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Twenty Second Meeting of the Audit and Budget Sub Committee

Lusaka, Zambia

28 October – 1 November 2019

2019 CONSOLIDATED INTERNAL AUDIT REPORT

AO/hcm

**INTRODUCTION**

1. This Consolidated Internal Audit report is being presented to the Audit and Budget Sub Committee, pursuant to the December 2005 Council of Minister’s decision that the Internal Audit Unit should prepare half yearly reports stating the areas audited, its findings, recommendations, and progress made in implementing the recommendation by the various Divisions/Units of the Secretariat. The report has been derived from various audit reports that were finalized and distributed to Divisional/Unit Heads and Executive Management for implementation of audit recommendations and the Audit and Budget Sub Committee for noting.
2. The report outlines the value add of the Internal Audit function in terms of internal control improvements that have arisen/will arise following implementation of audit recommendations.
3. Audit findings have been classified into reportable conditions and material weakness as further decided by Council in December 2014. Reportable conditions are those items that come to the auditor’s attention in the course of the audit but are not necessarily material to result in financial statements being materially misstated. These items are being communicated to the Audit Committee because they represent significant deficiencies in the design or operation of internal controls. Material weaknesses on the other hand are deficiencies in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis.
4. The first part of the report covers the period September 2018 to August 2019, in which the Unit conducted various audits in line with its 2019 approved work plan and completed the audits that were carried forward from 2018. During this period, the Unit specifically completed the following assignments and distributed audit reports for implementation:

* Risk based audits of Information Technology and Communications; Governance, Peace and Security; and Public Relations and Corporate Communications.
* Expenditure and Performance audits of Regional Integration Support Mechanism (RISM), 2017 COMESA Secretariat; COMESA Institutions; Business Incubator for African Women Entrepreneurs (BIAWE), USAID; Great Lakes Trade Facilitation Programme (GLTFP); and COMESA Virtual Facilitation System (CVFTS)
* System Audit of the General Services; Sub granting and delegation and Procurement Function

1. The second part of the report contains significant internal control matters that were brought to the attention of the Sub Committee at its previous meeting and have not been fully addressed as outlined in the Management Action/Response column.

**2018/2019 Audit findings, recommendations and management actions**

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| **No** | **Internal Control weakness** | **Risk/Impact** | **Management Response/Action** | **Issue classification** |
| **1.** | **Audit of General Services**  The objective of General Services, a function within the Division of Human Resources and Administration is to coordinate the provision of transport services, ensure security of COMESA Property, manage tenants and communication with external stakeholders.  COMESA building is equipped with fire extinguishers that are strategically positioned in various places. These fire extinguishers were strategically placed to enable COMESA Staff to use them in case of fire. We noted that COMESA Staff do not undertake fire drills. We further noted that COMESA Staff have never received any training on how to use the fire extinguishers  **Recommendation**  Management should introduce periodic fire drills and consider training staff on how to use the fire extinguishers. | COMESA Employees may not know how to safely vacate/exit the building in case of fire or other emergency.  In the event of a fire, COMESA staff may not be able to effectively use the fire extinguishers | A training plan including demonstration drills has been put in place for October 2019 | Reportable condition |
| **2.** | COMESA Vehicle are on comprehensive insurance cover for unforeseen risks. In an event of an accident, the insurance company pays for the costs of repairs. COMESA Financial Manual States that when a COMESA vehicle is involved in an accident, the Head of General Service Unit shall: Inform the insurance company; Complete a Motor Vehicle Accident Report Form, not later than a day following the accident; Obtain copies of the Police Report on the accident; Advise whether or not disciplinary action shall be imposed on the driver; Arrange for the assessment of the damage; and Seek approval from the insurance company and management to repair the vehicle.    We noted that COMESA paid K11,600.00 to a windscreen shop to repair car windscreens without taking advantage of compensation from insurance company for COM 265 CD, COM 155 CD, COM 223 CD, COM 166 CD and COM 312.  **Recommendation**  Ensure that the insurance company is involved for repairs that are covered by insurance. | There is the risk of loss of savings accruing from annual insurance paid. | The Insurance Company shall be notified and negotiation with a view for settlement be initiated | Reportable condition |
| **3.** | **Audit of COMESA Virtual Trade Facilitation System (CVTFS)**.  CVTFS is an IT system that was developed by COMESA with the objective of assisting stakeholders in monitoring the movements of goods efficiently and effectively in real time to reduce the cost of doing business in the region.  COMESA Financial Manual, Assets Insurance, item 158 States " All fixed assets shall be insured by the Secretariat with reputable insurance companies." We noted that assets under CVTFS project are not insured. The assets include Control Centre Equipment such as computers, LCD Screens, LCD Monitors, APC smart UPS, hybrid HD dome, Smavia Appliances, printers and tracking devices.  **Recommendation**  The equipment under CVTFS Project should be insured | There is a risk of loss through fire, theft and other accidents that may cripple the operations of CVTFS without any recourse. | This matter will be submitted for deliberation at the Steering Committee, as the cost of insurance will have to be borne by the participating Member States. | Reportable condition |
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| **4.** | Airline invoices for 2016 and consultancy fees for December 2016 were not accrued. The payments for the consultancy fee and airline invoices were made from the prior year account although there were not accrued. This has resulted in the prior year account having a positive debit balance of USD14,176.00.  **Recommendation**  Ensure that all expenses that were incurred in a particular year but not paid are accrued to ensure that expenses are not understated. | Understatement of expenditures | **Action taken**: Management has directed that all expenditure commitments, whether for goods, services and or works be accompanied by purchase orders.  **Status**: Being implemented, across all sources of funding. | Material weakness |
| **5** | We noted a balance of USD296445.98 relating to COMESA Secretariat account number 208010 as a debtor. We observed that the amount has never been reconciled to COMESA Secretariat Account.  At the time of the preparation of this report, we noted that the interproject account of both the Secretariat and CVFTS stood at COM stood at COM$ 151,544.57, transactions that relate to 2017 and beyond  **Recommendation**  Monthly inter project reconciliations should be undertaken. | Under/over statement of account balances | Action taken: Reconciled  Monthly reviews of inter-project balances, being carried out with all sources of funding vis-à-vis primary business unit (COMESA Member States funds). | Material weakness |
| **6.** | **System review of sub granting and sub delegation (European Union Funds)**  The General and Administrative provision of the European Union on the visibility and Transparency states that the organization shall take all appropriate measure to publicize the fact that the Action has received funding from European Union. We could not trace the grant award to INTERPOL on the COMESA website.  **Recommendation**  Award to the Sub-delegatees should be published on the COMESA website to increase the visibility and transparency of COMESA's activities in the region. | Non-adherence to the European Union General and Administrative provisions which may result into non - visibility and transparency of COMESA activities for Actions which COMESA has sub-delegated. | This was not done but it has been noted for the future. | Reportable condition |
| **7** | The COMESA Sub-delegation manual stipulates that each grant has its own Chart of Accounts reflecting the activities and sub-activities to be carried out. The Chart of Accounts should also contain specific accounts relating to the following: Unused tickets; VAT; DSA; Exchange losses (if any); and Interest earned by the project  We noted that MASE does not have a sub-ledger for INTERPOL thus hindering adequate financial analysis of the sub-delegatee.  **Recommendations**  Sub-ledgers  for INTERPOL should be maintained in the books of MASE for easy analysis of the expenditures incurred by the Sub-delegatee. | Limited financial analysis for accurate and complete financial reporting | Risk mitigation in place: Financial monitoring between budget line vis-à-vis amounts spent by each sub-grantee is carried out, controls enforced.  Corrective action: Each sub grantee (E.g. inter-pol) shall have the uniform chart of accounts (UCA), within the parent Business Unit (E.g. MASE). Note: COMESA Secretariat’s UCA in place, has specific general ledger accounts, as raised in this audit finding.  Status of corrective action: Secretariat is engaging the sun system vendor to roll-out the uniform chart of accounts (UCA) on funds provided to sub grantees.  Time-frame: Effective 01 January 2019 | Reportable Condition |
| **8** | The COMESA Sub-granting manual came into effect in December 2016.  Paragraph 2.1 on Organization for Grant Management stipulates that in consultation with the Budget and Finance Division and the International Corporation Unit of the Executive Services Division, the Office of the Assistant Secretary General (Programmes) will prepare a Strategic Grant Plan to identify available funding for grant activities. The strategic plan will be sub-divided into Annual Grant Plan which will form part of the annual work plan of COMESA.    We noted that COMESA Secretariat does not prepare the Strategic Grant Plan for grants on an annual basis.  **Recommendations**  We recommend that COMESA Secretariat comes up with a Strategic Grant Plan which will be sub-divided into Annual Grant Plan and forms part of the Annual Work Plan of COMESA secretariat. | Non-identification of funding requirements for the various grants activities resulting into insufficient resources to sustain grants that may be required to enhance regional integration goals. | To be aligned with 2021-2020 MTSP |  |
| **9** | The Sub-granting manual stipulates that grants may not, as a rule, finance the entire cost of the Action or the entire operating expenditure of a beneficiary body. The financing of an operation in full may be authorised if COMESA is able to show that financing in full is essential in order to carry out the operation in question and substantiates its award decision accordingly. The beneficiary supplies evidence of the amount of the co-financing brought either with its own resources or in the form of financial transfers from third parties;  COMESA may accept co-financing in kind, if considered necessary or appropriate. This possibility must be specifically mentioned in the Guidelines for Applicants.  We noted that among the requirements for the call of applications, contribution in kind was not included for the Member States to disclose in their applications as well as in the narrative reports.  **Recommendations**  We recommend that the requirement to disclose in kind contribution should be made known to the Member States during Call of Applications and when submitting the narrative reports as requirement 3.1.6 on Co-financing of the grant manual. | Non-disclosure of the in-kind contributions may result into non-sustainability of planned project objectives hence limited value for money. | **Corrective action**: To be implemented on new grants’ contract prior to their signature. |  |
