



**ORGANIZATION OF
AFRICAN UNITY**

Secretariat
P. O. Box 3243

منظمة الوحدة الأفريقية
السكرتارية
ص. ب. ٣٢٤٣

**ORGANISATION DE L'UNITÉ
AFRICAINÉ**

Secretariat
B. P. 3243

Addis Ababa * ادیس ابابا

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COUNCIL OF MINISTERS

THIRTY-SECOND ORDINARY SESSION

FEBRUARY 1978

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON:

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REPORT OF THE BOARD OF EXTERNAL AUDITORS
ON THE ACCOUNTS OF THE GENERAL SECRETARIAT
FOR THE FINANCIAL YEAR ENDED 31 MAY 1978

INTRODUCTION : In accordance with the programme drawn up by the General Secretariat, the audit of the accounts of the General Secretariat was scheduled to commence on the 2nd of October. Only five members of the Board were able to arrive on the prescribed date whilst the representatives of Tunisia and Upper Volta arrived on 5th and 13th October respectively. Due to the fact that the representative of Upper Volta was not able to audit the accounts of Geneva on the spot, the Board decided that the representative of Botswana should proceed to Geneva. Accordingly he proceeded to Geneva for one week, and this meant that only four out seven Board Members commenced their audit on the due date. We would also like to mention that the representatives of Togo and Tunisia departed prior to the conclusion of the audit programme. Consequently the remaining members of the Board had to re-schedule the programme in order to complete the audit.

2. Terms of reference : Pursuant to the provisions of section 9 (3) of the Financial Regulations, the Board is charged with the responsibility of carrying out an external audit of the accounts of the Organization including all Trust and Special Funds. Besides expressing an opinion on the state of financial affairs of the Organization, the Board is also required, where necessary, to comment on the efficiency of financial management and control as well as the financial consequences of administrative practices.

3. Scope of Audit : The audit was carried out in accordance with generally accepted principles, practices, and methods.

16. Contingency Fund : The present budgetary mechanism of the Organization does not permit of the existence of a contingency fund. In our view the finance operations of the Organization will be greatly facilitated if a contingency fund was introduced and monies appropriated to it. The Secretary-General should have the power to approve releases from this fund to meet additional and unforeseen expenses of the Organization. The fund would be replenished when supplementary estimates are submitted to the Advisory Committee on Budgetary and Financial Matters. As for the size of the Contingency Fund we recommend that it should be fixed at about 5% of the total budget for the year.

ACCOUNTING SYSTEM

17. The present system of accounting which has been operating for the last 15 years has now become archaic in many respects ; it involves a lot of unnecessary paper work ; it is labour intensive and is highly centralised. Divisional Heads of the Secretariat appear to have no accountability status in respect of their own votes. The whole system is immersed in bureaucratic procedures which clearly militate against effective and speedy implementation of programmes.

18. Pay Roll : The system is unnecessarily complicated and involves a lot of unnecessary paper work and labour but at the same time it does not provide adequate information for effective control purposes. With the view to modernising the pay roll system, we recommend as follows :

(a) abolition of the present pay roll system, and its replacement by individual salary cards preferably the (Kalamazoo type) since the whole system of accounting in the Organization is still completely manual.

(b) Preparation of pay sheets for each division separately. This will facilitate control of establishment by Divisions. If the Kalamazoo type were adopted, there would be no need to prepare separate pay advice slips monthly, for this will be automatically produced as part of the process. At present much time, labour and effort are wasted in producing this information.

(c) No salary card would be opened unless action is approved by the Chief of Personnel Services who would, when communicating personal emoluments details to the pay roll section, also notify the personal file number for control purposes.

19. Advances : The system of applying for and granting advances involves unnecessary paper work. For example when an officer applies for a salary advance, a typewritten application is submitted to the Head of Administration through the Divisional Head. Approval of the application is contained in a longhand written minute, addressed to the Chief Finance Officer who in turn again minutes to the Accounts Officer. All that is required is the preparation of a standard application form preferably cyclostyled which can be completed with minimum time, labour and effort.

20. Budget Control Book: There is need to modernise the maintenance of the Budget control book which is in fact an important instrument for control of expenditure. Up to now the budget control book is not entered up as and when vouchers are passed for payment. In the majority of cases it is written up a month after payments have been made.

21. Recommendation : To facilitate a gradual process of decentralizing control of expenditure by placing accountability responsibility on Divisional Heads, we recommend as follows :

(a) Each Division should be required to maintain a vote book along the following format (as attached)

All commitments in monetary terms should be entered in the vote book immediately they are made and should be cleared from the available balance as soon as they are discharged.

(b) No cheque should be prepared unless the payment voucher is first entered in the vote book and the authorising officer satisfies himself that funds are available. Whoever have delegated authority to authorise disbursements should be required to initial each and every payment entered in the vote book.

(c) All commitments which have been clearly identified as outstanding at the end of 31 May of each year should be totalled by votes and application made to the Secretary-General to have the amounts re-voted into the following financial year. By giving the Secretary-General the power of re-vote, it will be possible to process all outstanding commitments speedily. By this method of re-vote, it will no longer be necessary to charge expenditure resulting from outstanding commitments to prior year's votes. By the same token the present cumbersome but ineffective system of obligation would simply disappear.

(d) All reallocations between votes as approved by the Secretary-General or the Advisory Committee should as a matter of course be recorded in the vote book against the relevant vote.

22. Disbursement Voucher Forms : We consider that an improvement in the format is necessary, namely, the voucher should contain a certificate certifying that goods have been received or services rendered ; that the expenditure is properly chargeable to the Secretariat funds ; that the voucher has been recorded in the vote book and that funds are available to meet disbursement.

23. Imprest for Petty Disbursements : Our attention has been drawn to the practical problem which exists in some form in Addis Ababa of paying for goods and services by cheque. Also, all orders have to be supported by formal Local Purchase Order (LPO). This practice has degenerated into a situation whereby cheques are issued for as little as Five Ethiopia Birr. We have also been informed that some Government Departments in Addis Ababa are reluctant to accept settlement of payment by cheque and that they insist on cash payment. We are convinced of the need to provide some flexibility of accounting operations to arrest the present situation, and we therefore recommend that an imprest system be introduced and operated by the Finance Division. We are of the view that an imprest of one thousand Ethiopian Birr would be adequate for this purpose as it would be replenished from time to time as expenditure is incurred. However, due note should be taken that the division of accounting responsibility must be such that the imprest holder is not at the same time responsible for processing payments.

24. Monthly Trial Balance : As of now, no monthly trial balances are produced to check that all receipts and payments in the cash book have been recorded in the relevant ledger accounts. We consider it vital for effective accounting control to produce a monthly trial balance which should as a matter of course be copied to the Chief Internal Auditor and we so recommend.

25. Mechanised System of Accounting : It is high time thought was given to mechanising the present system of manual accounting. We would not at this stage of development recommend a sophisticated system but would suggest acquisition of an ordinary book keeping type machine which would be capable of recording accounting entries on ledger cards.

26. Also since our recommendation is based on the cash system of Accounting, (not accrual) we do not see much point in attempting to produce a Balance Sheet for Organization annually. All that is required is production of a statement of Assets and Liabilities, Abstract of Receipts and Payments, Summary of Below in the Line Accounts. Detailed statements of Revenue and Expenditure, and such other financial statements as may be required by the Advisory Committee from time to time.

INTERNAL CONTROL SYSTEM

27. The Need : It is universally accepted that audit is an invaluable aid to Management and that the existence of an effective system of internal control of which internal audit is a vital integral part automatically promotes the attainment of efficient financial performance.

28. We should warn, however, that for an audit to be effective it is imperative that it is listened to ; any material errors and irregularities brought to light in the audit reports - both periodic and annual - must be rectified and positive remedial action taken with minimum delay. The impartiality of the auditor as well as his independence in the execution of his professional work must be recognized , appreciated, and upheld at all levels of management. Without this active support no audit can hope to successfully develop and promote acceptable standards of efficient financial performance and financial discipline.

29. We are again disturbed, as we have been over the years, by the almost negligible timely positive attention which has been given to the reports of the Chief Internal Auditor not only on the Accounts and Records of the Headquarters but also of the regional and sub-regional offices.

Position of Chief Internal Auditor

30. We would like to believe that the preceding remarks on the need for an effective internal audit are acceptable to this august Organisation, and we take it for granted that amongst the many objectives of the Organization, there are two key objectives, namely :

(a) Economical use of the scarce factor of production, particularly labour and capital.

(b) Promotion of efficient performance and financial discipline.

If there are in fact the financial objectives of the Organization then clearly they do not reconcile with the somewhat nebulous position under which the Chief Internal Auditor has been operating for the past many years. In theory the Chief Internal Auditor is said to be directly responsible and answerable to the supreme Administrative Head of the Organization; in practice his role, leadership and effectiveness of audit operations have been diluted in the stream of general administration of the Secretariat. His own programmes of work and time-budgets for on-the-spot inspections of regional and sub-regional offices are subject to scrutiny, restraint and control by general administration. Auditors resident in regional offices are neither responsible nor answerable to him for audit programmes and work performance. Even in his own office at the Secretariat, he has no positive say over what calibre of staff should assist him in the discharge of his duties since in some instances staff is transferred to him without consultation or against his own advice.

31. Clearly, the root of the problem lies in the inferior status which the Chief Internal Auditor has been accorded over these years, and we are firmly of the view that it is high time this untenable position was rectified as speedily as possible so that all audits (Headquarters, Regional and Sub-regional) can be co-ordinated and controlled under one direction.

32. In view of the foregoing remarks and the indepth study undertaken by us, we now submit the following positive recommendations for approval :-

(a) Upgrading of the post of Chief Internal Auditor to "Director-General of Internal Audit Services". The upgraded post should be placed at P.6 or the next higher grade, if such is approved for Executive Secretaries.

If the Director-General of Internal Audit Services is to effectively monitor the financial operations of the Organization as a whole then clearly his post should not be graded below that of Executive Secretary of a Region.

(b) The Director-General of Internal Services (now Chief Internal Auditor) should be directly answerable, accountable and responsible to the Secretary General for all the audit activities including formulation of audit programmes, approval of time-budgets for audit, reporting etc.

(c) All appointments, promotions, transfers etc of audit officers - Headquarters and Regional- should be made only with prior consultation and concurrence by him.

(d) All audit officers, regardless of where they are stationed, should be made directly answerable and responsible to the Director-General of Internal Audit Services. All their programmes of work should be referred to him for approval, as well as their progress and end-of-year reports.

(e) All accounts of sub-regional offices should be submitted to the respective regional offices for audit examination and incorporation into the Regional Office Accounts, after which they should be forwarded to the Finance Department for inclusion in the Main Accounts of the Organization. Evidently, it will no longer be necessary to have the regional accounts examined by the Internal Audit Services at Headquarters.

(f) Never before have the projects which are financed jointly by the OAU and other International Bodies or organs been subject to audit by the Internal Audit Services although they are executed under the umbrella of the Organization. In the interests of efficient management and in order to assure full value for money spent on these projects, we recommend their audit by the Director-General of Internal Audit Services.

(g) The Director-General should continue to enjoy observer status at Conferences of the International Organization of Supreme Audit Institutions as well as at the regional group conference of AFROSAI.

FINANCE DIVISION

33. As a result of the indepth study undertaken on the Finance Division, we would like to highlight the following observations concerning the work load of the staff. Although there is an approved schedule of duties for this division, we have been concerned to note that in actual practice, work distribution is disproportionate. To highlight the problem, we would like to give the following three examples :

(a) According to the approved schedule of duties, Finance Officer I is charged with responsibility for the examination and effective control of all monthly financial returns from regional and sub-regional offices, and for issuing queries or observations arising from his examination. It is also his responsibility to check on the timely submission of the returns from the regional and sub-regional offices and to draw attention of the Head of Division in cases of unexplained delay. He is also required to keep up to date records of remittances and allocations to the regional offices and subventions to African Organizations. Despite this clear allocation of duties for the officer, we are disturbed to note that in practice the important task of examining the accounts of the regional and sub-regional offices prior to their incorporation into the main accounts is in fact not undertaken by the officer. We understand that arising from an arrangement that was concluded last year, the examination of these accounts by the Finance Division ceased over a year ago. It is now a matter of conjecture whether full value for money is in fact being received for the costs incurred on this particular post.

(b) Finance Officer II who, prior to his promotion to the present post, was responsible for preparation and processing of pay roll as well as remittance of pensions contribution to the American Life Company, has continued to execute this work despite his promotion. Evidently there is something amiss with the job analysis of some of the posts in this division.

(c) The present accounts clerk has between August 15, 1977 and 31 January 1978 performed duties of Finance Officer II, i.e. pay roll preparation. In addition to this extra responsibility when Finance Officer III was transferred to Lagos in May 1977, she remained charged with the responsibility for advance recovery records. It is of interest to note that when the Accounts Clerk proceeded on leave from 15 March 1978 to 22 June 1978, her own duties of up to date maintenance of the cash book were not re-assigned to another officer. The result of this unsatisfactory position is that on return from leave, she had to enter up the cash book (receipts and payments) three months in arrears. Evidently when the financial year closed on 31st May 1978, and because the cash book was not written up during her absence the cash position of the Secretariat was not known at the time.

34. It has also come to our notice that the Chief of Finance like all other Chiefs of Division, are immersed in ordinary routine matters which can be executed at some other junior level. We find for example that in practice the Chief of Finance enjoys no executive authority ; all financial matters however trivial, are referred upwards for decision. In our view these excessive bureaucratic procedures destroy initiative, lower the morale of hard working people and generally encourage below par productivity.

35. In consideration of our findings and observations on the actual operation in this Division, we make the following recommendations :

(a) A thorough job analysis of each part should be undertaken as soon as possible with a view to ensuring that the distribution of work is proportional to seniority levels, and that all members of the Division are productively occupied in their duties and responsibilities

(b) ~~Decentralisation of authority in the Finance/Admini-~~stratation Department with a view to delegating some executive authority to the Chief of Finance. In order to speed up financial operations and to reduce bureaucracy to the minimum, it will be evident from this recommendation that our aim is to achieve maximum output at a minimum cost -

(c) We have considered the salary, seniority, and rank of the Chief of Finance. In view of our findings and observations in the Finance Division, we recommend that the present designation of Chief of Finance should be changed to that of Treasurer General of the OAU and that the post should be upgraded to P.5.

(d) As mentioned earlier the present Accounts Clerk performs not only her ordinary functions of voucher preparation, cheque preparation, maintenance of the cash book, bank reconciliations etc but in addition to all these she has performed with meticulous accuracy duties of two officers senior to her (Finance Officers) for a period exceeding one year. Accordingly in view of her upititude, capability, and efficiency, we recommend her advancement to the post of Finance Officer/ Accountant at scale P.2 Step I.

CONFERENCE DIVISION

36. According to the Chief of Conference, the establishment of this Division was fixed some five years ago and not varied since inspite of the considerable increase over the years in the volume of work. Despite the inadequate numerical strength, there is at any time a number of vacancies which have to be filled on short-term basis by the recruitment of freelance personnel. This is an expensive method of servicing the Division for apart from the normally high wages payable to freelance personnel, the Organization has to pay more on air travels and per diem allowances.

Telegrams for recruitment have to pass through many offices, taking days in the process. This excessive bureaucracy is resulting in expensive delays. The solution as we see it is for the Recruitment Board to meet more regularly and to make greater effort to fill the existing vacancies.

37. Timely notification of requests for service has not been forthcoming from other divisions as a result forward planning is impossible. Also the Chief of Conference has no hand in preparing the budget of his Division contrary to the principles of sound budgetary control.

38. The Division has ten reproduction machines all of which are about fifteen years old. Four of the machines are at present out of action for lack of spare parts. Since these equipment are at the verge of outliving their usefulness it is recommended that a Board of Survey be convened to look into the possibility of disposing of these obsolete equipment and the procurement of more modern and efficient ones.

PERSONNEL DIVISION

39. An up to date staff list is not being produced annually to show the name of each officer, date of birth, post held and the date of appointment. It has not been possible to prepare such a list because the Chief Personnel Officer has no control over the administration of personnel in the Regions which is at present the responsibility of Executive Secretaries. Apart from the New York Office, no staff returns have been received from the Regional Offices.

40. Confidential personnel files are not kept in the Office of the Chief of Personnel but in the Administration Department and the Chief Personnel Officer is not consulted in matters of staff training and transfers. The result is that personnel management

is fragmented thus facilitating dishonest practices as happened in a case of apparent falsification when a clause enabling an officer to receive a gratuity was added to the contract terms without the knowledge of the Chief of Personnel.

Review of Structure of the Organisation and Conditions of Service of the Staff

41. Around 1968 the Organization recognised the need to review the service structure and conditions of service of the staff which had been in existence since the formation of the Organization in 1963. Since that date, Commission after Commission were set up to study the problem and to submit recommendations for improvement. According to available evidence, voluminous reports were produced by the Commissions on this vital subject but no conclusive action was taken by the Organization. The report of the 4th Commission was reviewed by a Committee of Experts which was set up by decision of the Council of Ministers in Tripoli in February 1978. This Committee submitted its report to the Summit Meeting in Khartoum in July 1978 at which the Summit decided to refer the matter again to the Committee Experts for further review..

This problem has been dragging on for ten years but the present structure has clearly outlined its usefulness. We consider that the matter is of audit interest since our main objective is to promote efficient administrative and financial management. Also we are strongly of the view that there is urgent need to undertake a scientific job analysis of each established post with a view to properly guarding and fixing appropriate remuneration to posts..

42. In our view consideration should also be given to the desirability of consolidating part of the post adjustment allowance into the basic salary so that officers may receive the benefit of enhanced pension contributions and therefore improved pension benefits.

43. Pending conclusive finalisation of the structural review we recommend that the following posts should be singled out for special consideration :

Chief of Personnel: We consider that the holder of this post should be recognised as the overall Head of Personnel Management and that he should be given the status and authority to formulate meaningful personnel policies as well as to appraise staff performance in some scientific manner. Accordingly we recommend that the post should be re-designated Director of Personnel and Graded P.5.

Chief of General Services : We are not entirely satisfied with the designation of General Services and would prefer a more descriptive title of Director of Supplies and Services which in our view should be graded P.5. in view of the onerous responsibilities placed upon the incumbent.

Chief of Cabinet : We are surprised to observe that the Chief of Cabinet who is effectively the nerve centre of the whole organisation is graded even below a Director of Department. We consider that this grading does not recognise the status and responsibility of this office and we recommend that the post should be graded P.6 so that the holder may have the status and authority to fully co-ordinate all the activities of the Organization.

Translators and Interpreters : It has come to our notice that because the Organization does not require full time services of interpreters, translators with interpretation qualifications and experience are assigned interpretation work during conferences, and that to compensate them for the additional responsibility they are paid the difference between the salary of a Translator and that of a Free lance Interpreter. The result of this is that in the majority of cases these translators receive in monetary terms salaries which are higher than even for the most senior officials of the Organization. To solve this problem and in order to eliminate unnecessary accounting work we recommend the introduction of the post Translator/Interpreter graded P.4/P.5 while at the same time retaining the post of ordinary translator at P.3.

44. Training Schemes : We are not aware of the existence of a co-ordinated plan of training for staff members but we consider that such a training programme is vital in the interests of increased productivity, morale and initiative. We are aware that some international organizations do offer training opportunities to staff members but what is required is that the Organization should have its own well-planned training programme which are capable of systematic implementation.

45. Accommodation Allowance : As a result of our visits to regional and sub-regional offices, we have discovered that staff members who have their own houses in the regions in which they serve receive accommodation allowance. This also applies to locally recruited statutory staff based in the Headquarters. Since the Regulations are unclear on this matter we recommend that a definite ruling be made.

Training of Finance Staff

46. As a result of his attendance at the Congress of International Organization of Supreme Audit Institutions in Lima, Peru last year, the Chief Internal Auditor discussed with the United Nations Inter-Regional Advisor for Government Budget and Financial Management the vital need of exposing finance officials of this Organization to a seminar on budget and financial management.

47. In November 1977 the Inter Regional Advisor informed the Secretariat that arrangements for the seminar should be made with the Resident Representative of the UNDP stationed in Addis Ababa. On 22nd December 1977 the United Nations Secretariat telexed the Organisation notifying that the United Nations Inter Regional Advisor was available to the OAU to launch the Seminar at no cost to the Organization but that formal request should be processed through the local UNDP Representative. Since then the General Secretariat has taken no positive action in the last ten months and present indications are that little interest is being shown by the Secretariat on this vital matter.

48. We have mentioned in the introduction to this report that there is an urgent necessity to introduce modern concepts of administrative, financial, and accounting practices and we therefore feel greatly disappointed that the General Secretariat has not found it expedient to take advantage of this golden opportunity of training finance officials at no cost to the Organisation. We therefore recommend that serious attempts should be made to further explore the possibility of holding the seminar as soon as possible.

B.P.E.A.R.

49. In a special report to the Administrative Secretary General in December 1977 the Chief Internal Auditor made alarming disclosures on the accounts of the Bureau for the Placement and Education of Refugees. The records were made available to the Internal Audit after much difficulty and only after the Administrative Secretary-General had personally intervened. The examination of the records revealed apparent frauds and thefts of funds to a total of US \$ 58,125.85 by the Accountant of the Bureau.

50. Monies for the Bureau were kept in three separate bank accounts and the disbursement procedures required cheques drawn on the accounts to be signed by the Chief Finance Officer of the OAU and countersigned by the Director of the Bureau. Investigations have revealed that the signature of the Chief of Finance on the cheques was forged, but it is yet to be proved whether or not those of the countersigning Director were genuine.

51. Some of the cheques were drawn in the name of the Accountant as payee despite the fact that the vouchers were disbursed for other payees. Some cheques were not supported by disbursement vouchers while in other cases although the cheques were made payable to other persons they were endorsed by the Accountant payable to himself, and the bank permitted the payments to be made. We consider that in honouring most of these cheques for payment, the bank displayed some degree of negligence and should consequently be made financially liable for such negligence and to compensate the OAU accordingly.

52. The three bank accounts have been frozen since December 1977 and according to the latest bank statements available in the Secretariat the balances are as follows : -

<u>A/C No</u>	<u>Date</u>	<u>Balance</u>	<u>US \$</u>
0-236128	31/7/78	Eth. Birr(289.67)	(139.94)
0555	31/8/78	US \$ 236.551.31	236.551.31
0152	"	US \$ 2.229.59	<u>2.229.59</u>
			238.640.96

53. The proliferation of bank accounts apparently facilitated the fraud for there is no reason why monies for the Bureau should not have formed part of the main funds of the Organization and disbursements made in the normal way.

54. It is understood that the main suspect is still in Police custody as the case has not yet been concluded.

55. Recommendations : We recommend that representations be made to the appropriate authorities for the speedy conclusion of the case. We also recommend that the possibility of holding the bank liable for negligence be actively pursued. Finally as the freeze of the bank accounts might be causing hardship to deserving refugees it is recommended that the balances of the fund be transferred to the main fund of the Secretariat in order to permit the resumption of assistance work.

