

AFRICAN UNION  
الاتحاد الأفريقي



UNION AFRICAINE  
UNIÃO AFRICANA

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Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone +251115- 517700 Fax : +251115- 517844  
Website : [www.africa-union.org](http://www.africa-union.org)

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**FINANCIAL RULES AND REGULATIONS  
OF THE AFRICAN UNION**

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## FINANCIAL RULES AND REGULATIONS OF THE AFRICAN UNION

### ARTICLE 1

1. The present Rules and Regulations have been prepared in accordance with the Constitutive Act, the Rules of Procedures of the Assembly, the Executive Council, and the PRC as well as the Statutes of the Commission.
2. The present Rules and Regulations shall regulate and control the financial activities of the Union and all its organs, except where there are specific provisions to the contrary.

### ARTICLE 2

For the purpose of these Financial Rules and Regulations:

- (i) **“Accounting Officer”** means the Chairperson of the Commission.
- (ii) **“Assembly”** means the Assembly of Heads of State and the Government of the Union;
- (iii) **“Board of External Auditors”** means the Board established under Article 109 of these Rules;
- (iv) **“Board of Survey”** means the Board established under Article 96 of these Rules;
- (v) **“Budget”** means the overall Budget of the Union as defined in Article 34;
- (vi) **“Constitutive Act”** means the Constitutive Act of the African Union;
- (vii) **“Chairperson”** unless specified otherwise means the Chairperson of the Commission;
- (viii) **“Commission”** means the Secretariat of the Union;
- (i) **“Director of PBFA”** means the Director of Programming, Budgeting, Finance and Accounting Directorate;
- (ix) **“Executive Council”** means the Executive Council of Ministers of the Union;
- (x) **“Finance Officer”** means an officer appointed by the Accounting Officer who shall be responsible for the accounting transactions of the Union in a finance office;
- (xi) **“Financial Period”** means one (1) financial year beginning from **1 January to 31 December** of the same year;
- (xii) **“Financial Rules and Regulations”** means the Financial Rules and Regulations of the Union;
- (xiii) **“General Fund”** means such fund established under Article 17 of these Rules;
- (xiv) **“Joint Disciplinary Board”** means such Board as established under the AU Staff Rules and Regulations;
- (xv) **“Member of the Commission”** means the Chairperson, the Deputy Chairperson and the Commissioners;
- (xvi) **“Parliament”** means the Pan-African Parliament of the Union;
- (xvii) **“PRC”** means the Permanent Representatives’ Committee;
- (xviii) **“Programme Manager”** means any officer duly appointed by the Accounting Officer who is personally responsible and accountable for the implementation and management of programme(s) within a Unit, Division, Department or Regional Office;

- (xix) **“Staff Member”** means a staff member in the professional, technical or general service category.
- (xx) **“Tender Board”** means such tender board established under these Rules and Regulations;
- (xxi) **“Union”** means the African Union established by the Constitutive Act;
- (xxii) **“Working Capital Fund”** means the fund established under Article 18 of these Rules.

### ARTICLE 3

The Union’s accounting procedures shall be laid down in the Financial Policies and Procedures Manual and in so far as they are not incompatible with these Financial Rules and Regulations shall be adhered to at all times.

### ARTICLE 4

The monetary unit of the Union shall be the United States Dollar. However, having regard to the international economic and financial situation, the Executive Council may, upon the proposal of the Accounting Officer, adopt another monetary unit for the Union.

### ARTICLE 5

1. The Budget of the Union provides for and authorizes the financial commitments, funds and revenue of the Union and determines their nature and amount.
2. The Budget shall be drawn up by the Accounting Officer on an annual basis and adopted by the Assembly, after consideration by the Executive Council upon the recommendation of the PRC in conformity with the provisions of the Constitutive Act, the Rules of Procedure of the Assembly, the Executive Council, and the PRC, as well as the Statutes of the Commission and the present Financial Rules and Regulations.

### ARTICLE 6

The Draft Budget drawn up and presented by the Accounting Officer shall be supported by reports on the implementation of the budget for the current and previous financial period as stipulated in Financial Policies & Procedures Manual.

### ARTICLE 7

1. The financial year shall extend over a period of twelve (12) months, starting on 1<sup>st</sup> January and ending on 31<sup>st</sup> December of the same year. This shall take into consideration all the financial commitments and funds of the Union which shall be definitively drawn up by 31<sup>st</sup> December.
2. Accounting operations entered into prior to 31<sup>st</sup> December of the financial year, but which could not be completed before that date shall be finalized within the first three (3) months of the following financial year.

## **ARTICLE 8**

The proposed Budget shall consist of two (2) parts: income and expenditure.

## **ARTICLE 9**

1. The proposed Budget shall be accompanied by such information, annexes and explanatory statements as may be requested by or on behalf of the Assembly.
2. It shall also include a brief statement on the main changes to the programme content in comparison with the previous financial period and such further annexes or statements as may be deemed necessary and useful.

## **ARTICLE 10**

No receipts shall be classified as outstanding or paid in, and no expenditure shall be incurred on behalf of the Union, unless it has been authorized by the Accounting Officer.

## **ARTICLE 11**

In the financial period, the Assembly or any other duly delegated organ, may approve supplementary Budget proposals, provided additional financial resources are available to meet the additional financial commitments. The supplementary Budget proposals shall be in a form consistent with the approved Budget.

## **ARTICLE 12**

Supplementary Budget proposals may be submitted in respect of the current financial period:

- a) Where approval is required as a matter of urgency;
- b) For urgent activities which could not have been foreseen at the time of submission of the initial Budget;
- c) In respect of special decisions taken by the Policy Organs of the Union.

## **ARTICLE 13**

The creation of jobs, recruitment, appointment, promotion and alterations to the structure or system of remuneration, for a particular financial period, shall be undertaken solely within the limit of funds allocated under the various headings of the Budget of the Union, subject to prior approval of the policy organs.

## **ARTICLE 14**

1. The Budget proposal shall be presented in terms of actual realistic estimates submitted together with adequate supporting documents, with programme narrative setting out sub programmes, programme elements, output and users;

2. The Budget proposals shall be presented as a single document, according to Departments, divisions, units, programmes and sub-programmes.

#### **ARTICLE 15**

1. The PRC may, at the request of the Accounting Officer, authorize transfer of funds, as the need arises. The request shall be supported by relevant documents and having regard to actual service needs and requirements, provided sufficient savings can be found within the limit of funds appropriated under the relevant part of the Budget.

2. Transfer of funds from one budget line to another shall be authorized by the PRC.

3. The PRC may, in exceptional cases, authorize transfer of funds appropriated for personal emoluments or mission for the benefit of equipment or other expenses

4. For avoidance of doubt, the Accounting Officer shall not, under any circumstances, reallocate funds from one budget line to another without prior authorisation of the PRC.

#### **ARTICLE 16**

1. The Chairperson is the Accounting Officer of the Union. He/She shall be responsible for the preparation and implementation of the budget. In carrying out these tasks, he/she shall be assisted by the Heads of the other organs of the Union.

2. He/she may, however, designate his/her Deputy or any other officer who shall be responsible on his/her behalf for the implementation of the Budget.