| **10** | **Expenditure and Performance Review of RISM**  The objective of RISM is to support member countries in participating fully in the COMESA and EAC free trade area and customs union with minimum disruption to public expenditure commitments, as well as enabling them to implement economic and trade reform programmes in the context of regional integration and the Economic Partnership Agreement with the European Union.  The revised scope of RISM was extended through a Rider which is an addendum to the CA of 2007 which established RISM. The new focus now includes support to COMESA and EAC countries based on progress with honouring their regional integration commitments.  We noted minimal movement of balance sheet items as follows:   1. Accounts which are inactive with zero balances are still being shown in the TB. 2. Prior year obligations had not moved during Jan 2018 to March 2018. 3. The Project owed COMESA Secretariat an amount of Euro 600,743.06. On the other hand, as per COMESA Secretariat books, the project owed COMESA Secretariat an amount USD 732,297.94 which is equivalent to Euro 608,930. 4. Some creditors had not been settled during the 3 months’ period from Jan 2018 to March 2018. 5. For deferred income, the opening balance as at 01.01.2017 as per the Trial Balance was different from the closing balance as at 31.12.2016 as shown in the audited financial statement. 6. DSA has not been retired within 10   days from the end of the mission as required.  (vii) The opening balances for some creditors were being carried forward from the previous year, 2016 and has not been settled in the year 2017.  **Recommendation**s   1. All accounts which are inactive with zero balances should be removed from the Trial Balance. 2. Prior year obligations should be settled within 3 months after the closure of the year. 3. There should be monthly reconciliation of interproject balances to ensure that the correct figures are shown in the ledgers. 4. All creditors should be settled within 3 months from the close of the year.   (v)   For deferred income, the correct amount should be brought forward from the audited accounts.     1. Travel imprest should be followed up   for retirement within 10 days after the  mission.   1. All opening balances for creditors brought forward from previous years should be investigated for clearance. | Balance sheet items are not being appropriately managed during the year through regular review and follow up. | **Action taken**: Balance sheet items on RISM shall be fully analyzed in 2018 - these shall also be verified by external auditors.  **Corrective status**: Exchange rate movement shall be submitted to Council.  **Status**: Monthly balance sheet reviews implemented across all business units. | Material weakness |
| **11** | As per Annex No.1 to the Contribution Agreement, RISM Consolidation consolidates the innovative approach put in place under the modified RISM after the addendum signed in April 2012, for which there has not yet been any formal evaluation.    Upon review of the 2017 work plan, we noted that the work plan provides a budget line for Monitoring and Evaluation (M&E) exercise. While monitoring of projects are undertaken internally, external evaluations where not done for 2017.  **Recommendation**  Management should ensure that activities of RISM are reviewed by an M&E expert to ensure that all activities are being done as per the work plan and corrective measures taken on time to avoid delays in the implementation of the work plan. | Emerging challenges may not be identified in a timely manner. | An Evaluation M&E analysis of the RISM Programme has been programmed during the last year of implementation (2020) | Reportable condition |
| **12** | As per Annex 1, Description of the action, of the Consolidation of Regional Integration Support Mechanism (RISM), 10th EDF, the National Inter-Ministerial Coordinating Committee (NIMCC) has to be officially constituted and operational in accordance with adopted COMESA/EAC Terms of Reference (TORs).  The NIMCC will comprise of representation from the Ministries and Institutions responsible for the implementation of COMESA programmes at the national level. It will adopt a specific set of terms of reference which include its expanded tasks under RISM, including liaisons with the COMESA and EAC Secretariats, coordination of the implementation of the programme at national level as well as tracking and reporting on national level programmatic performance in relation to RISM.  **Audit Observations**  (i) We received the NIMCC TORs for Rwanda and Uganda which are members of EAC. The TORs were compared with the COMESA TOR.  We noted that the TORs of Rwanda and Uganda are incomplete when compared with the TOR of COMESA such that the following task is missing:  - Report on all progress on the implementation of regional programmes to COMESA Policy Organ meetings through country reports or similar documents  (ii) We selected four member States to confirm that they send NIMCC reports to COMESA Secretariat twice in a year. We noted that only Burundi sent the NIMCC reports in 2017 whist the other 3 MS namely: DRC, Uganda and Zambia did not send the NIMCC reports to COMESA Secretariat in 2017.  **Risk**  Lack on M&E activities at the MS level  **Recommendation**   1. TORs of EAC member States should be comprehensive and aligned with COMESA TOR so that NIMCCs are aware of their roles and tasks to be performed.   (ii) The Secretariat should request all MS to send NIMCC reports twice a year. | Lack of M&E at MS level | The NIMCC functions and reporting should be institutionalized at Member State level in line with the Council Decision of 2010. Further, once M&E is in place at Secretariat, it will provide the required support and follow up. | Reportable condition |
| **13** | **Expenditure and Performance Review of BIAWE**  BIAWE aims to establish and upgrade a network of business incubators in the COMESA region that will contribute to the increased survival and growth of women enterprises. Specifically, the project aims are: increase the number of women entrepreneurs accessing business support services from business incubators; increase the women entrepreneurs that access affordable credit to improve and grow their businesses; and strengthen partnerships between public and private sector and establish a women mentorship initiative. The Management of project finances is at COMESA Secretariat while activities are being overseen at FEMCOM.  The Agreement signed between Common Market for Eastern and Southern Africa (COMESA) and Development Bank of Southern Africa (DBSA) on behalf of the NEPAD Planning and Coordination Agency stipulates that an annual audited report shall be due every 12 months. COMESA and NEPAD Spanish Fund shall work together in transparent and accountable manner to procure services of an independent and reputable audit firm. The addendum dated 27th March 2017 to the NEPAD Spanish Fund Agreement between the NEPAD Planning and Coordination Agency (NEPAD Agency) and Common Market for Eastern and Southern Africa (COMESA) stipulates that COMESA shall be responsible for carrying out the External finance audit of the project implemented by the four (4) incubation centres and COMESA ̸ FEMCOM.  We noted that the external audits of the project implemented by the four (4) incubation centres and COMESA ̸ FEMCOM have not been carried out since 2013.  **Recommendation**  COMESA should appoint an External Auditor to carry out the audits for the period from 2013 to 2018. | Non-compliance with the Agreement which may weaken the project’s oversight by external stakeholders. | FEMCOM has noted the recommendation; however, it should be noted that the Project has a budget for one external audit which will be carried out at the end of the project. Going forward FEMCOM has engaged COMESA Secretariat to consider proving resources for the audit to be carried out covering the period from 2013 to 2018 | Material weakness |
| **14** | The Agreement signed between Common Market for Eastern and Southern Africa (COMESA) and Development Bank of Southern Africa (DBSA) on behalf of the NEPAD Planning and Coordination Agency stipulates that proper accounting system should be established for accountability and for reporting.  We noted that financial transactions for the BIAWE project have not been captured in SunSystem Version 6 at COMESA Secretariat. The accounting for the project is performed in Microsoft excel.    **Recommendation**  We recommend that financial transactions of BIAWE project should be captured in the SunSystem Version 6 at COMESA Secretariat. FEMCOM should equally capture the financial transactions. | Loss of accounting records and non-compliance with the requirements of the agreement. | COMESA committed to migrate from excel to sun system. FEMCOM will liaise with COMESA to make sure that this is implemented. | Material weakness |
| **15** | **Expenditure and Performance Review of the GLTFP**  The overall Project Development Objective is to “facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small-scale and women traders, at targeted locations in the borderlands.”  The Financing Agreement was signed on 19th November 2015. There was recruitment of the last two Trade Information Desk Officers for Goli project border in Uganda by COMESA Secretariat (HR) in collaboration with Uganda PIU (HR). The officers reported for work in March 2018 while other TIDOs were recruited in March, April, September and October 2017.  During the recruitment, the Division of Trade & Customs and Division of Gender at the COMESA Secretariat were not part of the recruitment process,  **Recommendations**  The Division of Trade & Customs and Gender should be part of the recruitment team to ensure that the selected candidates have necessary knowledge of COMESA Simplified Trade Regime (STR) and Minimum Standards for Treatment of Small Scale Cross-border Traders and Gender matters. | Non-inclusion of staff from Division of Trade & Customs and Gender may result into recruiting staff who have little knowledge of COMESA Simplified Trade Regime (STR) and Minimum Standards for Treatment of Small Scale Cross-border Traders and Gender matters. | The recruitment of all TIDOs for the project borders has been completed and was undertaken by HR in collaboration with PIUs in project countries. The World Bank has approved the recruitment of 4 additional TIDOs for Kaminyola (DRC)/Bugarama (Rwanda) borders which will be undertaken during the last quarter of 2019.  Provision will be made to include participation of Gender and Trade Divisions in the recruitment new TIDOs. | Reportable condition |
| **16** | The M & E Expert was expected to support and strengthen data collection of the three project countries, including through holding focused group discussions with stakeholders at the project borders. However, the M&E Expert had no mandate to look at the whole aspects of the project like Budget performance, meeting the deliverables of the projects and monitoring Project milestones.  **Recommendations**  The Terms of Reference (ToRs) for the M&E Expert should include all aspects of monitoring and evaluation of the project both at the Secretariat and at the borders of the three Member States. | Non-achievement of project mandate. | The full time M & E Expert  has been recruited and stated work as from 1st July 2019. The Terms of Reference of the M & E Expert were expanded to cover monitoring of all project implementation activities.  A meeting is scheduled with the M & E Expert to discuss and clarify his expanded role beyond data collection | Reportable condition |