PRINTING UNIT

56. In July 1978 the Chief Internal Auditor reported the apparent theft from the Printing Unit of printing material valued at US \$ 6,465.67. Despite the fact that Section VII (5) of the Financial Rules and Regulations requires the Administrative Secretary General to conduct full investigations in such cases we are not aware that any such investigations have been carried out. We recommend that full investigations be conducted to determine the circumstances of the losses and appropriate disciplinary action taken against whoever is found responsible. We consider also that Section VII (5) of the Financial Rules and Regulations is not sufficiently mandatory and would suggest that it be amended to state very clearly the procedures to be adopted in cases of suspected theft or fraud.

57. A cutting machine costing US \$ 2,898 was purchased on 12 May 1975 but has been found to be unsuitable for the work for which it was intended and it is now being used for the comparatively minor job of trimming. As a result, paper cutting has to be done outside the premises at additional cost with the attendant risk of losing some of the papers taken outside. We recommend that a Board of Survey be convened to look into the suitability of the cutting machine and if found unsuitable to recommend its disposal and the procuring of a more efficient machine.

LIBRARY

58. Despite the observations and recommendations made in our last Report, we regret to state that there has been little improvement in the maintenance of the records of the Library although the Secretariat has invested vast sums of money in the purchase of books of reference.

59. On the 24th May, 1978 (a week before closure of the financial year) a sum of US \$ 3.086.39 was paid to the British Council, Addis Ababa as deposit for purchase of 181 books from the United Kingdom.

60. As at the date of this Report only 29 books valued at US \$ 460.77 have been delivered to the Secretariat, leaving an outstanding balance of 152 books the value of which is US \$ 2.625.62. It is suggested that follow-up is taken in order to ensure delivery of the whole consignment.

Post of Chief Librarian

61. As stated in our last Report, the post of Chief Librarian became vacante in June 1977. When the BPEAR Section of the General Secretariat was disbanded in January 1978, following the discovery of considerable financial irregularities, the Administration attempted to re-assign staff of that Section to other branches. In the process the officer-in-charge of the Section was transferred to the Library as its Head.

62. As is well known, it is normal Personnel Policy and Practice to deploy staff according to merit, qualifications and experience, so that full value for money can be received in return for rendition of labour services. There is some doubt as to whether this normal criterias was applied in this case and we therefore recommend that the matter be looked into and corrective action taken if necessary.

Residence of Secretary-General

63. For many years provision of US \$ 400.000 has been set aside for the purpose of purchasing a house for use as official residence of the Secretary General, the amount appearing as a liability on the annual Balance Sheet. However, in view of the last year's announcement that the Government of Socialist Ethiopia has donated the present official residence of the Secretary-General to the Organisation, it is our view that action should be taken to transfer the provision of US \$ 400.000 to the Capital Fund.

64. Also, we have been informed that the process of transferring ownership of the property to the Organisation by means of Title Deed has not yet been completed. We recommend active pursuance of this matter with a view to early finalisation of the transfer arrangements.

Miscellaneous Charges Orders

65. According to the existing regulations, staff members travelling on initial recruitment, transfer from one station to another, home leave, etc are allowed to transport excess baggage at OAU expense subject to prescribed maximum rates. In practice staff are issued with MCO's of given monetary value, prior to commencement of the journey, the cost of which is charged to the votes when payments are made to Travel Agencies/ Airlines. However, the regulations do not require staff to account for the use of MCO's when the journeys have been undertaken and completed. Consequently, it becomes an impossible task to ascertain whether the MCO's were in fact utilised for the intended purposes only.

66. In view of the vast sums of money incurred on excess baggage transport every year, and in view of the looseness of the regulations in this respect, we recommend that in future all MCO's issued to members of staff should be charged to their personal advance accounts and that the costs should be cleared to final expenditure of the Organisation only on production of acceptable documentary evidence of actual usage of the MCO's e.g. official "Excess Baggage Tickets".

72. According to the records the following advances appear to have remained dormant until the date of our audit (October 1978) and there is no evidence that follow-up action is being taken to effect recovery.

<u>Date advance granted</u>	<u>Names</u>	<u>Nature of Advance</u>	<u>Amount US\$</u>
31/10/77	Mr. Ould Daddah	Salary	566.67
20/2/76	Corporal Estifanos	Cost of car repairs	914.67
30/9/76	Mr. M. Diarra	telephones & cables	<u>1.278.27</u>
			<u>2.759.61</u>

73. Advances Cards were discontinued from July, 1977 and were replaced by lists drawn up from vouchers. Since these lists do not provide details such as date and voucher number for both debits and credits it has not been possible to carry out a proper and effective audit of these advances. We therefore recommend that the card system be re-introduced. The cards should be serially numbered and must be written in ink, balanced monthly and reconciled with the control account. We also recommend that active steps are taken to recover the three advances totalling \$ 2.759.61 as soon as possible.

Advances recoverable from member states as at 31 May, 1978

74. A sum of US \$ 155.908.55 was still owing by various Member States as at 31st May, 1978 in respect of expenditure incurred between 1972 and 1977. In certain cases reminders were sent, but there has not been any response, or attempt to settle the debts. Since the Organisation needs funds to carry out its operations, we consider that positive steps should be taken to recover this substantial sum of money.

75. Included in the sum mentioned at (a) above, is an amount of US \$ 1.436.72 being the cost of Air Ticket for a member of the Board of External Auditors who did not turn up for audit in 1976 and who never surrendered the ticket for reimbursement from the airline.

This sum has been outstanding since 1976 and action should be taken to effect recovery from the Mauritanian Government.

76. Contributions Outstanding for other Accounts

The position of the contributions from the member states for :

- (a) Financing the Ad Hoc Secretariat in Brussels
- (b) Financial Assistance to Guinea Bissau 1973/74
- (c) " " " " " 1974/75
- (d) " " " Republic of Djibouti

was as follows as at 31st May , 1978

<u>Assessed US \$</u>	<u>Paid US \$</u>	<u>Balance US\$</u>	<u>Percentage Outstanding</u>
(a) 150.399.63	52.354.10	98.045.53	65
(b) 438.600.00	350.309.76	88.290.24	20
(c) 2.193.000.00	1.296.986.39	900.161.64	41
(d) 1.000.000.00	98.789.84	901.210.16	90
		<u>1.987.707.57</u>	

77. It will be noted that in the case of (a), (c) and (d) a very large percentage of the contributions are still outstanding and apparently no positive action has been taken against the member states concerned to get them to pay the contributions and unless this is done, the Organisation will come to a stage where it will be financially embarrassed and will not be able to operate effectively.

78. Cash Balances : The cash position at 31 st May , 1978 was as follows :-

	<u>US \$</u>
A. Foreign Currency Account -	2.011.450.03
Local Account	60.985.30
Petty cash	82.58
B. Capital Fund	<u>125.423.54</u>
	<u>\$ 2.197.941.45</u>

79. Budget and Expenditure : The budget appropriations approved by the Council of Ministers for the financial year ended the 31st May, 1978 were US \$ 10.386.013.00. Five member states were exempted from paying their contributions to the 1977/78 budget totalling to US \$ 733.252.52 and thereby reducing the expected contributions to the budget to US \$ 9.652.760.48. No additional assessments were made on other member states as required by Financial Regulation V (I). The total expenditure for the year including obligations was US \$ 8.909.862.80 leaving a saving of US\$1.476.150.20.

80. Contributions and arrears : The Contributions of US \$ 9.652.760.48 expected for the year under review fell short by US \$ 4.032.279.03 because only 28 member states paid their contributions. The arrears for the year was 42 per cent which is considered very high. The contributions received during the year US \$ 5.620.481.45 against the expenditure of US \$ 8.909.862.80 revealed that 31.6 per cent of the expenditure had been met from the capital fund which was in excess of the authorised limit of 25 per cent.

Financial Regulation V(I) refers. Serious efforts should be made to exhort member states to honour their obligations.

81. Income : A total of \$ 7.986.470.36 was received during the year as follows :-

Contributions for regular Budget

1970/71 Budget	2.051.34
1974/75-1976/77 Budgets	2.335.686.76
1977/78 Budget	5.620.481.45
Excess contribution to Regular budget	97.059.47
	8,055.279.02

Other Revenue

General Secretariat

Interest on car loan	2.578.25	
Sale of old furniture	122.92	
Working Capital	3.261.71	
Sale of Publications	335.00	
Refund of overpayments	<u>4.207.05</u>	10.504.93

Regional and Sub-regional offices

Sale of Publications	5.004.62	
Interest on car loans	231.32	
Rent from OAU houses	4.938.31	
Miscellaneous	7.571.63	<u>17.745.88</u>
		<u>28.250.81</u>
		8.083.529.83
Less excess contributions		<u>97.059.47</u>
		<u>7.986.470.36</u>

82. Over expenditure : Excess expenditure totalling \$ 253,836.27 occurred on eleven notes as follows :

Code	Description	Appropriation	Expendi. Excess	
			US \$	Expendi.
203	Installation allowance	10.290.00	17.052.00	6.762.00
208	OAU Medical Scheme	30.000.00	40.079.06	10.079.06
213	Post Adjustment allowanse	220.000.00	256.618.17	36.618.17
215	Interview for new appoin- tments	1.00	616.00	615.00
306	Internal Auditor	7.000.00	7.014.31	14.31
404	Utilites(Electricity & Water)	12.000.00	12.559.90	559.00
500	Cables	100.000.00	205.922.53	105.922.53
601	Bank charges & Revenue stamps	19.000.00	19.129.82	129.82
800	Assembly of Heads of States & Government	120.000.00	148.909.04	28.909.04
808	Advisory Committee for Budgetary and Financial Matters	20.000.00	21.154.71	1.154.71
1005	Commission of Mediation Conciliation and Arbitration	5.000.00	68.071.73	63.071.73
	TOTAL	<u>543.291.00</u>	<u>797.127.27</u>	<u>253.836.27</u>

83. Board of External Auditors : In the past and up to this current year's audit assignment, our programmes and itineraries have been drawn up by the Administration Department. The fact that the Board did not have a hand in drawing its programme of work often

meant the inclusion of travel time, weekends and public holidays in the available time, resulting in a very tight time budget. Apart from the time factor we consider this arrangement undesirable as it tends to compromise our integrity and independence as external auditors. We have therefore decided that in future the audit programmes will be drawn up by the Board and submitted to the Secretariat for processing. Our Programme for next years audit is at paragraph 86. Also our future audits will not be confined to a particular year's accounts but will be extended to the month of visit.

84. The Board has also decided that its Chairman will hold office for not less than one year. Hitherto the Chairman's functions terminated with the introduction of the Reports to the Advisory Committee resulting in the absence of follow-up of audit observations and recommendations. Since auditing is a continuous process the Chairman holding office should be briefed periodically by the Secretariat as to what actions have been taken on audit observations and recommendations in order that he may de-brief other members of the Board.

85. Per Diem : We wish to bring to attention the hardships suffered by Members of the Board as a result of the serious inadequacies of the per diem rates paid to us. We all found ourselves running out of pocket and it could be said that those of us who left early did so because they could not cope with the meagre allowances paid, while those who stayed to the end had to resort to taking loans from the Secretariat in order to be saved from financial embarrassment. We have made a representation to the Administrative Secretary General; but have been made to understand that this is a matter to be resolved by the Advisory Committee. We feel there is an urgent need to revise the per diem

rates payable in order that the OAU can continue to attract in future the services of senior audit officials. The present rate of US \$ 28 is ridiculously low for Addis Ababa and we have recommended to the Secretary-General that it should be raised to at least US \$ 53 with effect from the date of our arrival here to audit the 1977/78 Final Accounts. There is also urgent need to review the subsistence rates for all the places at which the Organisation has offices before the next audit.

86. Board of External Auditors Programme 1978/79

Station	Auditor	Dates
1. Maputo	Lesotho	August 28- Sept 1
2. Lusaka	Lesotho	Sept. 2 - 8th
3. Luanda	Botswana	Sept. 4 - 7
4. Kampala	Seychelles	Sept. 3 - 8
5. <u>Dar Es Salaam</u>	(a) Botswana (b) Lesotho (c) Seychelles	Sept. 9 -18
6. Accra	The Gambia	August 27 - Sept 2
7. Niamey	Upper Volta	August 27 - Sept 2
8. <u>Lagos</u>	(a) the Gambia (b) Togo (c) Upper Volta	Sept. 3 - 11
9. Nairobi	The Gambia	Sept. 12 - 16
10. Bangui	Togo	Sept. 12 - 16
11. Yaounde	Upper Volta	Sept. 12 -16
12. New York	Tunisia	Sept. 3 - 8
13. Geneva	Tunisia	Sept. 9 - 16
14. Addis Ababa	All Board Members	Sept. 19 - Oct. 10

Report will be presented to Advisory Committee by Chairman of the Board.

Film - Liberty in Unity

87. We would once again wish to refer to our 1974/75 Report on the film - "Liberty in Unity" which was to have been produced by one Mr. B. Adjali at a cost of US \$ 220.000. Although the final version of the film was to have been delivered on the 31 st March 1974, it has still not been received inspite of the fact that over US \$ 180.000 of the contract price has already been paid to the producer. We have been informed that a Committee was set up to enquire into the circumstances of this contract but we have not been able to establish the outcome of the enquiry.

88. Recommendation : Since over four years have elapsed without any definite indication of the matter being finalised, and since the Organisation has already spent over US \$ 180.000 on this project, we strongly recommend that the matter be actively pursued with a view to positive finalisation.

89. Conclusion : We wish to conclude this Report by reiterating that, viewed in its correct perspective, audit is an invaluable asset to Management. Our Report has, we hope, stressed the urgent need of overhauling the whole system of administrative, financial and accounting operations of this august Body so that greater efficiency and the most economical use of the scarce resources of this Organisation may be achieved. We sincerely hope that our observations and recommendations will receive the serious attention they deserve.

A/c Code	Title	Appropriations	Expendi.& Obliga.	Balance	Remarks
700	<u>PART VII-CAPITAL EXPENDITURE</u> Land and building	-	-	-	
701	Improvement to premises	8.000.00	8.000.00		
702	Furniture and fixtures	20.000.00	20.000.00	-	
703	Office equipment	8.000.00	8.000.00	-	
704	Internal reproduction equipment	4.000.00	4.000.00	-	
705	Telecommunications service & equip.	15.000.00	10.409.18	4.590.82	
706	Press and information equipment and purchase of films	10.000.00	8.422.40	1.577.60	
707	Purchase of vehicles	6.500.00	6.500.00	-	
708	Interpretation equipment	1.000.00	788.41	211.59	
709	Other equipment	-	-	-	
710	Acquisition of residence secretary General	-	-	-	
	TOTAL SECTION VII	72.500.00	66.119.99	6.380.01	
	<u>PART VIII- CONFERENCE AND MEETINGS</u>				
800	Assembly of Head of States and Government	120.000.00	148.909.04	(28.909.04)	
801	Council of Minister	111.500.00	111.500.00	-	

A/c Codes	Title	Appropriations	Expendi.& Obli.	Balance	Remarks
802	<u>PART VIII (Cont'd)</u> Economic and Social Commission	54.000.00	54.000.00	-	
803	Education, Scientific, Cultural and Health Commission	-	-	-	
804	Defence Commission	23.000.00	-	23.000.00	
805	Commission of Refugees	29.000.00	-	29.000.00	
806	Algeria-Morocco Ad-Hoc Commission	-	-	-	
807	Meeting of the Joint Commission on the Headquarters building	-	-	-	
808	Advisory Committee for Budgetary and Financial Matter	20.000.00	21.154.71	(1.154.71)	
809	Board of External Auditors	20.000.00	14.737.90	5.262.10	
810	Meeting of African Information Ministers	54.000.00	42.457.13	11.542.87	
811	Conference of African Labour Ministers	54.000.00	54.000.00	-	
812	Conference of African Trade Ministers	54.000.00	54.000.00	-	
813	OAU/ECA Conference of African Ministers of Industry	18.000.00	17.837.39	162.61	
814	Experts Seminar on "the Conditions & Prospects of Journalism in Africa"	-	-	-	

A/C Codes	Title	Appropriations	Expendi.& Obliga.	Balance	Remarks
815	PART VIII (Cont'd) OAU/BCA Conference of African Ministers of Transport	54.000.00	54.000.00	-	
816	Consultative Meeting of Governments, Organizations, Agencies and Institutions interested in the problem of Refugees	-	-	-	
817	Three (3) Scientific Advisory Panel	-	-	-	
818	Conference of African Ministers of Finance	54.000.00	54.000.00	-	
819	Conference of African Ministers of Telecom- munications	54.000.00	54.000.00	-	
820	Second African Congress on the Prevention of Occupational Risks	36.960.00	36.960.00	-	
821	OAU/OATUU/ILO Seminars in the Field of Labour and Population	13.150.00	13.150.00	-	
822	OAU/ILO Seminars in the Field of Labour and Population	24.000.00	24.000.00	-	
823	Meeting of the Ad-Hoc Administrative Tribunal	8.550.00	-	8.550.00	
824	Special Fund for the Running of the Executive bodies of Afro-Arab co-operation	224.349.00	224.349.00	-	
	Total Section VIII	1.026.509.00	979.055.17	47.453.83	

A/C Codes	Title	Appropriations	Expendi.& Obliga.	Balance	Remarks
900	<u>PART IX - IMPLEMENTATION OF DECISION AND RESOLUTIONS</u> Administration Department	-	28.922.20		
901	Political Department		37.688.37		
902	Economic and Social Affairs Dept.	300.000.00	86.655.42	70.803.44	
903	Scientific and Cultural Dept.		75.465.47		
904	Cabinet		465.20		
905	Replacement of working capital funds	-			
906	Special resolution of the summit	651.000.00	651.000.00		
1005	Commission of Mediation, Conciliation and Arbitration	5.000.00	(68.071.73)	(63.071.73)	
	TOTAL SECTION IX	956.000.00	948.268.29	7.731.71	
	TOTAL GENERAL SECRETARIAT	6.886.201.00	5.911.102.27	975.078.73	

CM/932(XXXII)

Add. 1

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON LUSAKA OFFICE

Budget:

7. An amount of US.\$76,224.00 was appropriated for the year under review. Total expenditure for the year was US.\$73,380.01, showing a savings of \$2,843.99. Excess expenditure totalling \$10,440.80 was incurred on seven accounts. Annex I to this report is a statement of allotments and expenditure.

Disbursement Vouchers:

8. Examination of vouchers brought to light the following apparent weaknesses:

- (a) When staff members claim per diem for attending meetings, conferences, etc. the claims are not certified as to whether or not the trips in question are sponsored by the host government. The possibility of staff members making double claims cannot, therefore, be ruled out.
- (b) Documents supporting payment vouchers are not stamped 'PAID' and this can easily lead to duplicate payments.
- (c) Staff Rules and Regulations stipulate that only in exceptional and compelling circumstances will salary advances be paid to staff members. Cases were noted where advances were made to enable staff members to solve their financial problems, pay for car repairs, buy household items, pay rental arrears, etc. I am doubtful as to whether these can be taken as exceptional and compelling circumstances.
- (d) Purchases were made in a number of cases without issuing Purchase Orders.
- (e) Expenditure on fuel for, and repairs on the Representational Car was noted to be very high and this has been adversely commented upon in previous audit reports. It is strongly recommended that the Executive Secretariat undertake a special investigation with a view to establishing whether or not the high expenditure can be attributed to any of the following:

- (i) Obtaining petrol under false pretences;
- (ii) Siphoning of petrol, or
- (iii) Blatant misuse of the car.

At the time of inspection the vehicle in question was said to be in a garage and the repair bill was expected to be very high. It is recommended that a record be introduced forthwith wherein all fuel purchases will be recorded and the speedometre reading also entered at the time of refuelling.

Bank Statements and Bank Reconciliation Statements:

9. An audit of these statements was hampered by the non-availability of credit and debit advice slips. I had to rely mostly on the explanations given by the Accountant. To this extent I am not in a position to certify as correct the statements I have examined.

The Advances Recoverable Ledgers:

10. The Advances Recoverable Ledgers show the following balances outstanding as at 31.5.78:

	<u>Salary Advances</u>	<u>Car Loans</u>	<u>Travel Advances</u>	<u>Misce- llaneous</u>
Mr. M. K. Simumba	-	\$ 600.00	\$ 544.00	-
General Secretariat	-	-	-	2,115.40
Executive Secretariat	-	-	-	739.69
	=====	\$ 600.00	\$ 544.00	\$ 2,855.09

Inventories:

11. At appendix 2 are inventories for the Offices of the Director, the Deputy Director, the Accountant, the Secretary and the Reception Office. Also shown are transportation equipment.

12. Special Fund:

Bank Balance as at 31.5.78

US.\$ 18,628.87 DR

Income:

Income for the year under review totalled: 265,685.18
broken down as follows:

Subvention from the Regional Office:	\$265,442.50
Donations	240.17
Miscellaneous	2.51
	<u>\$ 265,685.18</u>

Expenditure:

Expenditure for the year under review totalled: 272,274.05
and is broken down as follows:

Material Assistance to Liberation Movements:

(i) P.A.C. (Azania)	\$ 1,287.63
(ii) SWAPO	54,325.18
(iii) ANC (Zimbabwe)	<u>167,037.77</u>
	<u>\$ 222,650.58</u>

Other Expenditure:

(i) Salaries and Allowances:	\$ 4,811.47
(ii) Dependency Allowance:	838.77
(iii) Travel Expenses on Leave:	62.22
(iv) Gratuities:	379.66
(v) Medical Expenses:	25.88
(vi) Maintenance of Vehicles:	42,924.08
(vii) Bank Charges:	103.90
(viii) Miscellaneous Expenses:	<u>476.34</u>
	<u>\$ 49,622.32</u>

Revenue Vouchers:

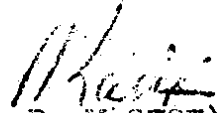
13. Cases were noted where receipts were not issued promptly for funds received. Such omissions should not be allowed to continue.

Transfer of Funds:

14. Numerous transfers were made between the Special Fund Account and the General Fund Account. This is viewed with concern as it is indicative of poor financial control. To enable the Sub-Office to meet its obligations without resorting to transfers it is imperative that the Executive Secretariat remit funds timely.

CONCLUSION:

15. I wish to express my gratitude to the Accountant who, in the absence of the Director, did everything possible to make my stay in Lusaka pleasant.


