear

understanding that they are expected to give a full account of the disbursement of the sums so granted.

EXPENDITURE ON TRAINING CENTRES:

15. These expenditures are normally incurred on behalf of the Secretariat by the TPDF Camp Commander who submits the monthly bills (fully receipted) through the TPDF Headquarters to the Ministry of Defence, the Accounts' Section of which is usually very co-operative in producing details and receipts whenever the Secretariat demands to see them. If it is however the wish of the auditors to inspect these receipts, the Ministry of Defence would be asked to send the monthly statement of expenditure together with copies of all the receipts submitted to them from the Camps.

INCORRECT DEBIT TO SPECIAL FUND -- TRAVELS:

16. With all due respect to earlier decisions of both the Liberation Committee and the Advisory Committee on Budgetary and Financial Matters this question of debiting travel expenses of highly political and unforeseeable nature should perhaps be reconsidered in the light of current developments in Southern Africa. If the main argument is budgetary control, then the new Sub-Committee, set up by the 23rd Session of the Liberation Committee in Yaounde to advise the Executive Secretariat on the disbursement of funds derived from voluntary donations as distinct from contributions by Member-States, can perhaps ensure a judicious use of the Special Fund on rare occasions for official travels of unusual political nature. Indeed the Secretariat has had a recourse to the Sub-Committee on the occasion of Guinea-Bissau anniversary celebrations at which the Secretariat felt it should be represented. The dilemma of the Secretariat here is that not only is it impossible to foresee, let alone estimate for budgetary purposes, all such trips, the approved sums in the budget are usually so inadequate that a situation always arises where there is inevitable over-expenditure.



SUPPLY OF LAND-ROVERS TO FREELIMO:

17. Delivery of new vehicles to Liberation Movements is usually a solemn affair in the form of a little handover ceremony in the Secretariat performed by the Executive Secretary with the leading representatives in Dar es Salaam of the Liberation Movements concerned. While admittedly there have been a few occasions like the one in question when Liberation Movements omit to follow up their taking of delivery with an official acknowledgement of receipt the latter practice is more usually the rule rather than the exception.

REPAIRS AND RENOVATION OF BUILDING:

18. The comments and observations here are noted with appreciation. But all final quotations in respect of the renovation were submitted to the Standing Committee on Administration and Finance for approval before disbursement of funds and payments to the contractor. The agreement with the contractor in this case took the form of an exchange of confirmatory letters. Similarly payments were made to the contractor by a written application from him for either an advance to enable him purchase usually scarce materials in quantities or on the completion of the job.

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DAR ES SALAAM,  
TANZANIA.

12th December, 1974.

Annex

ADDENDUM TO THE COMMENTS OF THE EXECUTIVE  
SECRETARIAT OF THE LIBERATION COMMITTEE (DAR-ES-SALAAM)

OAU - Co-ordinating Committee for the  
Liberation of Africa  
(Dar-es-Salaam)

Addendum to Comments on External Auditors Report

MEDICAL CLAIMS

(14) The practice in Dar-es-Salaam is that chemists sell non-patent medicines only on presentation of a doctor's prescription by the buyer. The chemist, after satisfying himself that this condition has been met, sells his medicine but retains the doctor's prescription. This procedure is laid down by the health authorities who want to prevent the abusive disposal of dangerous drugs. This is why the claims of Mr. Sinkala and Mrs. Magani did not have a doctors prescription to support them. But there were valid receipts from the chemists attached to the claims.

Over Expenditure on Medical Expenses

Code 208: This is explained on page 3 of the Internal Auditors Report. The over expenditure was due to Mr. Shenouda's very serious kidney ailment and prolonged hospitalization which has now left him with an artificial kidney and a machine to keep it operative. Indeed it is for these same reasons that his application for transfer to New York where medical facilities are more suited to his case, has been favourably considered.

OVER EXPENDITURE

Travel on Initial Recruitment

Account Code 200: The over expenditure on this code was due to inadequate provision being made for the travel of the Information Officer to take up his appointment. The officer concerned had three dependents and this amount represents the actual cost of tickets and baggage allowances on initial recruitment.