| **17** | Expenditure and Performance Review of USAID  M&E reports for the programme were not shared with the Strategic Planning and Research Unit which would then ensure that the USAID funded programmes support the 2016 - 2020 Medium Term Strategic Plan and where there are variances, corrective measures are undertaken. This has led to less than adequate reporting of the implementation of the work plan and strategic plan at the organizational level.  **Recommendations**  Programme M&E reports should be synthesized in the overall organizational M&E report. | Inadequate monitoring of the implementation of work plans and strategic plan. | As the existing COMESA system is only for collection of data and information it does not really addresses M&E issues.  Action plan – management is working on addressing the overall M&E aspects for the organization, which will guide and ensure linkages with specific M&E processes on grants and projects. An M&E guide or manual needs to be in place. This is being carried out within the institutional capacity development plan. | Reportable Condition |
| **18** | COMESA has implemented implanted the Balanced Scorecard (BSC) which is a performance management tool that translates vision and strategy into a tangible set of performance measures.  We noted that some USAID staff did not prepare Balanced Scorecards.    **Recommendations**  All Staff should prepare Balanced Scorecards that are aligned to organizational priorities. | Lack of Balanced Scorecard may result into divisions/units efforts towards the organization strategy being misaligned to the high level goal of the organization. | Refresher Training sessions on the Balance Score Cards will be done on annual basis and Supervisors reminded to ensure completion of the scorecards at the beginning of the year and do mid-year assessment and end of year assessment. Refresher training to be facilitated for all staff | Reportable Condition |
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| **19** | **2017 Expenditure and Performance Review of COMESA Secretariat**  Implementation procedure number 11, requires the preparation of a post mission audit report identifying the objectives achieved and the areas which can be further improved.  We noted that a number of Divisions did not conduct post Audit of their meetings.  **Recommendation**  Management should enforce compliance with the requirement on post audit of missions. | Lack of continuous improvement | Management will remind heads of Divisions and Units to conduct post-audit of meetings, | Reportable condition |
| **20** | We noted some Units and Divisions did not prepare Quarterly Activity Reports and Quarterly aide memoire as required when operationalizing the work plan.  **Recommendation**  Management should enforce compliance with this requirement. | Critical issues may not be communicated to Executive Management in a timely manner. | Management will remind heads of Divisions and Units to prepare Quarterly Activity reports and Quarterly Aide memoires in line with IL 21. | Reportable condition |
| **21** | **T**he Authority did not meet in 2017 as required by the provisions of the Treaty  **Recommendation**  Executive Management should consider introducing an agenda on roster of Member States that shall host the summit over a period of 5 years for consideration and approval by the Authority through Council. Where one Member State cannot host the summit, the next member state should substitute so that the risk of limited organization oversight by the Authority is minized. The conditions for hosting of the summit should also be stipulated. | The general policy and direction and control of the performance of the executive functions of the Common Market and achievement of its aims and objectives were not exercised by the Authority as required | The COMESA Authority managed to hold its meeting in July 2018. Due to unforeseen circumstances, the 2017 meeting could not take place in November 2017, as originally planned. Bureau at its meeting held in April 2019 discussed the matter of 2019 COMESA Authority meeting by Sudan - it is yet to be concluded. | Reportable condition |
| **22** | We noted that IRCC Project Assets which were expensed upon purchase being transferred to COMESA Secretariat books in 2017 without being revalued.  **Recommendation**  The Secretariat should ensure that assets transferred from projects are revalued before being brought into COMESA Secretariat books. | Assets may be understated or overstated | **Action taken**: Balance sheet items on RISM shall be fully analyzed in 2018 - these shall also be verified by external auditors.  **Corrective status**: Exchange rate movement shall be submitted to Council.  **Status**: Monthly balance sheet reviews implemented across all business units. | Material weakness |
| **23** | Local donor support budget line was created to support Member States that are not eligible/barred to get funds from a particular donor to implement cross cutting COMESA programmes  We noted that the Local donor support account was used for payment of ineligible expenses for VAT paid under USAID and unsupported payments. A total of USD17,759.91 was refunded to USAID as ineligible costs using the local donor account. We further noted that the payment of USD17,759.91 was not supported by council approval.    **Recommendation**  The Division of Budget and Finance should ensure that budget lines are used for the intended purpose and VAT is excluded from payments made at Member states in line with the COMESA Protocol on immunities and privileges to avoid ineligible expenses. Secretariat should ensure that it obtains approval from Council before writing off assets as it is being done under VAT. It should be recalled that Council decided that meetings and workshops should not be held in Member States that are not willing to extend VAT exemptions to the Secretariat. The Division should ensure that. | The USD17,759.91 was a write off that was not approved by the Council | **Action to be taken**: Details of VAT, not refunded by Member States to be availed to Council. Amounts shall not be written-off. In line with IFRS, full provisions shall however be made. **Time-frame:** November 2019  **Corrective action**: A letter committing a Member State to VAT exemption and or to a refund shall be obtained prior to hosting a COMESA activity in each Member State. | Material weakness |
| **24** | Insurance payments, although prepaid were not posted to prepayment account although the premium paid straddles over two COMESA Financial Accounting periods.  A payment of USD39,668.01 to Ultimate Technology for 2017 annual maintenance fee was not expensed systematically over the period of its use but was expensed at once in January 2017 from the 2016 prepayment account.  **Recommendation**  Prepaid expenses should be posted into a prepayment account and systematically expensed over period of use. | Overstatement of accrued expenditure | Spreading the cost of such a fee over 12 accounting monthly periods will be implemented in 2019, as opposed to reflecting the cost in say period one (i.e. January) of a financial year.  This will be achieved through use of standard automated journals. | Material weakness |
| **25** | The monthly rental payment for April 2017 to November 2017 amounting to K175,929.44 (USD18,137.06) for disaster recovery rental was paid in January 2018. However, no accrual was made in the 2017 Financial Statement.    **Recommendation**  The Division of Budget and Finance should ensure that all expenses that have not been paid during the year are accrued to avoid understating of expenses. | 2017 expenses for disaster recovery rentals were understated | **Action taken:** Financial statements now, incorporate this accrual. | Material weakness |
| **26** | We noted that a Value Added Tax (VAT) of USD 10,659.41 that COMESA Secretariat paid on the hire of 3 heavy duty photocopier machines and stationery for the summit in Addis Ababa Ethiopian from 14th March 2015 to 31st March 2015, has not yet been recognized in the COMESA Secretariat books of accounts as a receivable.  **Recommendation**  Management should recognize all receivables in the accounts for ease of traceability. | The Secretariat may not be able to track this receivable in future if the amount is not recognized in the Secretariat books of accounts | **Action to be taken**: Details of VAT, not refunded by Member States to be availed to Council. Amounts shall not be written-off. In line with IFRS, full provisions shall however be made. **Time-frame:** November 2019  **Corrective action**: A letter committing a Member State to VAT exemption and or to a refund shall be obtained prior to hosting a COMESA activity in each Member State. | Material weakness |
| **27** | The Sundry Debtors account has a balance of USD3,769.71 that has been outstanding since 31 December 2016.This amount relates to overpayments to a consultant.  **Recommendation**  Management should ensure that all balance sheet items are followed up and reported timely to relevant Divisions for follow up. | Non follow up of balance sheet items.  The debt may be statute barred | All non-legal collection efforts have failed.  Documents submitted for legal collection to be pursued against Emmanuel Mbewe. This is the only course of action on the matter.  **Corrective action**: Payments processing staff trained on:  1: Matching terms & conditions of payments with actual payment process.  2: Pre-audit check of payments, has strengthened management reviews. | Reportable condition |
| **28** | The list of assets on board of survey report contains some assets with no identification numbers. Some assets have no location or user.  **Recommendation**  The Board of Survey should ensure that it complies with Rule 70 of COMESA Financial Rules by including asset identification numbers on each and every item in its report. The location and user should also be identified. | Assets on the register may not be easily traced for verification. | **Status**: Addressed in the context of 2018 FA inventory. | Material weakness |
| **29** | COMESA Secretariat held an amount of USD7,701.36 due to staff that had separated. This amount should have been fully paid to all the separated employees by 30th June 2018. There is no policy or rule that empowers the Secretariat to hold this amount.    (c) The general ledger account number 404030 that holds this account has USD8,915.32 that was brought forward from previous years but is yet to be analyzed.    **Recommendation**  The Human Resources and Administration Division should ensure that it timely initiates clearance of separated employees to avoid holding their money unjustifiably. The Division should also develop a policy or rule that will guide the implementation of the 20% retention of terminal benefits.  The Division of Budget and Finance should ensure that all balances are analyzed monthly and action taken accordingly. | The Secretariat lacks a legal basis for holding the amounts. | Management preparing an IP to strengthen control at point of separation of staff contracts. | Reportable condition |
| **30** | Council approved a budget of USD40,000.00 to support attachment of employees from Member States coordinating ministries to familiarize themselves with activities of COMESA Secretariat.    We noted that COMESA Secretariat did not utilize the 2017 Member States capacity building budget of USD40,000-00 that was approved by council.  **Recommendation**  Management should come up with capacity building programme for member states for improved coordination with the Member States. | Regional Intergration agenda may not be fast tracked without member states full involvement due to lack of knowledge on COMESA structures and programmes | The framework for capacity building of individuals from COMESA Member States will be developed within the capacity building programme, which is currently being planned. |  |
| **31** | **Expenditure and Performance Review of the The COMESA Regional Investment Agency (RIA)**  RIA is mandated to advance efforts in attracting cross-border and foreign direct investment to the COMESA region. Its mission is to transform COMESA into an internationally competitive investment area, which allows free movement of capital, labour, goods, and services across borders of COMESA Member States, and thereby facilitate sustainable growth of private domestic and foreign investment.  As per IAS 16, revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date.  Some assets have been fully depreciated yet are still being used by RIA. These include tables and chairs. Moreover, these fully depreciated assets have been insured.  **Recommendations**  Fully depreciated assets, which are still in use, should be revalued regularly in line with the requirements of IAS 16. | Non-compliance with the requirements of IAS 16. | RIA Management formed a Committee comprising 2 internal staff and external resource to identify assets that should be disposed and those that shall be retained for use. Those that shall be retained for use shall undergo an external revaluation for purposes of complying with the requirements of IAS 16. | Material weakness |