3. The Deputy Chairperson shall be in charge of Administration and Finance of the Commission in accordance with Article 9 of the Statutes of the Commission. In carrying out this task, he/she shall be accountable to the Accounting Officer.

4. The functions of the Accounting Officer and those of the Director of Finance shall not be exercised by one and the same person.

5. The Accounting Officer shall assume the overall responsibility for the administrative operations to ascertain the credit-worthiness' of the Union, and the settlement and ordering of expenditure.

6. The Deputy Chairperson shall handle the day-to-day administrative operations of the Commission.

7. The Director of Finance, who shall be solely responsible for keeping the accounts of the Union, shall handle transactions connected with collection of incomes and their disbursement.

**PART II: BUDGET STRUCTURE**

**Section A: Income**

**ARTICLE 17**

There shall be established a General Fund for the purpose of accounting for the expenditure of the Union, in which the following categories of accounts shall be maintained:

- a) Annual Contributions paid by Member States; and
- b) Advances from the Working Capital Fund.

**ARTICLE 18**

1. A Working Capital fund shall be established out of excess of income over-expenditure:

- a) To enable the Accounting Officer to draw there from, amounts as recoverable advances, to finance the General Fund; and
- b) For any other purposes as may be determined from time to time by the Assembly.

2. The ceiling of the Working Capital Fund shall be set up by the Executive Council.

**ARTICLE 19**

The main purposes of the Working Capital Fund are to:

- a) Provide advances necessary to meet obligations pending receipt of contributions due from Member States
- b) Provide advances necessary to meet obligations and unforeseen or extraordinary expenses arising from implementation of resolution and decisions adopted by the Executive Council or the Assembly of Heads of State and Government.

**ARTICLE 20**

Advances from the Working Capital Fund may be made only for the purposes and within the terms and conditions prescribed by the Executive Council and only on the basis of written authorization signed by the Accounting Officer.

**ARTICLE 21**

The Executive Council shall determine the ceiling of withdrawal from the Working Capital Fund. Drawings over and above that ceiling shall be authorized by the Executive Council on recommendation of the PRC.

**ARTICLE 22**

Advances drawn from the Working Capital Fund to finance budget allocations during any financial period shall be paid back into the Working Capital Fund as soon as

funds are available for this purpose and in proportion to the amount of resources collected.

#### **ARTICLE 23**

Except for cases where such advances may be recovered from extra budgetary funds or other authorized sources, all advances drawn from the Working Capital Fund for unforeseen or extra-ordinary expenditure or for any other purpose, shall be reimbursed by means of supplementary budgetary appropriations.

#### **ARTICLE 24**

Subject to the provision of Article 23 of these Financial Rules and Regulations, the Working Capital Fund shall be replenished by the excess of income over actual expenditure for a particular financial period, in other words, the difference between the actual income and expenditure obtained after recovery of the advances of the General Fund in previous financial years.

#### **ARTICLE 25**

The Chairperson may establish fiduciary funds, reserves and special funds outside the Budget appropriations in respect of specific activities entrusted to the Union, subject to the approval of the Executive Council on recommendation of the PRC.

#### **ARTICLE 26**

The objectives of these Funds shall be determined by the Executive Council. These Funds shall be administered in accordance with the Financial Rules and Regulations of the Union.

#### **ARTICLE 27**

1. Separate accounts shall be opened for the Funds referred to in Article 25. The Director of Finance shall be responsible for keeping these accounts and shall submit financial statements relating to the management of these accounts to the Board of External Auditors and the Executive Council through the PRC.

2. If such Funds have remained dormant for a period of five (5) years, they shall be analysed and may be closed from the books of accounts. Adjustments, which arise subsequent to the closing of such Funds, shall be classified as miscellaneous income and credited to the General Fund.

#### **ARTICLE 28**

1. The Chairperson may accept, on behalf of the Union, gifts, legacies, voluntary contributions and donations made to the Union, provided the objectives and the purpose of these are not inconsistent with the purpose and objectives of the Union.

2. In case of monetary donations for a specific purpose, the corresponding amount shall be treated as Funds referred to in Article 25. Monetary donations made for no



specific purposes shall be considered as miscellaneous income and credited to the General Fund

#### **ARTICLE 29**

There shall be established a Capital Reserve for the purpose of accounting for the Union's fixed assets valuation. The value of fixed assets, as re-valued by asset valuation experts, above the book value of the asset shown on the Balance Sheet of the Union, shall be credited to Capital Reserve account. The balance of this account shall be decreased by the yearly depreciation charges as specified in Article 125.

#### **ARTICLE 30**

The resources of the Budget of the Union shall be derived from:

- a) Statutory contributions from Member States, paid according to the Scale of Assessment approved by the Executive Council;
- b) Subventions, donations and bequests approved by the Executive Council;
- c) Donors support;
- d) Advances made to the Union;
- e) Remuneration for any services rendered by the Union;
- f) Advances from the Working Capital Fund;
- g) Income from investments loans and advances;
- h) Refunds of expenditures made during the previous financial years;
- i) Miscellaneous income.

#### **ARTICLE 31**

Statutory contributions by Member States shall be effected from the first day of each financial year.

#### **ARTICLE 32**

Adjustments may be made to contributions as follows:

- a) Contributions resulting from the assessment of new Member States in accordance with the provisions of the Constitutive Act;
- b) Adjustments in miscellaneous income previously taken into account.

#### **ARTICLE 33**

1. Collection of all direct or indirect contributions not authorised by the Executive Council, in whatever form or denomination, shall be formally prohibited. Any officer perpetrating such collections shall be subjected to severe disciplinary measures, including recovery of such contributions.

2. Likewise, a staff member shall be subjected to similar disciplinary measures for having deliberately or otherwise, and for whatever reason, contributed to the reduction in the amount of a statutorily authorised income.

**Section B: Expenditure**  
**ARTICLE 34**

Expenditure provided for in the Budget of the Union shall be divided into four (4) categories:

- a. Staff Costs
- b. Operating Expenses
- c. Capital expenditure
- d. Programmes

**PART III: PREPARATION AND ADOPTION OF THE BUDGET**

**Section A: Preparation and Adoption of the Budget**

**ARTICLE 35**

In accordance with the provisions of the Constitutive Act and the relevant Rules governing the Functions and the Regulations of the Commission, the preparation of the Budget shall devolve on the Accounting Officer.

**ARTICLE 36**

The Accounting Officer shall prepare and submit for consideration by the PRC the Draft Budget proposals for the coming financial year. These Draft Budget proposals shall be accompanied by the following documents:

- a) A detailed report on the Draft Budget analysing on-going programmes as well as supplementary programmes including financial resources requirement;
- b) A statement on the various sources of income;
- c) A detailed statement on the situation of the Working Capital Fund and other funds;
- d) A nominal list of all members of staff of the Union and their dependants;
- e) Estimates of expenditure resulting from the organisation of conferences and meetings of Heads of State and Government and the Executive Council, specialised committees, other organs or specialised agencies of the Union and the Union's participation in conferences and meetings of international bodies with similar objectives;
- f) A statement showing the position of paid-up contributions by Member States in accordance with a fixed scale of assessment and obligations stemming from the provisions of the Constitutive Act and arrears due from Member States under each financial period;

- g) A detailed report on budget performance for the on-going financial period, and in particular, on the situation of funds for the period up to the end of the month preceding the closure of the financial year;
- h) Inventory of all immovable assets belonging to the Union specifying their current condition;
- i) Any other relevant document.

