****

**Distr.**

**LIMITED**

**CS/ADM/SC/XXII/9.3**

**Original: ENGLISH**

**COMMON MARKET FOR EASTERN AND**

**SOUTHERN AFRICA**

Twenty Second Meeting of the Sub-Committee on Audit and Budgetary Matters

Lusaka, Zambia

28 October – 1 November 2019

**AUDIT OF THE UTILIZATION OF**

**MERGER FEE INCOME OF COMESA COMPETITION COMMISSION (CCC)**

**COM-IAU-CCC – 2019 - EXECUTIVE SUMMARY**

AO/hcm

# I INTRODUCTION

# 1 The COMESA Competition Commission was established in accordance with Article 55 (3) which provides that; “The Council shall make regulations to regulate competition within the Member States”.

# 

# 2 The Board of the Commission through Article 15(2) of the Competition Commission Regulations recommended to Council the rules governing fees payable in respect of services provided by the Commission. The rules on revenue sharing of merger filing fees collected by the Commission provide for the retention of 50% of the Common Market merger filing fees by the Commission. The Board of the Commission provides oversight over the utilization of these funds.

# II SCOPE

3 Our scope included the review of the completeness and accuracy of financial transactions undertaken by COMESA Competition Commission on the utilization of the merger fees accruing to the Commission, review of implementation of Council Decisions and Board Decisions, performance review of the approved 2018 work plan, and review of the efficiency with which resources were utilized for the period August 2018 to June 2019.

# III OBJECTIVES AND RESULTS

4 The audit evaluated the extent to which the July 2017 to July 2018 COMESA Competition Commission (CCC) activities contributed towards meeting the Commission’s financial management objectives that include:

|  |  |  |
| --- | --- | --- |
| **Financial Management Objectives** | **Control assurance** | **Specific control weaknesses** |
| Adequate internal controls | Significant Assurance | Changes to bank accounts not provided through the office of the Secretary General.  User Designed Applications not protected and subjected to independent reviews.  Payment of VAT on purchases  Non-reconciliation of airline creditors statements before payment.  Non recording of some purchases in the Goods Received Note.  Engagement of a Consultant after contract expiry.  Non follow up actions arising from previous year missions  Delays in banking of unused imprest.  Non-certification of some DSA retirement forms.  Unauthorized missions.  Low budget absorption.  Non-collection of CVTFS debt.  Long outstanding unused air tickets.  Over payment of a translator |
| Complete and accurate financial reporting | Limited Assurance | Creditors posted to a Suspense account.  Non - disclosure in the Commission financial statements for contingent liabilities.  Partial or non-compliance with the following standards:   1. IAS 18 Revenue recognition 2. IAS 16 Property, Plant and Equipment 3. IFRS 9/IAS 32 Financial Instruments 4. IAS 19 Employment Benefits 5. IAS 10 Events after the Balance Sheet date 6. IAS 8 Accounting policies 7. IAS 7 Statement of cash flows 8. IAS 37 Provisions 9. IAS 27Consolidated and Separate Financial Statements 10. IAS 24 Related Party 11. IAS 21 Foreign Currency Translation |

**Detailed Observations, audit recommendations and management action plans**

5 These are contained in a separate report which is attached to this Executive Summary.

**Note:**

6 Control assurance is the level of assurance provided at the end of each audit that the systems and controls are in place to ensure that strategic objectives are being met.

**7 Full assurance** denotes that the system of internal controls is designed to meet the organization objectives and controls are consistently applied in all the areas reviewed.

**8 Significant assurance** denotes that there is a generally sound system of control s designed to meet organizational objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk.

**9 Limited assurance** denotes weaknesses in the design or inconsistent application of controls put the achievement of organizational objectives at risk in the areas reviewed.

**10 No assurance** denotes weaknesses in control or consistent noncompliance with key controls could result in failure to achieve organizational objectives in the areas reviewed.