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**COMMON MARKET FOR EASTERN
AND SOUTHERN AFRICA**

Meeting of Auditors General

Lusaka, Zambia,
6 – 9 March 2018

**REPORT OF THE MEETING OF AUDITORS GENERAL TO EXAMINE THE
FRAMEWORK FOR EXTERNAL AUDIT OF COMESA SECRETARIAT AND ITS
INSTITUTIONS BY AUDITORS GENERAL OF MEMBER STATES**

2018/CK/nmn

I. INTRODUCTION

1. The Meeting of Auditors General to examine the framework for External Audit of COMESA Secretariat and Its Institutions was held at Twangale Park, Chilanga, Zambia from 6 – 9 March 2018.

II. ATTENDANCE, OPENING OF THE MEETING, ADOPTION OF THE AGENDA AND ORGANISATION OF WORK

Attendance

2. The Meeting was attended by Burundi, Comoros, Democratic Republic of Congo, Egypt, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. The Meeting was also attended by the COMESA Secretariat. The list of participants is at **Annex I**.

Opening of the Meeting (*Agenda item 1*)

3. The Chairperson Mr. Gosteur Rabeafara, the Magistrate Auditor of Madagascar called the Meeting to order and welcomed the delegates to the Meeting. The Meeting nominated Zimbabwe as Rapporteur in the absence of Ethiopia which had sent apologies.

4. In remarks of the COMESA Secretary General, delivered by the Director of Budget and Finance, Mr. Clement Kanyama, the Secretary General welcomed the delegates to the Meeting of the Auditors General and indicated that their attendance was a demonstration of Member States commitment to their oversight mandate. The Secretary General recognises the role of audits in upholding good governance and providing assurance to the public which enable both Member States and Cooperating Partners to continue providing resources required to deliver on the objectives of COMESA.

5. The Secretary General informed the Meeting that Council at its Meeting in November 2017 considered and directed that the Proposed Framework on the Audit of the Secretariat and its Institutions should be submitted to the Auditors General for their review. Council further directed that the Auditors General should develop a Road Map on the operationalization of the framework. The Draft Road Map should be submitted to the Bureau of the Council of Ministers for consideration. The Secretary General also informed the Auditors General that the Secretariat had prepared a list of documents as annexed at **Annex II** to facilitate the work of the Meeting.

Adoption of the Agenda and Organisation of Work (*Agenda item 2*)

6. The Meeting considered and adopted the following Agenda: -

1. Opening of the Meeting
2. Adoption of the Agenda
3. Understanding the institutional context underpinning external auditing
 - 3.1 Organisational and institutional legal framework
 - 3.2 Financial governance and management
 - 3.3 Institutional human resources and procurement frameworks
 - 3.4 IT general and application controls
 - 3.5 Medium term and annual plans
 - 3.6 Resource mobilisation
 - 3.7 Internal audit

37 J. P.M

4. Consideration of the proposed Framework for external auditing of COMESA Secretariat and its Institutions
 - 4.1 Examination of the External Audit Framework
 - 4.2 Administrative support to the Auditors General
5. Road Map for the implementation of the framework proposed for external auditing of COMESA Secretariat and its Institutions
6. Adoption of the Report and Closure of the Meeting
7. The Meeting also agreed on the organisation of its work, as attached at **Annex III**.

III. ACCOUNT OF PROCEEDINGS

A. Understanding the institutional context underpinning external auditing (*Agenda Item 3*)

8. The Secretariat presented the internal control framework of the COMESA Secretariat and its Institutions. The following issues were highlighted:

Organisational and Institutional Legal Framework (*Agenda Item 3.1*)