| **32** | The Agency has designed a new strategic plan for the period 2018 – 2020 and an action plan for the implementation of the strategy. Under Institutional Support, the strategic plan proposes the recruitment of an additional two staff to support in the area of research and capacity building to IPAs. In 2017, the Agency trained its staff on the balanced scorecard performance management system which is a result based monitoring system.  We noted the following:   * The strategic plan has not been costed * The strategic plan has not been presented to Council for approval * The Agency has not developed a balanced scorecard to derive maximum value from the investment made in the balanced scorecard performance management system * Staff have not developed individual balanced scorecards   **Recommendation**  The Agency should consider costing its strategic plan for submission to Council for approval. The Agency should further prepare an organization balanced scorecard that is aligned to the strategic plan for cascading to individual staff on annual basis. | (i) Budget implications for the strategic plan have not been established in order to inform funding gaps for resource mobilization.  (ii) The budget for the recruitment of additional staff may not be availed if the planned initiatives and corresponding budget are not brought to the attention of Council for approval  (iii) Value may not be derived from the investment put in the balanced scorecard training in the absence of developing an organizational balanced scorecard that is anchored on the strategic plan and cascaded to various staff | COMESA RIA 2018-2020 SMTP was developed based on the fact that RIA has limited financial resources, hence most of the recommendations/programs are to be implemented in house without any additional financial resources.  In its upcoming SMTP, RIA will ensure costing of its SMTP is done.  A balanced scorecard that is aligned to the SMTP was prepared for cascading to individual staff on annual basis | Reportable condition |
| **35** | The Charter of the Agency stipulates that the annual expenditure of the Agency shall be approved as part of the Secretariat budget through the office of the Secretary General on recommendation of the Board. The resources for the budget shall be derived from annual contributions of the Member States and such other resources as may be determined by the Council.  The Charter further stipulates that the Executive Director, shall be responsible for the administrative and financial aspects of the Agency.  We noted that the Agency’s budget is no longer part of the Secretariat’s budget and the Agency prepares its own financial statements. Further, the oversight over financial management of the Agency is not under the COMESA Secretariat.  **Recommendation**  In view of the Agency having been established as a COMESA Institution, there may be need to review the financial management provisions in the Charter. | There are conflicts within the charter on the oversight of the financial management of the Agency. the Agency’s financial resources. | To engage Legal and Corporate Services | Reportable condition |
| **36** | **2018 Expenditure and performance review of CCC- Regular budget**   1. In the 2019 budget, there was a budget line for Office furniture and Equipment amounting to USD10,000. This budget has been used to procure 2 laptops for new staff who joined in April 2019.  However, this budget line does not have a breakdown of what should be procured in the year. Further, Computer equipment which include laptops does not have a budget line within the Commission’s budget; 2. There was no Board of Survey in place; 3. Apart from the motor vehicle, other assets have not been revalued; 4. Equipment which was bought during the period under review was capitalised despite being below the threshold. The thresholds are as follows;    * Machinery and Equipment: above the cost of COM $ 500 should be capitalized.    * Office Equipment: above the cost of COM $ 300 should be capitalized.    * Furniture and Fittings: above the cost of COM $ 250 should be capitalized.   **Recommendations**  Management should enhance compliance with the COMESA capitalization policy and the necessary adjustments made in the accounts for accurate financial reporting. | Non compliance with the COMESA capitalization policy may result into overstatement of assets and understatement of expenditures. | The Commission has taken note of the recommendation and shall implement in all future purchases. | Material weakness |
| **37** | The Commission does not have the following insurance cover for its staff:   1. Group personal accident; 2. Occupational Hazard Insurance; 3. cash in transit cover;   Further, there are no safeguards when money is collected from the bank to the office.  **Recommendations**  Management should come up with ways to ensure that staff are covered by a form of an insurance and also cash in transit is insured;  Safeguards should be put in place for safe movement of cash from the bank to the office. | Lack of insurance for the staff may result into non compensation for an injury or death at work;  Lack of insurance for cash in transit and safeguards may result into loss of funds. | The Commission shall undertake consultations with relevant bodies and institutions to devise the best way of addressing the concerns. | Reportable Condition |
| **38** | 1. Staff have accumulated more than 60days as at 31st July 2019; 2. The Commission does not have a leave plan for its staff; 3. The was no approval from the Director & CEO to carry forward leave days from previous years into 2019.   **Recommendations**  We recommend the following:   1. At the beginning of every year, each staff should carry forward 60days; 2. Approvals should be sought from the Director & CEO to carry forward more that 60days into the following year and arrangements made on their utilization. 3. Leave plan for the year should be agreed in January for the year; 4. A budget line for terminal benefits should be introduced in the regular budget. | No compliance with the COMESA Competition Commission staff rules and regulations;  At the time of staff exit, the Commission may incur unplanned expenditures on terminal benefits that may have been avoided given that there is no dedicated budget line for terminal benefits. | The recommendations have been noted and shall be implemented. | Reportable condition |
| **39** | **2017 Expenditure and performance review of FEMCOM – Regular Budget**     1. VAT refund for 2017 has not yet been refunded; 2. Long outstanding payment to COMESA Secretariat of COM2,277.00; 3. Under provision of audit fee in the 2017 Financial statements; 4. No provision of audit fees for 2018; and 5. Long outstanding negative accumulated fund of COM13,811.00.   **Recommendation**  We recommend the following:     1. Speedy follow up of VAT refund from Malawi Revenue Authority; 2. Reconciliation of account balance with COMESA Secretariat as regards COBEA expenses should be undertaken so that both fixed and variable costs of audit are captured in FEMCOM books; 3. The under provision of audit fee should be recognized in the books; 4. Provision for audit fee for 2018 should be recognised in the 2018 books; 5. Negative Accumulated funds should be analysed and addressed with the Secretariat given that at the onset of FEMCOM and before the recruitment of an Accountant at FEMCOM, a number of FEMCOM financial transactions were undertaken at the Secretariat | Delayed VAT refund;  Misstatement of amounts due to related parties;  Understatement of audit fees;  Misstatement of accumulated funds | FEMCOM Secretariat will be proving the request for VAT refund to Malawi Revenue Authority every six months.  FEMCOM Secretariat will reconcile with COMESA Secretariat as regard to COBEA expenses  The provision for audit fees will be recognised in the FEMCOM accounts  FEMCOM will engage COMESA Secretariat to ensure that the negative accumulated fund is analysed and addressed as recommended. Formal communication will be effected on this matter. | Material weakness |
| **40** | COMESA Asset Management Policy stipulates that in line with the COMESA Accounting Framework, the following thresholds will apply for capitalisation of assets in the financial statements:     1. Machinery and Equipment: above the cost of COM $ 500; 2. Office Equipment: above the cost of COM $ 300; 3. Furniture and Fittings: above the cost of COM $ 250.   FEMCOM purchased a security burglar door that was bought and installed in 2017 amounting to USD1,178.00. The cost was expensed instead of being capitalised.  **Recommendation**  We recommend that the cost of the burglar bar door should be capitalised under fittings. | Understatement of fixtures and fittings. | FEMCOM Secretariat has capitalised the cost of the bugler bar door as recommended. | Material weakness |
| **41** | 1. NICO General Insurance Company for insurance premiums for Suzuki Grand Vitara Reg no. 126CD 1 from 30th January 2018 to 29th January 2019 amounting to USD724.72 was expensed in January 2018 as opposed to apportionment to appropriate periods; 2. Britam Insurance for the insurance of motor vehicle 126 CD3 paid on 6th October 2018 amounting to USD781.43 for one year was expensed in October 2018 as opposed to apportionment to appropriate periods; 3. Malawi Posts Corporation for the post office box for the period 1st July 2018 to 30th July 2019 amounting to USD85.86 was expensed in August 2018 as opposed to apportionment to appropriate periods.   **Recommendation**  We recommend that prepayments should be identified at the year end and beginning of the year and make an apportionment to the correct financial years and on a monthly basis, an expense should be recognized | Overstating the expenditure for 2018 | FEMCOM Secretariat has noted the recommendation and prepayments will be identified going forward. | Material weakness |
| **42** | FEMCOM has put in a place Board of Survey. The Board of Survey was conducted in December 2017, however, there were no physical stock count sheets and also the codes for the assets were not indicated against the items counted. The assets were not classified in terms of categories for reconciliation with the fixed asset register.  **Recommendation**   1. Physical count sheets should be maintained; 2. The assets should be coded; 3. The assets should be categorised in accordance to the classes. | Assets may not be fully identified | 1. Physical count sheets will be maintained when conducting the board of survey 2. All assets have been coded 3. Assets have been categorised according to class | Reportable condition |
| **43** | FEMCOM claims VAT from the Malawi Revenue Authority on a yearly basis and these claims are based on the purchases that have been made during the financial year.  We noted that VAT receivable account has not been used in 2018 despite making purchases of goods and services with VAT component.  **Recommendation**  We recommend that VAT receivable account should be utilized as purchases are made to ensure that up to date records are maintained for the VAT. | Understatement of receivables | The recommendation has been noted and will be implemented. | Material weakness |