(M. B. MASISI)
EXTERNAL AUDITOR, BOTSWANA

STATEMENT OF EXPENDITURE
OF OAU CO-ORDINATING COMMITTEE FOR THE LIBERATION OF AFRICA -

LUSAKA

FOR THE PERIOD OF 1ST JUNE 1977 TO 31ST MAY 1978

A/C No.	Titles	Allotments US.\$	Accumulated Total	Unencumbered Balance	Remarks
	<u>PART I:</u> <u>SALARIES AND WAGES</u>				
100	Salaries and Wages	32,860.00	32,419.67	440.33	
102	Temporary Assistance				
	TOTAL SECTION I	32,860.00	32,419.67	440.33	
	<u>PART II</u> <u>COMMON STAFF COST</u>				
200	Travel on Initial Recruitment				
201	Travel on Home Leave and Separation	2,000.00	1,767.06	232.94	
212	Education Allowance	3,000.00	-	3,000.00	
203	Installation Allowance	-	-	-	
204	Dependence Allowance	3,500.00	2,735.46	764.54	
205	House Allowance	2,500.00	5,856.00	(3,356.00) Dr.	
206	OAU Pension Scheme	4,850.00	3,981.85	868.15	
207	OAU Insurance Scheme	1,964.00	2,071.32	(107.32) Dr.	
208	OAU Medical Scheme	1,200.00	1,430.70	(230.70) Dr.	
213	Post Adjustment	6,500.00	6,093.43	406.57	
	TOTAL SECTION II	25,514.00	23,935.82	1,587.18	
	<u>PART III:</u> <u>TRAVEL OF STAFF ON OFFICIAL DUTIES</u>				
300	Official Mission	3,500.00	2,123.56	1,376.44	
302					
305					
309					
	TOTAL SECTION III	3,500	2,123.56	1,376.44	

A/C No.	Titles	Allotments US.\$	Accumulated Total	Unencumbered Balance	Remarks
	<u>PART IV:</u> <u>RENTAL AND MAINTENANCE OF EQUIPMENT AND PREMISES</u>				
400	Rental of Premises	-	-	-	
401	Maintenance of Vehicles	3,500.00	9,439.20	(5,939.20)Dr.	
402	Maintenance of Equipment	350.00	1,068.61	(718.61)Dr.	
403	Maintenance of Premises	1,000.00	246.83	753.17	
404	Electricity & Water	640.00	-	600.00	
405	Alteration of Premises	-	-	-	
406	Insurance of Vehicles, Equipment, etc.	1,000.00	337.65	662.35	
	TOTAL SECTION IV:	6,450.00	11,092.29	(4,642.29)Dr.	
	<u>PART V:</u> <u>COMMUNICATIONS</u>				
500	Cables				
501	Telephone				
502	Postage	2,500.00	2,011.70	488.30	
503	Pouches	-	-	-	
504	Freights	-	-	-	
	TOTAL SECTION V:	2,500.00	2,011.70	488.30	
	<u>PART VI:</u> <u>MISCELLANEOUS SUPPLIES AND SERVICES:</u>				
601	Stationery & Office supplies	1,300.00	622.49	677.51	
602	Bank Charges and Revenue Stamps	200.00	83.36	116.64	
603	Entertainment and Return of Hospitality	a. 500.00 b. 700.00	- -	- 700.00	
606	Newspapers & Periodicals	300.00	259.52	40.48	
604	Staff Welfare	300.00	-	300.00	
607	Other Services and Supplies	500.00	482.64	17.36	
608	Printing of documents	600.00	228.88	371.12	
	TOTAL SECTION VI:	4,400.00	1,708.00	2,692.00	

A/C No.	Titles	Allotments US.\$	Accumulated Total	Unencumbered Balance	Remarks
	<u>PART VII</u>				
	<u>CAPITAL ASSETS:</u>				
700	Land and Building				
701	Improvement of Premises				
702	Furniture & Fixtures	1,000.00	-	1,000.00	
703	Office Equipment				
705	Telecom. Equipment				
707	Transportation Equip.		88.97	(88.97) Dr.	
708	Interpretation Equip.				
709	Other Equipment	1,000.00			
	<u>TOTAL SECTION VII:</u>	1,000.00	88.97	911.03	
	<u>PART VIII:</u>				
	<u>CONFERENCES & MEETINGS</u>				
F 811	Ordinary Sessions of Liberation Committee				
F 812	Military Experts Meetings				
	<u>TOTAL SECTION VIII</u>				
	<u>GRAND TOTAL</u>	76,224.00	73,380.01	2,843.99	

INVENTORY AS AT 31. 5. 1978SUMMARYFurniture:

(a)	Director's Office	\$2,545.35
(b)	Deputy Director's Office	839.02
(c)	Accountant's Office	1,552.30
(d)	Secretary's Office	1,276.91
(e)	Reception	1,578.17

Transportation:

		<u>9,744.37</u>
Total:	US.\$	<u>17,536.12</u>

INVENTORY AS AT 31ST MAY 1978

DIRECTOR'S OFFICE ROOM NO.1

Date	Description of Item	Original Price in K	Original Price in US.\$
22.6.72	1 Executive Table	138.00	194.36
22.6.72	1 Executive Chair	250.00	352.11
22.6.72	1 Executive Table Set	-	damaged
22.6.72	1 Fan	51.00	71.83
22.6.72	1 Filing Cabinet	-	damaged
22.6.72	1 Desk Tidy	2.00	2.82
22.6.72	1 Filing Cabinet	65.00	91.54
22.6.72	1 Letter Tray Set	4.00	5.63
22.6.72	1 Arm Chair	36.00	50.70
22.6.72	1 Arm Chair	36.00	50.70
22.6.72	1 Heater	36.00	50.70
22.6.72	1 Executive Chair	-	damaged beyond
22.6.72	1 Executive Chair	-	repairs
10.7.72	1 Ash Tray	3.00	4.23
8.8.72	1 Coffee Table	36.70	51.69
12.3.75	1 Carpet	784.74	1,054.56
31.5.77	4 Arm Chairs @ K75.00	300.00	378.00
24.5.77	1 New Filing Cabinet	148.00	186.48
		<u>K.1,930.59</u>	<u>US.\$2,652.60</u>

DEPUTY DIRECTOR'S OFFICE ROOM NO.2

Date	Description of Item	Original Price in K	Original Price in US.\$
22.6.72	1 Semi Executive Table	117.00	164.79
22.6.72	1 Semi Executive Table	126.00	177.48
22.6.72	1 Fan	33.75	47.53
22.6.72	1 Heater	36.00	50.70
22.6.72	1 Table set	30.00	42.25
22.6.72	1 Letter Tray	4.00	5.63
22.6.72	1 Desk Tidy	2.00	2.81
22.6.72	1 Filing Cabinet	65.00	91.54
10.6.72	1 Ash Tray	3.00	4.22
8.8.72	1 Coffee Table	36.70	51.69
6.8.75	4 Arm Chairs	<u>176.00</u>	<u>247.89</u>
		<u>K629.45</u>	<u>US.\$ 829.02</u>

N.B. No depreciation has been deducted.

ACCOUNTANT'S OFFICE ROOM NO.3

Date	Description of Item	Original Price in K	Original Price In US.\$
22.6.72	1 Semi Executive Table	117.00	164.79
22.6.72	1 Semi Executive Chair	126.00	117.46
22.6.72	1 Fan	33.75	47.53
22.6.72	1 Desk set	33.00	46.48
22.6.72	1 Paper Tray Set	4.00	5.63
22.6.72	1 Desk Tidy	2.00	2.82
22.6.72	1 Filing Cabinet	65.00	91.54
23.6.72	1 Stepling Machine	6.00	8.45
23.6.72	1 Rubber Stamp Stand	2.79	3.93
23.6.72	1 Arm Chair	36.00	50.70
23.6.72	1 Arm Chair	36.00	50.70
23.6.72	1 Heater	36.00	50.70
23.6.72	4 Rubber Stamps	12.31	17.34
26.6.72	1 Side Desk	47.00	66.20
19.7.72	1 Ash Tray	3.00	4.23
8.8.72	1 Coffee Table	36.70	51.69
14.2.75	1 Calculating Machine	420.25	591.90
14.8.76	1 Stationery Cabinet	<u>95.39</u>	<u>120.19</u>
		<u>K1,112.19</u>	<u>\$1,552.00</u>

N.B. No depreciation has been deducted.

SECRETARY'S OFFICE ROOM NO. 4

Date	Description of Item	Original Price in K	Original Price in US.\$
22.6.72	1 Typing Desk	115.00	161.97
22.6.72	1 Typist Chair	48.00	67.61
22.6.72	1 Fan	33.75	47.54
22.6.72	1 Heater	36.00	50.70
22.6.72	1 Tidy	2.00	2.82
22.6.72	1 Paded Chair	14.00	19.72
22.6.72	1 Letter Tray Set	4.00	5.63
22.6.72	1 Paded Chair	14.00	19.72
22.6.72	1 Rubber Stamp	16.00	22.53
10.7.72	1 Punching Machine	0.97	1.37
8.8.72	1 Coffee Table	36.70	51.69
24.9.73	1 Olympia Typewriter	508.00	715.49
18.8.75	1 Stationery Cabinet	<u>87.40</u>	<u>110.12</u>
		<u>K.915.82</u>	<u>US.\$ 1,276.91</u>

N.B. No depreciation has been deducted.

RECEPTION ROOM NO. 5

Date	Description of Item	Original Price in K	Original Price in US.\$
22.6.72	1 Refrigerator	148.50	209.15
22.6.72	1 Heater	36.00	50.70
22.6.72	1 Lounge Suite	112.00	157.75
10.7.72	1 Ash Tray	3.00	4.23
1.1.72	Telephone Equipment	793.00	1,116.90
22.6.72	1 Paded Chair	14.00	19.72
22.6.72	1 Paded Chair	14.00	19.72
		<u>K 1,120.50</u>	<u>US. \$1,578.17</u>

N.B. No depreciation has been deducted.

TRANSPORTATION EQUIPMENT

Date	Description of Item	Original Price in K	Original Price in US.\$
2.5.75	1 Mercedes Benz 230.4	6,968.00	9,673.24
7.11.75	1 Bicycle	50.50	71.13
		<u>K.7,018.50</u>	<u>US.\$ 9,744.37</u>

N.B. No depreciation has been deducted.

CM/932(XXXII)

Add. 2

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON MAPUTO OFFICE

ORGANISATION OF AFRICAN UNITY

CO-ORDINATING COMMITTEE FOR THE
LIBERATION OF AFRICA,
P.O. BOX 1767,
DAR ES SALAAM.

2000 ... 1978.

REPORT OF THE EXTERNAL AUDITOR ON THE
ACCOUNTS OF THE CO-ORDINATING COMMITTEE FOR THE LIBERATION
OF AFRICA - MAPUTO SUB-REGIONAL OFFICE
FOR THE YEAR ENDED 31ST MAY 1978

INTRODUCTION

Following the usual Programme drawn up and time-budgeted by the General Secretariat, the Accounts and Records of the Maputo Sub-Regional Office were examined by the Lesotho Representative of the External Board of Auditors on September 20-22, 1978.

2. SCOPE OF AUDIT

The audit was undertaken in accordance with generally accepted auditing principles and practices. It covered such selected areas of administrative, financial and accounting operations as were considered necessary.

3. AUDIT CERTIFICATE

The attached statements have been examined in accordance with the Rules and Regulations of the Organisation. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of audit and, I certify that in my opinion, and subject to the comments contained in this report, the Annual Statements reflect a true and fair view of the state of the Accounts and of the results of the Office operations for the year ended 31st May, 1978.

4. ESTABLISHMENT OF OFFICE

Following the decision taken in 1976 to set up a Sub-Regional Office in Maputo with the objective of promoting and coordinating all efforts to liberate the Southern Region of Africa, the Maputo Office officially came into existence on the 1st November, 1977.

The Government of the People's Republic of Mozambique, in the usual spirit of brotherhood and cooperation, placed at the disposal of the Organisation rent-free use of a large Office Building consisting of 9 rooms and warehouse.

In addition, the Government also provided at its own expense, office furniture and fittings to a value of 568,671\$30 (US\$17,232.45).

5. INSPECTIONS

During its first year of operation the Sub-Regional Office was visited by the Accountant of the Liberation Office in Dar es Salaam as well as by the Chief Internal Auditor of the Organisation. The visits facilitated the writing up of the accounts of the Office particularly in view of the fact that the Office was, and is at the date of this external audit, still without the services of an accounts assistant.

ACCOUNTS

6. SPECIAL FUND

A sum of US\$ 25,000 was made available for assisting Liberation Movements. Of this amount US\$8,208.34 was disbursed in providing material assistance to Liberation Movements (\$7,869.54) and salary of Office Gardner (\$338.80), leaving an unspent cash balance of \$ 16,791.66 at the close of the financial year.

7. GENERAL FUND

According to records, a sum of US\$71,715 was allocated for running the office but as actual operations did not commence until December 1977, only 50% of the allotment was released. Total expenditure including commitments outstanding at 31st May, 1978 was \$ 30,830.93 resulting in an unspent allocation of \$40,884.07. It is pertinent to record that none of the votes was overspent and that therefore the need did not arise for virement requests.

8. CASH BALANCE

The actual cash position at 31st May, 1978 was \$ 12,072-16 made up as follows:-

External Account	US\$ 7,937-16
Local Currency Account	819-72
Remittance in Transit	<u>3,315-28</u>
	<u>US\$ 12,072-16</u>

9. ADVANCES

Outstanding recoverable advances at 31st May, 1978 were as follows:-

Travel	§ 1,503-12	(Director's Missions to Lusaka and Dar es Salaam late in May, 1978)
Miscellaneous (Office Expenses)	78-27	

10. PENSION/SOCIAL SECURITY CONTRIBUTIONS

An amount of § 394-80 was deducted and held in the Account of the Organisation. However, no deductions were made from salaries of non statutory staff during the year. Furthermore action has still to be taken to open separate bank accounts for social security contributions.

CONCLUSION

RECOMMENDATIONS

11. STAFFING

As already mentioned the Office has continued to operate without the services of an accounts assistant. It is vital that immediate action is taken to post a suitable qualified and experienced Accounts Clerk to maintain the accounts and records of the office. Also all members of staff including the Director must be issued with letters of appointment detailing their terms and conditions of service.

12. "TOOLS OF TRADE"

It seems strange that no action has still been taken to provide this Office with requisite "tools of trade" in the form of:

- (a) Financial Regulations
- (b) Staff Regulations
- (c) Detailed Accounting Rules for proper maintenance of accounts and records.

Early action is vital in this respect.

13. DIPLOMATIC PRIVILEGES

Action must be taken to explore the possibility of obtaining exemption from "duties" with regard to the purchase of fuel for the official vehicles.

14. ACKNOWLEDGEMENT

I record my sincere gratitude for the co-operation and assistance received from the Director and his staff during my audit visit.



(D.H. Tarr)

EXTERNAL AUDITOR

22nd September, 1978.

MAPUTO OFFICE

FURNITURE AND FITTINGS PROVIDED BY THE GOVERNMENT

OF MOZAMBIQUE

- 2 Carpets
- 24 Venetian Blinds
- 6 Air Conditioners
- 2 Sets Lounge Suite
- 3 Tables Conference Room
- 26 Chairs
- 2 Filing Cabinets
- 6 Desks
- 10 Executive Chairs
- 5 Waste Paper Bins
- 3 Telephone Tables
- 1 Door Mat
- 1 Lounge Table
- 1 Bookshelf
- 3 Sets Curtains

Accounts No.	Titles	Allotments US\$	Obligations US\$	Expenditure		Uncumbered Balance	Remarks
				Month Total	Accumulated Total		
100	PART I SALARIES AND WAGES						
100	Salaries and Wages	23,920	940.00	2547.98	9032.90	13,947.10	May salary of Liaison Officer not paid by 31st May, 1978
102	Temporary Assistance						
	TOTAL SECTION I	23,920	940.00	2547.98	9032.90	13,947.10	
	PART II COMMON STAFF COST						
200	Travel on Initial Recruitment	-	-	-	-	-	
201	Travel on Home Leave and Separation	-	-	-	-	-	
202	Travel on Transfer	-	-	-	-	-	
203	Installation Allowance	2,000	2,000.00	-	-	-	Accounts assistant not yet recruited
204	Dependency Allowance	1,500	-	-	-	1,500.00	
206	OAU Pension Fund	2,575	1,085.62	-	-	1,489.38	Staff Pension Contribution not yet deposited with bank
207	OAU Insurance Scheme Fund	1,190	-	-	-	1,190.00	
208	OAU Medical Scheme	1,000	-	-	-	1,000.00	
209	Gratuity on Completion of Service	-	-	-	-	-	
212	Education Allowance	2,800	-	-	-	2,800.00	
213	Post Adjustment Allowance	4,014	169.20	1015.20	1015.20	2,829.60	Liaison Officer May Allowance
205	Accommodation Allowance	4,416	240.00	1440.00	1440.00	2,736.00	Liaison Officer's May Allowance
	TOTAL SECTION II	19,495	3,494.82	2455.20	2455.20	13,544.98	

Accounts No.	Titles	Allotments US\$	Obligations US\$	Expenditure		Uncumbered Balance	Remarks
				Month Total	Accumulated Total		
300	PART III TRAVEL OF STAFF ON OFFICIAL DUTIES Official Missions	3,000.00	650.00	931.90	1,234.26	1,115.75	per diem for missions to Zambia and D'Salaam in May not paid by 31st May, 1978
301	Political Missions						
	TOTAL SECTION III	3,000.00	650.00	931.90	1,234.26	1,115.75	
400	PART IV RENTAL AND MAINTENANCE OF EQUIPMENT AND PREMISES Rental of Premises	-	-	-	-	-	Fuel bill for May not paid by 31/5/78 Utility bills have not yet been received from the authorities
401	Maintenance of Vehicles	1,000.00	50.00	-	707.13	242.87	
402	Maintenance of Equipment	500.00	-	-	-	500.00	
403	Maintenance of premises	500.00	-	-	62.95	437.05	
404	Electricity and Water	1,500.00	500.00	-	-	1,000.00	
405	Alteration of Premises	-	-	-	-	-	
406	Insurance of Vehicles Equipments	1,000.00	-	-	-	1,000.00	
	TOTAL SECTION IV	4,500.00	550.00	-	770.08	3,179.92	
500	PART V COMMUNICATIONS Cables	1,000.00	-	-	-	1,000.00	
501	Telephone	1,000.00	-	-	69.13	930.87	
502	Postage	300.00	-	-	15.58	284.42	
503	Pouches	-	-	-	-	-	
504	Freights	300.00	-	-	-	300.00	
	TOTAL SECTION V	2,600.00	-	-	84.71	2,515.29	

Accounts No.	Titles	Allotments US\$	Obligations US\$	Expenditure		Uncumbered Balance	Remarks
				Month Total	Accumulated Total		
	PART VI MISCELLANEOUS SUPPLIES AND SERVICE						
600	Stationery and office Supplies	1,000	-	10.25	646.04	553.96	
601	Bank Charges and Revenue Stamps	1,000	-	1.55	51.40	948.60	
602	Hospitality	1,200	-	-	182.81	1,017.19	
604	Staff Welfare	300	-	-	-	300.00	
605	Library Book and periodical supplies	-	-	-	-	-	
606	Newspaper and periodicals	300	-	108.44	124.08	175.92	
607	Other Supplies and Services	200	-	-	46.58	153.42	
608	Printing of Documents	200	-	-	85.69	114.31	
	TOTAL SECTION VI	4,200	-	120.24	1,136.60	3,063.40	
	PART VII CAPITAL ASSETS						
700	Land and Building	-	-	-	-	-	
701	Improvement of Premises	-	-	-	-	-	
702	Furniture and Fixtures	2,000	-	1,227.	172.68	1,827.32	
703	Office Equipment	2,500	-	1,927.47	2,049.09	450.91	
704	Internal reproduction Unit	1,000	1,000	-	-	-	
705	Telecommunication Equipment	1,000	1,000	-	-	-	
706	Press and Information Equipment	-	-	-	-	-	
707	Transportation Equipment	7,000	-	-	6,141.48	858.52	
708	Interpretation Equipment	-	-	-	-	-	
709	Other Equipment	500	-	-	119.11	380.89	
	TOTAL SECTION VII	14,000	2,000	1,927.47	8,482.36	3,517.64	Order placed for 1 photocopier Installation fees for telex and telephones are yet to be paid

Titles	Allotments US\$	Obligations US\$	Expenditure		Uncumbered Balance	Remarks
			Month Total	Accumulated Total		
ET VIII CONFERENCE AND MEETINGS						
Binary Session of Liberation Committee	-	-	-	-	-	
Other Meetings	-	-	-	-	-	
TOTAL SECTION VIII	-	-	-	-	-	
GRAND TOTAL	71,715	7,634.82	7,982.79	23,196.11	40,884.07	



EXTERNAL AUDIT REPORT ON THE ANNUAL ACCOUNTS OF THE
LIBERATION OFFICE, DAR ES SALAAM FOR THE YEAR ENDED

31st MAY, 1978

Introduction:

The Annual Accounts for the year under review were examined from 25th to 29th September, 1978 by the External auditors of Botswana, Lesotho and Seychelles. Owing to travel difficulties the External Auditor from Seychelles arrived one day after commencement of the audit.

2. Scope of Audit

The audit was undertaken in accordance with generally accepted principles, practices and procedures. Its scope was largely determined by the time budget fixed by the General Secretariat, and our programme of work covered those areas of administrative, financial and accounting operations which we considered necessary for purposes of effective audit.

3. Audit Certificate

The Account and Records were generally well kept. We have obtained all the information and explanations which we required for our audit and we certify that, in our opinion, the attached Financial Statements reflect a true and fair view of the state of the affairs of the Liberation Office, subject to the qualifications contained in this Report.

4. Resident Internal Auditor:

The post fell vacant in March, 1978 with the passing away of the incumbent. Since then it has remained vacant and it is imperative that it must be filled as soon as possible. Due cognisance should be taken of the fact that the volume of work has increased considerably, the Special Fund alone received income (regular and donations) of over US\$11 million.

5. Accountant:

We were concerned to observe that the Accountant, due to the inadequacy of competent accounting staff, is inevitably immersed in routine accounting duties which should be performed at some junior level. Consequently, it has become increasingly difficult for him to provide regular supervision of the supporting staff of two accounting offices plus one "storeman".

Recommendation:

Consideration should be given to provide the Liberation Office with an additional accounts assistant so that the Accountant may have time to attend to his more important duties of providing management with timely financial and accounting information and advice, as well as of monitoring the accounting performance of the three sub-regional offices of Lusaka, Maputo and Luanda.

6. Training

Efficiency of accounting operations depends to a great extent on the existence of trained and competent manpower. In this regard we recommend that all newly recruited staff should be exposed to some form of induction training so as to facilitate performance of their work. Equally, the officer currently performing duties of storeman has not been trained in storekeeping methods and procedures. Possibilities should be explored of obtaining a short attachment (about six weeks) from him with one of the Tanzanian Government Store offices.

GENERAL FUND

7. Cash Balance: The cash position at 31st May, 1978 stood as follows:

Dollar Account	US\$ 76,647.62
Local Currency Account	
TA/= 100,066.40	12,508.30
Petty Cash TA/=187.60	<u>23.45</u>
	US\$ 89,179.37
	=====

8. Budget Revenue

Income was received from the following sources:

Subvention - Secretariat	7S\$ 150,000.00
Subvention - 1976/77 Budget	201,219.00
Miscellaneous	1,945.94
	<hr/>
	US\$ 353,164.94
	=====

9. Budget Expenditure

Appropriations approved for the year totalled US\$498,532.00. Expenditure including outstanding commitments was US\$399,494.34 resulting in an unspent balance of US\$99,037.66.

10. As mentioned in paragraph 8 the subvention for the year under review was only US\$150,000.00, plus another US\$201,219.00 for the unspent balances of the 1975/76 and 1976/77 budgets. However, the Liberation Office was able to meet its financial operations by drawing on two sources - the accumulated unspent balances of the previous years and by utilising the statutory staff pension contributions which have been held in the Accounts of the Office since the devaluation of the Tanzanian shilling in October, 1975 when the account in which the fund was held in Tanzanian currency was closed.