9. The Secretariat made a presentation on Organisational and Institutional Legal Framework as annexed at **Annex IV**. The presentation highlighted that COMESA was established in December 1994 when it was formed to replace the former Preferential Trade Area (PTA) which had existed from 1981. It was noted that COMESA's membership comprised the following Member States; the Republic of Burundi; the Federal Islamic Republic of the Comoros; the Democratic Republic of Congo; the Republic of Djibouti; the Arab Republic of Egypt; the State of Eritrea; the Federal Republic of Ethiopia; the Republic of Kenya; the State of Libya; the Republic of Madagascar; the Republic of Malawi; the Republic of Mauritius; the Republic of Rwanda; the Republic of Seychelles; the Republic of Sudan; the Kingdom of Swaziland; the Republic of Uganda; the Republic of Zambia; and the Republic of Zimbabwe. The Meeting was informed that two countries had applied for membership to the Common Market namely the Republic of Tunisia and the Federal Republic of Somali. The Meeting went on to consider the general provisions of the Treaty with an overview of the contents of Article 3 on "Aims and Objectives", Article 4 On "Specific Undertakings" and Articles 7, 8, 9 and 10 on the Organs of the Common Market.

10. The Secretariat further explained the structure of the COMESA Secretariat as highlighted under Article 17 of the Treaty which also contains the role of the Secretary General and the two Assistant Secretary Generals who are tasked with the management of Programmes as well as Administration and Finance, respectively. The Meeting considered the financial provision of the Treaty in greater detail and noted the importance of Article 166 of the Treaty which details the resources from which the Common Market draws its budget as well as how this budget is compiled. The Secretariat also drew the attention of the Meeting to the provisions on the "Common Market Levy and Other Resources" which identifies the other sources of funding aside from the contribution of Member States. It was also highlighted that the Treaty made provision for the procedure for the appointment of External Auditors in terms of Article 169 which also mandates Council to develop regulations for the implementation of this provision. The Meeting was encouraged to draft rules of procedure for its future proceedings.

11. The presentation concluded by considering the relationship between the Secretariat and the COMESA Institutions in terms of Article 175 noting that the Secretary-

37 J- FM

General is mandated to maintain a continuous working relationship with the institutions of the Common Market with the aim of furthering the implementation of the provisions of the Treaty of the Common Market.

Discussion

12. The delegates commended the Secretariat for an informative presentation which provided an understanding of the Secretariat and its operational arrangements. The Meeting sought clarification on how Council as an oversight body has maintained its independence from the Authority when it reports to the Authority. The Secretariat informed the Meeting of the following

- i. COMESA Policy Organs established under the Treaty (Article 7) include the Authority, Council, and Inter-Governmental Committee. Their functions are stipulated in the Treaty.
- ii. Council, among its other functions implements the direction of the Authority (Article 9 (5)). It discharges this mandate by enacting relevant regulations and rules.

13. The Meeting also inquired how Council can make binding and non-binding decisions. The Secretariat clarified that based on Article 10 of the Treaty, Council has the mandate to make decisions, but can also make recommendations on specific matters which are not binding.

14. The Meeting sought clarification on how External Auditors for COMESA Organs and Institutions are appointed. The Secretariat informed the Meeting that each Institution has their own legal instrument/Charter, which stipulates how the Auditors will be appointed and the Financial Statements are presented to their Boards as stated in the Charter.

15. For COMESA Organs and Institutions receiving funds from annual Member States contributions, their accounts are audited by External Auditors appointed by Council. Annual audited Financial Statements and Auditor's reports are then submitted to Council for approval.

16. The Meeting further inquired on how the Secretariat ensures that the use of the Reserve Fund is in line with best international practices. The Meeting was informed that Reserves are only utilized in exceptional cases as provided for in the COMESA Financial Rules and Regulations. For example, the refurbishment of the building after the fire in December 2011 which was reimbursed from insurance proceeds and funding the operations of the Secretariat prior to receipt of contributions from Member States. The Secretariat further informed the Meeting that use of the Reserve Fund is only on approval of Council of Ministers or as mandated by the Bureau of Council.