### Travel on Leave and Separation

Account Code 201: During the year one officer, Mr. O.O. Adesola left the services of the Secretariat. No provision was made for this event in the estimates and in the budget. Also the Accountant was due for leave six months after his transfer to Dar-es-Salaam. The expenses incurred in these two events accounted for the over-expenditure.

### Travel on Transfer

Code 202: During the same period when no provision was made in the budgetary estimates two officers and their dependents were transferred, one Mr. I.A. Samara, to Addis Ababa the other, Mr. H. Abdulla, to Lagos. The total cost of moving these two families came to US\$4,587.56.

### Installation Allowance:

Code 203: The Accountant who was transferred to Dar-es-Salaam had to be paid installation allowance for himself and his dependants for which no provision was made in the budget. The amount so paid totalled US\$1,208.

### OAU Pension Fund

Code 206: Over expenditure on this item was due to inadequate provision in the estimates.

### Medical Allowance:

Code 208: This is explained on page 3 of the Internal Auditors Report. The over expenditure was due to Mr. Shenouda's very serious kidney ailment and prolonged hospitalization which has now left him with an artificial kidney and a machine to keep it operative. Indeed it is for these same reasons that his application for transfer to New York where medical facilities are more suited to his case, has been favourably considered.

### Post Adjustment Allowance

Code 213: The index for post adjustment changed just one month after the beginning of the financial year from 4% on which the estimate was based to 8% which became applicable from 1st July. Also there was an error in the amount estimated, it should have been about US\$4,000 based on 4% of total statutory staff basic salaries.

Travel on Official Missions.

Code 300: Over expenditure here was partly due to the frequent rises in fares during the financial year in question. Also the Secretariat's allocation under this code did not seem to have been scientifically determined. The estimates recommended a figure of US\$40,000 after taking almost all exigencies into account. Nevertheless an effort is being made to reduce expenditure under this code as much as possible.

In the one or two cases in which longer routes were taken during official missions the reason for this were that those routes were definitely the most expedient routes bearing in mind the need for the Secretariat staff to arrive a few days ahead to prepare for the commencement of the conference. The case of Mr. A.M. Sidky and Mr. F.K. Gunzar who were to attend the Defence Commission meeting in Conakry is one such example. But the two officers concerned did on their return journey travel the most economic route as the auditors report itself indicates. The unused portion of the ticket originally issued was of course duly returned by Mr. Sidky to enable the Secretariat apply to the airlines for refund.

Maintenance of Vehicles

Code 401: The over expenditure on this code was due to rising cost of fuel.

Maintenance of Equipment:

Code 402: This was due to increased cost of spare parts.

Electricity and Water

Code 404: Electricity tariffs rose sharply during the year as a result of increase in fuel cost incurred by the local electricity supply company TANESCO.

Communication

Codes 502, and 504: Freight charges went up during the year a few times whenever AITA tariffs changed.

Capital Expenditure

Code 703: Also rising costs contributed to this small over expenditure.

The Secretariat does appreciate the need for the strictest compliance with OAU Financial Rules and Regulations in the management of funds, and it will not spare any effort to keep expenditure within the minimum level as far as is possible. It must be noted, however, that for most of these items of over expenditure a request for virement to the tune of US\$17,364.94 duly put up for the consideration of the Advisory Committee on Financial and Budgetary Matters which approved same at its meeting held on the 16th and 17th September, 1974.

- ORGANISATION OF AFRICAN UNITY -

CO-ORDINATING COMMITTEE FOR THE LIBERATION OF AFRICA

(DAR ES SALAAM)

MEMORANDUM PRESENTED TO THE OAU ADVISORY

COMMITTEE ON BUDGETARY AND FINANCIAL

MATTERS ON POST ADJUSTMENT, PER DIEM

AND EDUCATION ALLOWANCE RATES FOR DAR ES SALAAM

Post Adjustment:

Since the second devaluation of the US dollar in February, 1973 by a further 10% (as distinct from the December 1971 devaluation of 8%) the Executive Secretariat of the OAU Co-ordinating Committee for the Liberation of Africa in Dar es Salaam has been pleading its case for a relative increase in post adjustment for Dar es Salaam, which now stands at 10%.