11. Excess Expenditure Over-expenditure totalling US\$18,732.75 was incurred on eight votes and a request for wirements was submitted to the General Secretariat on 21st April, 1978.

<u>Vote</u>	<u>Allotment</u>	<u>Obligations plus Expenditure</u>	<u>Excess</u>
Travel on Home leave	15,000.00	24,857.05	9,857.05
Post Adjustment	29,149.00	32,376.85	3,227.85
Maintenance of Premises	1,000.00	1,600.00	600.00
Telephones	6,500.00	7,500.00	1,000.00
Freight	500.00	613.28	113.28
Stationery etc.	3,500.00	4,653.18	1,153.18
Other supplies & services	1,000.00	3,662.76	<u>2,662.76</u>
		US\$	<u>18,732.75</u>
			=====

Disbursements12. Overpayments of Post Adjustment Allowance:

As a result of the failure to apply correct % rates of the allowances payable between January 1977 and August 1978, eleven members of the staff were overpaid a total of US\$9,093.87. Action will have to be taken to recover these overpayments by reasonable instalments.

Trip to Nairobi

13. In May, 1978 the Assistant Executive Secretary (Finance and Administration) together with a driver proceeded to Nairobi by road in an official car. The reason given for the journey was "to collect drinks for the OAU Day celebration in Dar-Es-Salaam". Both of the officials drew travel advances which, in the case of the Assistant Executive Secretary, was US\$750. We are not entirely satisfied that it was really necessary for an officer of the status of Assistant Executive Secretary to undertake this type of duty especially considering that all the necessary arrangements for the purchase of the "drinks" had already been made by the OAU Office in Nairobi. In any case, since the OAU Day is held on a specific day every year (May) there is no reason why the Office could not have made advance preparations for obtaining the liquor from overseas. In our view utmost economy was not exercised in the disbursement of expenditure relative to this celebration.

Excess Baggage Expenses

Staff Regulations provide that when officers travel on home leave, they can transport their excess baggage at OAU expenses but up to certain maximum prescribed limits. In practice before the Officers undertake the journeys they are given "MCOs" the cost of which is borne by the votes. However, on return from leave the Regulations do not require them to produce actual proof of utilisation of the MCOs in order to verify that the MCOs were used for the intended purpose only. In the year

under review expenditure incurred on excess baggage of five officers on home leave totalled US\$5,293.91.

We recommend that the relevant regulation be amended to make MCOs accountable by the officers regardless of the type of journey undertaken i.e initial recruitment, transfer, home leave, separation from service etc.

Irregular Payment of study leave salary

15. In January, 1978 the Advisory Committee on Budgetary and Financial Matters decided as a matter of principle that when a staff member proceeds on a course of training, he should draw salary for the first six months only even if the course extends beyond this period. However, on the 14th February, 1978 the Administration Department of the General Secretariat wrote to the Liberation Office ^{authorising} a translator who was on a course of training abroad to receive full salary for the first six months and in addition half-salary for the next six months. We are not aware that the Advisory Committee amended their decision on the matter, and we can therefore only conclude that the approval of the Administration Department as conveyed to the Liberation Office was completely in conflict with the decision of the Advisory Committee. Consequently, a net salary overpayment of US\$4,195.65 has occurred for which the Administration Department should be held financially liable.

16. Another point of consideration is that the decisions of the Advisory Committee was that the officer should receive salary for the approved period of training; no mention was made of payment of Accommodation Allowance, Dependents Allowance, Post Adjustment Allowance etc. In our view unless otherwise expressly approved, these allowances should not have been paid to the officer, as has happened, because he was not at his duty station during the period of training. The true intent of these allowances has not been considered in making the total net payment (salary, allowances less deductions) of US\$12,805.00 to the officer.

17. Also, as the officer did not leave his car in Dar-Es-Salaam at the time of his departure for training, the outstanding balance of US\$1,100 of the car loan should have been recovered in full from the salary of US\$12,805.00 mentioned above.

18. Bonding Agreement: We have seen no Bonding Agreement legally binding the officer to serve the Organization for a minimum prescribed period after completing his period of training.

Staff Pension Fund

19. Contributions made by the employees and the Organization between 1975 and 1978 totalling over US\$116,000 were held in the accounts of the Liberation Office. It is understood that since the devaluation of the US Dollar it was decided not to deposit the contributions with the Bank until a suitable Insurance Company is found. It is obvious that officers have lost the benefit of interest on the contributions.

20. Claims Register

As in the previous years no register has been maintained of claims lodged with the Department of Customs and Excise for reimbursement of duty paid on fuel purchased for the official vehicles. Consequently, it has not been possible to determine properly whether full reimbursement was received for all fuel purchases made in the year under review. We again recommend that a register be kept to facilitate proper accounting.

Advances

21. According to the records advances totalling US\$58,989.70 were outstanding at 31st May, 1978, made up as follows:

Staff (car loans, travel etc)	US\$17,822.92
General Secretariat	7,388.79
Lusaka Office	3,045.01
Others	<u>30,732.98</u>
	<u>US\$58,989.70</u>

With regard to the advances against the General Secretariat and Lusaka Office action should be taken to clear them by adjustment.

22. Included in the figure of Advances - "Others" are the following amounts which have remained outstanding for a considerably long period, despite the efforts made by the Executive Secretary to recover them:

Government of Tanzania

18th Session (Moshi) and All African
Women Congress

US\$14,813.37

Government of Libya

US\$ 4,604.78

Government of Morocco

US\$ 1,142.00

Government of Senegal

US\$ 2,337.17

Messrs. J.W. Kearsly

US\$ 6,787.00

In the case of the last mentioned amount of US\$6,787 owing by Messrs. J.W. Kearsly, the advance has been outstanding for more than eight years, and it is high time positive action was taken either to recover it or to write it off.

SPECIAL FUND

23. The cash balances at 31st May, 1978 were as follows:

Account No. 1	US\$ 5,138,529.73
Account No. 2	273,459.17
Local Currency a/C (TA/=110,035.40)	US\$ 13,754.43
	<hr/>
	US\$ 5,425,743.33
	=====

SPECIAL FUND ACCOUNT NO. I - BANK RECONCILIATION24. Deposits not credited in the Bank Account as at 31.5.1978

A total of US\$ 1,041.48 deposited to the bank had not been credited in the Bank Account at the date of our audit, (August 1978 Account) as detailed below:

<u>Date of Deposit</u>	<u>Receipt No.</u>	<u>Account</u>
16.11.1977	326	US\$1,020.00
31.1.1978	340	12.12
April 1978	(wrongentry)	9.36
		<u>US\$1,041.48</u>
		=====

It is recommended that follow up action is taken without delay.

Amount not credited by Bank 1970 -74 (US\$41,214.79

25. A total sum of US\$41,214.79 is still being shown in the cash book as outstanding at 29th September, 1978. Details of the amounts appear on Annexure 3. According to the cash book, and receipts issued, it is evident that the moneys were received, both cash and cheques, but as the bank deposits slips were not available for verification, it has not been possible to ascertain that the moneys had actually been deposited as claimed. However, due to the passage of time and lack of adequate records and information to produce sufficient evidence to conduct an enquiry into the matter we recommend that the amount be written off under proper authority and charged to the Special Fund.

Budget

27. The total budget for the year was US\$3,359,662.94 payable by all Member States - with the exception of Djibouti which was not

assessed in accordance with the approved scale of assessment. Actual contributions received plus payment of arrears totalled US\$4,180,258.30.

Arrears of contributions

28. According to records arrears of contributions owing by Member States at 31st May, 1978 totalled US\$12,285,954.21 as compared to the previous years' arrears at 31st May, 1977 of US\$13,106,549.57. Although attempts have been made by the Organization to exhort Member States to pay up their outstanding contributions, there has been very little improvement in the position of the arrears. It is also worth reporting that 60% of the Member States did not pay either the current year's assessment or the previous years' arrears. In our view this highly unsatisfactory position should not be allowed to deteriorate any further. Accordingly we recommend that stringent measures be taken to recover the arrears from defaulting Member States within a reasonable period, failing which consideration should be given to suspend defaulters from participation, discussions and decision making on liberation matters.

Contribution in Kind US\$148,500.00

29. Included in the amount of US\$4,180,258.30 received as contributions during the year is a sum of US\$148,500.00 which represents contribution in kind by a Member State. However, we have not been able to satisfy ourselves of the correctness of the amount of the contributions in kind because supporting valuation lists could not be produced for our scrutiny.

Expenditure

30. Expenditure incurred against the Contributions Account totalled US\$3,610,961.74 and was made up as follows:

Administration Grants	=	US\$ 470,000.00
Material Assistance	=	381,737.31
Other Expenses (e.g. training Centres, purchase of vehicles etc.)		2,759,224.43

Donations Account

31. In the year under review donations totalling US\$7,815,746.71 were received from the following Member States, friendly countries and other sundry donors:-

	<u>US\$</u>
a) Government of Liberia	508,009.56
b) Government of Libya	2,000,000.00
c) Government of Egypt	1,000,000.00
d) Government of Niger	10,000.00
e) Government of Kuwait	1,020,658.69
f) Government of Qatar	1,000,000.00
g) Government of United Arab Emirates	2,000,000.00
h) Government of Venezuela	105,000.00
i) Government of Finland	36,023.05
j) Government of Yugoslavia	20,000.00
k) Government of Indonesia	4,000.00
l) Sundry Donors	7,055.41
m) Government of Iran (returned to donor)	5,000.00
	<hr/>
US\$....	7,815,746.71
	<hr/>

From this amount a total of US\$4,098,810.06 was disbursed on assistance to Liberation Movements and three Front-line States.

Donated Vehicle

32. It was noted that a 5-ton truck donated by a friendly country some years ago was "rotting" away in the backyard of the Liberation Office and that it has not been put to use since its arrival. Unless there are good reasons for continuing to keep it there, we recommend that it be sold either "as it stands" or that it be cannibalised and sold as spare parts.

Purchases of Vehicles

33. A sum of over US\$2.5 million was expended during the financial year on purchases of vehicles for Liberation Movements, but due to lack of proper records it was difficult to obtain easily all the information necessary for a satisfactory audit. Consequently, we were unable to verify that all the vehicles paid for have actually been received. We therefore recommend that a Vehicle Assets Register be opened to record the receipts of all purchased and donated vehicles as well as their distribution and disposal; in the following formation:-

<u>Date</u>	<u>Indent No</u>	<u>Invoice No</u>	<u>Engine/ Chassis No</u>	<u>Receipt</u>	<u>Issue</u>	<u>Balance</u>
-------------	------------------	-------------------	-----------------------------------	----------------	--------------	----------------

Also all documents on purchases of vehicles should be cross-reference in order to facilitate the audit of records. If not already done, it is considered necessary to obtain a periodical return from various Liberation Movements of the existence and condition of the vehicles in their charge.

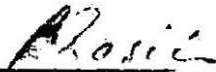
General-Interim Audit

34. As mentioned elsewhere in this report the post of resident Internal Auditor has been vacant since March, 1978. As there is not any indication that the vacancy will be filled soon, we strongly recommend that the Chief Internal Auditor should undertake an interim audit of the Liberation Office in December, 1978 to be supplemented by the usual end-of-year on the spot audit about July 1979.

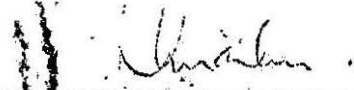
Acknowledgement

35. We record our grateful thanks to the Executive Secretary for the co-operation and assistance given to us during our period of audit. In particular, our thanks go to the Accountant who attended to all times to our enquiries and observations. However,


we were rather disappointed that the Assistant Executive Secretary, Finance and Administration went on leave during the period of our audit and we were therefore unable to discuss our findings with him.



M.B. Masisi
Botswana



M.K. Naiken
Seychelles



D.H. Tarr
Lesotho

Addis Ababa, 4th October, 1978.

STATEMENT OF EXPENDITURE - DAR-ES-SALAAM AS OF 31st MAY, 1978

Add 3
ANNEXURE 1
Page 13

ACCOUNTS NO.	TITLES	ALLOTMENTS U.S. \$	OBLIGATIONS U.S. \$	EXPENDITURE		UNENCUMBERED BALANCE	REMARKS
				MONTH TOTAL	ACCUMULATED TOTAL		
<u>PART I SALARIES & WAGES</u>							
100	Salaries and Wages	203,072	-	12,296-53	155,860-92	47,211-08	
102	Temporary Assistance	-	-	-	-	-	
TOTAL SECTION I		203,072	-	12,296-53	155,860-92	47,211-08	
<u>PART II COMMON STAFF COST</u>							
200	Travel on Initial Recruitments	-	-	-	-	-	
201	Travel on Home Leave and Separation	15,000	4,919-50	8-75	19,937-55	(9,857-05)	
202	Travel on Transfer	-	-	-	-	-	
203	Installation Allowance	5,000	-	-	1,071-00	7,929-00	
204	Dependency Allowance	15,875	25-00	631-24	8,072-02	7,777-98	
205	Housing Allowance	40,704	-	2,056-00	29,072-00	11,632-00	
206	OAU Pension Fund	32,720	16,316-82	1,352-98	2,509-89	13,893-29	
207	OAU Insurance Scheme Fund	6,312	-	-	4,573-99	1,738-01	
208	OAU Medical Scheme	10,000	607-94	107-10	3,284-96	6,107-10	
209	Gratuity on completion of Service	-	-	-	-	-	
212	Education Allowance	20,000	1,200-00	-	3,600-00	15,200-00	U.S. Oyaka's claims pending
213	Post Adjustment Allowance	29,149	-	2,510-23	32,376-85	(3,227-85)	
TOTAL SECTION II		174,760	23,069-26	6,666-30	104,498-27	47,192-47	

<u>PART III TRAVEL OF STAFF ON OFFICIAL DUTIES</u>						
300	Official Missions	35,000	3,200-00	4,215-94	24,751-40	7,048-60
301	Political Missions	-	-	-	-	-
TOTAL SECTION III		35,000	3,200-00	4,215-94	24,751-40	7,048-60
<u>PART IV RENTAL AND MAINTENANCE OF EQUIPMENT AND PREMISES</u>						
400	Rental of Premises					
401	Maintenance of Vehicles	5,000	1,164-85	354-23	3,835-15	-
402	Maintenance of Equipment	1,000	285-30	292-09	713-70	-
403	Maintenance of Premises	1,000	53-09	96-38	1,546-91	(600-00)
404	Electricity and Water	5,000	549-80	468-32	4,450-20	-
405	Alteration of Premises	-	-	-	-	-
406	Insurance of Vehicles, Equipment	1,000	-	-	525-53	474-47
TOTAL SECTION IV		13,000	2,054-04	1,211-02	11,071-49	(125-53)
<u>PART V COMMUNICATIONS</u>						
500	Cables	4,000	884-14	319-85	2,115-86	1,000-00
501	Telephone	6,500	1,114-80	579-65	6,885-20	(1,000-00)
502	Postage	500	-	100-00	498-61	1-39
503	Pouches	-	-	-	-	-
504	Freights	500	-	-	613-28	(113-28)
TOTAL SECTION V		11,500	1,998-94	999-50	9,612-95	(111-89)

<u>PART VI MISCELLANEOUS SUPPLIES AND SERVICE</u>						
600	Stationery and Office Supplies	3,500	-	1,064-12	4,653-18	(1,153-18)
601	Bank Charges and Revenue Stamps	150	-	17-43	268-63	(118-63)
603	Hospitality	2,500	2,111-01	-	388-99	-
604	Staff Welfare	300	300-00	-	-	-
605	Library Books and Periodical Supplies	1,000	-	-	536-36	463-64
606	Newspaper and Periodicals	750	108-53	143-67	641-47	-
607	Other Supplies and Services	1,000	-	1,258-50	3,662-76	(2,662-76)
608	Printing of Documents	3,000	781-48	403-00	1,798-52	500-00
TOTAL SECTION VI		12,200	3,221-02	2,886-72	11,949-91	(2,970-73)
<u>PART VII CAPITAL ASSETS</u>						
700	Land and Building	-	-	-	-	-
701	Improvement of Premises	-	-	-	-	-
702	Furniture and Fixtures	2,000	2,000-00	-	-	-
703	Office Equipment	1,000	-	-	206-14	793-86
704	Internal Reproduction Unit	-	-	-	-	-
705	Telecommunication Equipment	-	-	-	-	-
706	Press and Information Equipment	1,000	1,000-00	-	-	-
707	Transportation Equipment	-	-	-	-	-
708	Interpretation Equipment	-	-	-	-	-
709	Other Equipment	-	-	-	-	-
TOTAL SECTION VII		4,000	3,000-00	-	206-14	793-86

<u>PART VII CONFERENCE AND MEETINGS</u>						
810	Ordinary Session of Liberation Committee	45,000	381-44	-	44,618-56	-
811	Other Meetings	-	-	-	-	-
TOTAL SERVICE VIII		45,000	381-44	-	44,618-56	-
GRAND TOTAL		498,532	36,924-70	28,276-01	362,569-64	99,037-66

Total Expenditure: \$362,569-64

Oustanding Commitments 36,924-70

\$399,494-34

Statement of Arrears of Contribution as of 31.5.77
Assessment for 1977/78. Contributions received from 1.6.77
to 31.5.78 and Contributions outstanding as of 31.5.78
 (All figures in US Dollars)

Member State	Arrears as of 31.5.78	Assessment 1977/78 based on revised scale of assessment	Contribution received from 1.6.77/31.5.78	Arrears of Contributions as of 31.5.78
1. Algeria	174,760-87	206,619-27		381,380-14
2. Angola	--	79,288-05		79,288-05
3. Benin	310,535-06	18,142-18		328,677-24
4. Botswana	230,562-72	65,849-39		296,412-11
5. Burundi	27,954-77	20,493-94		48,448-71
6. Cameroon	5,126-07	62,489-73	84,090-15	(16,474-35)
7. Cape Verde	--	18,142-18	--	18,142-18
8. C.A. Empire	498,219-09	23,131-67	--	521,400-76
9. Chad	421,565-44	20,493-94	1,991-96	440,067-42
10. Comoro	--	16,798-32	--	16,798-32
11. Congo	189,803-11	45,355-45	--	235,158-55
12. A.R. Egypt	2,002,247-06	254,326-49	148,500-00	2,108,073-55
13. Ethiopia	35,880-64	67,193-26	130,299-33	(27,225-43)
14. Equatorial Guinea	68,972-28	33,932-60	--	102,904-88
15. Gabon	1,342,566-00	221,322-80	1,368,429-31	185,455-49
16. Gambia	346,817-26	20,493-94	--	367,311-20
17. Ghana	--	108,853-08	--	108,853-08
18. Guinea	90,028-02	22,845-71	68,976-79	43,896-94
19. Guinea-Bissau	--	31,916-80	--	31,916-80
20. Ivory Coast	1,036,048-53	105,157-45	994,580-44	146,625-54
21. Kenya	(915-60)	76,600-32	73,342-51	2,342-21
22. Lesotho	234,390-87	18,142-18	--	252,533-05
23. Liberia	303,905-43	60,809-90	95,210-74	269,504-59
24. Libya	79,635-30	335,966-30	328,287-40	87,314-20
25. Madagascar	165,868-50	41,323-85	174,183-51	33,008-84
26. Malawi	315,941-28	27,885-20	--	343,826-48
27. Mali	165,626-90	18,142-18	--	183,769-08
28. Mauritania	238,042-78	31,580-33	--	269,623-61
29. Mauritius	--	52,074-78	--	52,074-78
30. Morocco	1,437,291-44	144,465-51	--	1,581,756-95
31. Mozambique	--	64,505-53	--	64,505-53
32. Niger	1,209-36	24,189-57	45,892-55	(20,493-62)
33. Nigeria	--	256,342-28	256,342-36	(0-08)
34. Rwanda	137,698-92	16,798-32	137,698-89	16,798-35
35. Sao Tome & Principe	--	43,339-65	--	43,339-65
36. Senegal	243,953-80	32,252-76	--	276,206-56
37. Seychelles	--	52,074-78	--	52,074-78
38. Sierra Leone	286,187-02	46,027-38	--	332,214-40
39. Somalia	26,779-42	23,181-67	26,412-48	23,548-61
40. Sudan	196,238-61	62,153-76	--	258,392-37
41. Swaziland	95,202-24	65,849-39	--	161,051-63
42. Tanzania	(197-00)	55,098-47	65,058-19	(10,156-72)
43. Togo	358,395-32	19,486-05	22,276-32	355,605-05
44. Tunisia	814,003-22	118,596-10	--	932,599-32
45. Uganda	20-37	39,644-02	55,151-00	(15,486-61)
46. Upper Volta	290,121-04	18,142-18	--	308,263-22
47. Zaire	940,090-13	72,232-75	--	1,012,322-88
48. Zambia	(4,026-70)	109,860-98	103,534-37	2,299-91
	13,106,549-57	3,359,662-94	4,180,258-30	12,285,954-21

APPENDIX "A"

CM/932(KXXII)

Add. 3

Annexure 3

Page 18

Bank Reconciliation - SPECIAL FUND ACCOUNT - 31.5.1978

Bank balance (31.5.78) US\$1,138,897.08

Add Receipts not accounted by
Bank at 31.5.78

<u>Date</u> <u>Received</u>	<u>Date</u> <u>Deposited</u>	<u>Date</u> <u>Cleared</u>	<u>Amount</u> <u>US.\$</u>
21.10.77	21.10.77		50.00
16.11.77	16.11.77		1020.00
21.1.78	31.1.78		12.12
28.2.78	9.3.78		4,020,658.69
16.5.78	2.6.78		250.13
			9.36
			4,022,000.30

Add amount not
credited by bank 1974

JOURNAL	<u>41,214.79</u>	<u>4,063,215.09</u>
		5,202,112.17

Deduct

Unidentified Receipt (28.3.78)		63,358.97
details not yet available (Sept.78)		
incorrect audit - A/C No.II	}	223.47
acrued in May 28, to be Adjusted	}	63,582.44
September 1978	}	-
		-
Balance as per cash book (31.5.78)	US.\$	5,138,529.73

DETAILS OF THE AMOUNT OF US.\$41,214.79APPEARING IN CASH BOOK BUT NOT IN BANKSTATEMENT

<u>Date</u>	<u>Cr.No</u>	<u>Particulars</u>	<u>Pound Sterling</u>
21.1.70	181	Donation - FG.Buzaka	2.40
7.4.70	191	Donation - Kilosalringa	2.95
6.1.71	271	Difference inconversion	538.16
" " "	272		
26.8.71	418	Donation Govt.Mauritius	1035.41
1.12.71	434	Contribution - Government of Somalia	7,093.49
1.12.71	436	Contribution Government of Kenya	9,429.00
9.2.71	275	Donation G.S. Magombe	203.00
3.7.72	605	Donation Government of Gambia	500.00
9.8.72	502	Donation Bagamoya Resident	1.35
9.8.72	503	Donation Clamacha Wanafungi	1.08
9.8.72	503	Donation Police Officers' College	40.59
11.8.72	505	Donation Police Officers' College	808.76
11.8.72	506	Donation M.T. Kachiana	1.35
11.8.72	507	Donation African Students Associa- tion (Canada)	60.75
31.8.72	508	Donation Refugee Resident	2.65
21.9.72	510	Donation Area Commissioner Lesotho	3.05
27.9.72	511	Donation PAN-African Students Association (America)	26.15
27.9.72	512	Donation Coast Region Crop Society	21.62
2.11.72	513	Donation Ministry of Land and Housing	3.06
20.11.72	514	Donation Students of Water Division	2.16
14.12.72	515	Donation TANU Headquarters	5.41
26.12.72	516	Donation National Executive Secretary TANU	47.06
11.1.73	517	Donation Mr. Mwombaaks	1376
29.1.73	518	Donation Musoma Town Council Grivagasira	58.82
10.2.73	520	Donation Regional Commissioner Mbeya	17.64