17. The Meeting reminded the Secretariat that Council adopted the IPSAS as the framework to be used by the Secretariat yet the Treaty – Article 169(1) refers to International Accounting Standards. The Secretariat informed the Meeting that International Accounting Standards include IPSAS, IFRS and GAAP that the Secretariat applies IFRS. Council approved the implementation of IPSAS from 2018 and the Secretariat has started operationalisation of the Council decision through changes in the accounting systems and processes. The Meeting stressed that there was an urgent need for the establishment of an External Audit Framework that can also assist COMESA in the implementation of IPSAS among other things.

37 J. FM

Conclusion

18. An External Audit Framework comprising of SAIs from COMESA Member States should be set up to enhance provision of assurance services which ultimately would contribute to good corporate governance, accountability and transparency.

Financial governance and management (*Agenda Item 3.2*)

19. The Meeting received a submission on the COMESA Secretariat's financial governance and management, presented at *Annex V*, which highlighted the following: -

20. Statutory and other instruments governing financial operations, include COMESA Treaty; decisions of the Authority and Council; Five Year-Medium Term Strategic Plans; Financial Rules and Financial Administrative Practices Manual, collectively known as Financial Regulations; Staff Rules and Regulations; Procurement Rules and Regulations; IT Strategy; Grants manual; Sub Delegation manual; and Grants contractual instruments.

21. Financial Rule 5 (2) designates the Secretary General, as Chief Accounting Officer of the COMESA Secretariat.

22. The Secretary General is supported by two Assistant Secretary Generals and such number of staff as approved by the Council. Individual consultants and experts are engaged in line with the policy on engagement of consultants. These augment the capacity that is required to implement COMESA work programmes.

23. Financial Statements: -

- (i) Annual reports, accompanied by audited financial statements and reports of External Auditors and their opinion on financial statements are submitted for the approval of Council in accordance with the Article 169 (4) of the Treaty;
- (ii) Annual financial statements incorporating resources of individual Cooperating Partners are separately prepared and audited. These are also approved by the Council. In 2017, COMESA Secretariat will prepare Consolidated Financial Statements; and
- (iii) COMESA Organs and Institutions of COMESA, which receive funding through annual Member States contributions, prepare and submit separate annual financial statements.

24. In keeping with the principles of good corporate governance, the Council of Ministers provides oversight over the operations of the COMESA Secretariat by giving direction to the COMESA Secretariat through, among other activities:

- (i) Approval of COMESA Secretariat's annual work programmes, budget and annual financial statements;
- (ii) Enacting of Staff Rules and Regulations and Financial Regulations of the COMESA Secretariat;
- (iii) Review technical reports on the implementation of policy, rules and regulations by the COMESA Secretariat; and
- (iv) Appointing of External Auditors and receiving their reports.

25. In between Meetings of the Council of Ministers, the Bureau of Council attends to oversight matters, within the framework of the Treaty and as provided within other specific policies, rules and regulations. In accordance with Article 2 of the Treaty, the Bureau of the Council comprises of Chairperson, Vice-Chairperson and Rapporteur. Administrative

and Budgetary Committee and its subcommittee (the Sub Committee on Audit and Budgetary matters) and Intergovernmental Committee undertakes technical work and provides relevant advisory services to the Council of Ministers, with the former reporting to the latter.

26. The activities of COMESA are carried out by COMESA Organs and Institutions. These activities are funded from annual Member States contributions and funding from Cooperating Partners in line with Article 166 (4)¹ and Article 168 of the Treaty. The spending financial information on annual Member States and Cooperating Partners contributions is presented in *Annex V*. The summarised spending is presented in Table 1 below: -

Table 1: Summarised COMESA Secretariat spending (2015 to 2017 in COM\$)

