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**AND SOUTHERN AFRICA**

Twentieth Meeting of the Sub-Committee on

Audit and Budgetary Matters

28 October – 1 November 2019

Lusaka, Zambia

**2017 COMESA Secretariat financial statements (Member States funding)**

**(AGENDA ITEM 3.1)**

1. Secretariat is hereby submitting audited 2017 COMESA Secretariat financial statements (Member States funding), **annexed at [….]**, which comprise of: -
2. Auditors Report;
3. Financial statements; and
4. Management letter.

**Framework of preparation of 2017 financial statements and external audits, thereon**

1. The 2017 external audit by Grant Thornton was carried out based on the following: -
2. 2017 Secretariat financial statements, which incorporate Member States funds only. Note that:
3. These are comparable to the last adopted financial statements for 2016, which were audited by KPMG (Zambia).
4. It is important to recognise that the effort, as directed by the Council in 2009, to bring together all sources (Member States funding and grant funding) under a single set of annual financial statements was not successful in 2017.
5. The draft financial statements subject to the 2017 COBEA external audit, had incorporated all sources (Member States funding and grant funding) of funds under the control of Secretariat.
6. The 2017 financial statements audited by Grant Thornton are prepared on a different framework from those audited by COBEA. Implementation status of the issues raised by COBEA are reported under Agenda Item no. 2.
7. Individual grants’ financial statements have been prepared and separately audited in line with grant contracts, as the COBEA Auditors’ Report on total funding under control of Secretariat is an Internal Report. These auditors were appointed, in line with grant contracts provisions, as follows: -
8. Grant contracts entered into with the European Union under indirect management (9th; 10th and 11th EDF), namely Contributions Agreement (CA); Pillar Assessed Grants and Delegated Agreements (PAGODA). New USAID grants (RDOAG) from September 2019), delivery modalities have adopted a framework similar to that of the EU.

***External Auditors appointed by Council based on a competitive procurement process, as required by the grant contracts. For 2017 and 2018, Pricewaterhouse (PwC) was appointed.***

1. Grant contracts entered into with AfDB; USAID; World Bank; and AU

***External Auditors are appointed by AfDB, USAID, World Bank, based on a competitive procurement process, as required by the grant contracts and overseen by the Cooperating Partners, themselves.***

**Auditors Report**

1. *Outstanding: To be presented by Grant Thornton at the meeting*

**Financial statements**

1. *Outstanding: Highlights to be completed*

**Management letter**

1. *Outstanding: Findings, management responses and action plan to be completed.*

**Discussion**

1. *Outstanding: To be completed at the meeting*

**Recommendations**

1. *Outstanding: To be completed at the meeting*