Although the Tanzanian shilling is still pegged to the dollar and the host authorities notionally devalued the shilling along with the US dollar, an official statement released on 14th March, 1973; has had the effect of fixing the official rate of exchange at more or less the same level of 7 shillings Tanzania to the US dollar as it was before devaluation. It was exactly 6.9. shs. before devaluation and now stands at 7.1 shs. The statement read as follows: "As a result of the recent crisis most major currencies have appreciated in terms of the US dollar. Although the Bank of Tanzania will continue to have a fixed relationship with the US dollar, the official rate, will for the time being, be one dollar to the equivalent of seven Tanzanian Shillings, reflecting the depreciation of the US currency."

The cost of living and prices of essential commodities have gone up several times since March 1973 - some of them by as much as 100%. So, have local salaries of workers and wage-earners. Indeed the minimum wage has since risen from 240 T.Shs. (US\$34) to 340T.shs. (US\$49) and there are strong rumours of plans to raise it further to 500 T.shs. (US\$71) in response to the new price increases announced last month (in two instalments.) The cost of living on the average has since gone up by 30% at the least. While the Executive Secretariat has already put up a case through the General-Secretariat for a relative increase in the salaries of non-statutory staff to bring them in line with the new local conditions, press clippings of the recent increases in prices are attached.

Even the Tanzanian authorities have increased per diem rates for their employees travelling within and outside the country on official duties. The United Nations per diem rate for Dar es Salaam has increased from US\$28 to US\$30. The corresponding rate for Addis Ababa is US\$20. Yet the staff of the General Secretariat have enjoyed a post adjustment of 18% since the advent of the second US dollar devaluation.

#### PER DIEM:

On per diem generally, the Executive Secretariat wishes to associate itself with the General Secretariat in its effort to get the current OAU rates increased. Most international hotels of the second and first categories in Africa have daily rates of US\$20 - US\$25 for a single room. This in places like Dar es Salaam, Nairobi, Lusaka not to talk of Conakry, usually leaves an OAU official with only some US\$7 to US\$10 for daily sustenance and other incidental expenses like



transportations. It is realised that the OAU rates are usually tied up to the United Nations rates. But U.N. officials in most international hotels of the first and second categories have a discount of up to 25%. OAU officials with diplomatic laissez-passer can at best only bargain for the usual 10% diplomatic discount.

EDUCATION ALLOWANCE:

Finally a special case needs perhaps also must be made for the education allowance payable to staff of the Executive Secretariat. The OAU rate at the moment is US\$167-00 per child per annum. With the situation in Tanzania where Swahili is used as medium of education in schools up to full secondary school level, the statutory permanent staff of the OAU are compelled to send their children to the International School - the only school that has English as a medium of education, with abundant lessons in French. The fees for the International School at the lowest grade is about US\$700 per child per annum rising up to US\$1,000 or more per annum per child, in the higher grades.

The Advisory Committee on Budgetary and Financial Matters may therefore wish to give a special consideration to the plight of the statutory permanent staff of the Executive Secretariat in Dar es Salaam on this very important issue.

DAR ES SALAAM,  
TANZANIA.

12th December, 1974.

CM/618/Annex III

COMMENTS OF THE EXECUTIVE SECRETARIAT ON THE REPORT OF  
THE EXTERNAL BOARD OF AUDITORS ON THE  
LAGOS OFFICE

COMMENTS ON THE EXTERNAL AUDITORS REPORT ON  
THE ACCOUNTS OF THE ORGANIZATION OF AFRICAN  
UNITY/SCIENTIFIC, TECHNICAL AND RESEARCH  
COMMISSION (LAGOS OFFICE) FOR THE FINANCIAL  
YEAR 1973/74

As the external auditor himself has pointed out that time was against him, the Executive Secretariat agreed with him on the ground that the volume of work in this office has increased over previous years and therefore takes more time to go through the documents thoroughly than in the past.

OVER-EXPENDITURE

Nearly 95% of the over-expenditure in question are related to statutory payments much of which occurred due to the fact that some staff members with large families were transferred to the Secretariat at a time when no provision was made for them in the original budget. A close look at the figures for Codes related to travel on Home Leave, Dependency allowance, Post Adjustment and Medical allowances will support the above comments. It is worth mentioning here also that most of the over-expenditure listed by the Auditor were approved by the Advisory Committee as per document FBM/4(XVIII).