Sources of spending	2015	2016	2017
Summary	Audited	Audited	Budget
Member States	12,991,641	13,152,194	13,873,613
European Union	14,858,032	19,452,761	26,650,193
United States Agency for International Development	2,876,867	2,440,262	1,793,670
African Development Bank	2,599,043	6,160,415	8,931,514
World Bank	-	-	1,593,744
Other Cooperating Partners	6,952,853	2,314,973	1,860,387
Total	40,278,435	43,520,604	54,703,122
Percentage share			
Member States	32%	30%	25%
European Union	37%	45%	49%
United States Agency for International Development	7%	6%	3%
African Development Bank	6%	14%	16%
World Bank	0%	0%	3%
Other Cooperating Partners	17%	5%	3%
Total	100%	100%	100%

Source:

- (i) 2015 and 2016 Audited financial statements: on Member States funds and individual financial statements under specific grant financing agreement
- (ii) 2017 COMESA Secretariat management accounts on sun systems accounting

Discussions

27. In the deliberations that ensued, the Meeting sought clarification on the following:
- i. Process of external audit of funds transferred to Member States for implementation of programmes;
 - ii. Need for External Auditors to issue one report on financial statements of COMESA Organs and Institutions. This will enable provision of a holistic assurance from the external audit process;

¹ Article 166(4): The resources of the budget shall be derived from annual contributions of the Member States and such other sources as may be determined by the Council. The contributions of the Member States shall be based on the budget as approved by the Council.

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- iii. The context of the audit of the Reserve Fund. The Meeting had noted that the COMESA Secretariat's 2016 financial statements did not include specific reports on the receipts and use of the Reserve Fund; and
- iv. The risk management processes in place at the Secretariat, as well as investigative services. The Meeting raised this issue in view of the magnitude of activities that are implemented in Member States.

28. The Secretariat provided the following clarifications: -

- i. Process of external audit of funds transferred to Member States for implementation of programmes. In line with legal framework in place, external audits are carried out as follows: -
 - (a) For funds entrusted to the Secretariat: external audit of funds transferred to Member States for implementation of programmes take place at the COMESA Secretariat and relevant Member States. Audit programmes are designed to enable auditors obtain sufficient evidence from operations carried out on such accounts; and
 - (b) For funds entrusted to COMESA Organs and Institutions of COMESA, such as Regional Investment Agency; Competition Commission; COMESA Leather and Leather Products Institutes; COMESA Court of Justice and Federation of National Associations of Women in Business in Eastern and Southern Africa: audit of accounts take place at the entity's location. These entities have legal framework that is separate from that of the COMESA Secretariat. Such a framework includes Charters and Board of Directors. In view of these COMESA Organs and Institutions receiving their Budgets from Member States, the utilisation of these budgets are audited by External Auditors that are appointed by Council. The establishment of these COMESA Organs and Institutions is in line with key Medium Term Strategic Plan implementation principle of subsidiarity.
- ii. Need for External Auditors to issue one report on financial statements of COMESA Organs and Institutions. The Secretariat shall prepare and propose a Road Map on this matter.
- iii. Audit of the Reserve Fund: The Secretariat informed the Meeting that: -
 - (a) 2016 annual financial statements of COMESA Secretariat incorporated movements made into and from the Reserve Fund, in line with applicable Financial Rules;
 - (b) In addition, the External Auditors (KPMG) carried out a special audit of the Reserve Fund for 2016;
 - (c) Council in October 2016 and November 2017 directed that a special audit be carried out on the Reserve Fund by Auditors General of COMESA Member States covering the period 2005 to 2016. This special audit was intended to establish completeness of all movements into the Reserve Fund, as well as to ascertain that all withdrawals complied with applicable Financial Rules, relating to purpose and authorisation. This special audit was carried out in December 2017 and the report will be presented to Council.
- iv. Risk management processes and investigative services: The Secretariat informed the Meeting that:

39 J. F.M

- (a) COMESA Secretariat has developed and implemented risk management processes across all its operations to ensure the achievement of its COMESA objectives; and
- (b) Requirements for investigative services in operational matters are attended to by the Internal Audit.