| **44** | 1. Funds obtained from the Spanish Fund are not being reported or subjected to external audit at either COMESA or FEMCOM. Funds were received from NEPAD in 2012 and 2017; 2. There are no regular supervision missions to the four member States to confirm proper usage of resources and check performance of the approved work programme for corrective action. 3. Staff that were contracted to implement the programme currently hold expired contracts yet training and mentoring of incubates which they were supposed to manage is outstanding pending purchase of training equipment by NEPAD. The contracts of these staff were tied to the 14 months programme implementation period which already lapsed before the purchase of the training equipment.   **Recommendation**  FEMCOM should report the funding from the Spanish Fund as one of its sources of funding and incorporate the funds received so far into its financial statements and these be subjected to the 2018 external audit. For periods prior to 2018, separate financial statements should be prepared and audited separately before incorporation in the 2018 financial statements | FEMCOM’s financial statements are incomplete as they do not incorporate all sources of funding of activities being implemented.  Funds that have been released to member States may be used uneconomically or diverted to other activities in the absence of regular supervision missions. Further, member States may be facing challenges in the implementation of the approved work programme’ challenges which could be addressed during the supervision missions.  Non extension of the staff contracts may negatively affect the implementation of the project during the training and mentoring of the incubates. | FEMCOM Secretariat has noted the recommendation and will incorporate the funds received in the 2018 financial statements. FEMCOM Secretariat will also liaise with COMESA so that an external audit is undertaken before incorporation in the 2018 financial statements. | Material weakness |
| **45** | **2017 ALLPI Expenditure and Performance Review – Regular Budget**  During the 32nd Board meeting, it was decided that the Institute should continue to implement its activities in line with its 10 year strategic plan and ensure that the Smart sheet/M&E real time monitoring system application is utilized to the optimum benefit of the Institution and the region.  It was noted that there is no process flow of M&E activities at both the Institute and Member States for mirroring with the Smart sheet to ensure that all M&E requirements are catered for within the system. Further, budget performance and implementation of Member States strategies have not been incorporated into the system for holistic reporting of activities.  **Recommendation**  A process flow that captures M&E activities at both the Institute and Member States should be designed to identify gaps in the Smart sheet for corrective action. Possibility of integrating the system with the financial system should be explored to ensure that planned and actual budgets of the Institutes’ activities are incorporated in the system for complete reporting of the performance of the work programme. | The Institute may not optimize the functionalities of the Smart sheet to ensure complete and effective monitoring of planned activities at both the Institute and Member states level. | It is an internal planning of implementation tool and new functions will be added in the time. | Reportable condition |
| **46** | 1. During the period under review, the Institute received grants from UNOPS, EU, PTA Bank, BADEA and DAI – East Africa. 2. These grants were not recognized in the Financial statements of the Institute; and 3. MOUs were not signed between the Institute and the recipient Institutions outlining the administration of these funds.   **Recommendation**  The Institute should recognize grants received in its financial statements for complete reporting.  MOUs should be entered into between the Institute and those Institutions that are receiving funds that have been obtained from cooperating partners. Such MOUs should outline among others:   1. Planning, budgeting, monitoring and reporting 2. Accounting, auditing and financial checks 3. Procurement of goods and services 4. Disbursement of funds 5. Asset Management 6. Project closure. | There is incomplete reporting of financial activities of the Institute which may affect the reliability of the financial statements. The absence of signing MOUs with the recipient Institutions may weaken oversight over the use of funds that are transferred to the implementing | The recommendation is accepted for future grant execution based on the nature of the Grant. | Material weakness |
| **47** | We noted that prepayments are not being expensed on a monthly basis.  **Recommendations**  Prepayments should be expensed on a monthly basis. | Understatement of expenditures. | The recommendation was accepted | Material weakness |
| **48** | We reviewed the cost of maintenance of office building expenditures and noted that the costs that are being incurred are for the construction of Office block which the Institution will be using during the renovation of the Old office block.  We noted that these expenditures are being expensed instead of being recognized as Work in Progress as the office blocks will be used as assets and hence accrue an economic value to the Institute.  **Recommendations**  We recommend that costs that relate to the construction of the temporal office blocks be recognized as Capital Work in Progress. Upon completion of the temporal structures, the costs should be moved to Buildings in the Statement of Financial position. | 1. Understatement of work in progress and eventually assets. | The recommendation is well noted. | Material weakness |

**Prior years’ outstanding Audit Recommendations**

The matters below were presented to previous meetings of the Audit and Budget Subcommittee. Upon noting these matters, the Sub Committee urged Management to implement the audit recommendations in order to address the risks that had been identified and as at 10th September 2019, these had not been fully implemented as indicated under the Management Comment/Action column**.**

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| **No** | **Internal Control Weakness** | **Risk/Impact** | **Management Comment/Action** |
| **1.** | **Financial and performance audit of FEMCOM**  The FEMCOM Charter stipulates that the General Assembly shall determine the formula for the contributions to the budget of the Federation. It was observed that FEMCOM still uses the same formula for the contributions to the budget as the COMESA Secretariat. The General Assembly has not been able to come up with a formula which actually reflects the activities performed by FEMCOM. | Over/ undercharging member states due to inappropriate formula being used for contribution to be made.  We recommend that FEMCOM comes up with its own contribution formula that reflects its line of business. | This issue will be discussed at the FEMCOM Annual General Meeting to determine the subscription fees for the members. |
| **1** | **Risk based audit of IT**  We noted that despite the Division of IT having a Service Continuity Management Policy and disaster recovery site, there was no organizational business continuity plan that goes beyond IT service continuity. | There is a risk of interruption to the organization's business due to non-preparedness in preventing problems from arising and also the risk of delayed recoverability when the prove to be unavoidable.  As mentioned in the observation, now that the disaster recovery site is in place, a business continuity plan should be developed, and mock tests undertaken at least once a year to ensure that the systems and processes are resilient. | Agreed. A Disaster Recovery Plan (DRP) has been prepared by the IT Division for IT resources.  The Division of HR and Administration shall lead the process of developing the BCP under the EDF 11 Capacity Building Programme. |
| **2** | We noted that the Division of Information and Networking work programme, does not coordinate its programmes to those of COMESA Institutions in the execution of COMESA's mandate. COMESA Institutions such as FEMCOM, CCC, and RIA, do not have their own IT divisions and therefore rely on COMESA for IT support which usually comes through maintenance of their respective websites. We note that the IT division does not engage the institutions regarding additional support/ investments they may require i.e. COMESA Institutions do not seem to have an input on IT programmes that could affect them directly. | There is a risk of lack of synergy in the implementation of COMESA's IT mandate between COMESA and its Institutions.  We recommend that the Secretariat increases its collaboration with COMESA Institutions beyond IT support of web maintenance. IT can collaborate with the various Institutions on project implementation and also assist these institutions in any IT investments that they plan to undertake. | Collaboration with other COMESA Institutions continues to be enhanced. i.e. CMI, COMESA Court, FEMCOM, CCC and RIA  IT Division provides support to institutions if there is a need and request. |
| **1** | **Financial and performance audit of ACBF**  As per the service contract between COMESA and the staff of ACBF, COMESA shall undertake no responsibility in respect of any life, health, accident, travel and other insurance which may be necessary for you and your family. If travel is envisaged under this contract, staff shall provide COMESA with proof of insurance cover prior to your undertaking the mission, before any remuneration is paid. Failure to do so may result in the termination of the contract, but COMESA reserves the right to pay insurance and deduct it from your remuneration before the mission is undertaken. It was noted that there was no mechanism in place to ensure that staff provide COMESA with proof of insurance before undertaking travel. | The organization shall be exposed to financial risks in the event that a mishap occurs  We recommend that an organizational mechanism be put in place to confirm the existence of insurance prior to travel by staff with such contractual requirements. | Internal mechanisms shall be put in place to ensure structures upon which Project staff upon joining the organization obtain insurance, |
| **1** | **Audit of COMESA IT Back up Policy**  There are no separate backups tapes for Monday, Tuesday, Wednesday, Thursday, Friday, and Saturday as stipulated in the IT Back up policy. We noted that it is the same tapes that remains in the server from Friday to the following week and are replaced on Fridays and, the server updates them from Friday to the following week Friday. Upon inquiry, we noted that new technologies of replication of data that have been embraced by the Division do not require the physical removal of tapes from the servers. In addition, there are redundant servers and weekly/monthly/yearly backups that forestall the risk of a corrupted data being transmitted to the data recovery site. | The COMESA IT back up policy is outdated and the current back up practices of the Division have not been approved at the organizational level.  We recommend that the COMESA IT back up policy should be revised to reflect the current back up practices of the Division. Thereafter, staff should be sensitized on the policy requirements for ownership and implementation where applicable | The IT Division has already finished the revision of the old policy and awaits presentation to management for approval through the Legal Division. |
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|  | **2015 financial and performance audit of the Secretariat** |  |  |
| **1** | Contrary to the COMESA Staff Rules and Regulation on Emoluments and other benefits which stipulates all the allowances for COMESA Secretariat staff, we noted that a few staff are paid responsibility allowance which is not among the outlined allowances. | Lack of a policy may result into payment of allowances without any reference to and also demotivation to other staff that do not get responsibility allowance but perform similar work  We recommend that responsibility allowance policy should be put in place and all allowances should be paid within the payroll system. | We will develop a Policy that will guide the payment of responsibility allowance and include in the staff Rules and Regulations. The Matter to be addressed in the context of the review on implementation of the new COMESA Secretariat organizational structure |
| **2** | We noted that COMESA Secretariat paid Value Added Tax (VAT) of USD 10,659.41 on the hire of 3 heavy duty photocopier machines and stationery for the summit in Addis Ababa Ethiopian from 14th March 2015 to 31st March 2015. | Loss of savings due to payment of VAT on purchases during a COMESA meeting  We recommend that VAT exemptions should be obtained from the host countries before the meetings are held to avoid paying VAT on purchases in line with the Council decision on hosting of COMESA meetings. | Applications for the exemption of VAT were launched in respect of the goods procured as well as the equipment hired but a refund has not been granted to date in spite of several follow ups.  The matter shall be tabled before Council. |