D.V.L/11/6 for \$17.97 - Codification of Expenditure

It is not feasible to prepare two different Disbursement Vouchers for a single Invoice from a supplier mainly because the firm has supplied OAU with two different items on the same Invoice relating to two separate Codes. The present system will continue since it calls for saving on labour, cost and time. The whole exercise which has confused the Auditor is merely to identify expenditure on the same invoice and charge them to appropriate Codes on the same payment voucher to one supplier.

D.V. L/32/6 - LACK OF INVOICE

This relates to duty-free pre-paid petrol coupons and the duty exemption form which also serves as an LPO is being filed separately. This system has however been discontinued since July, 1973, and replaced by a much more appropriate one.

QUESTION OF GOODS ORDERED NOT RECEIVED

All goods ordered, especially local purchases are received in the General Service Section, and delivery notes submitted to the Chief Accountant. These delivery notes await the receipt of corresponding invoices to tally goods received before payment. Invoices and delivery notes together with OAU/STRC's LPOs are attached to appropriate disbursement vouchers and sent to the internal Auditor for certification. It is worth mentioning here that the Internal Auditor does not pass a payment except all the relevant documents are attached - Invoice, LPO and Delivery Note.

With regards to Disbursement Vouchers L/9/9 and L/32/2 cited as examples, the Executive Secretariat wishes to point out that the External Auditor did not examine them thoroughly as both vouchers have Delivery Notes and Certifications that the goods have been received. Copies of the two vouchers with all attachments are available as exhibits to the Committee. Similar copies of the original Disbursement Vouchers L/9/9 and L/32/2 were submitted to the General Secretariat with our returns.

BALANCE RECORDS IN PENCILS

The External Auditor's comment is being noted.

INVENTORY BOOK FOR STATIONERY, ETC.

There is a summary Record for stationery control and no item leaves the registry without a requisition. There is also an up to date ledger for recording non-consumable items. These summary ledgers would have been shown to the External Auditor if he had been patient enough to ask.

Finally, the Executive Secretariat wishes to appeal to members of the External Board of Auditors to work co-operatively with Staff of the Executive Secretariat during their auditing tours. Such co-operative efforts will be much appreciated as queries like why some supporting documents are misplaced could easily be clarified.

1. OVER-EXPENDITURE:

The Auditors' comments are being noted. Most of the over-expenditures are however covered by Document FBM/4(XVIII).

2. EXPENDITURE INCURRED ON BEHALF OF STRC LAGOS OFFICE:

Comments are noted.

3. THE CASES OF MRS. DICKO, DRIVER AND GUARD

Matters are being investigated further which will later lead to the full recovery of the sums involved.

4. THE CASE OF TWO SIGNATORIES:

This matter is being investigated though a new administration has replaced the old one.

CONCLUSION:

The Chief Accountant of OAU/STRC, Mr. Tunis, left Lagos in early December to close down the old office and open the books of the new office in Niamey.

COMMENTS ON THE EXTERNAL AUDITORS REPORT ON THE  
ACCOUNTS OF THE ORGANIZATION OF AFRICAN UNITY/  
SCIENTIFIC, TECHNICAL AND RESEARCH COMMISSION  
(I.B.A.R. OFFICE, NAIROBI, KENYA) FOR THE  
FINANCIAL YEAR 1973/74

Section V

Points 1 & 2: Auditors' comments are being noted.

Point No. 3: The matter is being followed up as the Director is presently on study leave abroad.

Point No. 4: This is being noted and such will not happen again.

Point No. 5: The amount of \$6,600 was paid as an advance to the Kenya Ministry of Public Works to facilitate housing of staff. As the Ministry does not negotiate with individual members of staff, the amount is being recovered monthly from all staff members concerned and the credit goes to the very advance account.

Point No. 6: The total sum of \$12,023.73 was paid for printing OAU-IBAR Bulletins. It is unfortunate that the auditor did not go further to gather information about the history of printing OAU Publications by an African firm like the East African Literature Bureau. This firm was selected among many others in Africa in terms of costs. The absence of other relevant document is being looked into.