29. The Meeting also noted the following:

- (i) Contributions from Cooperating Partners are declining across organisations (i.e. RECs) comparable to COMESA. In this regard, there is a need for COMESA to explore alternative sources and structure of financing COMESA work programmes in a sustainable manner;
- (ii) That existing practices in Member States regarding relationship of Auditors General and other External Auditors should inform the process of engaging auditors on COMESA projects/programmes funded by Cooperating Partners.

Institutional human resources and procurement frameworks (*Agenda Item 3.3*)

30. The Secretariat presented the overview on the Institutional human resources and procurement frameworks as annexed at ***Annex VI***.

31. The Meeting was informed that high level service and support to the whole Secretariat, its Institutions as well as the Member States on issues related to Human Resources, Conferencing, Procurement and General Support Services is provided by the Human Resource and Administration Division. This allows the Secretariat, its Institutions and Member States to efficiently and effectively support regional integration.

32. To serve the human capital requirements, the Secretariat deploys talent management systems to recruit, develop and retain competent staff at all levels, coordinates training and capacity building initiatives with a view to improving knowledge and skills within the organization, and institutionalization of the Balanced Scorecard performance management system for bi annual performance reviews. Human capital matters are governed by the COMESA Staff Rules and Regulations which are reviewed and approved by Council from time to time.

33. To serve the Member States human capital requirements in regional integration, the Secretariat is implementing a secondment programme for staff in the Coordinating Ministries. So far, a few Member States have benefited from this programme and as a result increased synergy has been created between the COMESA Secretariat and the respective Coordinating Ministries.

34. Efficiency, accountability and transparency in the requisition, delivering, storage, issuance, recording, accounting for, or any form of management of supply of goods and services in the Secretariat is also provided through the Division Human Resource and Administration. These ensure the timely sourcing of goods, services and works and offer effective and efficient transport and travel and other support services to meet the requirements of the Secretariat to support Regional Integration.

35. The Meeting was also informed that COMESA uses its own Procurement Implementation Rules as agreed by Council in November 2005 and as amended by Council from time to time. These rules are anchored on the Financial Rules and Regulations which outline various expenditure authorisation levels.

39 J. FM

36. The Secretariat also provides conference management services support to both internal and external stakeholders. This support includes the provision of conference facilities, secretarial support, documentation, translation and interpretation services as well as general conference management support systems, document and information management relating to Meetings as guided by Procedure Manuals that are reviewed from time to time.

Discussions

37. The Meeting inquired about the recruitment process at the Secretariat considering the need for fair and equitable representation of Member States at the Secretariat.

38. The Secretariat informed the Meeting that the current rules on recruitment and selection of staff ensures that fair and equitable recruitment is achieved. The recruitment of established positions is based on the geographic distribution as determined by contribution ratios.

IT General and Application Controls (*Agenda Item 3.4*)

39. The Secretariat made a submission on IT general and application controls as annexed at *Annex VII* which highlighted different security protection mechanisms that have been put in place to protect COMESA IT systems.

40. These technologies are intended to protect both the physical and logical security of the entire IT system.

Physical security

- i. **Data Center:** - The COMESA Data center is protected and accessible only by authorized personnel. The data center is equipped with security cameras which are controlled by designated staff. Fire suppression and Air conditioning system is also deployed to keep the datacenter cool and protected from fire.
- ii. **Disaster Recovery (DR) site:** - COMESA has a disaster recovery site to replicate each server in production. Each server that store sensitive data has a replica and copied to the DR site as per the configured schedule.
- iii. **Tape Backup:** - The Secretariat uses a tape backup system to backup and store data offsite. Production Servers are configured to be backing up every Friday a full backup and incremental backup every day. We also swap tapes every week and send to bank to keep data offsite.

Logical security

41. The Secretariat has implemented the following technologies for logical security: -
- i. **Antivirus:** - All COMESA servers and computers are installed and protected using original and licensed antivirus software. The antivirus updates itself automatically and protects machines from virus attacks. It is also configured to scan machines automatically.
 - ii. **Password Complexity:** - as per the COMESA Password policy, appropriate password complexity that combine letters, number and special characters with appropriate history and aging has been applied.