#### **ARTICLE 37**

The Draft Budget drawn up by the Accounting Officer shall be submitted to the PRC for consideration not later than 1<sup>st</sup> November of the financial year.

#### **ARTICLE 38**

1. Budget estimates shall be approved by the Assembly within appropriate time limits, that is to say, in such a way that the budget performance may begin from 1<sup>st</sup> January, date of commencement of the financial year.

2. The Budget thus approved, together with a list of assessed contributions and possible arrears shall be immediately communicated to all Member States by the Accounting Officer.

#### **ARTICLE 39**

1. If, for any reason, the Executive Council has not approved the Budget of the Union before 1<sup>st</sup> January, the Current Chairperson of the Executive Council may, in consultation with the PRC, authorise the Accounting Officer to disburse provisionally, one-twelfth of the Budget of the previous financial year until the new Budget is adopted.

2. The PRC shall thereupon, authorise the transfer of adequate funds from the Working Capital Fund established under Article 18 of these Financial Rules and Regulations.

### **Section B: Regulations governing the administration of the Budget**

#### **ARTICLE 40**

1. The Accounting Officer shall submit to the Executive Council, at the same time as the Budget Estimates for the succeeding financial year, an up-to-date Statement of Expenditure of the current financial year up to the end of the month preceding the meeting of the PRC, together with an up-to-date statement of expenditure of the previous financial year.

2. In addition, the Accounting Officer shall submit the financial statements showing income and expenditure, and reports evaluating results of operations of the last financial year.

#### ARTICLE 41

These financial statements or financial report for the preceding financial year and any financial statement or financial report for each financial year shall, in particular, include the following:

- a) Balance Sheet showing assets, liabilities, situation of the Working Capital Fund, the General Fund and other extra budgetary funds, duly signed by the Accounting Officer and the Director of Finance;
- b) Statement of Income and Expenditure;
- c) Statement of Cash Flows;
- d) Statement of Revenue and their sources;
- e) Statement of Contributions paid by Member States;
- f) Statement of Arrears of Contributions;
- g) Supporting Schedules which shall include:
  - (i) Statement of Investments;
  - (ii) Statement of Bank and Cash balances of the Union;
  - (iii) Statement indicating deficits or excess of income resulting from operations undertaken during the on-going financial year, which should be paid to the General fund;
- h) Explanatory notes indicating, where necessary, the accounting policies of the Union; and
- i) Such other statements as may be required and all other information deemed necessary by the Accounting Officer, the Board of External Auditors and the PRC.

#### ARTICLE 42

The Accounting Officer shall present the financial statements and reports thus prepared for each financial year to the Board of External Auditors for their consideration. The written recommendations and comments of the PRC shall be attached to the Financial Statements and Reports for transmission to the Executive Council. The Board of External Auditors shall include their Audit opinion to the report.

#### ARTICLE 43

A special provision in the Decision approving the Budget to which shall be annexed the Financial Statements of the preceding financial year, shall stipulate the transfer to the General Fund of excess income established or, on the contrary, shall stipulate that the deficit be covered by a withdrawal from the Working Capital Fund if the General Fund is insufficient to make up the deficit or by any other means if the assets of the Working Capital Fund are insufficient to make up the said deficit as well.

#### ARTICLE 44

Financial transactions shall be recorded in the accounts on an accrual basis of accounting. The detailed accounting procedures shall be laid down in the Finance Policies and Procedures Manual.

## **PART IV: ADMINISTRATION OF THE BUDGET**

### **Section A: Revenue**

#### **ARTICLE 45**

With regard to revenue, the Accounting Officer shall take steps aimed at recovering the claims of the Union as well as any monies to be recovered for its benefit. He/she shall periodically issue reminders to Member States which have not yet paid their statutory contributions to do so. Other debtors shall also be reminded to pay claims due to the Union.

#### **ARTICLE 46**

All payments due to the Union shall be claimed by the issue of an Invoice.

### **Section B: Investment**

#### **ARTICLE 47**

1. The Accounting Officer, or any duly designated officer, may make short-term investment of monies not needed for immediate requirements.
2. There shall be established a Committee which will advise the Accounting Officer on all matters pertaining to the placement of such cash in deposit account.
3. The Committee shall be composed of the following:
  - a) Deputy Chairperson;
  - b) Director of Finance; and
  - c) Legal Counsel.

#### **ARTICLE 48**

The Accounting Officer, or any duly designated officer, may after appropriate consultation make long term investments (more than one (1) year) taking into consideration the liquidity requirements of the Union.

#### **ARTICLE 49**

The Accounting Officer, or any duly designated officer, may after appropriate consultation make long term investments of monies standing to the credit of funds referred to Article 25, except as may be otherwise provided by the appropriate authority in respect of each such funds and accounts.

#### **ARTICLE 50**

Investment shall be made in interest bearing accounts. Such investments shall:

- a) Be readily convertible in cash;

- b) Not require further negotiation in regards of exchange rates or other regulations and controls when being liquidated.

#### **ARTICLE 51**

Income from investments of the General Fund and the Working Capital Fund shall be credited as miscellaneous income in the General Fund. Income from investments of Funds referred to in Article 25 shall be credited to the specific fund.

#### **Section C: Expenditure**

#### **ARTICLE 52**

1. Appropriations shall be available for commitment during the financial year to which they relate.
2. Appropriations shall remain available for twelve (12) months as from the end of the financial year to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial year except where otherwise expressly waived by the PRC.
3. Appropriations shall be available to liquidate any other outstanding legal obligations of the financial year.
4. The balance of the appropriations for the financial year shall be surrendered to the General Fund twelve (12) months after the end of the financial year.

#### **ARTICLE 53**

An outstanding legal obligation shall be based on a contract, purchase order, agreement, commitments or other form of undertakings by the Union or based on a liability recognised by the Union. Such obligations are supported by an appropriate obligating document. The obligation shall be carried as an unliquidated obligation during the period set forth in Article 58 unless liquidated prior thereto.

#### **ARTICLE 54**

1. The administrative procedure for the disbursement of expenditure by the Union shall consist of an establishment of obligations, liquidations and payment orders. The Accounting Officer shall initiate action and shall determine the necessity for the expenditure.
2. The Accounting Officer shall only note and draw up creditors claims for services actually rendered. The Accounting Officer shall designate an officer who shall certify for services rendered.

#### **ARTICLE 55**

Cognisance of creditors claims shall take the form of the issue of a Payment Order. It shall be based on supporting documents drawn up in accordance with these Rules and Regulations. These documents shall be dated, certified, and drawn up in figures

and words and signed by the Accounting Officer in accordance with the charges, costs or conditions laid down by these Rules and Regulations or determined by contracts, agreements or decisions of the competent authorities.

#### **ARTICLE 56**

No organ, officer or representative of the Commission shall contract any obligation or commitment whatsoever, on behalf of the Union, without the written authorisation of the Accounting Officer.