Annex

COMMENTS ON THE EXTERNAL AUDITORS REPORT ON  
THE ACCOUNTS OF THE ORGANIZATION OF AFRICAN  
UNITY/SCIENTIFIC, TECHNICAL AND RESEARCH  
COMMISSION (I.A.P.S.C. OFFICE, YAOUNDE)  
FOR THE FINANCIAL YEAR 1973/74

OVER-EXPENDITURE

The Auditor's comments are being noted. Most of the over-expenditure are however covered by Document FBM/4(XVIII) "Advisory Committees' Approval".

FULL PERDIEM - \$204.75 TAKEN BY THE SCIENTIFIC SECRETARY AND  
CODED TO 306

There is nothing wrong in paying full per diem by a Staff member and under such conditions the actual budget Code is being charged. Hence the Scientific Secretary's action stands. Only the word 'advance' on the voucher should be omitted since he has collected 100% and not 80% of his per diem.

MR. DIACK'S SALARY ADVANCE

It is with the opinion of the Executive Secretariat that Mr. Diack has an option to refund either in 12 months or less whatever amount he took as salary advance on initial recruitment. The case in question raised by the Auditor refers to staff members already in post for over a year or two who are advanced one month salary (if the need arises) to be refunded in four equal monthly consecutive instalments.

PURCHASES MADE WITHOUT LOCAL PURCHASE ORDERS

The Auditors comments have been noted.

PETROL CONSUMPTION

Comments noted and suitable way is being thought of.

COMMENTS ON THE EXTERNAL AUDITORS REPORT ON THE  
ACCOUNTS OF THE ORGANIZATION OF AFRICAN UNITY/  
SCIENTIFIC, TECHNICAL AND RESEARCH COMMISSION  
(B.I.S. OFFICE, BANGUI) FOR THE FINANCIAL YEAR  
1973/74

1. OVER-EXPENDITURE

Most of the over-expenditures are covered by Document FBM/4(XVIII) - Approval by the Advisory Committee on Financial Matters.

2. CODE 203 - \$777.00 PAID AS INSTALLATION ALLOWANCE

The amount was paid to a new recruit as per Staff Rules and Regulations. No provision was made in the original budget (Lagos or Bangui) for his recruitment since it was unexpected. Refer to Document FBM/4(XVIII) for Advisory Committee's approval.

3. CODE 100 - SALARY OF THE BIS BOOK-KEEPER

Book-keeper: The budget provision was meant in the first place for a highly qualified bilingual Statutory Accountant who was to assist in Administration. The present volume of work in this office is by far less than those in Nairobi and Yaounde Offices where Accountants in those places even get less salary. It is with the view of the Executive Secretariat that the budget figure will be paid to the right person when the office expands in the near future.

The attention of the Committee is also drawn to some irregularities in this office (mishandling of petty cash by the Accountant) as pointed out by our Regional Internal Auditor in his report on BIS for the Financial Year under review.

4. OVER-PAYMENT TO SECRETARY (\$47.23) Code 209

The Auditor's query is valid. Efforts are being made to recover the over-payment.

5. ACCOUNT NO. 212 - EDUCATION ALLOWANCE

This is being noted, though the real cause was a misunderstanding of the rules governing payment for Kindergarten.

6. WRONG POSTINGS - CODES 401, 402, and 608

These are being noted, and appropriate observations will be made.



CM/618/Annex IV

COMMENTS OF THE EXECUTIVE SECRETARIAT ON THE REPORT OF  
THE EXTERNAL BOARD OF AUDITORS ON THE  
KAMPALA OFFICE

REMARKS ON THE EXTERNAL AUDIT REPORT  
OAU INTER-AFRICAN BUREAU OF LANGUAGES (KAMPALA)

2. The documents listed under this item are among those which the clerk accountant was not preparing because he did not know how to prepare them. But the bank statement was presented to the External Auditor as this is confirmed by himself in the next items (see 3 and 4).

4. The cash book was also among the documents which the clerk accountant could not prepare.

6. As far the amount of US \$ 200 withdrawn by cheque no. 004583 is concerned, this irregularity which was caused by misunderstanding was already pointed out in the audit report for the year 1972/73 and the money was refunded during the year 1973/74.

As for the post adjustment allowance enjoyed by the Statutory Staff, this was authorised by the Chief Finance Officer who referred to recommendations contained in Adu's report. The letter of authorisation was dated October 1973. The reason for this post adjustment allowance came after the budget for 1973/74 had been approved.