37 J. F.M

- iii. **Virtual LAN (VLAN):** - the network is virtually divided in to a number of small virtual LANs. Servers are configured in a separate VLAN other than to the users and guests VLANs. Because of this Servers are not directly accessible from any other VALN.
- iv. **Unified threat management system:** - Any traffic with in the COMESA network is monitored and controlled using Cyberoam Firewall. This devise is used to protect the network and systems from internal and external attack. This appliance has modules for intrusion prevention, detection and network traffic inspection.
- v. **Application Controls:** - Each application has its own special controls which take care of accuracy, completeness and integrity of data. User roles have been defined in logical groups with appropriate permissions applied to each group on a need to do basis.
- vi. **Software updates/upgrades:** - architecture for software updates and upgrades has been set up to ensure systems run stable versions of production software.

Discussion

42. The Meeting appreciated various IT tools that the Secretariat has put in place to manage institutional information resources.

Medium Term and Annual Plans (*Agenda Item 3.5*)

43. The Secretariat gave an overview of the strategic orientation of COMESA for the period 2016-2020 and contemporary issues and challenges. For better understanding of the current Strategic Plan, a background of the organisation was presented as annexed at **Annex VIII**. The presentation highlighted COMESA's strategic orientation guided by strategic objective areas focusing on market integration, infrastructure development, industrialization, institutional and regulatory policies, capacity development and resource mobilisation among others. The Meeting was informed that the strategy was expected to contribute to structural transformation of the economies of the COMESA Member States to foster the overall economic development through trade and investment.

44. The presentation highlighted flagship programmes that have been instrumental in pushing forward COMESA's integration agenda through trade and transport facilitation and simplification and harmonization of documents and procedures, infrastructure development and other programmes supporting integration which include immigration, gender and peace and security among others.

45. The Meeting noted that critical success factors of the strategy include; commitment by Member States through regular contribution and provision of policy direction, strategic partnerships, financial and technical assistance to support integration, positive economic growth rates in the Member States, growing interest from businesses, private sector, civil society, academia and most importantly political commitment to drive the process.

46. The presentation highlighted that success of COMESA's strategic orientation could negatively be affected by overlapping membership of member states in regional organisations, slow space in the signature, ratification and domestication of COMESA legal instruments and regional commitments, sustainability of programmes, reduced donor support and inadequate awareness and sensitisation on benefits of regional integration.

37 J. F. M

Discussions

47. The Meeting observed that there should be alignment between the long term strategic plan and the annual work plan. This would enable the Secretariat to focus on core issues and optimise its resources.

48. The Secretariat clarified that annual work programme and budgets are developed within the medium to long term plans. In this regard, annual work plans should be a tool to implement medium to long term strategic plans.

Resource Mobilisation (Agenda Item 3.6)

49. The Secretariat made a presentation on the modalities for mobilization of resources for the implementation of COMESA activities, projects and programmes in accordance to the Treaty as annexed at ***Annex IX***. Under Articles 167 and 168 of the Treaty, COMESA Secretariat is mandated to mobilise resources to implement the various projects and programmes that aim at supporting COMESA Regional integration. Annually, the Council on the recommendation of Intergovernmental Committee, discusses and approves the COMESA budgets from Member States contributions based on formula for the contributions by Member States as provided for in Article 167 of the Treaty.

50. The Meeting was further informed that although Article 167 on the Member States contributions has been well implemented and generally adhered to by the Member States in terms of resource contributions, the last Meeting of council directed that 2018 annual Member States contributions remain at the same levels as for the year 2017. The Secretariat further informed the Meeting that the resource mobilization processes and functions are guided by the COMESA policy organs and in line with the COMESA Medium Term Strategic Plan (MTSP) for the period 2016-2020.

51. It was highlighted that the Secretariat has continued to provide technical assistance and capacity building to Member States through a number of programmes, such as through the COMESA Adjustment Facility (CAF), the COMESA Infrastructure Development Fund, Great Lakes Trade Facilitation Project, 50 Million Women Speak, Sanitary Phytosanitary Programme, Climate Change Programme, etc.