#### **ARTICLE 57**

All expenditure shall be justified by supporting documents. The required supporting documents for each type of expenditure shall be laid down in the Finance Policies and Procedures Manual prepared under Article 3.

SECTION D: Procurement and tendering procedures

#### **ARTICLE 58**

##### **At the level of the Commission**

1. Procurement and Tendering Procedures at the level of the Headquarters Tenders relating to the acquisition of materials, supplies and services shall be mandatory for all expenditure equal to or above United States Dollars ten thousand (US \$ 10,000). The Executive Council may, on the recommendation of the PRC, revise this amount.
2. All acquisition of material, supplies and services for an amount equal to or exceeding United States Dollars fifty thousand (US \$ 50,000) shall be tendered by advertising on the website of the Union and /or in specialized or widely read journals
3. All acquisitions from United States Dollars ten thousand (US \$ 10,000) and up to fifty thousand (US \$ 50,000) shall be effected by Selective Tendering from the list of suppliers approved by the Tender Board.
4. All acquisitions from United States Dollars five hundred (US \$ 500) and up to ten thousand (10,000) shall be effected after calling quotations from at least three (3) suppliers. This applies to single purchases or series of related single purchases.
5. Acquisitions below United States Dollars five hundred (500) for any single unrelated purchase to be effected through direct purchase.

#### **ARTICLE 59**

##### **At the level of the Representational and Specialized Offices**

1. All acquisition of materials, supplies and services for an amount equal to or exceeding United States Dollars ten thousand (US \$ 10,000) shall be referred to the Tender Board at the Headquarters of the Commission, set up under Article 60.1. All acquisition from United States Dollars five thousand (US \$ 5,000) and up to ten thousand (10,000) shall be effected by selective tendering.

2. A Tender Committee comprising the Head of Office, the Finance Officer and other senior staff member, appointed by the Head of Office, shall be set up for that purpose in a Regional Office.

3. All acquisition from United States Dollars five hundred (US \$ 500) and up to five thousand (5,000) shall be effected after calling quotations from three (3) suppliers. This applies to single purchases or series of related purchases.

4. Acquisitions below United States Dollars five hundred (US \$ 500) shall be effected by direct purchase.

5. However, the Accounting Officer may revise and fix the limits set out at (c) and (d) taking into consideration changes in the cost of living in the respective countries where these Representational and Specialized Offices are based.

#### ARTICLE 60

1. Tenders for the Commission and the Representational and Specialized Offices, where the amount is equal to or exceeds United States Dollars ten thousand (US \$ 10,000) shall be scrutinised by a Tender Board composed of the following:

- a) Director Administration and Human Resources Development (as Chairperson);
- b) Director of PFBA;
- c) Legal Counsel;
- d) Chief of Buildings, Equipment and Transportation Services (or) any other Department concerned with the tender;
- e) Any other two staff members (other than from the Administration and Finance Department and the Policy and Programme Coordination Department) to be appointed by the Chairperson for a term not exceeding one (1) financial year subject to reappointment by the Chairperson); and
- f) Head of Administrative Services Division (Secretary)

#### ARTICLE 61

1. The tenders shall be invited by advertisement and shall be open to competitive bidding. The Tender Board shall determine the form and manner in which prospective bidders shall submit their bids. Tenders shall in principle be opened on the first working day following the deadline.

2. The following shall be strictly adhered to:

- a) No late bids;
- b) Bids shall be opened in public and the names and when practical, the total bid price of each bidder shall be read out;
- c) The names of bidders who submitted bids as well as their total bid prices shall be reordered and retained for audit purposes;
- d) Security measures shall be in place to eliminate any tampering with submitted bids;



- e) The name of the successful bidder (tender) shall be made public to promote transparency;
  - f) Reasons for being unsuccessful shall be provided in writing to the unsuccessful bidders who request in writing for such reasons.
2. The tenders shall be awarded to the best bidder with due consideration being given to the indigenous African companies
3. The Tender Board shall draw up a report setting out its decisions and the reasons thereto.

## **PART V: RESPONSIBILITIES**

### **Section A: General responsibilities of Officers**

#### **ARTICLE 62**

1. The Accounting officer, or other staff members including, Programme Managers, Heads of Department and Divisions, Heads of Regional and Representational Offices responsible for the budgetary, financial management of the Union, shall be held personally and pecuniary responsible for:
- a) The implementation of the measures and decisions they take in the execution of their functions;
  - b) Their negligence resulting in financial loss;
  - c) Commitments on a service which cannot be completed with funds authorised for the service in the Budget resulting in excess expenditure and losses;
  - d) Violation of these Financial Rules and Regulations and any other administrative instructions.
2. They shall be required if found liable, to reimburse the whole amount or part thereof of any losses occasioned from above.

#### **ARTICLE 63**

The following shall, inter alia, constitute irregularities in the sense of these Rules and Regulations:

- a) A written order for payment of expenditure without service performed or any commitment made;
- b) Effecting expenditure without being qualified to do so or without having been specifically delegated to do so;
- c) Effecting unauthorised expenditure from the Budget of the Union;
- d) Ordering expenditure without reference to the competition provided for in these Rules and Regulations;
- e) Acquiring an asset unconnected with the services of the Union;
- f) Allocation and use of an asset of the Union for personal purposes;
- g) Effecting expenditure in excess of authorised funds, or without availability of funds;

- h) Recruitment and effective appointment of an officer or agent without establishment for the post and when financial provision has not been made in the Budget, or without authority to recruit;
- i) Committing funds without reference to their initial purposes;
- j) Purchases effected under conditions unrelated to the interests of the Union;
- k) Unauthorised allocation of funds;
- l) Non-issuance of receipt in respect of money received;
- m) Effecting payments without prior examination by the Payment Certification Unit.

#### **ARTICLE 64**

1. If it appears to the External Auditor during the course of the auditing of the accounts of the Union that an irregularity occurred, the External Auditor shall issue an interim inspection report to the Accounting Officer or his/her designated officer in which explanations and information shall be sought by the External Auditor to enable him/her make thorough audit investigations and draw up reasonable conclusions there from in order to establish the irregularity.

2. The Accounting Officer may be called upon by the Board of External Auditors to furnish written information and explanations in order to confirm any irregularities established.

3. The material irregularities confirmed by the Board of External Auditors shall be addressed to the Executive Council through the PRC.

#### **Section B: Losses**

#### **ARTICLE 65**

The Accounting Officer may after full investigation and after consultation with the PRC, authorise the writing off of losses of cash, stores and other assets.

#### **ARTICLE 66**

The Accounting Officer shall, whenever the need arises, appoint a Losses Committee and determine its composition and terms of reference. The Committee shall meet to consider all losses reported and make its recommendations to the Accounting Officer.

#### **ARTICLE 67**

1. If, after investigation, it appears to the Accounting Officer that any staff member who is or was an employee of the Union:

- a) Has caused any loss to the Union occasioned by theft, negligence or, inefficiency;
- b) Was responsible for any improper payment of the Union's monies, fraudulent payment, misappropriation or for any payment of monies which is not vouched;

Was responsible for any misuse, unauthorised damage, destruction, , loss of the Union's monies, securities, stores and other property of the Union; The staff member shall be required by the Accounting Officer to provide a written explanation within a specified period.