<u>Date</u>	<u>Cr.No</u>	<u>Particulars</u>	<u>Pound Sterling</u>
15.2.73	519	Donation BAT Tanzania Ltd.	235.29
19.2.73	521	Donation Igosi Ujamaa Village	2.35
19.2.73	522	Donation Ulembe Ujamaa Village	1.47
20.2.73	523	Donation Igagaen Ujamaa Village	1.17
20.2.73	524	Donation Tabora Region Commissioner	3.00
21.2.73	525	Donation Mr. Hearad	.58
26.2.73	526	Donation Private Secretary to the President	11.68
5.3.73	527	Donation Private Secretary to the President	19.78
20.3.73	528	Donation Iringa Area Commissioner	6.76
29.3.78	529	Donation Personal Secretary Prime Minister	50.88
5.4.73	530	Donation University of Dar-es-Salaam	29.41
5.4.73	531	Donation Mwanza Regional Commissioner	5.40
9.4.73	532	Donation Tanu Nzega District Chairman	4.26
10.4.73	533	Donation Regional Commissioner Iringa	1.17
10.4.73	534	Donation Personal Secretary to the President	17.65
10.4.73	535	Donation Mr. Hamed Mzee	.59
10.4.73	536	Donation Mr. Peter R. Myuki	1.17
10.4.73	537	Donation Mr. Hamed Mzee	.59
10.4.73	538	Donation Personal Secretary to Junior Minister	3.52
13.4.73	540	Donation Black Community (U.S.A)	207.19
17.5.73	541	Donation office of the Vice-President	5.88
		Wrong Credit	79.31
27.11.72	635	Donation Mr. Hamed Mzee	.54
4.6.73	801	Donation Shaabani Robert Secondary School	65.88
4.6.73	802	Donation Director research & Training Division	7.21
4.6.73	806	Donation Private Secretary to Prime Minister	27.36
4.6.73	804	Donation Principal Secretary Ministry of Defence	2.94
4.6.73	805	Donation TANU Branch garison	12.11
4.6.73	806	Donation T.P.D.F. Headquarters	152.94

<u>Date</u>	<u>Cr.No</u>	<u>Particulars</u>	<u>Pound Sterling</u>
7.6.73	809	Donation High Court	58.82
7.6.73	815	Donation Private Secretary to the President	24.86
19.6.73	817	Donation Chiribara Elimu - KIBAH	4.94
27.6.73	819	Donation Regional Commissioner - Iringa	3.24
29.6.73	820	Donation District Development Director - UKEREWI	3.35
4.7.73	822	Donation Elimuya Siasa	11.66
10.7.73	827	Donation NKOAMEKOLI UJAMAA Village	4.73
20.7.73	829	Donation Minister for Education	21.80
9.7.73	910	Donation President W. Tolbert	1000.00
15.8.73	833	Donation J.S. Mapembe	17.65
15.8.73	834	Donation Regional Dev. Director - Iringa	.29
15.8.73	835	Donation Regional Dev. Director - Iringa	.29
15.8.73	836	Donation Private Sec. Prime Minister	2.94
7.9.73	845	Donation Caty College - N.Y. Tanzania Programme	58.82
29.9.73	848	Donation Chairman Youth League - Tanzania	9.41
26.9.73	851	Donation Sheikh Yegeyege	2.94
24.10.73	857	Donation Dr. Harold Mayer	29.41
24.10.73	858	Donation Kijijicho Hjamaa Mazizi	1.49
1.11.73	859	Donation Elimuya Siasa	5.88
2.1.74	875	Donation Umojawa Wanawake Tanganika	1.21
27.3.74	881	Donation Dr. Harold Mayer	201.06
5.4.74	882	Donation University of Dar-es-Salaam	10.47
5.4.74	883	Donation Regional Dev. Director - Iringa	.29
		Total	£s. 22,266.36

£s. 22,266.36 converted to US\$ 41,214.79 at US\$1.88 to the £s.

CM/932(XXXII)

Add. 4

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON YAOUNDE OFFICE

AUDIT REPORT ON THE ACCOUNTS OF THE YAOUNDE OFFICE
FOR THE 1977 - 1978 FISCAL YEAR

1. GENERAL OBSERVATIONS:

As I pointed out in my Audit Report on the Accounts of the Bangui Office, owing to difficulties beyond my control, I was equally unable to reach Yaounde at the time indicated in the programme of work for External Auditors.

I however, proceeded to the OAU Headquarters to audit the accounts of the Yaounde Office on the basis of the statements of account and supporting documents periodically prepared and forwarded to the General Secretariat by the Office.

Even though this audit was not based on the journals of receipts at the Office itself, the exercise was carried out quite normally. A check on the statements of accounts, bank statements and salaries and appointments, budget summaries, as well as photocopied supporting vouchers on appropriations and expenditure, revealed that the bank statement of 31st May 1978 showed a debit balance of 10,464,852 CFA while the reconciliation statement on the account prepared by the Yaounde Office indicated a debit balance of 10,468,896 CFA. There was therefore a difference of 4,044 CFA. This disparity between the entries of the Office and the Bank reflects some carelessness on the part of the Officer in charge on the one hand and lack of control by the Finance Section at the OAU Headquarters on the other. The Finance Section should have rejected this statement and insisted on the Regional Office to justify its accounts. In order to avoid such anomalies in future, I would like to suggest that the Finance Section at Headquarters performs a monthly check on the account of this office.

Even though this difference in the accounts is apparently negligible, there is the possibility that it may camouflage quite serious errors in the accounting operations of both the Office and the Bank, and the only solution will be an ~~on-the-spot~~ audit if we

want to get down to the root of the problems. This is what I was unable to do owing to the difficulties I mentioned earlier.

2. FINANCIAL RESOURCES

The vouchers of the Yaounde Office for the 1977/1978 fiscal year did not appear to tally with the documents submitted for check. Since this Office is dependent on the Lagos Office and transfers are made to it through Lagos, it was not possible to find out the position of the vouchers from Headquarters.

Consequently, they could not be checked.

3. STAFF EMOLUMENTS

Expenditure in this area amounted to US\$199,905.12

4. BUDGET IMPLEMENTATION

Appropriations allocated to the Yaounde Office by the Council of Ministers for the 1977/1978 fiscal year amounted to US\$232,838.00. Actual expenditure during this fiscal year stood at US\$199,905.12, thus leaving a credit balance of US\$32,932.88.

An examination of the Budget statement revealed that there had been some over-expenditure under the following items:

Item	Detailed description of expenditure	Appropriation	Expenditure	Excess
206	CAU Pension Fund	6,000.00	6,719.78	719.78
401	Maintenance of Vehicles	2,200.00	2,826.38	626.38
502	Postage	5,000.00	7,705.35	2,705.35
601	Bank charges	500.00	1,984.61	1,484.61
607	Other supplies and services	250.00	366.41	116.41
704	Internal Reproduction equipment	1,000.00	1,464.14	464.14

CONCLUSION:

The disbursement vouchers submitted by the Yaounde Office were not sufficient to justify the financial management of the Office, let alone reflect its financial position.

In view of the disparity observed between the bank statements and the official statement on the bank account it is not possible to approve the accounts of the Office.

In order to avoid such anomalies in future, I suggest that the Finance Section at Headquarters carry out a systematic and monthly check on the financial position of all the Regional Offices and insist that disbursement of funds transferred to these offices is justified or else Headquarters may have to consider centralisation of all financial operations.

In my opinion, Headquarters can very well administer all administrative and financial operations of the Regional Offices by granting them a working capital which could cover the usual expenditure. The ceiling of such a capital should be very close to the requirements of the activities of the Office. For instance, payment of salaries to staff, including those in the regions could very well be taken care of by the Finance Section at the General Secretariat and with the help of a multi-copying machine the amounts could be transferred directly to the beneficiaries through their local banks.

Besides, not only will this system help to realise savings on staff emoluments, but also to harmonise the administrative and accounting operations of the Organization and thereby prevent all irregularities including management difficulties.

These are the observations I have been able to make and I wish to submit them for your appreciation.

Boubaker KARRY
Representative of Tunisia

Addis Ababa 10 October, 1978.

CM/932(XXXII)

Add. 5

REPORT OF THE BOARD OF EXTERNAL AUDITORS OF BANGUI OFFICE

AUDITOR'S REPORT ON THE ACCOUNTS OF THE INTER-
AFRICAN BUREAU FOR SOILS (BIS) - BANGUI FOR THE
1977 - 1978 FISCAL YEAR

1. GENERAL OBSERVATIONS:

As I was unable to go to Bangui in good time owing to difficulties created by the routing instructed by the General Secretariat, I proceeded to the OAU Headquarters to audit the Accounts of the Bangui Office. In doing so, I referred to statements of accounts and supporting documents on appropriations and expenditure prepared and forwarded monthly to the General Secretariat by the Office. Obviously, this exercise was not based on the way and manner the account books which could be found in the Bangui Office itself were kept. Nevertheless, this formal aspect of the exercise could not affect the actual objective of the audit performed.

The examination of the statements of accounts, bank statements, salaries and appointments, summaries of budget appropriations and photocopied supporting documents on appropriations and expenditure did not show any particular irregularities. The only exception was the sale of a Citroen DS service car for 100,000 Fr. CFA as shown on voucher No 1/RV/77-78 Bis dated 23 June 1977. This was reflected in the minutes of a meeting held on 21 June 1977 by the Officers in charge of the Bangui Office.

Even though the minutes of the meeting indicated that various tenders had been considered and that the best was chosen, nothing showed that Mr. Toscani's offer was the most attractive. This was because the tenders were not attached to the minutes. Furthermore, in my opinion, this exercise should have first received authorisation from the Secretary-General who is the sole decision-maker in such a case involving the Organization's assets.

2. FINANCIAL RESOURCES

The appropriations of the Bangui Office are as follows:

1)	Credit balance of the previous fiscal year:	1,420,888
2)	Subventions received during the financial year	33,099,295
3)	Sate of a used car	33,100,000
4)	Return of a cancelled cheque	800
		<hr/>
		34,620,983
		=====

3. EMOLUMENTS

The expenditure incurred in this area during the fiscal year amounted to 34,610,922 CFA.

4. BUDGET IMPLEMENTATION

The funds allocated to the Bangui Office for the 1977/78 Fiscal Year amounted to US\$205,895 out of which US\$135,768.56 was transferred to the Office by Headquarters.

The total expenditure incurred during the fiscal year was US\$135,729.11, thus leaving a credit balance of US\$39.45.

This credit balance at the close of the fiscal year is included in the bank statement of 10,061 CFA and in the petty cash amounting to 7,500 CFA. The check on the implementation of the Budget revealed that there had been some excess in the following areas:

Code	Details of Expenditure	Appropriation	Expenditure	Excess
298	Travel on initial recruitment	3,500.00	6,033.11	2,533.11
401	Maintenance of vehicles	2,000.00	2,185.33	185.33
404	Public utilities (water & electricity)	1,000.00	1,013.69	13.69
601	Bank charges	200.00	220.14	20.14
603	Receptions	1,200.00	1,208.60	8.60
605	Library books and periodicals	1,000.00	1,010.83	10.83
606	Subscription to newspapers	500.00	1,507.46	7.46
702	Furniture and office extensions	1,500.00	1,521.83	21.83
707	Purchasing of vehicles	500.00	501.96	1.96
709	Other equipment	1,500.00	1,512.77	12.77

CONCLUSION:

I have two observations to make on the audit of the financial management of the Bangui Office based on the documents mentioned in this report; one on the organizational aspect and the other relating to the appraisal of the profitability of the Office.

1) Organizational aspect

In view of the few staff members in the Bangui Office, 12 in all, and the reduced number of accounting operations, it seems wiser to administer this Office both administratively and as regards accounting, from the OAU Headquarters. This will help economise on the cost of several posts. Indeed administrative decentralization may be justified only on the basis of the importance of the work to be performed.

2) Aspect of Profitability

The most essential objective of establishing the Bangui Office was to carry out scientific studies. Yet out of a total of 12 staff members, there are only 2 who are directly involved in this function. The others are supporting staff who even though necessary, should certainly not have such a proportion.

It is my suggestion that the post for technical staff should be increased over and above those of administrative staff.

These are the observations I have been able to gather and I wish to submit them for your appreciation.

BOUBAKER KARRY
Representative of Tunisia

Addis Ababa 9 October, 1978.

CM/932(XXXII)

Add. 6

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON NIAMEY OFFICE

AUDIT REPORT ON THE CENTRE FOR LINGUISTIC AND
HISTORICAL STUDIES BY ORAL TRADITIONS OF NIAMEY
(NIGER) FOR THE 1977/1978 FINANCIAL YEAR

The accounts of the Centre of Linguistic and Historical studies by Oral Traditions of Niamey (Niger), an OAU regional office were audited from 20 to 22 September 1978 according to a programme drawn by the General Secretariat of the Organization.

Auditing did not begin on 17 September as expected owing to the late arrival of the order from the General Secretariat to provide a travelling ticket.

The Chief Accountant, Mr. Adeyinka was away for two days so as to take part in a funeral ceremony, but his absence did not affect our work. His assistant, Mr. Abou Ahmed, apparently devoted and competent, was well acquainted with the administration of the accounts of this office.

It should be underlined that the presence and perfect collaboration of the Director of the Centre, Mr. Diouldé Laya and his colleagues made our work easier.

1. Accounting records and procedure

a) Examination of the accounting records

1. The accounting records mentioned below were placed at our disposal, either on the initiative of those in charge of the accounts or at our own request.

- income and expenditure journal;
- petit cash journal;
- account-book;

- account sheets;
- receipt and receipt books;
- regulation vouchers;
- payrolls;
- cards showing advance given to staff members;
- statement on the use of budget allotments;
- report on the end of year stock taking.

2. It can be seen from the analysis of these various documents and vouchers that the petit cash journal was not kept as the different transactions went on. These operations were provisionally recorded in a book and were only entered into the journal at the end of the month.

3. The various items should essentially figure in the petit cash journal as transactions go on.

Accounting Procedure

The procedure adopted in checking on the spot the cash accruing from the sale of publications and the rent of premises leads to the intervention of several staff members mutually controlling themselves. If we take, for instance, the sale of publications, the officer responsible for documentation establishes an invoice, collects the amount involved against a receipt counter signed by the Director of the Centre.

The mutual control between the Director and the accountant takes place from the time the expenditure is incurred until the time it is settled.

2. Cash position at the time of the Audit

6. Although we had to audit accounts covering a period beginning on 1 June 1977 and ending on 31 May 1978, it seemed

it was necessary to check the cash on the date of the audit, more so and the central services of the Organization does not continuously control the accounts of the office involved.

7. The petit cash account, showed on 21 September 1978, a debit balance of 15896 CFA francs, an amount corresponding with the cash at the disposal of the chief accountant.

8. Bank

The bank account showed a balance of 7.426 920 CFA francs on 21 September 1978.

- balance on 31/7/78	- 10,623.136.00 CFA
- income from 31/7/78 to 21/9/78	- 410.776.00 "
- expenditure from 31/7/78 to 21/9/78	- 3,606.332.00 "

9. The position of the two bank accounts is as follows:

04 - 129 86	4,556,630.00
01 - 13795	2,746,163.00
	24,909.00
- Unpaid cheques	
- amount debited with the office account since December 1977	149,036.00
	<hr/>
	<u><u>7,426,920.00</u></u>

The bank returns correspond with the entry balance, but, there was no haste in recovering from the bank the amount wrongly debited with the account of the office since December 1977.

3. Cash position as of 31 May 1978

	<u>CFA francs</u>	<u>US\$</u>
Bank	14,716,347.00	57,322.93
Petit cash	20,000.00	78.43
	<hr/>	<hr/>
	14,637,347.00	57,401.36

This position is the result of the accounting records and corresponds with the entry balance.

4. Income

12. Besides, the subventions received:

US\$126,564.00 from the General Secretariat

US\$ 5,000.00 from UNESCO (intended for the equipment of the conference room), the following amounts have been collected during the financial year:

- sale of publications	US\$ 654.71
- rent	3,080.31
- interest on loan/purchase of vehicles	77.40
- various incomes	1,307.85
	<hr/>
	5,122.27

The various incomes essentially include the amount of US\$1,176.47 from the sale of Peugeot 404 No.2159 NIA.

The procedure adopted in selling the vehicle can be known from the internal auditor's report.

13. The amount received in form of cheques are only entered into the books after the payment of these cheques, while, in fact, receipts have regularly been issued at the time of sales.

Every income, whatever may be the mode of settlement, should immediately be entered into the journal. Unpaid cheques are passed to a regulation accounts.

5. Expenditures

14. The study of the expenditure vouchers did not reveal any particular anomaly.

The use of the budget allocations clearly appears from the table appended: some over expenditures are noted, but the over all administration of the budget does not show any irregularities.

6. Accounting on a quantity basis

15. Accounting on a quantity basis reveals some shortcomings, namely the absence of input - output which should enable us to easily follow the purchase of durable goods and to make a correct estimate of the end of year physical stocks. This is a general problem facing the organization and an in-depth study should be made of it.

The end of year stock taking provided by the account branch of the Niamey Office requires no particular observations and is attached to the present report.

7. Final Observations

17. A study of the budget allotments of the financial period under review confirms the inactivity noticeable on the spot and so does the small number of books and documents. This is an important point if we take into account the objective assigned and to be assigned to the Centre for Linguistic and Historical studies by Oral Traditions in an area such as the West African region. But, it has been noticed that the bulk of the credit is devoted to the encouragement of the General Services Staff. It is desirable that the Centre be provided with more means so as to achieve its objectives.

18. The premises of the Centre should be arranged, particularly the guest rooms which are rented to research workers. The increase in rent will depend on a better confort.

19. The situation described above is a great concern to the authorities of the Republic of Niger (Observations 17 and 18) and His Excellency, the Head of State of the Republic of Niger paid visit to the Centre a few days before the audit began.

K. AGUEY

Inspecteur d'Etat du Togo,
OLU External Auditor

Addis Ababa, 16 October 1978.

Supplies in Stock on 31/5/78

<u>Designation</u>	<u>Number in stock</u>	<u>Unit price</u>	<u>Total Cash</u>
Twine (balls) GM	10	1.400	14.000
Twine (balls) PM	7	495	3.465
Scotch reels	12	615	7.380
Pencil eraser (packets)	3	150	6.150
Staples "Bostitch" (boxes)	2	410	820
" " "Bébé"	2	105	210
" " 24/13	17	95	1.615
" " Jacky	2	245	490
Type writer ribbon	11	1.215	13.365
Ball Pens (boxes)	2	1.500	3.000
Pins (boxes)	2	135	270
Kores (boxes)	1	875	875
Glues (tubes)	6	350	2.100
Ball Pens	10	25	250
Fountain pen	1	270	270
Envelopes (Packets) GM	5	1.450	7.250
Packets of envelopes	4	110	440
Ink for stamp pad	2	400	800
Copying paper (reams) 21x27	6	725	4.350
Copying paper (reams) 21x29.7	2	840	1.680
Photostat paper (packets)	2	18.000	36.000
Simple folders	31	455	14.105
Scribbling-blocs	8	745	5.960
Transmission registers	8	980	7.840
Corrector (fluid)	4	395	1.580
Erasers	4	100	400
Drawing pins	2	125	250
Pencils	5	30	150

C/F

135.065

Supplies - (Continuation)

<u>Designation</u>	<u>Number in stock</u>	<u>Unit price</u>	<u>Total Cash</u>
Carried over			135.065
Duplicating paper (reams)	5	1.450	7.250
Erasers (boxes)	2	60	120
Refill ball pens	2	30	60
Carbon paper (boxes)	2	1.780	3.560
" " "	1	1.600	1.600
Carbon paper for typewriter (boxes)	5	2.325	11.625
Paper for first typing 21x29.7(r)	7	1.110	7.770
Paper pleur 21x29.7(reams)	3	925	2.775
Chevalerias files	3	860	2.580
Clips (boxes)	6	110	660
Rulers	3	100	300
Registers	3	2.745	8.235
Folders with springs	17	295	5.015
Rolls for adding machines	3	160	480
Ribbon for adding machine	1	500	500
Blanco (small bags)	12	370	4.440
" (")	2	60	120
Blanco fluid (bottles)	9	690	6.210
Staple extractor.	2	500	1.000
Typing paper 21x29.7 (reams)	6	1.240	7.440
Perforator	1	1.630	1.630
Pencil sharpener	9	170	1.530
Calendars (1978)	2	425	850
Supports for calenders	3	940	2.820
			<hr/>
		Total	213.635
			=====

Inventory of products for maintenance on 31 May 1978

<u>Designation</u>	<u>Number in stock</u>	<u>Unit price</u> <u>CFA francs</u>	<u>Total costs</u> <u>CFA francs</u>
Ajax (boxes)	3	270	810
Disinfectant (tins)	6	680	4.080
Toilet rolls	10	650	6.500
Washing soap	22	145	3.190
Bath soap	6	145	870
Chamois leather for vehicles	6	260	1.560
Packing-cloth	6	410	2.460
Blotting paper	3	270	810
Batteries (GM)	14	105	1.470
Batteries (PM)	10	45	450
Insecticide (cans)	4	1.160	4.640
Matches (packets of 10 boxes)	8	150	1.200
Wipers (leather)	2	1.750	3.500
Hand-towels	1	800	800
Clips (boxes)	2	75	150
Squared paper (reams)	2	110	220
Waste paper baskets	2	2.100	4.200
W.C. brushes	6	360	2.160
Wind screen wiper	1	975	<u>975</u>
Total			<u>40.045</u>

Office equipments on 31/5/78

<u>Details</u>	<u>Number</u>	<u>Value (in CFA F.)</u>
Photostat machine	2	126,000
Metallic filing cabinet and keys 637	3	147,250
Air-conditioner	17	325,710
"	1	87,750
"	1	111,060
"	1	187,980
Photostat machines	3	82,670
Postage machine "Satas"	1	196,840
Letter balance	1	1,120
Typewriter machine	11	606,340
" "	1	84,420
Typewriter "Contex"	1	31,990
" "Facit"	1	-
" "Sharp CS.2.100"	1	20,475
Electric pressing iron	1	1,540
Box with keys(box No.4213x512)	2	2,310
Metalic advertising board	1	28,350
Total		<u>1,941,805</u> =====

OFFICE FURNITURE AND FIXTURES (31/5/78)