Cheque no. 100309 concerns drinks bought for OAU Day celebration reception.

For Cheque no. 029456, the clerk accountant should have indicated on the voucher that the cheque included bank commissions.

7. For the lost machines, police reports were requested in March this year, but although the investigation made by the police is finished, the report has not yet been given to us.

8. The solution to the problem confronting the Kampala OAU Office is that a qualified accountant be appointed in that Office.

CM/618/Annex V

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



No. FIN/329/OUA/74

New Yor, 21 October 1974

Dear Mr. Aryee,

I acknowledge receipt of your letter of 10 October 1974 forwarding to this Office a copy of the Report of the Internal Auditor on the Office of the Executive Secretariat in New York.

I have only few comments to make on the Report:

- 1) Over Expenditure : I concur with the remarks of the Internal Auditor regarding this item. I had already explained the situation in the Financial Report submitted to you on 10 July 1974. It will be appreciated if steps could be taken to refund to this Office some of the non budgeted expenses like travel on official duty, transfer, installation allowance for which a formal request has been properly submitted.
- 2) Regarding salary advances to Mr. Ouattara : I would like to inform you that regarding payment of these advances, Mr. Ouattara is now up-to date in conformity with the Financial Rules and Regulations.
- 3) Regarding the amount related to the payment of educational fees the matter is being also settled now.
- 4) Since Mr. Ouattara was appointed Executive Secretary for the New York Office with effect from January 1, 1974, it is clear that he was on mission in New York from 15 October to 10 December 1973.
- 5) Concerning recoverable advances shown against Mr. Thiam there has been an exchange of letters between the Head of Administration and Mr. Thiam, in which Mr. Thiam has indicated his views on the matter. The latest correspondence from the Head of Administration to Mr. Thiam is still waiting for an answer.

Sincerely yours

Dramane Ouattara  
Ambassador  
Executive Secretary of the  
OAU to the UN

Mr. Paul Aryee  
Head of Administration  
Organization of African Unity  
Addis Ababa, Ethiopia

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

In conformity with the decision of the Advisory Committee, no representative of the Board of Auditors visited the New York Office this year. However the Board of Auditors used the Internal Auditor report on the New York office as their own report and their conclusions are exactly the same as those reached by the Internal Auditor.

The Internal Auditor's Report was transmitted to the Executive Secretariat on 10th October, on 21st October the Executive Secretary sent the attached comments to the General Secretariat. These comments were confirmed when the New York office was invited to make comments on the report of the External Board of Auditors.

CM/618/Annex VI

COMMENTS OF THE EXECUTIVE SECRETARIAT ON THE REPORT OF  
THE EXTERNAL BOARD OF AUDITORS ON THE  
GENEVA OFFICE

Comments of the Executive  
Secretariat of the O.A.U. in Geneva

1. The Advisory Committee may recall that the 1973/74 budget of the Executive Secretariat in Geneva was "provisional appropriations". The factors culminating in the over-expenditure as explained to the Advisory Committee during its 18th Session were assessed mainly as follows:-

- (a) loss on conversion into Swiss francs.
- (b) devaluation of the US dollar and the revaluation of the Swiss franc.
- (c) fluctuation in the exchange rate owing to the floating of the Swiss franc.
- (d) appropriations were not related to the high cost of expenditure in Geneva.

2. The Advisory Committee has endorsed the over-expenditure and took the necessary decisions to remedy the situation regarding the rate of exchange of the US dollar. This decision has already enabled the Executive Secretariat to overcome most of the accounting problems which were encountered by the office during its first year of existence.

3. As indicated in the report, save for Mr. Barry Bassirou who left the service of the OAU, all over-payments (due monthly to unknown rate of exchange at that time) were immediately refunded during the presence of the internal auditor in Geneva.

4. The Executive Secretariat, while supporting the note of the external auditor regarding the knowledge of the bilingual secretary in the field of accounts, wishes to state that, inspite of the enormous difficulties which faced it during the first year, its accounts were in order and monthly returns were regularly sent to the headquarters in time.

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1975-02

# Comments to the External Board of Auditors Report

Organization of African Unity

Organization of African Unity

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