2. If within the period specified by the Accounting Officer, the staff member has failed to provide an explanation satisfactory to him/her with regard to the losses, the Accounting Officer shall surcharge the staff member with the whole amount lost or such amount as is attributable to him/her may determine

#### **ARTICLE 68**

1. Where accounting errors or omissions which have resulted in a loss to the Union are detected and confirmed, after thorough investigations of the accounts and the Accounting Officer or his/her designated officer is ultimately unable to satisfy himself/herself, the person identified as responsible shall be surcharged with the amount of the said loss.

2. The Accounting Officer may, on the recommendation of the Losses Committee, withdraw or vary a surcharge in respect of which an explanation satisfactory to him/her has been received or fresh evidence has come to light which negates wholly or partially the basis of the surcharge. A detailed report on such cases shall be submitted to the PRC.

#### **ARTICLE 69**

Depending on the gravity of the irregularity and the amount involved, the PRC may recommend that the matter be referred to the Joint Disciplinary Board for additional disciplinary action.

### **Section C: Internal Audit Department**

#### **ARTICLE 70**

1. The principal duties of the Internal Audit Department shall be to:

- a) Develop and execute a comprehensive audit programme covering inspection and operational audits at the Union;
- b) Review the soundness, adequacy and application of systems, procedures and related internal controls, monitor their operation and recommend improvements thereto;
- c) Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- d) Review the system established to ensure compliance with the Union Staff Rules and Regulations, policies and procedures and determine whether the Union is in compliance;
- e) Review the means of safeguarding assets as appropriate, and verify the existence of such assets;
- f) Appraise the economy and efficiency with which financial, physical and human resources are employed;

- g) Review operations or programs to ascertain whether the results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- h) Prepare coherent, concise and quarterly Inspection and Audit Reports containing specific recommendations about required improvements for consideration by the Chairperson and the PRC.
- i) Liase with the Board of External Auditors and support its meetings and activities;
- j) Investigate the administrative system and procedure with a view to detect inefficient and outdated procedures;
- k) Perform such other cognate duties as may be assigned to him/her by the Chairperson and the PRC.

2. The Director of Internal Audit shall submit quarterly reports including the position of the budget performance, and a general annual report to the Accounting Officer not later than 31<sup>st</sup> August. These shall be made available to the Board of External Auditors.

3. The staff of the Office of the Internal Audit shall have access to all documents, records and other supporting evidence in the custody and control of the Union they consider necessary for the effective discharge of their duties.

**Section D: Director of Programming, Budgeting, Finance and Accounting  
(PBFA)**

**ARTICLE 71**

1. The PBFA Directorate shall be responsible for all matters relating to finance.
2. The Director of PBFA shall:
  - a) Be the receiver, the paymaster and the financial controller of the Union;
  - b) Be responsible for keeping the books of account;
  - c) Collect and receive proceeds of all descriptions whose recovery shall have been regularly authorized for the benefit of the Union. He/She is strictly forbidden from collecting returns whose collection has not been duly authorized;
  - d) Pay out expenses regularly ordered in writing by the Accounting Officer, and bearing in mind the endorsement of the Certifying Officer;
  - e) Ensure the protection and management of funds, securities and assets of the Union;
  - f) Supervise and guide the day-to-day management activities of the Union in accordance with the Union policies, these Rules and Regulations, relevant procedures, practices and decisions of the policy organs;
  - g) Advise on changes and adjustments to these Rules and Regulations, methods and procedures with a view to improving the Union financial and management system;
  - h) Carry out regular consultations with the relevant departments/Representational and Specialized Offices on financial matters;

- i) Ensure safe custody of the Union assets;
- j) Enhance financial accountability and reporting;
- k) Ensure an orderly and accurate management and accounting of the financial resources, maintaining up to date financial records in order to reflect the correct financial situation of the Union;
- l) Organise and coordinate the preparation and the implementation of the budget;
- m) Carry out any duties he/she may be assigned in accordance with these Rules and Regulations;
- n) Promote awareness of best practices in the area of finance.

#### **ARTICLE 72**

There shall be a Director of PBFA assisted by other officers of the Finance Directorate. There shall also be Finance Officers to Regional and Representational Offices who shall have functional responsibility to the Director of PBFA and shall be administratively and hierarchically answerable to the Heads of those offices.

#### **ARTICLE 73**

The Director of PBFA shall be responsible for keeping the books. The list of the various accounts books to be opened shall include the following:

- a) The cash book, which records the day-to-day transactions involving receipts and expenses, to be numbered in uninterrupted series;
- b) The receipt book recording revenue of every description, each payment shall be accompanied by the issue of a receipt to the payer, the list shall comprise an uninterrupted series;
- c) General ledger book showing bank transactions and cheques and any other books prescribed by the Accounting Officer;
- d) A fixed assets register indicating the fixed assets of the Union, their cost, date of purchase applicable depreciation rate and their location.

#### **ARTICLE 74**

Books and accounting records, provided they have been audited, may only be destroyed after ten (10) years have elapsed and as a result of a written statement by the Accounting Officer and upon the advice of the Board of External Auditors.

#### **ARTICLE 75**

All accounting documents shall be at the disposal of the PRC, the Board of External Auditors and any other officer designated by the Accounting Officer.

#### **ARTICLE 76**

The Director of PFBA, who shall keep accounts of all the funds of the Union, shall receive revenue in accordance with the written order to collect, drawn up by the Accounting Officer or his/her designated official. He/She shall effect payment in accordance with the written order to pay and contracts or agreements signed by the Accounting Officer or his/her designated official.

#### **ARTICLE 77**

There shall be established within the Directorate of PBFA a Payment Certification Unit. The Director of PBFA shall assign the duties of a Payment Certification Officer to officers in the Directorate. The Payment Certification Officer shall be responsible to carry out all the necessary checking in order to investigate mainly:

- a) The conformity of the signature of the Accounting Officer or other designated officers;
- b) The application of these Rules and Regulations with regard to the expenditure concerned;
- c) The validity of the supporting documents.

#### **ARTICLE 78**

No payment shall be approved and effected before it has received the clearance of the Payment Certification Unit.

#### **ARTICLE 79**

Upon receiving an expense document, the Director of PBFA shall undertake to carry out all the necessary checking in order to investigate the:

- a) Conformity of the signature of the Accounting Officer or other designated officers (specimen of these signatures shall have been deposited with the Director of PBFA);
- b) Application of these Rules and Regulations with regard to the expenditure concerned;
- c) Validity of the documents;
- d) Availability of funds or securities;
- e) Availability of allocations;
- f) Validity of the receipt and budgetary codes;
- g) Signature of the Director or designated officer of the Office of the Internal Audit.

#### **ARTICLE 80**

The expense document shall be valid when it shall not be subjected to the statute of limitation in force in the Union's host country. After that period all debts of the Union shall be definitively liquidated and the Union considered free of all debts unclaimed within the period stipulated in the statute of limitation referred to above.

#### **ARTICLE 81**

1. Payment of an invoice handed in by the Accounting Officer may be refused by the Director of PBFA when the amount shown on such document exceeds the limit of funds allotted to it or if there is any omission, gross error or irregularity in the invoice or the supporting document.