<u>Details</u>	<u>Quantity</u>	<u>Value of CFA francs.</u>
"Ronies" cupboards • Keys Nos. C21244, C21334F	2	39,340
Photographies	6	4,690
Maps of Africa	8	6,300
Programming table	1	15,750
Chairs for research workers	3	23,590
Simple table	1	3,920
Sofa	1	33,840
Chairs	2	
Table de Salon (Drawing room table)	1	
Upholstered chairs	2	7,840
Desk and 12 "Ronies" Keys C13134, C411341	1	262,920
Desk	1	48,400
Armchairs	3	7,070
"	2	56,640
Dining hall table	1	3,920
Telephone table	3	7,070
" "	3	26,080
" " (new)	1	10,300
Typists' chairs	2	7,840
Wooden chairs	120	189,000
"Sahel" chairs	16	25,200
Minis Refrigerators	5	98,420
Weaved rope chairs	11	17,290
" " " (new)	7	10,500
Weaved rope table	3	7,070
" " " (new)	3	4,500
Matresses	4	15,750
Pillows	4	1,540
Reading tables	3	5,880
	Carried forward	<u><u>940,660</u></u>

<u>Details</u>	<u>Quantity</u>	<u>Value of CFA francs</u>
Chairs	18	49,560
Shelves	8	189,000
Bed sheets	11	12,950
Pillow cases	13	5,040
Table Cloth	1	1,540
Standing fan	1	221,210
" "	2	23,580
Carpets (new)	2	130,600
		<hr/>
	Total	1,374,150
		=====

VEHICLES

<u>Details</u>	<u>Quantity</u>	<u>Value of CFR francs</u>
Peugeot 504 No 0453 ITNY (1975)	1	621,000
Peugeot 504 No 1800 IERN (1971)	1	360,000
Land Rover No 1476 ITNY (1969)	1	<u>720,000</u>
	Total	<u>1,701,000</u>

TECHNICAL EQUIPMENT IN STOCK ON 31/5/78

<u>Details</u>	<u>Number</u>	<u>Value of CFA francs</u>
Tapes "BASF"	200	393.750
" " "REVOX"	190	748.090
" " "SCOTCH"	47	92,470
Cassettes C60	11	7,150
" " C90	10	8,500
Ear phones	3	35,420
Supports of microphones	3	18,900
Microphone heads	2	7,840
Microphones	2	15,750
Connection flex	2	3,150
Revex apparatuses	2	236.250
Ferrograph appartuses	1	157,500
Nagra IV Apparatus	1	315.000
Ampex amplifier	1	78,750
UHER apparatus	2	78,750
Mini cassettes	9	105,840
Simultaneous interpretation equipment	1	630,000
Amplifier	1	78,750
Receiver	29	114.170
Microphones	6	37,800
Earphones	2	18,900
Connection flex	2	3,150
Nagra Transformer	1	118.090
Furniture for tape stocking	6	118,090
12 keys Nos 2223, 1432		
UGER microphones (new)	1	15,000
Dynatra transformer (new)	5	26,310
		<hr/>
	Total	<u>3,463,370</u>

TOOLS AND MISCELLANEOUS ITEMS IN STOCK ON 31/5/78

<u>Details</u>	<u>Number</u>	<u>Value of CEA francs</u>
Jerrycan (mettalllic)	2	1,540
" (out of use	4	-
" (plastic)	3	2,310
Air pump	2	2,310
Tools used in removing tyres	2	280
Lifting jacks	2	15,480
Tool box	1	3,920
Empty box	1	770
		<hr/>
	Total	<u><u>26,610</u></u>

COOKING UTENSILS IN STOCK ON 31/5/78

<u>Details</u>	<u>Number</u>	<u>Value of CFA francs</u>
Serviettes	6	1,260
Glasses	6	210
"	66	-
Soup plates	18	1,120
Plates	5	560
Dessert Plates	5	280
Saucers	16	350
Forks	14	490
Soup plates	2	140
Forks	11	1,080
Knives	11	420
"	11	1,980
Table spoons	3	140
Spoons	11	1,080
Tea spoons	4	80
" "	10	450
Ice tongs	1	80
Opners	2	80
Pin openers	1	40
Refrigerator	1	19,600
Gas cooker	1	6,300
Bar stools	4	7,840
Electric pressing iron(out of use)	1	-
Electric pressing iron	1	2,250
Saucepans (aluminium)	5	560
Kettles (aluminium)	1	210
Tea pot	2	210
Strainer	1	140
Kettle	1	350
Coffee Pot	1	120
Total		<u>47,420</u>

INVENTORY OF LENT ARTICLES ON 31/5/78

<u>Details</u>	<u>Number</u>	<u>Value of CFA francs</u>
Microphones (lent to IRSH)	1	7,880
Connection flex (to IRSH)	1	1,540
Minicassette (to Mounouni Marapha University of Niamey)	1	11,760
Dynatra transformer (to Mounouni Marapha University of Niamey)	1	5,270
	Total	<u>26,450</u>

INVENTORY OF PUBLICATIONS IN STOCK ON 31/5/78

<u>Title</u>	<u>Number</u>	<u>Unit Price (CFA francs)</u>	<u>Value of CFA francs</u>
Katsina	449	500	224,500
Dawra	510	350	178,500
Albarka Cibaw Tome I	20	300	6,000
" " " II	63	300	18,900
Kaara Karaatuu	2,537	300	761,100
Ansuru	106	200	21,200
Cow Songay	2,843	300	852,900
Maroua et Pette	175	500	87,500
Jaawanbe	213	500	106,500
Janngen Fulfuide II	2,113	300	633,900
Dictionnaire Elémentaire (Fulfulde-Français-Anglais)	2,762	1,000	2,762.000
La Tradition Orale	2,827	1,000	2,827.000
Iwillimiden	77	500	38,500
Les Peuls du Manding	22	500	11,000
La guerre entre Ndjo Fara Ndjo et Hambododjo Hammadi	53	500	26,500
Les Sociétés Traditionnelles	72	500	36,000
Recueil des Traditions Orales des Mandingues de Gambie et de Tradition Orale au Dahomey-Benin	315	500	157.500
Denkyira 2	39	500	19,500
Les Moeurs et les Civilisa. des Peuples des Grands Lacs Afri.	27	500	13,500
Sixteen Great Poem of Ifa	68	500	34,000
The Kwa Speaking Peoples of Liberia	906	1,000	906,000
Traditions Histo. des Touafegs de l'Imannan	161	500	80,500
Gaadoo Karhin Allaa	304	400	121,600
	129	500	64,500
		Total	9,989,100

SUMMARY

	<u>CFA Francs</u>	<u>US \$</u>
Inventory of supplies in stock (office supplies)	213,635	837.79
Inventory of products for maintenance	40,045	157.04
Office equipment	1,941.805	7,614.92
Office furniture and fixtures	1,374,150	5,388.82
Vehicles	1,701.000	6,670.59
Technical equipment	3,463,370	13,581.84
Tools and miscellaneous items	26,610	104.35
Cooking utensils	47,420	185.93
Articles lent	26,450	103.78
Inventory of publications in stock	10,092.100	39,576.86
Total	<u>18,926,585</u>	<u>74,221.90</u>

INVENTORY OF PUBLICATIONS

<u>Title</u>	<u>Number</u>	<u>Unit Price</u> <u>(CFA francs)</u>	<u>Value</u> <u>CFA Fran.</u>
		Carried over	9,989,100
RAI'IYAA	2,487		-
Recits Peuls du Macina, du Kanuri, du Djilgodji et du Torodi-Mali-Haute Volta- Nigeri	206	500	<u>103,000</u>
		TOTAL	<u><u>10,092,100</u></u>

Recapitulatory table of expenditures for the

1/6/77 - 31/5/78 Period

Items No.	Description	Appropriations	Obligations	Expenditures		Balance	Observations
				Expenditure for the month	Total Expenditure		
Chapter	<u>I Personal. moluments</u>						
100	Permanent posts	104,789,00	-	-	69,084,12	35,704,88	
100(a)	Devaluation of US\$ adjustment	11,182,00	-	-	6,231,57	4,950,43	
101	Expenses, dissemination of technical information	-	-	-	-	-	
102							
103							
	Total of Chapter I	115,971,00	-	-	75,315,69	40,655,31	
Chapter	<u>II Common Staff Costs</u>						
200	Travel on Initial Recruitment		-	-	877,06	(877,06)	
201	Travel on Home Leave and Separations	3,500,00	4.800.00	-	4,800,00	(1,300,00)	
202	Travel on Transfer	-	-	-	4,430,51	(4,430,51)	
203	Installation Allowance	2,000,00	-	-	1,428,00	572,00	
204	Dependency Allowance	11,000,00	-	-	5,972,83	5,027,17	

Items No.	Description	Appropriations	Obligations	Expenditure		Balance	Observations
				Expenditure for the month	Total Expenditure		
205	Housing Allowances	20,496,00	-		10,732,64	9,763,36	
206	OAU Pension Fund	11,783,00	-		5,753,46	6,029,54	
207	OAU Insurance Scheme	2,300,00	-		915,12	1,384,88	
208	OAU Medical Scheme	2,500,00	22,84		425,39	2,074,61	
209							
212	Education Allowance	14,800,00	200,00		1,689,56	13,110,44	
213	Post Adjustment Allowances	23,379,00	-		11,415,78	11,963,22	
214							
217	Social Security	2,000,00	700,00		3,017,33	1,017,33	
	Total of Chapter II	93,758,00	5,722,84		51,457,68	42,300,32	
Chapter	<u>III Travel of Staff on Official Missions</u>						
304							
305	Travel of Staff on Offi.Miss.	3,000,00	726,91		2,262,25	737,75	
306							
307							
308							
	Total of Chapter III	3,000,00	726,91		2,262,25	737,75	

Items No.	Description	Appropriations	Obligations	Expenditure		Balance	Observation
				Expenditure for the month	Total Expenditure		
Chapter	<u>IV Rental and Maintenance of Equipment and Premises</u>						
400	Rental of Premises						
401	Maintenance of Vehicles	3,000,00	71,20		5,336,68	(2,336,68)	
402	Maintenance of Equipment	1,200,00	-		1,160,58	39,42	
403	Maintenance of Premises	1,000,00	260,00		997,81	2,19	
404	Utilities(Electricity & Water)	4,000,00	3,960,00		6,498,90	(2,498,90)	
405	Alteration to Premises	1,500,00	-		1,436,20	63,80	
406	Insurance of Vehicles & Equip.	-	-		-	-	
	Total of Chapter IV	10,700,00	4,291,20		15,430,17	(4,730,17)	
Chapter	<u>V Communications</u>						
500	Cables						
501	Telephone						
502	Postage	3,000,00	590,37		3,498,78	(498,78)	
503	Pouches						
504	Freight						
	Total of Chapter V	3,000,00	590,37		3,498,78	(498,78)	

Items No.	Description	Appropriations	Obligations	Expenditures		Balance	Observations
				Expenditure for the month	Total Expenditure		
Chapter	<u>VI Miscellaneous Supplies and Services</u>						
600	Stationery and Office Supplies	2,000.00	75.33		2,176.46	(176.46)	
601	Bank charges and Revenue Stamps	300.00	-		9.06	290.94	
603(i)	Hospitality	500.00	-		483.63	- 16.37	
603(ii)	Reception on the OAU day	700.00	-		694.04	5.96	
604	Staff Welfare	300.00	200.00		299.11	0.89	
605	Library books and services	500.00	-		412.07	87.93	
606	Subscription to newspapers and periodicals	400.00	2.94		155.73	244.27	
607	Other supplies and services	500.00	-		690.18	(190.18)	
608	Printing of publications and buletins	15,000.00	10,500.00		14,761.60	238.40	
609	Translations and additional secretarial services	600.00	196.08		464.39	135.61	
610							
611							
612							

Items No.	Description	Appropriations	Obligations	Expenditure		Balance	Observations
				Expenditure for the month	Total Expenditure		
613							
614							
	Total of Chapter VI	20,800.00	10,974.35		1,264.16	653.73	
Chapter	<u>VII Capital expenditure</u>						
700							
701	Improvement to Premises						
702	Furniture and Fixtures	500.00	40.67		552.92	(52.92)	
703	Office Equipment	1,000.00	135.29		973.72	26.28	
704	Internal Reproduction Equipment						
705	Telecommunication equipment	400.00	58.82		325.10	74.90	
706							
707	Purchase of Vehicle						
708							
709							
	Total of Chapter VII	1,900.00	234.78		1,851.74	48.26	

Items No.	Description	Appropriations	Obligations	Expenditure		Balance	Observations
				Expenditure for the month	Total Expenditure		
<u>Chapter</u>	<u>VIII Conferences and Meetings</u>						
800		4,000.00	4,000.00		4,000.00		
801							
802							
	Total of Chapter VIII	4,000.00	4,000.00		4,000.00		
<u>Chapter</u>	<u>IX Regional Offices</u>						
903							
904							
905							
906							
	Total of Chapter IX						
	Grand Total	253,129.00	26,540.45		173,962.58	79,166.42	

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Add. 7

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON LAGOS OFFICE

A U D I T R E P O R T

BY THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS OF THE
SCIENTIFIC, TECHNICAL AND RESEARCH COMMISSION, LAGOS, FOR
THE PERIOD 1 JUNE 1977 TO 31 MAY 1978

The audit of the Regional Office, Lagos was scheduled for 22nd to 30th September to be undertaken by the representatives of Tunisia, Togo and the Gambia. These dates, however, coincided with two weekends and one public holiday in Nigeria thus reducing effectively the time available to only four working days. The non-appearance of the representative from Tunisia added further pressure to the already limited time and the Board was thus obliged to confine their investigations to the following areas:-

SCOPE OF THE AUDIT

2. During the course of our audit we carried out:-
 - (i) an appraisal of the accounting systems and the internal control procedures inforce;
 - (ii) examination of disbursement and receipt vouchers and postings to the cash Journal and Recapitulation of Status of Allotments;
 - (iii) scrutiny and test of advances records and control book.

3. We obtained all the information and explanations that we had required and subject to the comments contained below we certify that the accounts are correct and reflect accurately the activities of the STRC for the year.

INTERNAL AUDIT

4. The report of the resident Internal Auditor was not available because, as he explained, the financial reports were delayed. For the same reason the Chief Internal Auditor's report was only received in Addis Ababa after we had left Lagos. We appreciate that much work had been done by the internal audit as we could see visible signs of this in the records; we must point out however that unless internal audit reports are received in time we would not be in position to follow up on the spot material observations contained therein and which our limited time could not permit us to make ourselves.

CASH IN BANK AND AT HAND

5. The cash balances brought forward on 1st June 1977 were as follows:-

Co-operative Bank, Current A/C	US\$ 21,292.75
Co-operative Bank, Deposit A/C	176.29
Barclays Bank, External A/C	7,955.86
Barclays Bank, Dollar A/C	19,586.33
Petty Cash	24.91
	<hr/>
	US.\$ 49,036.14
	<hr/> <hr/>

The balances as at 31st May 1978 were as follows:-

Co-operative Bank, Current A/C	US.\$ 40,192.45
Co-operative Bank, Deposit A/C	175.41
Barclays Bank, External A/C	142,929.89
Barclays Bank, Dollar A/C	(7,007.25)
Petty Cash	0.79
	<hr/>
	US.\$ 176,299.29
	<hr/> <hr/>

We have been able to see bank certificates for all the balances held. The Barclays Bank Dollar Account although overdrawn according to the cash book had an actual credit balance of US\$35,647.89. The difference was largely due to cheques issued but not presented amounting to US\$42,696.14.

Recommendation: We recommend that the undesirable situation of overdrawing a bank account be avoided in future.

6. The Co-operative Bank Deposit Account was carrying an actual bank balance of US\$288,26 according to the bank certificate.

Recommendation: We recommend that the difference of US\$112.85 be investigated and brought to account.

REVENUES

7. The income for the year was derived from the following sources:-

(i) Contribution from Member Governments	US.\$ 890,132.00
(ii) Subvention from Addis Ababa	570,000.00
(iii) Other Incomes	13,989.48
	<u>US.\$ 1,474,121.48</u>

EXPENDITURE

8. The transactions of the year resulted as follows:-

Approved budget	US.\$728,557.00
Total expenditure, including obligations	<u>594,789.20</u>
Apparent savings	<u>133,767.80</u>

The expenditure figure is however understated by US.\$28,362.71 being losses arising from exchange rate fluctuations not brought to account.

Recommendation: We recommend that an expenditure code be introduced in order to bring to account such costs.

OBLIGATIONS

9. At the beginning of the year obligations brought forward in respect of 1976/77 amounted to US.\$144,528.85. Out of this total expenditures amounting to US.\$50,373.19 representing 34.8% was made in 1977/78. The situation regarding obligations therefore is as follows:-

Balance in respect of 1976/77	US\$ 94,155.66
Obligations 1977/78	<u>58,000.00</u>
	<u>US\$152,155.66</u>

It would appear that rather than obligating for actual commitments the facility is being used to augment current allotments from unspent votes.

Recommendation: We recommend that obligations be provided only in cases of unavoidable commitments actually entered into at the end of the financial year and that such amounts should be revoted by the Council of Ministers.

UNAUTHORISED EXCESS EXPENDITURES

10. Despite the overall savings shown by the expenditure figures there were unauthorised excesses on the following codes:-

<u>Code</u>	<u>Description</u>	<u>Allotment</u>	<u>Expenditure</u>	<u>Excess</u>
206	OAU Pension Fund	9,000.00	11,058.97	2,058.97
207	OAU Insurance Scheme	8,000.00	8,408.91	408.91
208	OAU Medical Scheme	6,000.00	10,224.56	4,224.56
214	Basic Vehicle Allowance	4,000.00	4,070.56	70.56
401	Maintenance of Vehicles	5,000.00	6,568.83	1,568.83
402	Maintenance of Equipment	1,000.00	1,024.60	24.60
403	Maintenance of Premises	3,000.00	13,235.48	10,235.48
500	Communications	8,000.00	11,701.18	3,701.18
603	Hospitality	3,000.00	3,010.04	10.04
606	Newspapers and Periodicals	500.00	528.12	28.12
607	Other supplies and services	1,000.00	11,310.24	310.24
702	Office furniture	2,500.00	7,681.87	5,181.87
703	Office Equipment	3,000.00	8,566.82	5,566.82
800	Technical meetings	15,000.00	18,712.12	<u>3,712.12</u>
				<u>37,102.30</u>

We have not been able to see the approval of the Advisory Committee on Budgetary and Financial Matters for any of these excesses.

Recommendation: We recommend that the approval of the Advisory Committee be obtained.

OAU HOUSES, LAGOS

11. In its report on the accounts of the STRC for the year 1974/75 the Board of External Auditors drew attention to the fact that action had not been taken to transfer legal ownership to the OAU of the following properties:-

<u>No.</u>	<u>Description</u>	<u>Date completed</u>
1.	Block of six flats 24 Mekuwen Road, Ikoyi	March, 1960
2.	Double Storey House 3 Mephrson Avenue, Ikoyi	March, 1960
3.	Block of two Double Storey Houses 5A and 5B Ikoya Avenue, Ikoyi	March 1960
4.	Block of two Double Storey Houses 1A and 1B Karamo Close, Ikoyi	May 1960
5.	Bungalow 32 Queens Drive, Ikoyi	March, 1960
6.	Double Storey House 13 Queen's Drive, Ikoyi	June, 1961
7.	Double Storey House 20 Gerard Road, Ikoyi	June, 1962

12. All the above houses were built by the now defunct C.C.T.A. out of a loan from the Nigerian Building Society. On integration of the C.C.T.A. with the OAU the latter settled the outstanding balance of the loan with the N.B.S. which then amounted to £ 110,000 and was thus entitled to inherit these assets. The Council of Ministers at its Eleventh Ordinary Session in Algiers, from 4 to 12 September 1968 resolved that:

"(a) The General Secretariat should conclude the legal arrangements with the Nigerian Government immediately on the redemption of the property.

(b) In view of the importance of the matter, it is strongly recommended that the Executive Secretary of the S.T.R.C. implement immediately, the decision taken by the Council of Ministers at its Eleventh Ordinary Session held in Algiers from 4 to 12 September which was quoted in the letter from the Secretary-General referred to above".

Ten years have now elapsed since the resolution was adopted and so far as we are aware action is still required to conclude this very important matter.

Recommendation : We recommend very strongly that urgent action be taken to obtain legal ownership of the above properties.

13. Owing to the limited time at our disposal we were unable to visit any of the houses so as to form an opinion as to their present state. We understood, however, that at least one of them had not been used for about three years now and to the loss of rent thus suffered must be added the costs due to deterioration for want of use. There was also no rents register showing who was occupying what house and the amounts of rent due. In the absence of such a register we were unable to ascertain that all rents due have been collected or conversely how much rent was owing by individual tenants. According to Internal Audit sources rents outstanding now total US\$ 21,406. We were not satisfied also that proper clearance procedures were adopted when tenant vacated since S.T.R.C was forced to pay an unsettled electricity bill amounting to US\$277.66 in the name of a tenant who had already vacated in order to restore electricity supply.

Recommendation: We recommend that a rent register be maintained to provide information on all OAU houses whether occupied by staff members or not. We also recommend that measures be taken to ensure that all vacating tenants settle their bills before they vacate.

OFFICIAL VEHICLES

14. We were unable to see log books for vehicles owned by the OAU as none is apparently being maintained. In the absence of a log book it is difficult to exercise control over excessive and unauthorised use of vehicles.

Recommendation: We recommend the introduction of a log book for each OAU vehicle to be endorsed each time by the person using the vehicle.

ADVANCES TO PURCHASE A MEANS OF TRANSPORT

15. One of the conditions for receiving an advance to purchase a means of transport is the completion of a Deed of Assignment by the person receiving the advance. This is necessary in order to vest legal ownership of the vehicle to the OAU until such time that the loan is fully liquidated. Verification of a few transport loans revealed that in those instances a deed of assignment had not been completed.

Recommendation: We recommend that a deed of assignment be completed for each outstanding transport loan and that these be properly filed for future inspection.

ADVANCES

16. The advance accounts show the following outstanding balances:-

Balance at 1/6/1977	US\$ 8,895.48
add net payments (less recoveries during the year)	17,992.63
Balance outstanding as at 31/5/1978	<u>26,888.11</u>

The outstanding balance was made up of:-

Car loans	US.\$ 21,919.72
Salary	3,101.42
Travel	1,227.30
Miscellaneous	639.67
	<u>26,888.11</u>

ACKNOWLEDGEMENTS

We are deeply appreciative of the excellent arrangements made on our behalf by the Executive Secretary and the ready assistance rendered by the entire staff of the STRC. Without their support and ready co-operation our work would have been severely hampered.

The Board of Auditors



K. AGUEY (Togo)

M.A.B. KAH (The Gambia)

Addis Ababa, October 1978.

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Add. 8

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON ACCRA OFFICE

CM/932(XXXII)

Add. 8

REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE JOINT
CAU/FAC/WHC REGIONAL OFFICE, ACCRA FOR THE YEAR ENDED
31ST MAY, 1978

The accounts of the Joint CAU/FAC/WHC Regional Office, Accra for the year 1977/78 were audited by the representative of The Gambia from the 18th to 22nd September 1978.

Scope of the Audit

2. During the course of my audit I examined the following:-

- (i) Disbursement vouchers
- (ii) Journal of Receipts and Disbursements.
- (iii) Recapitulation of Status of Allotments.