52. Regarding the Cooperation with International Cooperating Partners, the Meeting was informed that Development Partners play a critical role in supporting COMESA programmes by providing both technical and financial resources. In this regard, the COMESA Policy Organs have mandated the Secretariat to develop a framework to implement a resource mobilization strategy. As part of this process, consultations are being undertaken to establish a Joint Partnership Forum that brings together Development Partners (DP) and COMESA to discuss and agree on the strategic partnerships and programmes for support.

53. The Secretariat further briefed the Meeting on the internal processes that are established to streamline project resources into the overall COMESA programmes. The Secretariat has set up a Project Management Committee (PMC) with the aim of harmonising and coordinating resource mobilization systems and processes.

Discussions

54. In the discussions that followed, the Meeting sought an explanation as to why there was no modality on how the incomes earned from activities and programmes undertaken by COMESA Institutions are not ploughed back into the COMESA Budget for implementation of COMESA programmes. The Secretariat informed the Meeting that this issue is currently being explored.

55. The Meeting advised the Secretariat that there is a need to leverage funding for programmes by Cooperating Partners by co-funding from Member States for sustainability.

Internal audit (Agenda Item 3.7)

56. The Meeting was informed that the mission of COMESA Internal Audit, as annexed at *Annex X* is to provide independent and objective assurance and advisory services designed to add value and improve the operations of the Secretariat and its Institutions. In line with the Council approved Internal Audit Charter, the Unit reports administratively to the Secretary General and technically to the Audit and Budget Sub Committee that plays the role of an "Audit Committee". To this end, the results of audits are communicated to Management at the conclusion of every audit while significant audit findings are communicated to the Audit and Budget Committee in line with a 2005 Council Decision. The Sub Committee on Audit and Budgetary Matters comprises Members of the Bureau, Egypt, Kenya, Mauritius and Zimbabwe.

57. The Meeting was also informed that the Unit undertakes various types of audits that include system audits, compliance audits, project audits, performance audits, IT audits, follow up audits and investigative audits. Whereas IT audits are outsourced due to Internal Audit staff limitation in this area, the role of the Unit on Financial Audits is to review the administrative systems that support the financial accounting system, movement of balance sheet items and follow up on the matters contained in the External Auditor's management letters.

58. The Meeting noted the oversight role of the Sub Committee on Audit and Budgetary Matters that includes review of: Internal Audit Planned activity and results; Proposed Audit work plan; Key issues emerging from the Internal Audit Work; Management response to audit recommendations; Statement of Internal Control; Co-operation between Internal and External Audit; and any other issues that concern the delivery of Internal Audit objectives.

59. On liaison with other assurance providers, the Meeting observed that Internal Audit co-ordinates its activities with all other assurance functions through shared work plans, work files and inclusion on report circulation where appropriate.

60. It was noted that the Sub Committee on Audit and Budgetary Matters advises the Administrative and Budgetary Committee on the adequacy and integrity of the Secretariat's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

61. Management is informed of internal control lapses and regulatory compliance by the Legal and Corporate Affairs Division, Monitoring and Evaluation reports, institutional assessments, internal and external audits. The Sub Committee on Audit and Budgetary Matters on the other hand is informed about internal control lapses through internal and external audits.

62. It was also noted that Risk management is an integral part of the business processes of the Secretariat. A designated Risk Officer shall be supported by Internal Audit to coordinate risk management activities in the organization.

63. Apart from internal and external audits, the Meeting noted other key elements of the Secretariat's internal controls as follows:

37 J. F.M

- i. The COMESA Treaty
- ii. Authority and Council decisions
- iii. Code of ethics, which govern the standards of conduct and prohibits improper behavior.
- iv. Corporate governance and value for money frameworks.
- v. Rules, Regulations and Procedure manuals in respect of financial controls, human resources, procurement and programming. These procedures are continuously updated through the issuance of implementation procedures by the Secretary General.
- vi. A Compliance Section that undertakes pre- audit of payments and clearance of cash imprest before expensing.
- vii. Documented disciplinary procedures for management of actions that may be undertaken contrary to organizational policies and procedures.
- viii. Internal monitoring of the implementation of Council decisions and work programme.