2. In such a case, the Accounting Officer may overrule the objection raised by the Director of PBFA. This instruction addressed to the Director of PBFA shall be in writing, and shall be included among the supporting documents relating to the said expenditure. The effect of the request shall be to transfer the responsibilities of the Director of PBFA to the Accounting Officer.

## **ARTICLE 82**

The same provision as in the preceding Article 81 shall apply to Heads of Departments/Divisions and the Finance Officers in Representational and Specialized Offices.

## **ARTICLE 83**

1. The Director of PFBA shall effect payments either by cheque or in exceptional cases by cash.

2. There shall be opened, in the name of the Union and at the request of the Accounting Officer, at least two (2) bank accounts to record transactions involving the revenue and expenditure of the Union.

3. These accounts shall be opened for transactions in local currency and for international exchange transactions. At the end of every month, the Director of PBFA shall draw up Bank Reconciliation Statements of accounts. Any cause for discrepancy shall be investigated so as to restore the situation with the least possible delay.

4. Payments by cheque or bank transfers are made by the Accounting Officer and the Director of PBFA or any designated officer in the Finance Department and except in the cases of the Representational Offices where they are made by the Heads of these offices with their Finance Officers to meet their operational requirements.

5. For the purpose of authorising disbursement vouchers and their supporting documents including purchase orders and for signing cheques, all signatories to these documents shall register their specimen signatures with the Directorate of PFBA and the Head of the Payment Certification Unit. Similarly, all specimen signatures to cheques shall be deposited with the Union's bankers. They shall also be notified of any cancellation of such authority.

6. The Heads and Finance Officers of Representational and Specialized Offices shall register specimen signatures with the Directorate of PBFA and the Payment Certification Unit and the Union's bankers for those offices.

7. Only the Accounting Officer and the Director of PBFA or those acting on their behalf may, with the proper justification, issue written orders for transfers to the banks.

## **Section E: Responsibilities of Director of PBFA and Finance Officers**

### **ARTICLE 84**

The Director of PBFA or any Finance Officer assigned to Representational or Specialized Offices or any organ of the Union shall be personally and pecuniarily responsible for accounting errors or omissions detected in:

- a) The exercise of the financial controls provided for by the Rules and Regulations of the Union;
- b) The recovery of revenue and the payment of justified and authorised expenditure;
- c) The preservation of funds and securities;
- d) The handling of funds and resources put at his/her disposal
- e) The preservation and transmission of supporting documents;
- f) The keeping of accounts.

### **ARTICLE 85**

The Director of PBFA or the Finance Officer shall not be held responsible despite detection of an accounting error if:

- a) He/she had complied with written instructions of the Accounting Officer;
- b) He/she can prove that he/she had taken every care to ensure the recovery of the receipt;
- c) The contribution of a Member State was not recovered by reason of accorded exemption;
- d) Circumstances beyond his/her control prevented him/her from exercising financial control.

### **ARTICLE 86**

The Director of PBFA shall be held personally and pecuniarily responsible if it is established that he/she has not taken every care to recover an amount due other than contribution from Member States as provided for by these Rules and Regulations and in accordance with decisions of relevant organs of the Union.

### **ARTICLE 87**

1. The personal and pecuniary responsibility of the Director of PBFA and Finance Officers in Representational and Specialized Offices shall extend to all financial transactions of the Union, from the day they are appointed in their post to the day their duties cease.

2. In case of errors or patent negligence on the part of an officer or representative answerable to him/her resulting in a loss to the Union, the Director of PBFA shall be exonerated from all responsibility; the responsibility shall then be transferred to the officer or representative concerned, who shall reimburse the amount of the loss or be subject to any other disciplinary measures provided for in these Rules and Regulations and the Staff Rules and Regulations.



**ARTICLE 88**

As at 31 March of the following financial year, the Director of PBFA shall draw up a comprehensive Financial Report covering the financial activities of each financial period. The Financial Report shall include such statements as specified in Article 41.

**ARTICLE 89**

The Financial Report referred to in Article 88 shall be made available to the Board of External Auditors for examination and certification.

**Section F: Accounting Records**

**ARTICLE 90**

The Directorate of PBFA shall handle transactions and keep proper stores accounting records relating to the acquisition and transfer of assets in the form of immovable and movable assets and operations involving acquisition of consumable goods.

**ARTICLE 91**

The assets of the Union shall be divided into fixed and current assets. The list of the fixed assets shall be approved by the Accounting Officer.

**ARTICLE 92**

There shall be established a Property, Plant and Equipment account for the purpose of accounting for the Union’s fixed assets. Fixed Assets of the Union, whose cost exceeds the limit set by the Finance Policies and Procedure Manual, shall be capitalized to this account.

**ARTICLE 93**

1. The cost or revalued amount of the property, plant and equipment shall be depreciated on a straight-line basis over the expected useful lives of the assets concerned for accounting purposes. The principal rates used per annum shall be as follows:

Buildings	2.5%
Land Improvements	5.0%
Motor vehicles	20.0%
Generator	20.0%
Computer equipment	33.3%
Furniture and fixtures	10.0%
All others	12.5%

2. Property and equipment shall not be depreciated in the year of acquisition and a full year’s depreciation will be charged in the year of disposal.

3. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are transferred to the income and expenditure account.

#### **ARTICLE 94**

The Director of PBFA shall keep proper books of accounts and shall promptly record in the books of accounts all monies received or paid by him/her as an officer of the Union for whatever purposes.

#### **ARTICLE 95**

Invoices or other documents justifying the acquisition or transfer of an asset shall be certified by the Office of Director of PBFA with reference to the number of the relevant entry in the books of account.

### **Section G: Disposal of assets**

#### **ARTICLE 96**

The disposal of any asset of the Union, whether serviceable or unserviceable shall be subject to approval by a Board of Survey. The Chairperson and members of the Board shall be appointed by the Accounting Officer.

#### **ARTICLE 97**

The Board of Survey shall ensure that the disposal of the assets of the Union is in conformity with these Rules and Regulations. It shall prepare the reports, which it shall submit to the Accounting Officer with copies to the Office of Director of PBFA.

#### **ARTICLE 98**

Stores recommended for disposal by a Board of Survey shall be sold by tender or otherwise as approved by the Accounting Officer. The Board shall ascribe a reasonable value on each item which shall form the "reference price". The proceeds from the sale of stores shall be credited as miscellaneous income to the regular Budget.

#### **ARTICLE 99**

Unless under special circumstances and waiver by the Accounting Officer, members of the Board of Survey shall not be eligible to bidding.

### **Section H: Imprest**

#### **ARTICLE 100**

Upon a duly justified proposal by the Directorate of PBFA, the Accounting Officer may approve the opening of, one or more Imprest Accounts.

#### **ARTICLE 101**

The purpose of Imprest Accounts shall be to ensure the settlement of certain expenses which, by their lesser importance, unforeseen character or urgency, could hardly be subjected to the normal rules and regulations governing expense payments (obligation, liquidation and written order to pay and payment) without serious repercussions on service operations.

#### **ARTICLE 102**

The officer in charge of the Imprest Accounts shall be a Senior Finance Officer. He/She shall handle the administrative and accounting aspects of all expenditures relating to the imprest: obligations, liquidation, written orders to pay and payment. He/She shall disburse petty cash maintained under the imprest system.