| **3** | Annual telephone costs were USD283, 717.38. Those attributed to the switch board were USD77, 044.92.  The telephone system has been configured to the COMESA Internet System to detect the telephone usage by all COMESA Staff that are served through the switch board. We noted that despite the configurations being in place, the system is not being optimized to indicate individual expenditures because of a gadget called MAN3000 has not been installed. | Non-monitoring of individual telephone usage might result into abnormal usage of the telephone facilities resulting into budget over runs  We recommend that the gadget called MAN3000 should be sourced and installed so that telephone calls can be tracked in terms of individual usage | The tracking device has been installed and awaiting utilization by the Division of HR and Administration. |
| **4** | ZAMNET, a tenant at COMESA had challenges in paying monthly rentals for the premises they are renting from COMESA Secretariat and the balance as at 31st December, 2015 was $28,868.54 and this amount was cleared in June 2016. Therefore, the January 2016 to June 2016 has not been paid. ZAMNET pays its rentals to COMESA Secretariat in Zambian Kwacha at the exchange rate of ZMW 5.28/USD1 resulting into exchange differences | COMESA Secretariat is losing money due to delays in the payment of rentals by the tenant and incurring exchange losses  We recommend that management of COMESA Secretariat should engage the management of ZAMNET and agree on the repayment plan for the outstanding amount and payment of monthly rentals in USD or Kwacha equivalent at the current exchange rate | Repayment plan signed, which is currently being adhered to by ZAMNET. |
| **1** | **System audit of Human Resources Unit**  COMESA Staff Rule 11 stipulates that every staff member of COMESA shall be covered by one form of insurance or another arranged by COMESA for its staff members as may be determined by the Council from time to time.  However, Rule 6 (3) on applicability stipulates that for the avoidance of doubt these Rules shall not apply to consultants, project staff and temporary staff. The conditions of service for consultants, project staff and temporary staff shall be stated in their contracts.  Group Personal Accident Insurance policy covers every staff who works for COMESA Secretariat. However, it is not stipulated in the policy document who is covered by the policy and the extent of this coverage is limited to staff based at COMESA Secretariat. The insurance policy for staff undertaken by Procurement is not in consultation with the HR Unit;  The travel policy requires project staff to procure travel insurance before they undertake missions;  Senior staff normally travel in one aircraft during the policy organs meetings | The nondisclosure of staff who are covered by COMESA Group Personal Accident Insurance might result into over/underpayment of insurance premium for the staff because every year the staff numbers do change; Undertaking mission by the project staff might be costly for the staff resulting into demotivation and there could be loss of senior staff resulting into loss of institution memory.  Insurance policy for staff undertaken by Procurement should be in consultation with the HR Unit;  The Secretariat may consider covering staff travel insurance for project staff;  Senior staff travelling for Policy Organs meeting should be separate aircrafts. | The Human Resources Unit will work together with and in Consultation with Finance and Procurement on the disclosure issue, Travel insurance policy and travel for official duty involving large numbers of staff and make recommendations for Executive Management approval.  Project staff and individual consultants who are working for COMESA and who are outside the COMESA staff Rules and Regulations should none the less be included in the insurance cover.  The Member States could consider covering these staff since they are fully utilised for COMESAs work.  At inception discussions for projects/programs the funding should include all benefits that accrue to regular staff and this includes insurance cover as well.  The Travel Unit will be continuously advised to plan the travel of the Executive and Senior staff in such a way that they do not take the same flights.  The same should be applicable when a number of staff are travelling for same missions. |
| **1** | **System audit of the Technical Cooperation & Resource Mobilization Unit**  There is no detailed policy or procedure to guide the process of resource mobilization in the organization. | Implementation of resource mobilization activities may be ineffective in the absence of a policy and detailed procedures.  A resource mobilization policy and procedures should be prepared for Council’s approval. | A draft policy on resource mobilisation was presented to the last council meeting and it was directed that it should be sent to the member states and also presented to the meeting of the Ministers of Finance and Central Banks Governors for consideration/endorsement before its retailed to council for approval. A senior officials meeting was held from 4-6 Sept 2019 in Nairobi, Kenya where a paper of resource mobilisation (the operationalisation of the common market levy, which is one of the tools in the policy) presented and recommend for consideration by the meeting  of the Ministers of Finance and Central Banks Governors. The above meeting is scheduled to be held on the 16th October 2019, at the margins of the WB/IMF annual meetings in Washington DC. |
| **2** | The Unit’s work programme did not include resource mobilization activities for COMESA Institutions and agencies | COMESA programmes being implemented at Institution and Agency level lack the necessary financial and technical support.  The WP of the Unit should take into account unavailable resources that are required by COMESA Agencies and Institutions. | A retreat of COMESA Institutions and Agencies has been scheduled and this matter will be discussed, and modalities agreed upon, on how the unit can support the respective Institutions and Agencies. Currently, there is no specific request that has been submit to the unit from any of the Institutions/Agencies, as they directly approach the development partners for support. |
|  | **IT Audit of the Sun system** |  |  |
| **1** | There are no inbuilt operational system exception reports that management may rely upon to ensure that all authorized transactions have been processed. | There were: 10,484 open POs that are at least one (1) year old.  Develop and implement exception reports on the query analyser tool that are run to identify exception in the processing of transactions. Sample exception reports could include:  1.Entered LPOs not created  2.LPO ageing reports  3.Outstanding LPOs  4.Changes to master data, etc | Vendor to translate formats provided and develop these into exceptional reports listed below on each function, as follows: -  1. User Activity (exceptional reports);  2. Reporting;  3. Setups  4. Security Matrix  5. Business Rules  6. Interventions    Purchase orders – monthly reviews carried by both:  1.1: Procurement: To follow-up on delivery  1:2: Finance: Only unreceipted commitments to remain |
| **2** | There are no documented process flows which show the flow of information, data and applicable controls within the financial systems to help management in identifying key processes, transactions and controls that should be in place as part of the financial management system  . | System controls may not be adequate or effective.  Document detailed process flows which show the key movements in information and transactions within the financial system. Also, management needs to consider developing an internal control catalogue that identifies the key risks, key controller, the control operators, frequency of control checks as well as the outcome of the control self-assessments | User sun systems manuals, reflecting configurations and customisation to be prepared by Vendor. Time-frame: November 2019. |
| **3** | Sun system has been implemented with two different audit trails which keep track of the user activities such as transaction date and time, user ID and execution of specific transactions. However, these audit trails are not reviewed to check on unauthorized or suspicious system activity. | Irregular system activities may not be detected in a timely manner.  Implement a single audit trail which is regularly reviewed for exceptional transactions | There is a single audit trail that requires further strengthening to forestall data manipulation |
| **4** | The Sun system provides each transaction with an internal reference number. For this reference number to be an effective control, it is required to be unique for every transaction. We noted that this is not the case for the reference numbers given by the system.  . | There are 947 missing system generated invoice references between Jan 2016 to January 2017  Review system configuration on payments in order to stop the generation of duplicate invoice reference numbers. Additionally, review user rights and system settings to ensure required sequence on internal numbers is maintained | Vendor to carry out a study aimed at bringing the references provided for in Sun Systems Accounting to the physical records that are maintained to facilitate traceability from electronic to physical records and vices versa. |
| **5** | Data capture and posting staff have access to amend held journal details. System approvers and processors (e.g. payment officers and IT staff) are able to make edits on the held journal records. Approvers are able to amend PO and Invoice held journal details at the point of supplier invoice matching.  Also, the Payroll | Held journal can be edited / amended without the knowledge of the originator’s knowledge.  Review and up-date the user matrix and user access permissions in line with the updated user matrix | A Security Matrix has been implemented and is enforced, with division of roles relating to:  1: Capturing & editing & amending  2: Posting & recall  Held journals cannot be held beyond 15 days, of end of relevant month. |
|  | **Financial and performance audit of COMESA LLPI** |  |  |
| **1** | LLPI Staff Rules and Regulations, Rule 45- Gratuity and Provident Fund States that “A staff member shall be entitled to 15 % gratuity of his or her annual basic salary on termination or expiry of contract. The Director may, on approval of the Council, set up a Provident Fund into which gratuity accruing to staff members may be deposited together with such contributions from staff emoluments as may be appropriate.”COMESA LLPI staff contracts states that amounts accumulated in Staff Provident Fund shall be payable to an employee on final separation from LLPI. LLPI deducts 10% from employees basic pay as staff contribution and pays 15% as employer contribution towards staff provident fund. The employee and employer contributions are then remitted to Pension Fund managers every month  The Provident Fund for COMESA LLPI employees is denominated in local currency, the Birr, although the salaries are denominated in United States Dollars. | The COMESA LLPI employees may suffer loss should the local currency (Birr) depreciates against the United States Dollar  COMESA Secretariat Division of Administration and Human resources should facilitate the registration of COMESA LLPI employees to ZURICH Provident Fund, that invests funds in USD and these investments are guaranteed, as is the case with the other COMESA Institutions. | LLPI has got the issue/purpose approved by the Board of Directors and are looking for appropriate international Banking. |
| **2** | COMESA LLPI obtained Group Life assurance for its employees covering January 2016 to January 2017.Our review of the list of staff covered under Group Life Assurance showed that two staff were not included on that list hence not insured as required by Rule 11 of LLPI Staff Rules and regulations | LLPI risk incurring unavoidable costs should injury occur to any of these employees in the course of undertaking duty in the ALLPI offices.  COMESA LLPI management should ensure that all its officers are covered by Group Life Assurance. | LLPI has been looking for international insurers for foreign staff of the Institute. |