State of the Accounts

3. There were numerous accounting errors in the Cash Journal as well as in the Recapitulation statement, for instance, the Recapitulation for June 1977 had the previous year's expenditure totals brought forward when there should have been no brought forward totals, June being the first month of the year. There were also errors of calculation in the Disbursement vouchers and these have been brought to the notice of the Director for the necessary corrective action.

4. The poor state of the accounts is largely due to the absence of a full-time accounting officer and it is understood that someone has to come periodically from Niamey to help in preparing the accounts.

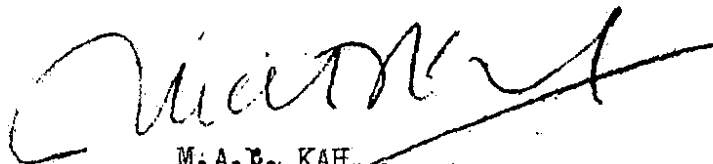
5. There is no evidence of internal audit checks on the accounts nor is it apparent that the Finance Division of the General Secretariat made any corrections on the incorrect accounts submitted to them. Indeed the expenditure and other details (receipts, inventories, etc.) of the Accra Regional Office have not been incorporated into the main accounts. As a result of the foregoing I regret I am unable to express an opinion on the state of the accounts.

6. Recommendations

It is recommended that a full-time accounts clerk be appointed urgently to maintain the accounts of the office. It is also recommended that the year's transactions, which are by no means many, be compiled and incorporated into the main accounts.

7. Acknowledgements

Grateful thanks is hereby extended to the Director and his staff for the arrangements and facilities afforded me all of which greatly facilitated my work.



M.A.B. KAH

(External Auditor)

The Gambia

Addis Ababa

October, 1978.

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Add. 9

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON KAMPALA OFFICE

REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS
OF THE INTER-AFRICAN BUREAU OF LANGUAGES, KAMPALA
UGANDA, FOR THE YEAR ENDED 31st MAY, 1978

Introduction:

Following the programme drawn up and time-budgeted by the General Secretariat of the Organization of African Unity, the accounts and records of the Inter-African Bureau of Languages, Kampala, Office were examined by the Seychelles Representative of the External Board of Auditors between the 18th to 25th September, 1978.

2. Scope of Audit: The audit was undertaken in accordance with generally accepted auditing principles and practices. It covered such areas of administrative, financial, and accounting operations as were considered necessary.

3. Audit Certificate: The attached statements have been examined in accordance with the Rules and Regulations of the Organization. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of this audit, and as a result, I certify that in my opinion and subject to the comments contained in this report, the Annual Statements reflect a true and fair view of the state of the accounts and of the results of the office operations for the year ended 31st May, 1978.

4. Budget Appropriations and Expenditure:

- a) The approved budget for the year ended the 31st May, 1978 was US\$125,611.00 out of which a total of US\$97,150.75 has been expended and US\$3,878.59 committed to discharge liabilities outstanding at the end of the year, thus leaving a saving of US\$24,581.66.

- b) It was also noted that expenditure in excess of the approved provisions were incurred on seven codes totalling to US\$8,558.43 including US\$4,106.74 for 'Home leave' travel for which no provision was made, viz.

<u>Code No.</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Over-expenditure</u>
201	US\$-----	US\$ 4,106.74	US\$ 4,106.74
207	900.00	1,828.52	928.52
213	8,000.00	8,485.04	485.04
401	2,000.00	3,611.13	1,611.13
600	1,500.00	1,621.37	121.37
601	350.00	1,474.53	1,124.53
605	1,500.00	1,681.10	181.10
Total ..	US\$ 14,250.00 =====	US\$22,808.43 =====	US\$ 8,558.43 =====

Since savings existed on other codes, it would have been proper to apply for virements to meet these excess expenditure. Attached (Appendix D) is the statement of Allotements and expenditure.

- c) Regarding the over-expenditure, the Director stated that requests for virements on major over-expenditures were sent to the General Secretariat, so far no communication on the matter has been received by his office.

5. SOURCES OF FINANCE

The sources of finance were as shown at "Appendix A" including the balance available at the end of the financial year, 31st May, 1978. The Director has stated that although his office is entitled to more than one subvention per year, only one subvention worth US\$30,000.00 was received from the General Secretariat, despite a reminder and the Chief of Finance Officer has not taken any action. He also pointed out that his office was appropriated US\$125,611.00 for the year ended 31st May, 1978.

6. BANK RECONCILIATION

The Bank Reconciliation between the cash book and the bank statements for both the Uganda Commercial Bank and the Standard Bank is shown at Appendix B. Certain difficulties were encountered while the exercise was being carried out, because the cash book was not properly maintained during a period while the Accounts Officer was on maternity leave. The Director in his reply stated that it is almost impossible not to encounter the same difficulties in future unless the Accountant gets an assistant who would be conversant with the accounting system that is followed by the OAU. In order that when the Accounts Officer goes on leave, there is somebody in the office to ensure continuity of the practice adopted.

7. ADVANCES RECOVERABLE

The balance of advances outstanding at the beginning of the financial year was US\$2,095.75, during the year US\$4,479.17 was granted and US\$5,519.59 was recovered leaving an outstanding balance of US\$1,055.33 at the 31st May, 1978. The balance is made up as follows:

<u>Name</u>	<u>Amount</u>	<u>Purpose of Loan</u>
Dr. Kabema	US\$ 207.42	Salary advance
Mr. Tonyanga	21.04	Salary advance
Mrs. Kibirango	226.87	Salary advance
Mrs. Serums	600.00	Car Loan
Total.....US\$	1,055.33	
	=====	

8. CAR REPAIRS AND MAINTENANCE

The cost of repairs and maintenance of the car was rather high during the year and this was probably due to the end of its economic life. At the time of audit it was understood that it has

been sold and a replacement was awaited. I have now been informed that the replacement has "now" been secured.

9. GENERAL

(a) Receipt books - the control on receipt books is inadequate, in view of the fact that no register is being maintained and the stock is held by the Cashier. It is recommended that a register be started, and the stock of books be kept by an officer other than the Cashier so as to provide better internal control. This has been agreed by the Director.

(b) Handing-over Certificate - no handing-over certificate was made between the two officers at the time the Cashier (Accounts Officer) went on leave and on her return to duty. It is therefore recommended that this is done in future. The Director has already agreed to this recommendation.

(c) Bank statements and other documents - the Uganda Commercial Bank is still not submitting the bank statements and other documents within reasonable time after the close of the month's accounts, and as a result, the accounting records cannot be brought up-to-date in time and thereby causes delay in the preparation and submission of accounts to the General Secretariat. It was suggested that the Manager of the Bank be approached with a view to remedy the situation. However, the Director has agreed to the suggestion.

(d) Stores-library books - At present there is no records to control the library books. It is recommended that a catalogue be started. This recommendation has been accepted by the Director and is apparently being introduced now.

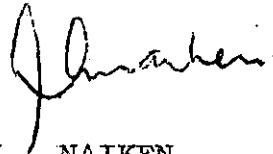
(e) Text books for re-sale - these books were not being kept on ledger charge, and as a result it was not possible to ascertain the receipts, sales and stock on hand. It was recommended that a

ledger be started. The Director has agreed to the recommendation and apparently, the record will be maintained.

10. MATTERS ARISING FROM INTERNAL AUDITORS REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31st May, 1977.

The matter raised at paragraph 5 (ii) regarding the recovery of US\$12,212.06 from the International Monetary Bank for pension contributions paid to them is apparently still unresolved. Follow up action is required or if it is felt that the prospect of recovery is very remote, authority to abandon the claim should be sought from the authority concerned. It is understood that the matter is now being followed up.

11. Finally, I would like to express my sincere thanks to the Director and his staff for the help and co-operation received during the course of my duties.



M.K. NAIKEN

Seychelles Representative

N.B

A copy of the Director's reply to the report is attached.

Source of FinanceOpening balance 1.6.1977

Uganda Commercial Bank	U. Shgs.	215,587.00	
Standard Bank		36,942.90	
Petty cash		52.40	
			252,582.30

Receipts during the year

Subvention	U. Shgs.	563,671.80	
Sale of Text Books		24,973.00	
Sale of Spares		600.00	
Tax on petrol refunded		7,069.75	
Refund of Advances		3,030.00	
Miscellaneous		6,205.60	
			605,550.15
			858,132.45

US\$ 105,163.25

Add (i) Salary & allowance - Mr. Jameh		
paid by G/S		9,667.67
(ii) Cost of Flags		202.90
Total US\$		115,033.82
		=====

Closing Balance 31.5.1978

	<u>Per Cash Book</u>	<u>Per Bank Certificate</u>
Uganda Commercial Bank US\$	12,224.79	US\$ 12,720.37
Standard Bank	1,864.11	2,909.37
Petty Cash	24.33	---
	<u>14,113.23</u>	<u>15,629.74</u>
	=====	=====

BANK RECONCILIATION - UGANDA COMMERCIAL BANK STATEMENT FOR THE
YEAR ENDED 31st May, 1978

Opening balance (1.6.1977)	U. Shgs. 215,587.00	US\$ 26,419.97
Add Receipts (1.6.77, - 31.5.78)	571,367.40	70,020.51
	<u>total</u>	<u>96,440.48</u>
	=====	=====
Less Payments and Transfers	683,156.10	83,720.37
		<u>12,720.37</u>
Balance as per Bank statement 31st May, 1978 and Bank certificate dated 19th September, 1978.	103,798.30	12,720.37
Less cheques drawn, but not presented during the year	<u>4,044.30</u>	<u>495.58</u>
Balance as per cash book as at 31st May, 1978	<u>99,754.30</u>	<u>12,224.79</u>

BANK RECONCILIATION - STANDARD BANK STATEMENT
FOR THE YEAR ENDED 31st May, 1978

Opening balance (1.6.77)	U. Shgs. 36,942.90	US\$ 4,527.31
Add receipts (1.6.77-31.5.78) and transfers	403,332.75	49,428.03
	<u>Total</u>	<u>53,955.37</u>
Less Payments	416,535.15	51,045.97
Balance as per Bank statement as at 31st May, 1978 and Bank Certificate dated 19.9.1978.	23,740.50	2,909.37
Less cheques drawn, but not presented during the year	<u>8,529.35</u>	<u>1,045.26</u>
Balance as per cash book as at 31st May, 1978	15,211.15	1,864.11
	=====	=====

APPENDIX "C"

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Codes	TITLES	Appropriations 1977/78	Previous Expenditure	Current Expenditure	Accumulated Expenditure	Obliga- tions US\$	TOTAL	Balance	Remarks
00	<u>SALARIES & WAGES</u> Established Post	63,460.00			40,254.71		40,254.71	23,205.29	
02	Temporary Assistance	1,200.00			395.31		395.31	804.62	
00	<u>COMMON STAFF COST</u> Travel on Initial Recruitment								
01	Travel on Home Leave	-			4,106.74		4,106.74	(4,106.74)	Over Expendi- ture
02	Travel on Transfer								
03	Installation Allowance	1,500.00						1,500.00	
04	Dependency Allowance	4,000.00			2,284.98		2,284.98	1,715.02	
05	Housing Allowance	12,000.00			8,670.93		8,670.93	3,329.07	
06	OAU Pension Fund	6,350.00			3,997.06	226.02	4,223.08	2,126.92	
07	OAU Insurance Scheme	900.00			1,622.48	206.04	1,828.52	(928.52)	Over Expendi- ture
08	OAU Medical Scheme	3,000.00			1,361.70		1,361.70	1,638.30	
12	Education Allowance	4,000.00						4,000.00	
13	Post Adjustment Allowance	8,000.00			8,485.04		8,485.04	(485.04)	Over Expendi- ture
		104,410.00			71,178.95	432.06	71,611.01	32,798.99	

ies	TITLES	Appropriations 1977/78	Previous Expenditure	Current Expenditure	Accumulated Expenditure	Obligations US.\$	Total	Balance	Remarks
0	Travel on Official Mission	3,500.00			2,350.52	1,149.48	3,500.00		
0	Office Rent	1.00						1.00	
1	Maintenance of Vehicle	2,000.00			3,611.13		3,611.13	(1,611.13)	Over Expendi- ture
2	Maintenance of Equipment	1,000.00			196.44		196.44	803.56	
3	Maintenance of Premises	750.00			493.12		493.12	256.88	
4	Utilities (Elec. & Water)	850.00			36.85	500.00	536.85	313.15	
6	Insurance of Vehicle & Equipmt.	1,500.00			1,099.50		1,099.50	400.50	
0	Communications	4,000.00			2,204.97	400.00	2,604.97	1,395.03	
0	Stationeries & Off. Sup.	1,500.00			1,621.37		1,621.37	(121.37)	Over expendi- ture
1	Bank charges & R stamps	350.00			1,474.53		1,474.53	(1124.53)	Over expendi- ture
3	Ordinary Hospitality US\$500								
3	OU Day Reception US\$700	1,200.00			865.30		865.30	334.70	
4	Staff Welfare	300.00						300.00	
5	Books and Periodicals	1,500.00			1,681.10		1,681.10	(181.10)	Over expendi- ture
		18,451.00			15,634.83	2,049.48	17,684.31	766.69	

A P P E N D I X "D"

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Codes	Titles	Appropriations 1977/78	Previous Expenditure	Current Expenditure	Accumulated Expenditure	Oliga- tions US.\$	Total	Balance	Remarks
607	Other supplies & services	550.00			429.94		429.64	120.36	
608	Publication of 2 textbooks	-							
609	Translation Services	200.00			36.76		36.76	163.24	
703	Office Furniture & Equipment	1,500.00				1,397.05	1,397.05	102.95	
706	Interpretation Equipment	500.00						500.00	
		2,750.00			466.40	1,397.05	1,863.45	886.55	
	Total Expenditure	125,611.00			87,280.18	3,878.59	91,158.77	34,452.23	
	Add Expenditure made by the General Secretariat on behalf of Kampala Office								
	(1) Salary and Allownces - Mr. Jameh				9,667.67				
	(2) Cost of Flags				202.90				
	Total				97,150.75	3,878.59	101,029.34	24,581.66	
	Net saving for the year							24,581.66	

Ref: BIL/AD.202/368

Date: 3 October, 1978.

Mr. M.K. NAIKEN
External Auditor
Finance Section
OAU General Secretariat
P.O.Box 3243,
Addis Ababa
Ethiopia.

Dear Mr. Naiken,

Comments on the External Audit Report on the
Accounts of the Inter-African Bureau of Lang-
uages, Kampala, for the period 1st June 1977
to 31st May 1978.

Enclosed please find our comments on the above-mentioned Report.

Yours sincerely

Dr. K. Mateene
Director.

c.c.

- Chief of Finance
- Chief Internal Auditor
- Director, Scientific & Cultural Dept.

Encl.

COMMENTS ON THE EXTERNAL AUDIT REPORT ON THE
ACCOUNTS OF THE INTER-AFRICAN BUREAU OF LANG-
UAGES, KAMPALA, FOR THE PERIOD 1st JUNE 1977
TO 31st MAY, 1978

2. RECEIPT BOOKS

Noted

3. CASH BOOK

The point is noted except that it is almost impossible not to encounter the same difficulties in future unless the Accountant gets an Assistant who would be conversant with the Accounting System that is followed by the OAU. This would ensure that whenever the Accountant goes on leave there is somebody in the Office to ensure continuity in the practices adapted.

4. HANDING OVER CERTIFICATE

Noted,

5. BANK STATEMENTS AND OTHER DOCUMENTS

Noted.

6. SOURCES OF FINANCE

Although the Office is entitled to more than one subvention per year, only one subvention, worth only US\$30,000.00 was received from the General Secretariat. Despite a reminder about this anomaly, the Chief Finance Officer has not taken any action. It is worth pointing out that for the year in question this office was appropriated US\$125,611.00.

8. BUDGET APPROPRIATION AND EXPENDITURE

Requests for virements on our major over-expenditure was sent to the General Secretariat. So far no communication on the matter has been received by us.

11. CAR-REPAIRS AND MAINTENANCE

A replacement car has now been secured.

12. STORES

(a) A record of all library books now in stock is now kept. A cataloguing system will be set up as well.

(b) Noted.

13. MATTER ARISING FROM THE INTERNAL AUDITORS REPORTS ON THE ACCOUNTS FOR THE YEAR 1976/77.

Recent communication from Addis Ababa indicates that action is being taken up to follow up the matter.

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Add. 10

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON NAIROBI OFFICE

EXTERNAL AUDIT REPORT ON THE
ANNUAL ACCOUNTS OF THE INTER-AFRICAN
BUREAU FOR ANIMAL RESOURCES-IBAR
NAIROBI FOR THE YEAR ENDED 31ST MAY 1978

Introduction : The annual accounts for the year under review were examined from 11th to 16th September, 1978 by the External Auditor of the Republic of the Seychelles. Owing to lack of adequate informations at the Nairobi Office, only an interim report was produced on the spot. The full and final report was produced at the General Secretariat.

2. Scope of Audit

The audit was undertaken in accordance with generally accepted principles and practices and procedures. Its scope was largely determined by the time budget fixed by the General Secretariat, and my programme of work covered those areas of administrative, financial and accounting operations which I considered necessary for purpose of effective audit.

3. Audit Certificate

The Accounts and Records were generally well kept. I have obtained all the information and explanations which I required for purpose of my audit and I certify that the attached financial statements reflects a true and fair view of the state of the affairs of the Nairobi Office, subject to the qualifications contained in this report.

4. Budget Appropriation and Expenditure

(a) The budget appropriations approved by the Council of Ministers for the Inter-African Bureau for Animal Resources (IBAR) for the financial year ended 31st May, 1978 were US \$ 346.792.00

The total expenditure on the budget was US \$ 324.045.29 and there was a saving of US \$ 22.746.71. Out of the expenditure of US \$ 324.045.29, only US \$ 300.886.59 was shown in the account of the Nairobi Sub-Regional Office, the balance US \$ 23.158.70 was taken from the Financial Report of the LAGOS Regional Office (Receipt and Payment Account) which were for expenditure incurred on behalf of Nairobi.

(b) The Lagos Financial Report on the Year's accounts shows under the heading "Detail of Expenditure and obligations". a total expenditure of US \$ 346.329.86 against the budget figure of US \$ 346.792.00 and a saving of US \$ 462.14 . That is an additional expenditure of US \$ 22.274.57 over and above the sum of US \$ 23.158.70 already mentioned in para. 4(a) above.

(c) The Nairobi accounts show over expenditure on three votes totalling to US \$ 6,326.06, whereas the report of the resident Internal Auditor shows over expenditure on ten votes totalling US \$ 28.040.31 . That is, US \$ 21.714.25 more than the sum shown in the Nairobi accounts.

(d) In view of the above discrepancies observed in those reports and accounts, it is probably worth to mention that if the Organisation wishes to see proper and accurate accounts kept by the NAIROBI Office which are of vital importance for financial control and audit it should see to it that the Lagos office does not incur expenditure on behalf of Nairobi Office without the prior approval of the Director who is responsible for the control of the votes, and secondly if his approval is obtained, copies of all documents for any expenditure incurred or obligated should be forwarded to him to up-date his accounts. Otherwise it will not be possible to make him answerable for any overexpenditure which are beyond his control.

5. Receipts and payments(a) Receipts

During the year under review the sum of K Shs 3 022.173.80 or US \$ 359.782.60 were received as follows.

Kenya contribution	K shs	1.464.100.00	
Subvention	"	1.360.869.90	2.824.969.90
Sale of publications	"	19.712.75	
Refund of Pensions Contributions		<u>1.020.95</u>	20.733.70
Deposits	K Shs	154.894.30	
Refund of advances	"	<u>21.575.90</u>	<u>176.470.20</u>
			<u>3.022.173.80</u>

(b) Payments

The payments during the year were K Shs 3.214.974.75 or US \$ 382.370.93 made up as follows :

Expenditure on the budget	US \$	300.886.59	
Prior Year's expenditure	"	<u>5.308.28</u>	306.194.87
Advance-Lagos Office		67.605.10	
Staff Advances		8.758.45	
Sudanese Training		<u>452.69</u>	<u>76.816.24</u>
			383.011.11
Difference due to different conversion rates			<u>640.18</u>
			<u>382.370.93</u>

Note : The receipts and payments shown above do not include any amount received or paid by Lagos Office on behalf of Nairobi.

6. Overdraft

At the beginning of the financial year (1st June 1977) the office had an overdraft of Kshs.131.809.65 and during the year there was a further overdraft of Ksh 192.800.95 totalling Kshs 324.610.60 or US \$ 38.607.35 as per Cash book but as there were unrepresented cheques to the value of Kshs 352.560.45 or US \$ 41.931.55 at the close, of the financial year, the bank account showed a credit balance of Kshs 27.949.65 or US \$ 3.324.17 . It is probably worth to

to mention that sufficient funds should be made available at all times so as to prevent overdraft and at the same time to keep the office functioning effeciently , and it can also be seen from the receipt statement above that the deposit of Ksh 154.894.30 was for specific purposes but has been utilised for other expenditure.

7. Chief Internal Audit Report

The Chief internal Audit report reference CAB/IA/4 dated 28th September, 1978 was reviewed and it was noted that he has made a number of observations which to any view are of material importance which should be dealt with by the Director of the IBAR without delay. The points raised are as follows :

(a) As a result of non-following of the rules regarding the rates for Post adjustment Allowance, eight officers were over paid the allowance totalling US \$ 1.407.48. A part from recovering the overpayments the Director should be asked to give explanation.

(b) Because the Director did not seek the advise of the General Secretariat before drafting the contract for two local staff, he has included housing allowance of US\$ 240 per month in the contracts and were paid to the two officers. Covering authority for these irregular payments should now be sought as the money cannot be recovered, and it is also recommended that in future all contracts should be vetted by the General Secretariat before signature.

(c) There has been a number of overpayments made during the financial year on per diem and Installation allowance as a result of using a rate of exchange higher than those prevailing on the date of payment. This practice has apparently been in existence since the past and is still continuing. It is recommended that the matter be looked into immediately not only to recover the overpayments, but also to get this office to apply the correct rate of exchange.

(d) During the period 5th August 1977 to 31st May, 1978 credit invoices totalling to US \$ 1324.50 were unpaid for sale of publications and there has not been any follow-up action taken because there is no proper system of accounting. These amounts should be collected as early as possible, and as suggested by the Chief Internal Auditor a memorandum record should be maintained. The record should be scrutinised periodically and reminders sent when necessary.

(e) Proper records should be maintained for petrol purchased for official use so that claim of refund of duty could be easily be made, and also the amount due should be claimed forthwith.

(f) A ruling should be obtained from the higher authority regarding whether the cost of identity cards of the staff and the professional membership fee of the Director should be met from the Organization fund or not.

(g) So far no satisfactory solution has been reached on the question as to who own the Houses at Muguga, the O.A.U. or the Kenya Government. This matter has long been outstanding, and action should be taken to resolve it.

8. Advances Recoverables card

No advances recoverable cards were produced for audit apparently they are not being maintained. As a result it was difficult to ascertain the position on the advances.

9. Acknowledgement

I wish to thank the Ag. Director and the members of his staff for the cooperation and assistance given to me during the period of my audit.