#### **ARTICLE 103**

Imprest account documents shall specifically state the expenditure to be effected, the amount of cash in hand, the budgetary implications and the Department involved.

#### **ARTICLE 104**

The amount of cash in hand shall be part of the imprest, which may at any time be found in the account of the Finance Officer.

#### **ARTICLE 105**

To open an Imprest Account, the appointed Finance Officer shall submit to the Directorate of PBFA a document creating the Imprest Account and obtain the amount that shall be retained as cash in hand. Replenishment of such account shall be made periodically upon presentation of supporting documents for expenditure effected.

#### **ARTICLE 106**

The Finance Officer shall keep an account of his/her transactions and shall enter them daily in the imprest cashbook marked and initialled by him/her. Numbering shall be in uninterrupted serial numbers.

#### **ARTICLE 107**

The Finance Officer shall be responsible for the proper operation of the transactions he/she effects. In case of irregularity, he/she shall be personally and pecuniarily responsible, and shall refund any amounts irregularly paid out. He/She shall be subjected to unexpected inspections.

## PART VI: FUNCTIONS OF THE PRC AND AUDITING OF ACCOUNTS

### Section A: The PRC

#### ARTICLE 108

1. The PRC shall:

- a) Examine all requests for transfer of authorized budgetary funds submitted by the Accounting Officer in order to cope with any urgent decisions or projects;
- b) Examine all unforeseen or unauthorized expenditure which may be occasioned by the implementation of new and urgent decisions or projects;
- c) Examine all requests aimed at effecting any withdrawal from the Working Capital Fund or any other funds and make further recommendations to the Executive Council;
- d) Consider the Draft Programme of Action and budgetary estimates of the Union drawn up by the Accounting Officer;
- e) Consider all administrative, and other matters with financial implications so as to enable the Executive Council decide on them;
- f) Submit to the Executive Council the final Draft Budget proposals accompanied by its comments, observations and recommendations;
- g) Be referred to for advice on all other administrative, budgetary, cash management and financial matters of a general nature, either by the Executive Council, the Commission or the Board of External Auditors;
- h) Consider the Financial Report of the Accounting Officer;
- i) Follow up on the implementation by different Representational and Specialized offices of the recommendations of the Internal and External Auditors and make appropriate recommendations to the Executive Council;
- j) Consider the Report of the Board of External Auditors and submit its written comments thereon to the Executive Council.
- k) Consider the Report of the Office of the Internal Audit and submit its written comments thereon to the Executive Council.
- l) Draw up reports to each of its meeting and submit them to the Executive Council for consideration and approval.

2. The PRC shall meet at the Headquarters of the Union after consultation with the Accounting Officer once a year in Ordinary Session in May to consider:

- a) The programme implementation reports of the preceding financial year;
- b) Financial report of the preceding financial year and administrative matters;
- c) The Report of the Board of External Auditors;
- d) The Draft Budget (or its mid-term review).

3. Periodic study and review of the establishment, personnel and other related problems of Union Offices, including problems which, in the view of the officer carrying out the inspection, shall significantly affect the operations of the Office;

4. Follow up on the implementation by the different Representational and Specialized offices of the recommendations of the Internal and External Auditors and make appropriate recommendations to the Executive Council;

5. Such other duties as may be deemed necessary.

## **Section B: The Board of External Auditors**

### **ARTICLE 109**

1. A Board of External Auditors shall be established, composed of ten (10) regular members and five (5) alternate members appointed by the Executive Council. Membership of the Board shall be open to all Member States, with the exception of those affected by sanctions in conformity with the relevant rules of the Union.

2. The Board shall be composed of qualified professional accountants and financial experts from Member States representing Governments of Member States. Their term of office shall be two (2) years. They shall be eligible for re-election only once.

### **ARTICLE 110**

The Board of External Auditors shall be completely independent and solely responsible for the conduct of the audit.

### **ARTICLE 111**

The Board of External Auditors shall, during the course of the audit, have access to all accounts, documents, registers and records of the Union, and to all other supporting evidence of any of its transactions it considers necessary to consult for the effective discharge of its duties.

### **ARTICLE 112**

The Board of External Auditors shall meet at the Headquarters of the Union once a year. It shall elect its Chairperson and Vice-Chairperson for a period of one (1) year with optional renewal. The Board of External Auditors shall allocate and rotate the

audit work among its members. Expenses relating to the work of members of the Board of External Auditors shall be borne by the Union.

### ARTICLE 113

1. The Terms of Reference of the Board of External Auditors shall be to:
2. Carry out an *a posteriori* external auditing of the accounts of the Union;
3. Ensure that the audit shall be conducted in conformity with generally accepted auditing standards and guidelines and subject to any special directions of the Executive Council, in accordance with the additional terms of reference set out under Article 122 of these Rules and Regulations;
4. Verify the way and manner in which the Accounting Officer and those answerable to him/her have performed their accounting duties and responsibilities;
5. Formulate all proposals likely to increase the efficiency of methods of budgetary and financial management, including the accounting system and internal liaisons between the various authorities responsible for the framing, preparation and administration of the annual Budget;
6. Indicate the form in which the Financial Report shall be prepared;
7. Examine the accounts and assure itself of the existence and validity of the supporting documents provided for by these Rules and Regulations;
8. Carry out an audit of the Accounts including all Funds, namely the Trust Funds, Project Funds and Special Funds in accordance with international auditing standards and guidelines in order to satisfy itself that:
  - a) The financial statements and schedules are in agreement with the books and records of the Union;
  - b) The financial transactions reflected in the statements have been in accordance with these Rules and Regulations, the budgetary provisions and other applicable directives;
  - c) The securities and monies on deposit and on hand have been verified by certificates received direct from the depositories of the Union or by actual count;
  - d) All imprest held are retired on or before the end of the financial period, i.e. at 31<sup>st</sup> December;
  - e) The internal controls are adequate in the light of the reliance placed thereon;
  - f) Procedures satisfactory to the Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits.
9. Undertake reviews such as:
  - a) Compliance Reviews, i.e. the review of the financial transactions to determine whether they are in compliance with these Rules and Regulations, the Staff Rules and Regulations, Resolutions of the

Executive Council and Administrative Instructions issued from time to time;

- b) Economy and Efficiency Appraisals, i.e. appraisals of the operational efficiency and economy with which financial, physical and human resources are utilised; and
- c) Effectiveness Reviews, i.e. review of programmes and activities financed from resources from both regular budgetary and funds outside the budgetary sources to compare attainment of outputs with the commitments set out in the approved Budget narratives.

10. Express and sign an opinion on the financial statements which shall state as appropriate whether:

- a) The financial statements present a true and fair view of the financial position as at the end of the period and the results of its operations for the period then ended;
- b) The financial statements were prepared on a basis consistent with accepted accounting standards;
- c) The accounting principles were applied on a basis consistent with that of the preceding financial period and in accordance with accepted accounting authority;
- d) The transactions were in accordance with these Rules and Regulations and Legislative Authority.

#### **ARTICLE 114**

The Board of External Auditors shall have no power to disallow any items in the Accounts but shall draw the attention of the Accounting Officer for appropriate action on any transaction to which it entertains doubt as to the legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be communicated immediately to the Accounting Officer.