|  | **Financial and performance audit of the COMESA Competition Commission** |  |  |
| **1** | The Commission’s strategic plan lacks pertinent information that is likely to hinder its effective implementation i.e.   * Timeframes for implementing various initiatives; * Indicative budgets for the various activities together with source of funding * Parties that shall drive the implementation of the activities; * Risks and related assumptions for undertaking various initiatives * Signed individual Balanced Score Cards. | The effective implementation of the Commission’s strategic plan may be hindered in the absence of the pertinent key indicators as highlighted above.  The Commission should consider improving its strategic plan for ease of operationalization | The strategic plan shall be reviewed. |
| **1** | **System Audit of the Conference Unit**  Translators who travel to service meetings are paid Assessable fees of $200.00 per day, $200.00 for each travelling day and $250.00 per diem per day. Whereas the per diem paid is documented in the procedures manual, the payment of daily assessable fees and fees doing travel days is not documented in the Procedures Manual.  **Recommendations**  A policy should be put in place for the payment of Translators fees so that the payments have a basis and reference. | Lack of guidelines may result into paying variable fees. | The Unit has come up with a procedure for the recruitment of translators and Interpreters for the review and approval of management. |
| **2** | The Documentation section of Conferences keeps both hard and soft copies of Council of Ministers meeting reports. The soft copies have been updated up to the 29th Council of Ministers. We also noted that for meetings that are not organized by the Unit, the relevant meeting reports are not in the custody of the Documentation center.  **Recommendations**  The IT and Networking Division should be directed to speed up the finalization of the design and implementation of an Electronic Document Management System (EDMS) to ensure the systematic processing and archiving of documents.  The Unit should consider procuring a scanner to ensure that all the documents are electronic. This should be handled as a matter of urgency;  Divisions/Units should send meeting documents to Documentation Centre after they have been adopted for dispatch of the final report to Member States, safe keeping and reference. | There is no central storage of meeting reports which may result into loss of Institution memory. | The IT and Networking Division has revamped the intranet and uploaded soft copies of Meeting Reports. |
| **1** | **Compliance Review of the General Services Section**  Periodic meetings between the Tenants and the Estate Manager provide a channel in which the tenants communicate challenges relating to the maintenance of the tenancy relationship between the tenant and the landlord. We noted that the Estate Manager does not hold meetings with COMESA Tenants unless they have issues.  **Recommendation**  The Estate Unit should ensure that it holds periodic meetings with COMESA Tenants to enable them appreciate and resolve problems they may be having relating to their stay on COMESA Properties. | Tenants have no means of communicating issues that affects their occupation of COMESA Properties | Meetings are held with the tenants informally. We take note of the observation and we will hold formal meetings with the tenants**.** |
| **2** | We noted that there is no register to record staff who are using the consumables that are non-fixed assets but used for long term such as. The assets include calculators, stapling machines and punching machines among others.  **Recommendation**  We recommend that the Stores Assistant maintain a register to record staff using the consumables that are non-fixed assets but used over a long term. | High value consumables may miss without any trace. | Noted for implementation. |
| **3** | Council decided that Secretariat should buy mobile interpretation equipment for the Conference hall using the procurement procedures and to be financed from reallocation within budget lines of the 2016 budget. With regard to the subsequent conversion of the banking hall into a new conference facility at a later stage, the Committee agreed that this should be done within the 2017 budget lines. Interpretation equipment was procured but the process of converting banking hall to conference hall was not undertaken within the 2017 budget lines    **Recommendation**  We recommend that the Division of Administration and Human Resources should ensure that approved budgets are fully utilized. | Limited utilization of approved budget | Not done because the allocated funds were inadequate after purchasing equipment for the Conference Hall.  This will be a budget items subject to discussions of the new Secretariat building since it involves heavy investment. |
| **1** | **Compliance Review of the Procurement Function**  The Procurement Unit has a number of functions including undertaking internal monitoring and evaluation of procurements as well as contract management. These critical functions have not been institutionalized.  **Recommendation**  The Procurement Unit should explore possibilities of undertaking internal monitoring and evaluation of procurement as well as contract management. | Lessons learnt may not be used or consolidated to improve performance of the unit. | Due to staff shortages in the Procurement unit and lack of a full time Contracts Officer, contracts are administered by the user Divisions/projects and deliverables reviewed by the M&E Unit. |
| **2** | The Unit is expected to conduct regular market surveys in order to ascertain current prices for items included in the procurement plan. We noted that Procurement Unit has never conducted any Market Survey  **Recommendation**  Regular market surveys should be undertaken to ascertain current prices for items included in the procurement plan as required by the Procurement manual. | Goods or services may not be acquired competitively. Further, COMESA may not be aware of new products that may be more efficient and of higher quality. | Market survey was undertaken for a few items.  Noted for action before end of 2019. |
| **3** | The Secretariat may use electronic systems for consultants to submit proposals by electronic means, provided COMESA is satisfied with the adequacy of the system. We noted that although the Secretariat sometimes receives proposals by electronic means, the system is not secure, and does not maintain confidentiality and authenticity of the proposals submitted.  **Recommendation**  The Procurement Unit, in collaboration with IT Division should improve the security of the system of receiving the electronic proposals. The system should, among other controls, be able to maintain the confidentiality and authenticity of proposals submitted use an electronic signature system or equivalent to keep consultants bound to their proposals, and only allows proposals to be opened with due simultaneous electronic authorization of the consultant and the Evaluation Committee. | The electronic proposals may be manipulated thereby jeopardizing the integrity of COMESA Procurement systems. | For the time being, the Secretariat has not developed a secure online system for bid submission and opening. Where bidders choose to submit electronically, they do so at their own risk as this is usually pointed out to them when they make enquiries. |
| **4** | Cost analysis that is undertaken by Procurement is aimed at ensuring that the products are made available at competitive prices, and that the environmental benefits provided by a product or service do not undermine its overall performance. Therefore, after tenders have been evaluated on the basis of economic criteria, the Secretariat shall decide between tenders considered to be equivalent on the basis of economic considerations by awarding the contract to the undertaking which satisfies certain ecological aspects. We noted that the Procurement Unit does not consider ecological aspects when awarding contracts.  **Recommendation**  Procurement Unit should ensure that it complies with procurement Manual by considering ecological aspects when considering awarding of contracts. | Despite championing Climate Change initiatives, COMESA Secretariat does not practice environmentally responsible procurement. | Specifications shall be designed for equipment and consumables that are expected to be “green” |
| **5** | After approval of the annual budget, the Procurement Unit prepares a consolidated Annual Procurement Plan that includes estimated timelines for each activity in the procurement process together with a Schedule of timelines for planned delivery and completion dates. We noted that there is no system to enhance compliance with these elements of the Procurement Plan  **Recommendation**  Procurement unit should introduce a system of sending reminders to user division, units and projects when procuring dates are approaching. | Unplanned and non-rationalized buying may lead to uncompetitive buying and acquisition of poor quality goods and services. | Noted for follow up. |
| **1.** | **Risk based audit of ACTESA**  There exists an organisational structure with the following positions:  1. Executive Director  2. Accountant  3. Administrative Assistant and Support Staff  4. Trade/Markets Advisor  5. Production and Market Development Advisor  6. Communications and Advocacy Specialist  7. Monitoring and Evaluation Specialist  We noted that the following key positions were vacant as follows:  (i) The Chief Executive Officer (CEO). The contract came to an end on 8th June 2017.  (ii) Communications and Advocacy Specialist  (iii) Monitoring and Evaluation Specialist  (iv) Production and Marketing Development Advisor  **Recommendation**  For ACTESA to function optimally and to fully implement its work programmes, key positions require to be filled. | ACTESA may not be fully operational due to non-recruitment of key personnel. | An ACTESA Steering committee (ASGp, ASGf, Director, Budget and Finance, Legal Division, Director IPPSD, ACTESA OIC) established on 10th June, 2019 that met on 28th August, 2019 made the following recommendations:   1. Engage a consultant to undertake a proper independent report including root causes and detailed analysis 2. Consultant facilitate stakeholder consultations on ACTESA revival 3. Consultant submit roadmap and detailed implementation plan with milestones and timelines   Based on the paper presented to COMESA SG on the following recommendations:  **Interim (0-6 Months):** **January, 2020-June2020**   * Mobilize human and financial resources for ACTESA’ activities in close collaboration with COMESA Member States and Development Partners * Install new ACTESA Board member * Recruit relevant staff in line with ACTESA core values and programming   **Short Term (6-12 Months):** **June 2020 - December, 2020**   * Develop and revise ACTESA Strategic Plan 2020-2030 * Submit for approval ACTESA Strategic Plan 2020-2030 to the Ministers of Agriculture and Natural Resources * ACTESA Operational Plan (OP) for the period 2020-2025 * Revise ACTESA Financial and Procedure Manuals. * Finalize ACTESA Human Resource manual * Establish ACTESA Programmes Design Manual * Conduct ACTESA Stakeholder Mapping and Management System * Continue implementing the COMESA Seed Development Programme * Implement immediately other ACTESA Programmes in line with COMESA Council Decisions   **Intermediate / Long Term (12-24months):** **January 2021-December 2021**   * Finalize Financial Model, Grants and Resource Mobilisation Strategy * ACTESA Communication, Visibility and Advocacy Strategy * Revise and finalize ACTESA Communication, Visibility and Advocacy Strategy * Develop ACTESA Monitoring and Evaluation (M&E) System. * Conduct a re-launched ACTESA Annual Stakeholders Forum |
