



**ORGANIZATION OF
AFRICAN UNITY**

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منظمة الوحدة الافريقية

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**ORGANISATION DE L'UNITE
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COUNCIL OF MINISTERS

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COMMENTS AND OBSERVATIONS OF THE GENERAL SECRETARIAT
ON THE PRELIMINARY DRAFT OF THE FINANCIAL RULES AND
REGULATIONS OF THE ORGANIZATION OF AFRICAN UNITY

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REPORT OF THE AD HOC COMMITTEE ON THE STRUCTURAL
REFORM OF THE OAU



DRAFT FINANCIAL RULES AND REGULATIONS

The General Secretariat welcomes the Draft Financial Rules and Regulations which are, no doubt, intended to improve the budgetary administration techniques and financial management of the Organization. The General Secretariat notes with satisfaction that so much detailed work has been done on this to spell out in precise terms the relative responsibilities of the various Financial and Accounting Agents.

While the Draft Financial Rules and Regulations are generally acceptable the General Secretariat wishes to make the following observations:-

- (i) General Definitions:- Terms such as Chief Accounting Officer, Finance Officer, Accountants and Accounting Agents used in the Draft Financial Rules and Regulations should have been clearly defined by means of a General Definition table following the table of Contents. This would have made easy reading and given a clearer understanding of the terms.
- (ii) Article 53:- While the provisions in this Article require the Internal Auditor to submit to the Administrative Secretary-General quarterly reports, it also enjoins the Internal Auditor to draw up and submit to the Board of External Auditors a general Annual Report. Since these reports will cover the Accounts and the Financial performance of the various offices, it is only fair that it should be obligatory for the offices concerned to submit their comments and observations on such reports as are submitted by the Internal Auditor. The Board of External Auditors should examine these Reports and the

observations of the particular office during their audit inspection on the spot instead of the present system by which the Reports are handed to them on arrival in Addis Ababa. The recommended procedure has the dual advantage of eliminating duplication of reports especially on issues already amply disposed of in the Reports of the Internal Auditor while affording the External Auditors the opportunity on the spot to seek additional clarifications needed. It is therefore recommended that Article 53 should contain the following additional paragraph:-

"The Reports of the Internal Auditor should be communicated to the offices concerned for their comments and observations which should be made available to the Board of External Auditors on their arrival at the spot to audit the offices concerned."

- (iii) Article 73:- Whereas under Article 52, the Auditing Sections of the Regional and Sub-Regional Offices of the Organization shall be answerable to the Chief Internal Auditor, Finance Officers of the Organization shall be directly answerable to the CHIEF ACCOUNTING OFFICER, who is the Secretary-General. Since the Chief Finance Division handles the funds of the Organization and is required by virtue of his duties to exercise supervision over the Finance Officers and Accounting Agents, it is considered more appropriate that Finance Officers should be directly answerable to the Chief of the Finance Division.

(iv) Article 89:- Depending upon the language in which the accounts of a particular OAU Office are kept, it is advisable at least to ensure successful and meaningful auditing that due regard be given to linguistic considerations in the composition of the membership of the Board of External Auditors. To facilitate the work of the Board of External Auditors therefore it is recommended that there should be a linguistic balance and Article 89 be re-worded as follows:-

a) A Board or Committee of External Auditors shall be established by the Council of Ministers. It shall be composed of..... qualified professional Accountants and Financial Experts appointed by the Council of Ministers representing Governments and Member States of the Organization with due regard to linguistic balance. Their term of office shall be three years. They shall be eligible for re-election.

v) Article 91:- This Article is in need of amendment. If Auditing operations commence in November and considering that the Members of the Board of External Auditors will also undertake the auditing of the accounts of the Regional and Sub-Regional Offices, it is the considered view that this will not allow much time for the General Secretariat to prepare its comments and observations in good time for transmission to the Advisory Committee along with the Draft Programme of Action and Budget in December as required in Article 32 of the Draft Financial Rules and Regulations.



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Comments and Observations of the General Secretariat on the Preliminary Draft of the Financial Rules and Regulations of the Organization of African Unity

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