#### **ARTICLE 115**

The PRC may request the Board of External auditors to perform certain specific examinations and issue separate reports on the results.

#### **ARTICLE 116**

Considering that the supplementary period of each financial year should be definitively closed by 31st March, auditing operations by the Board of External Auditors shall start during the first week of April.

The members of the Board of External Auditors shall divide among themselves the auditing operations connected with the Representational and Specialized Offices, save for the Headquarters of the Commission, which they shall audit together. Their reports, relating to the auditing of the accounts of the Representational and Specialized Offices shall be signed by those Board members who shall have conducted the various examinations, while the report on the auditing of the accounts of the Commission shall be signed by all members who shall have actually participated in the auditing exercise.

### ARTICLE 117

The Accounting Officer shall make his/her observations on the report of external auditors and to this end submit written explanations to the Board on facts and irregularities including those relating to value for money in the use of funds.

### ARTICLE 118

The final report on the auditing operations of the Commission, the Representational and Specialized Offices, containing the observations of the External Auditors, and which is to be laid before the Executive Council, shall be handed over to the Commission by 31st May of each financial year at the latest in order to enable it to be submitted to the PRC for consideration before submission to the Executive Council during the annual budgetary session in November.

### ARTICLE 119

1. This final report shall also mention:

- a) The type and scope of its examination;
- b) Matters affecting the completeness or accuracy of the accounts, including where appropriate:
  - (i) information necessary for the correct interpretation of the accounts;
  - (ii) any amounts which ought to have been received but which have not been brought to account;
  - (iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;
  - (iv) expenditures not properly substantiated;
  - (v) whether proper books of accounts have been kept;
  - (vi) where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed.

2. Other matters which should be brought to the notice of the Executive Council, such as:

- a) Cases of fraud or presumed fraud;
- b) Wasteful or improper expenditure of the Union's money or other assets (not withstanding that the accounting for the transactions may be correct);
- c) Expenditure likely to commit the Union to further outlay on a large scale;
- d) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;



- e) Expenditure not in accordance with the intention of the Executive Council after making allowance for duly authorised transfers within the budget;
- f) Expenditure in excess of appropriations as amended by duly authorised transfers within the budget;
- g) Expenditure not in conformity with the authority that governs it.

3. The accuracy or otherwise of the supplies and equipment records as determined by stocktaking and examination of the records.

#### **ARTICLE 120**

The financial statements shall be signed by the Accounting officer.

#### **ARTICLE 121**

The Chairperson of the Board of External Auditors shall attend the meetings of the PRC whenever the report of the Board of External Auditors is being discussed.

#### **ARTICLE 122**

Refusal or delay in the submission of the Financial Report, shall be brought to the attention of the PRC by the Board of External Auditors. The PRC shall make appropriate recommendations to thereon to the Executive Council.

#### **ARTICLE 123**

If the Financial Report of the Accounting Officer meets with no objection, the Executive Council shall deliver a discharge to the Accounting Officer.

### **SECTION: C SANCTIONS FOR BREACH OF THESE RULES**

#### **ARTICLE 124**

1. In the event of breach of these Rules and Regulations, appropriate sanctions shall be applied in accordance with relevant articles of the Staff Rules and Regulations;
2. Depending on the gravity of the breach and the size of the irregularity, in addition to the sanctions and disciplinary measures provided for in the Staff Rules and Regulations, other sanctions could include waiver of immunity, investigation and prosecution according to the laws of the host country.
3. In the event the breach has been caused by a member of the Commission, the matter shall be referred to the Executive Council for appropriate action in conformity with the provisions of Article 4 of the Statutes of the Commission.

## PART VII: SPECIAL PROVISIONS

Problems of Outstanding Contributions to the Budget of the Union

### ARTICLE 125

1. The Commission shall send reminder statements periodically to Member States and all appropriate action should be taken to recover arrears of contributions.
2. Specific provision shall be made for all known long outstanding contributions receivables from Member States. For the financial statements to present the true and fair financial position of the Union, the following rates of provision shall be applied considering the age of receivables:

Age (years)	Provisioning rate
2-3	25%
3-4	50%
4-5	75%
Over 5 years	100%

3. Outstanding debtors balances shall be reviewed annually near the end of each financial year to ensure doubtful debts are adequately provided for.

### ARTICLE 126

1. Any Member State of the Union with an outstanding contribution to the Union's Budget in accordance with its obligations as enacted in the Constitutive Act where the amount of its arrears is equal or in excess of the contribution due by such Member State for the last two (2) complete financial years shall be deprived of certain rights in accordance with the Rules of Procedure of Assembly.
2. The Assembly shall determine, on the basis of the recommendation of the Executive Council and the PRC, as well as information provided by the Commission, sanctions to be imposed as provided for in relevant provisions of the Constitutive act and Rules of Procedures.
3. Subject to paragraph 1 of the Rules of Procedure of the Assembly, sanctions against Member States that default in the payment of their contributions to the Budget shall be implemented by the Assembly in the following manner:
  - a) When in arrears of payment amounting to two (2) years but not exceeding five (5) years of its assessed contribution, suspension of the Member State's rights to:
    - (i) Speak, vote and receive documentation at meetings of the Union;
    - (ii) Offer to host sessions of the Assembly or of the Executive Council or any other meetings of the Union; and

- (iii) Present a candidate for any position or post within the Union.
- b) When in arrears of payments contributions amounting to five (5) years or more, in addition to the sanctions in paragraph 2 (a) of the Rules of Procedure, suspension of Member State's rights to:
  - (i) Have the contracts of employment of its national renewed; and
  - (ii) Provision, by the Union, of funds for new projects in Member States.

4. When a Member State is under sanctions for non-payment of its contributions as described in the preceding paragraphs, the sanctions may be lifted temporarily if the Member State pays at least fifty percent (50%) of its outstanding arrears, provided that such payment is made thirty (30) days before the commencement of the session of the Executive Council preceding that of the Assembly.

## **PART VIII: FINAL PROVISIONS**

### **ARTICLE 127**

Every Draft Decision or Resolution tabled for consideration by any organ of the Union shall be accompanied by a presentation by the Commission of its financial implications, if any, before adoption.

### **ARTICLE 128**

The Executive Council and other organs of the Union may only adopt decisions involving financial implications if the necessary funds have been allocated for that purpose in the Budget, unless additional funding sources are indicated in that connection, namely:

- a) By requesting for the use of all balances available under specific codes following the normal closure of the financial period; or
- b) By drawing up a supplementary Budget for the approval of the Executive Council.

### **ARTICLE 129**

The Financial Policies and Procedures Manual shall provide detailed information and instructions for all accounting procedures. The Manual shall be amended in the light of the relevant provisions of these Rules and Regulations.

### **ARTICLE 130**

These Rules and Regulations may be amended by the Assembly, upon the recommendation of the Executive Council.

### **ARTICLE 131**

Upon the adoption of these Rules and Regulations, the Accounting Officer shall be authorised to take the necessary measures to implement the provisions of the said

Rules and Regulations, which shall be made available to all the staff members and members of the Commission.

These Rules and Regulations shall come into force following their adoption by the Assembly.