M.K. NAIKEN

Representative of the Seychelles

October, 1978

STATEMENT OF EXPENDITURE - NAIROBI
FOR THE YEAR ENDED 31ST MAY, 1978

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Add. IO

Annex I

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ACCOUNTS N.	TITLES	ALLOTMENTS US	EXPENDITURE	
100	<u>SECTION I SALARIES AND WAGES</u> Established posts	156.920.00.	142.687.93	14.232.07
100(a)	Devaluation Adjust;ent allowance			
101	Consultants and Expert Groups			
102	Temporary Assistance	600.00	201.69	398.31
103	Overtime and Night Differential			
	TOTAL SECTION I	157.520.00	142.889.62	14.630.38
200	<u>SECTION II COMMON STAFF COST</u> Travel on initial Recruitment			
201	Travel on Home Leave	3.800.00	3.228.81	571.19
202	Travel on transfer	-		
203	Installation allowance	1.900.00	1.364.50	535.50
204	Dependency Allowance	10.000.00	8.196.18	1.803.82
205	Housing Allowance	30.432.00	25.618.18	4.813.82
206	O.A.U. Pension Fund	8.500.00	125.58	8.374.42
207	O.A.U. Insurance Scheme	6.480.00		6.480.00
208	O.A.U. Medical Scheme	5.000.00	8.515.66	
209	Gratuity on Completion of Service			
212	Education Allowance	4.600.00	3.715.01	884.99
213	Post Adjustment Allowance (statutory staff only)	23.560.00	20.406.77	3.153.23
214	Basic Vehicle allowance			
215	Charges			
	TOTAL SECTION II	94.272.00	71.170.69	26.616.97

	<u>Section III TRAVEL OF STAFF ON OFFICAL DUTY</u>			
304	Lagos Office			
305	I.A.P.S.C. Office	12.000.00	11.415.42	584.58
306	I.B.A.R. Office			
307	E.I.S. Office			
	TOTAL SECTION III	12.000.00	11.415.42	584.58
	<u>SECTION IV RENTAL AND MAINTENANCE OF EQUIPMENT AND PREMISES</u>			
400	Rental of premises			
401	Maintenance of Vehicles	5.000.00	4.999.68	0.32
402	Maintenance of Equipment	1.000.00	665.51	334.49
403	Maintenance of premises	2.000.00	1.755.79	244.21
404	Utilities (Electricity and Water)	600.00	174.16	425.84
405	Alteration to Premises			
406	Insurance of Vehicles, Equipments etc ..	2.000.00	1.489.03	510.97
	TOTAL SECTION IV	10.600.00	9.084.17	1.515.83
	<u>SECTION V COMMUNICATIONS</u>			
500	Cables	6.500.00	9.215.48	
501	Telephone Service	-		
502	Postage	-		
503	Pouches	-		
504	Freight	700.00	699.53	0.47
	TOTAL SECTION V	7.200.00	9.915.01	0.47

<u>SECTION VI MISCELLANEOUS SUPPLIES AND SERVICES</u>				
600	Stationery and Office Supplies	4.500.00	4.500.00	-
601	Bank Charges and Revenue Stamps	300.00	394.92	-
602 (I)	Ordinary Hospitality	500.00	499.98	0.02
603 (ii)	O.A.U. Day Reception	700.00	700.00	-
604	Staff Welfare	300.00	295.99	4.01
605	Library Books and Services	4.500.00	4.500.00	-
606	Subscription to Newspapers and Periodicals	1.000.00	998.44	1.56
607	Other Supplies and Services	700.00	572.59	149.41
608(i)	Printing of handbook on phytosanitary inspection in Africa			
608(ii)	Printing of Publications and Bulletins	45.000.00	38.457.65	6.542.35
609	Translation and additional Services			
610	Board of Editors of the Bulletin	700.00	694.71	5.29
611	Lagos housing repairs of L.A.U.			
612	Publication of G.T.S. Report (J.P. 19)			
613	Joint FAO/WHO/SITC Regional Food and Nutrition Commission for Africa, Accra, Ghana			
614	Transfer of Bureaux to Africa (Publications Office, I.A.P.S.C. & B.I.S.)			
TOTAL SECTION VI		58.200.00	51.592.34	6.702.58

	<u>SECTION VII CAPITAL ASSETS</u>			
700	Land and Building			
701	Improvement to premises			
702	Furniture and Fixtures	2.000.00	1.819.34	180.66
703	Office Equipment	3.000.00	3.000.00	
704	Internal Reproduction Equipment			
705	Telecommunication Equipment			
706	Press and Information Equipment			
707	Purchase of Vehicles			
708	Interpretation Equipment			
709	other equipment			
	TOTAL SECTION VII	5.000.00	4.819.34	180.66
	<u>SECTION VIII CONFERENCE AND MEETINGS</u>			
800	Technical Meetings, Seminars, Symposia, CSA Meeting etc	1.000.00		1.000.00
801	General Executive Panel of Scientists Committee Meetings	1.000.00		1.000.00
802	OAU Contribution to Joint Projects			
	TOTAL SECTION VIII	2.000.00		2.000.00
	<u>SECTION IX REGIONAL OFFICES</u>			
903	I.A.P.S.C.			
904	I.B.A.R.			
905	B.I.S.			
	TOTAL SECTION IX			
	1 GRAND TOTAL	346.792.00	300.886.59	52.231.47

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Add. 11

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON NEW YORK OFFICE

EXTERNAL AUDIT REPORT ON THE ACCOUNTS OF THE
OAU EXECUTIVE SECRETARIAT AT THE UNITED NATIONS
IN NEW YORK FOR THE FINANCING PERIOD BEGINNING ON
1ST JUNE 1977 AND ENDING ON 31 ST MAY 1978

As a member of the OAU Board of External Auditors from Upper Volta, I audited, according to a programme drawn up by the OAU General Secretariat, the accounts of the OAU Executive Secretariat at the United Nations in New York.

The following books, accounts and documents were checked :

- income and expenditure journal;
- income and expenditure vouchers together with all the supporting documents ;
- Accounts ledger.

The following are my observations and opinion :

1. ACCOUNT RECORDS

I agree with my predecessor from the Central African Empire who audited the accounts of the previous financial period that the accounts of the Executive Secretariat in New York are characterized by the clear way in which they are kept and the competence of the accountant. This eased my work to a very great extent.

2. CREDITS

1. Income

The funds available in the New York Office for the period under consideration were composed of the following :

- Credit Balance of the 1976/1977 Financial year carried over	\$US	6.572.19
- Subventions paid in by the OAU General Secretariat as of 31st May 1978.....	\$US	364.911.00
- 50 % of the amount voted for the medical expenses of Mr. Shenouda.....	\$US	<u>4.812.00</u>
TOTAL INCOME	\$US	<u><u>376.295.19</u></u>

2. EXPENDITURE

The expenses actually incurred during the 1977/1978 financial period amounted to \$ US 317.242.94.

3. OUTCOME OF THE 1977/1978 FINANCIAL YEAR

One income estimates approved by the OAU Council of Ministers totalled \$ US 374.534.00 and the expenses really incurred during the same period amounted to US \$ 317.242.94. There is, therefore, a difference of US\$ 57.291.06.

To sum up the position is as follows :

- Budget estimates (obtained)	374.534.00
- Expenses incurred	<u>317.242.14</u>
- Credit Balance	<u><u>57.291.06</u></u>

It may be submitted that the accounting position of the financial year was satisfactory in so far as the amount voted was totally obtained. Nevertheless, there were, as the past, some over-expenditures :

4. OVER EXPENDITURES

The following codes were involved :

CODE	DESCRIPTION			
201	Travel on home leave	16.000.00	17.786.58	1.786.58
209	Gratuity on completion of Service		3.273.00	3.273.00
409	Maintenance of vehicles	10.000.00	10.930.42	930.42
500-503	Communications	15.000.00	16.056.25	1.056.25
601	Bank charges	50.00	313.32	263.32
706	Press SERVICE	3.200.00	3.349.20	149.20
			TOTAL	<u>7.458.77</u>

In spite of the only expenditures which , to a very great extent were compensated by the surplus obtained under certain codes(see transfer request N° FIN/283/OMU/78 of the OMU Executive Secretariat in New York). The financial position of the Office was good and no additional credit was needed.

At any rate, it would be wiser that future estimates of expenditure take into account the real needs of the Executive Secretariat so as to avoid over-expenditures. To achieve this, estimates must be based on the expenditure of the last two previous financial periods increased by a percentage calculated according to the present real cost of living.

III Finance Account

The funds of the Executive Secretariat in New York are kept at the Chemical Bank. The accountant is doing very well without petty cash as she did in the last financial year.

At the end of the financial year which ended on 31st May 1978, the OAU Executive Secretariat at the United Nations had at the Chemical Bank, a theoretical credit balance of US\$ 63.723.13 and a real balance of \$US 89.656.86.

IV Analysis of Payment vouchers

It should be mentioned that these vouchers were well prepared by the accountant and accompanied by the necessary supporting documents. The few vouchers which were not signed by beneficiaries were signed immediately because the latter were on the spot.

Contrary to the irregularities noticed in previous years, irregularities particularly concerning the reimbursement of education grant to some staff members in New York, payments were made in the financial year under consideration, by strictly adhering to the OAU financial regulations.

CONCLUSION

The External Auditors checking the accounts of the various OAU Offices should, according to established rules, take as pattern, the work of Internal Auditors but I was not given the

report of the Internal Auditor who checked the accounts of the New York Office.

I was however, furnished with the report in Addis Ababa and this corresponds to my own report, particularly, to the part dealing with the credit balance at the end of the financial year.

I would finally like to mention that on the initiative of the Executive Secretary and in agreement with the OAU Secretary General, all my hotel expenses in New York as well as my daily subsistence allowance were met by the Executive Secretariat.

KOBLAVI K. ROBERT

OAU EXTERNAL AUDITOR

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Add. 12

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON GENEVA OFFICE

REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE ACCOUNTS
OF THE PERMANENT DELEGATION OF THE ORGANISATION OF AFRICAN
UNITY IN GENEVA FOR THE FINANCIAL YEAR ENDED 31ST MAY 1978

Introduction:

The Annual Accounts of the Permanent Delegation of the OAU in Geneva have been examined in accordance with the provisions of Section IX (3) of the Financial Regulations of the Organisation. The following books and records were called for:

- (i) Journal of Receipts and Payments
- (ii) Bank Statements
- (iii) Bank Reconciliation Statements
- (iv) Disbursement, Receipt and adjustment vouchers
- (v) Ledger Accounts
- (vi) Inventories

Extent of Audit

2. The audit covered areas of financial management, accounting systems and controls which were considered necessary. I have obtained all the information I needed and subject to comments contained in this report I certify that in my opinion the accounts are correct.

State of the Accounts

3. I was struck by the casual manner in which the accounts are kept. The Journal of Receipts and Payments is kept in loose sheets which are filed together with other documents for each month. No ledger accounts were maintained except the Pension Fund Accounts and advances recoverable accounts. The latter have been commented upon elsewhere in this report.

Bank Accounts

4. During the year under review four bank accounts were operated and had the following balances (certified by the bank) as at 31st May 1978:-

(a) Pension Fund Account - non-statutory	US\$6,297,33
(b) Pension Fund Account - Statutory	105,618.52
(c) Rent Deposit Account	5,780.83
(d) Current Account	56,671.54 D.

5. Not only did the current account have a debit balance but it should also be noted that it was overdrawn throughout the year as shown below:

Month	Balance per Bank Statement	Actual Cash Book Balance
June	US\$ 91,645.74 D	US\$ 91,645.74 D
July	31,805.40 D	41,588.94 D
August	37,996.83 D	37,996.84 D
September	42,977.79 D	42,967.79 D
October	16,458.33 D	16,625.15 D
November	45,095.58 D	57,703.65 D
December	36,032.86 D	36,032.83 D
January	66,433.52 D	70,066.66 D
February	56,201.09 D	56,201.09 D
March	81,257.40 D	85,743.45 D
April	114,643.54 D	115,458.55 D
May	56,671.54 D	70,716.80 D

6. Bank charges for the year totalled US\$3231.20 of which US\$2268.20 was in respect of interest on overdraft. During the course of the year the office was granted overdraft facilities to the maximum of SF200,000.00 (US\$83,333.33). This limit was exceeded in April/May to the extent that the bank threatened to dishonour further payment orders until the excess overdraft had been cleared.

Budget

7. An amount of US\$489,278.00 was appropriated for the year under review. Total expenditure for the year as shown in the final return of expenditure as at 31st May 1978 was US\$406,095.53*. This does not tally with total monthly expenditures detailed below.

June 1977	US\$ 42,365.90
July 1977	29,335.11
August 1977	28,052.97
September 1977	35,213.73
October 1977	29,237.99
November 1977	44,359.84
December 1977	27,287.31
January 1978	34,186.96
February 1978	34,994.25
March 1978	29,106.30
April 1978	29,844.40
May 1978	41,777.44
	<u>US\$ 405,762.20</u>

8. Excess expenditure totalling US\$49,099.38 was incurred on nine accounts as shown below:

Account Code	Amount Appropriated	Total Expenditure including obliga- tions	Excess Expenditure
100(a)	US\$ 77,695.00	\$ 96,565.52	\$ 18,870.52
201	6,433.00	18,744.60	12,311.60
207	5,000.00	7,026.62	2,026.62
208	12,000.00	18,946.20	6,946.20
300	8,000.00	8,580.71	580.71
601	350.00	4,229.80	3,879.80
603(ii)	5,000.00	6,848.84	1,848.84
608	1,500.00	2,455.09	955.09
706	7,000.00	8,680.00	1,680.00
			<u>49,099.38</u>

* See statement of allotments and expenditure at Appendix I

9. I wish to make the following comments regarding the above excess expenditures:

(a) Account 601:- Bank Charges - By the end of the first month of the Financial Year this account was overspent by US\$288,00. As further bank charges were expected later in the year it is not understood why appropriate action was not taken to seek supplementary provision for this account.

(b) Account 201:- Travel of Staff on Home Leave - This account was also overspent to the tune of \$1591,60 at the end of July. There was therefore ample time within which supplementary provision could have been sought. Furthermore expenditure under this account should be relatively easy to estimate. I therefore do not understand why actual expenditure should be three times the amount provided for.

(c) Account 201:- Travel of Staff on Home Leave
Account 208:- O.A.U Medical Scheme
Account 601: - Bank Charges

A total of US\$13,105.00 was obligated against these accounts. It should be noted that the accounts were overspent at the end of May 1978 and therefore the logic behind obligating sums of money against unavailable funds is not understood. I did not have a chance to verify how the amount of US\$10,720.00 obligated against account 201 was arrived at but it is doubtful that the amount represented outstanding payments related to trips undertaken during the course of 1977/78. Further, in response to my enquiry, I was informed that the US\$1000.00 obligated against account 601 was an estimate of charges that were likely to be raised by the bank in June 1978. In my opinion these are proper charges to the 1978/79 financial year and should have been borne in mind when preparing the 1978/79 budget.

Income

10. Income for the year under review totalled US\$494,525.73 broken down as follows:

Subventions from the General Secretariat	US\$494,139.37
Miscellaneous income	386.36
	<hr/>
	494,525.73

11. In the absence of proper ledger accounts these figures must be treated with reservation as the following discrepancies were noted on the examination of what was purported to be ledger accounts. An amount of US\$66,250.00 was not posted to the subventions received account. Although the miscellaneous income returns for the month of May 1978 indicate that miscellaneous income received during the year totalled US\$386,36 this does not tally with US\$425,67 extracted from what I was shown as a miscellaneous income ledger account.

Advances Recoverable Accounts

12. Salaries paid in advance of due date, for whatever reason, should in the first instance, be charged to an advance account and recoveries effected from the month's payroll. During the course of audit instances were noted where the advances were charged directly to the salaries code. A few examples are given below:-

- (a) D.V 4/6 dated 10/6/77: Mr. A. Kamba paid June salary and this was charged to Code 100.
- (b) D.V. 5/6 dated 10/6/77: Mr. M.A. Kamba paid July salary and this was charged to Code 100.
- (c) D.V. 10/6/dated 15/6/77: Mr. H.A. Abdalla was paid July salary and this was charged to Code 100.
- (d) D.V. 36/6 of 17/6/77: Mr. H.A. Abdalla was paid August salary and this was charged to code 100.

13. Ledger accounts for advances were kept but their maintenance was completely unsatisfactory. I had to ask the Accountant to explain a number of entries many of which appeared to have just been scribbled in and it is doubtful that they were posted at the time of the transactions. The Accountant, however, insisted that these were properly kept but his contention only served to convince me that he was not conversant with the operation of the accounts. In view of this I am not in a position to certify as correct the advances shown as outstanding at the year end. These are detailed below:

Names	Salary Advances	Car Loans	Travel Advances	Miscellaneous Advances
Mr. E. Mlambo		\$1125.00		
Mr. M. Kamba			\$260.00	
General Secretariat				952.00
TOTAL		\$1125.00	\$260.00	\$952.00

Conclusion:

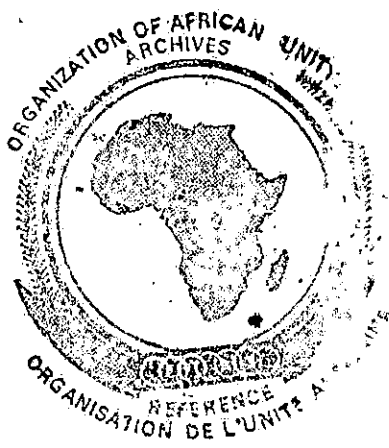
14. The Geneva Office Accounts have been adversely commented upon by both the Internal and External Auditors. The Advisory Committee has also expressed concern about this office. The General Secretariat in Addis Ababa and the Geneva Executive Secretariat are aware of the problems of the office. It has therefore become imperative that positive action be taken to arrest the unsatisfactory state of affair prevailing there. In view of the complexities of the accounts at this office serious thought should be given to assessing the capability of the present Accountant.

15. Finally I wish to express my gratitude to staff members in Geneva for the co-operation they extended to me during my stay in there.

M. B. Masisi
M.B. MASISI

EXTERNAL AUDITOR, BOTSWANA

18 October, 1978.



CAU GENEVA OFFICE STATEMENT OF EXPENDITURE AT 31ST MAY 1978

CH/932 (XXXII)

Add. 12

Appendix I

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Account Code	Description	Amount in Budget	Expenditure	Balance	Obligations	Net Balance	Remarks
100							
100	Personal Emoluments	135.090.00	107.170.58	27.919.42	-	27.919.42	
100(a)	Devaluation of US \$	77.695.00	96.565.52	(18.870.52)	-	(18.870.52)	over-Exp
102	Temporary Assistance	3.000.00		3.000.00	-	3.000.00	
	TOTAL CHAPTER I	<u>215.785.00</u>	<u>203.736.10</u>	<u>12.048.90</u>	-	<u>12.048.90</u>	
201	Travel of Staff on Home Leave	6.433.00	8.024.60	(1.591.60)	10.720.00	(12.311.60)	over-exp
204	Dependency Allowance	7.000.00	3.375.20	3.624.80		3.624.80	
205	Housing Allowance	34.560.00	24.000.00	10.560.00		10.560.00	
206	Pension Fund Contribution	21.040.00	19.336.70	1.703.30		1.703.30	
207	Insurance & Social Security	5.000.00	7.026.62	(2.026.62)		(2.026.62)	over-Exp
208	Medical Scheme	12.000.00	17.561.20	(5.561.20)	1.385.00	(6.946.20)	over-exp
212	Education Allowance	46.500.00	10.830.47	35.669.53		35.669.53	
213	Post Adjustment Allowance	51.010.00	39.943.65	11.066.35		11.066.35	
	TOTAL CHAPTER II	<u>183.543.00</u>	<u>130.098.44</u>	<u>53.444.56</u>	<u>12.105.00</u>	<u>41.339.56</u>	
300	Travel on Official Mission	15.000.00	5.574.08	9.425.92		9.425.92	
	TOTAL CHAPTER III	<u>15.000.00</u>	<u>5.574.08</u>	<u>9.425.92</u>		<u>9.425.92</u>	
	TOTAL CARRIED FORWARD	<u>414.328.00</u>	<u>339.408.62</u>	<u>74.919.38</u>	<u>12.105.00</u>	<u>62.814.38</u>	

Account Code	Description	Amount in Budget	Expenditure	Balance	Obligations	Net Balance	Remarks
	Balance B/F	414.328.00	339.408.62	74.919.38	12.105.00	62.814.38	
400	Rental of Premises	24.000.00	22.548.12	1.451.88	-	1.451.88	
401	Maintenance of Vehicles	3.000.00	681.19	2.318.81	-	2.318.81	
402	Maintenance of Equipment	1.500.00	1.002.51	494.49	-	494.49	
403	Maintenance of Premises	2.000.00	1.352.39	647.61	-	647.61	
404	Utilities and Services	1.500.00	469.02	1.030.98	-	1.030.98	
406	Insurance of vehicles	2.000.00	1.759.16	240.84	-	240.84	
	TOTAL CHAPTER IV	<u>34.000.00</u>	<u>27.812.39</u>	<u>6.187.61</u>	<u>-</u>	<u>6.187.61</u>	
500	Communications	8.000.00	8.580.71	(580.71)	-	(580.71)	Over-exp
	TOTAL CHAPTER V	<u>8.000.00</u>	<u>8.580.71</u>	<u>(580.71)</u>	<u>-</u>	<u>(580.71)</u>	Over-exp
600	Stationary & Office Supplies	4.000.00	2.244.05	1.755.95	-	1.755.95	
601	Bank Charges	350.00	3.229.80	(2.879.80)	1.000.00	(3.879.80)	Over-exp
603(i)	Ordinary Hospitality	1.300.00	605.72	694.28	-	694.28	
603(ii)	Anniversary Day Reception	5.000.00	6.848.84	(1.848.84)	-	(1.848.84)	Over-exp
604	Staff Welfare	300.00	-	300.00	-	300.00	
605	Library Books	1.000.00	80.42	919.58	-	919.58	
606	Newspapers/Magazines	1.500.00	499.33	1.000.67	-	1.000.67	
607	Other supplies & services	2.000.00	364.21	1.635.79	-	1.635.79	
608	Printing of Documents	1.500.00	2.455.09	(955.09)	-	(955.09)	Over exp
	TOTAL CHAPTER VI	<u>16.950.00</u>	<u>16.327.46</u>	<u>622.54</u>	<u>1.000.00</u>	<u>(377.46)</u>	
TOTAL	TOTAL CARRIED FORWARD	473.278.00	392.129.18	81.148.82	13.105.00	68.043.82	

Account Code	Description	Amount in Budget	Expenditure	Balance	Obligations	Net Balance	Rema.
	Balance B/F	473.278.00	392.129.18	81.148.82	13.105.00	68.043.82	
703	Office Equipment	8.000.00	4.428.85	3.571.15	-	3.571.15	
706	Purchase of Official car	7.000.00	8.680.00	(1.680.00)		(1.680.00)	
707	Information Services	1.000.00	857.50	142.50	-	142.50	
	TOTAL CHAPTER VII	16.000.00	13.966.35	2.033.65	-	2.033.65	
	GRAND TOTAL	489.278.00	406.095.53	83.182.47	13.105.00	70.077.47	

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