| **2** | ACTESA has been operational since 2009 and as per the ACTESA five-year development strategy 2012-2016, ACTESA has to find ways and means to finance its activities. However, we noted that no Resource Mobilisation Strategy has been developed to ensure the sustainability of ACTESA.  **Recommendation**  A Resource Mobilisation Strategy should be developed to ensure sustainability of ACTESA to ensure that there is a clear, systematic, predictable and well-co-ordinated approach to soliciting, acquiring, and utilisation, management, reporting, monitoring, and evaluating assistance from International Cooperating Partners and for expanding the resource base to ensure sustainable resource availability for implementation of the ACTESA programmes. | Non-sustainability of the Programme due to no Resource Mobilisation strategy | Current paper on the revival of ACTESA recommends the following in the intermediate to long term (12-24months): January 2021-December 2021: Finalize Financial Model, Grants and Resource Mobilisation Strategy Revise and develop ACTESA Financial Model, Grants and Resource Mobilisation Strategy critical strategy for mobilizing resources and will be to enhance ACTESA’s image as an efficient, effective and relevant regional mechanism for producing deliverable results that add value to agricultural development. ACTESA will continue to maintain its reputation as an effective organisation with unquestionable credibility and reputation.  Previous ACTESA planned to mobilize resources from three key sources; the ACTESA Trust Fund, the ACTESA Facility and the Irrigation Fund, however this could not materialize. A grants Manual should be developed and shared with the existing grantees. ACTESA shall create a separate position for Grants Officer and entrusted with the responsibility of monitoring and supervising the sub-grantees. |
| **1** | **Financial and performance audit of FEMCOM**  In 2016, FEMCOM identified a number of strategic risks together with strategies and actions for the mitigation of these risks. These risks include: the full realization of FEMCOM’s mandate being threatened; non-sustainability of FEMCOM Programmes; inadequate executive support from COMESA; overlap of mandate between FEMCOM, Gender Division and COMESA Business Council; and limited access to information on trade, credit facilities, technologies and markets in COMESA by FEMCOM Chapters. During the 2017, internal audit, we confirmed the extent to which the risk mitigation strategies were being implemented and noted that most of the risks were being managed through various activities that had been conducted during the year. These activities are support to various FEMCOM chapters rendered during the year, resource mobilization initiatives and discussions with Executive Management of COMESA at the Board level.  As regards the mitigation of the risk of limited access to information on trade, credit facilities, technologies and markets in COMESA by FEMCOM Chapters, we noted that the FEMCOM website which was identified as a means of mitigating against this risk does not contain information on trade, credit, technology and market opportunities in COMESA.  **Recommendation**  FEMCOM Secretariat should consider creating partnerships with COMESA Secretariat and COMESA Institutions on dissemination of information to its membership through its website. | COMESA FEMCOM Chapters lack access to information that would assist in the promotion of integration of women in trade and development in COMESA | Recruitment of an IT/Communication/PR expert is work in progress. |
| **2** | We noted lack of movement on some balance sheet items during the period 2016/2017. These are:  Non-collection of COM $ 9,552 owed to FEMCOM by NEPAD since 2016; and  Non-payment of COM $ 2,277 to Secretariat which has been outstanding since 2015  We further noted the following:  Depreciation of office equipment over a period of 4 years as opposed to 5 years as required by the financial rules and regulations;   * Non-recognition of the accounting software in the accounts;   and   * Non-remittal of accumulated fund and deferred income to COMESA Secretariat   **Recommendation**  The Senior Finance and Administrative officer should prepare quarterly management accounts that include the financial statements and identify balance sheet items that may not have moved during the quarter for interrogation and resolution.  The accounting system should be recognized in FEMCOM’s books.  The negative accumulated fund should be ratified by the Bureau and transferred into the COMESA reserves while the deferred income should always be transferred to COMESA after the conclusion of the external audit. | There is bound to be delayed collection of debts and payment of creditors in the absence of regular review and management of balance sheet items.  The assets of FEMCOM have been understated by the exclusion of the accounting software in the accounts  Delayed remittal of deferred income to the Secretariat may lead to dipping into the reserve by FEMCOM contrary to the requirements of the financial rules and regulations | FEMCOM is working on addressing the issues raised. |
| **1** | **Compliance review of the Secretariat’s Financial Management system**  As per the Financial and Administrative Practice No. 18, the gross and net amounts paid as salaries in one month are reconciled with those paid in the previous months to enable the officer authorizing the pay sheet to ensure that no unauthorized additions or deletions have been made. From documents received, we noted that reconciliation has been done from January 2016 to May 2016. However, for other months, no reconciliation was done  **Recommendations**  The gross and net amounts paid as salaries in one month should be reconciled with those paid in the previous months to enable the officer authorising the pay sheet to ensure that no unauthorised additions or deletions have been made. | Over/under payment of salaries due to no reconciliations being done. | The Secretariat is developing a relevant tool to extract information from the SMART HR payroll system.  In the interim, manual monthly reconciliations are being done. |
| **2** | The financial statements for the year ended 31st December 2015 were approved by the Secretary General and the Assistant Secretary General on 14.08.2016 and were presented to Council of Ministers in October 2016 during the Summit in Madagascar  **Recommendations**  The Audited Financial statement should be presented to the Council within six months of the end of the financial year in line with Article 169 of the Treaty. Where Council does not meet, these reports should be circulated to Member States as part of good corporate governance practices. | Noncompliance with good corporate governance practices due to late presentation of the financial statements. | To be addressed, effective 2019 financial statements. |
| **3** | The eighteenth meeting of the Sub-Committee on Audit and Budgetary matters was held from 15-19 August 2016 in Lusaka. However, we noted that the documents for the meeting were cleared by the Secretary General for translation on 29 July 2016. This indicates that the draft budget was not sent to the Sub-Committee at least one month before the meeting.  **Recommendations**  The draft budget should be prepared on time so that it is communicated to members of the Sub-Committee on Audit and Budget matters at least one month before the meeting of the Sub-Committee. | Limited value addition by Members of the Sub-Committee due to meeting papers not being sent on time | To be addressed, effective 2021 work programme & budget. |
| **4** | As per the Financial and Administrative Practice No. 7, internal checks on receipts of cash include the followings:  (i) The person collecting the cash shall prepare a weekly return detailing the various sources of the income and the total amount received;  (ii) The weekly return shall be countersigned by the respective Accountants, confirming that the funds have been deposited in their respective bank accounts.  We noted that no weekly return was prepared to show the various cash receipted.  **Recommendations**  (i) The person collecting the cash should prepare a weekly return detailing the various sources of the income and the total amount received;  (ii) The Accountant should ensure that weekly return has been prepared by the person collecting the cash and confirm that funds have been deposited in the bank. | No control over banking of the correct amount of cash received due to non-preparation of the weekly return | This has been implemented. The Secretariat is in the process of automating the weekly return process which will address the recommendations. This would have been implemented upon finalization of the implementation of Sun 6.3.0.  Manual weekly return to be implemented immediately. |
| **1** | Financial and performance audit of ALLPI We noted that COMESA LLPI is using some assets that were procured by projects that were closed, but the assets were not included as LLPI Fixed Assets in the ledgers.  **Recommendation**  We recommend that COMESA LLPI should revalue the assets, include them as part of its fixed assets in the ledgers and start depreciating the assets. | There is a risk understatement of COMESA LLPI assets and expenses. | We have identified that the assets stated are furniture such as chairs and table. The cost of revaluing the assets has turned out to be more than the value of the assets. Therefore, we have found it better to keep their book value and undertake physical inventory every year. |
| **2.** | COMESA LLPI procured Sun Accounting System for USD16,000.00 from Target Business Consultants Private Ltd Company in 2013. The original CDs for SunSystem software and Vision Reporting were delivered in December 2013.  We noted that since 2013, the Sun Accounting System has never been used although the system was paid for, delivered and officers were also trained.  **Recommendation**  LLPI Management should ensure that it get value from the investment in the staff training and procurement of sun accounting system by implementing the system. | COMESA LLPI did not receive value from the staff training and procurement of the sun accounting system. | We have ordered the license to use the Sun Accounting System which should be renewed every year. As soon as we get the license, we will use it in parallel with Peachtree, the current application applied by the Institute. |
| **1.** | **Financial and performance review of RIA** We noted other receivables amounting to COM$ 2,273.73 had no movement within a one year period.  **Recommendations**  (i) The account ledgers should be reconciled on a regular basis  (ii) A quarterly follow up report for all the movement of balance sheet items should be produced for the Manager's review. | Over/understatement of account balances in the financial statements as some balances may be uncollectible | Collection efforts are being intensified. |
| **2** | The RIA Board provides strategic direction and oversight over COMESA RIA through its annual meetings and whenever a need arises. When Council meets, RIA management presents a report on the progress made in the implementation of its mandate. We noted that resolutions made by the Board during its annual meeting are not presented to Council for consideration and endorsement.  **Recommendation**  RIA Management should consider presenting Board resolutions to Council/relevant Sectoral Ministerial Committees for consideration and endorsement. | Resolutions made by the Board may not be binding to all Member States in the absence of endorsement by Council. | Strategic Board resolutions shall be presented to Council through the IC. |
| **1.** | **Financial and performance review of the COMESA Competition Commission (CCC)** The Commission incurred a withholding tax charges on the investment income from ECO Bank on 31st March 2016 amounting to USD747.42 and USD504.00 on 26th October 2016. The refund for these amounts have not been received.  **Recommendations**  The Commission should follow up on the withholding tax claims with the Malawi Revenue Authority and a debtor should be recognized in the books of the Commission;  The Commission should engage with Eco Bank for a Memorandum of Understanding to waive the withholding taxes on the Fixed deposits. | Loss of investments due to tax deductions by the bank | Ecobank no longer deducts taxes on the investments. Follow ups for previous claims are made on a regular basis but the claims have not been refunded yet. |