Discussions

64. The Meeting sought clarification on the composition of the Sub Committee on Audit and Budgetary Matters which had some permanent members since 2005 and advised on rotational membership to improve effectiveness and enhance the independence of Internal Audit as required by International Standards for the Professional Practice of Internal Auditing. The Secretariat informed the Meeting that Council at its Meeting in November 2017 decided that the composition of this Committee should be reviewed and that this review is in progress. The report on the matter shall be deliberated on by Council at its next Meeting.

65. The Meeting took special notice and appreciation on the audit of cash imprest as part of the overall internal control framework of the Secretariat. The Meeting however raised concern on the value for money aspect of the imprest and was informed that sampled missions, meetings and systems are normally subjected to value for money audits to determine their value add in relation to the set objectives.

66. The Meeting observed that the Secretariat has a very strong IT Division and inquired why Internal Audit staff have not been equipped to undertake IT audit. The Secretariat informed the Meeting that Council provided resources for outsourcing the services of IT audits on annual basis to fill this gap in the interim.

67. The Meeting also sought clarifications on the frequency of the Sub Committee on Audit and Budgetary Matters Meetings and whether the report of the Sub Committee on Audit and Budgetary Matters was presented to Council. The Meeting was informed that Meetings of the Sub Committee on Audit and Budgetary Matters are held annually and the reports arising therefrom presented to Council through the Budget and Administrative Committee and the Intergovernmental Committee.

Conclusion

68. The Meeting noted the likely areas of collaboration between COBEA and Internal Audit and agreed that this collaboration shall be established after undertaking a due

diligence on the Internal Audit function and work as prescribed by International Standards on Auditing 610.

Consideration of the proposed Framework for external auditing of COMESA Organs and Institutions by Auditors General of COMESA Member States (Agenda Item 4)

69. The Meeting was informed that the COMESA Council of Ministers at its Meeting held in Antananarivo, Madagascar from 18 – 19 October 2016 decided that the:

- (i) audit of the COMESA Organs and its Institutions should be conducted by the office of the Auditor General of Member States as from the financial year 2017;
- (ii) audit of projects shall also be undertaken by independent audit firms; and
- (iii) COMESA Secretariat should present a report on the operationalization of the above decisions. The report should contain among others the:
 - a) engagement auditor responsible for signing all the financial statements;
 - b) the composition and rotation of the audit team as required by the International Federation of Accountant;
 - c) the duration of the audit; and
 - d) other factors which may be required for operationalizing this recommendation.

70. The Secretariat presented the framework, proposed for external auditing of COMESA Organs and its Institutions by Auditors General of COMESA Member States. This is attached at *Annex XI*. The process followed in coming up with the proposed framework is as follows;

- (i) The Secretariat compiled Terms of Reference for the work to be carried out which outlined the decisions of Council and the existing framework relating to external audit of COMESA Organs and its Institutions.
- (ii) Secured services of an experienced expert to assist the Secretariat in carrying out a study on the matter.
- (iii) Reviewed and analyzed the COMESA organizational and institutional context relevant to external audit framework. Areas looked at in detail included External Audit provisions, as provided for under the COMESA Treaty; 2016-2020 Medium Term Strategic Plan; Decision of the Council of Ministers; Financial Rules of COMESA (2014 Edition); Current (2016) contract for External Audit Services for COMESA Secretariat; 2015 COMESA annual report; and External audit requirements in selected financing agreements between COMESA Secretariat and Cooperating Partners.
- (iv) Obtained and reviewed external audit frameworks of organizations comparable to COMESA, namely; East African Community; SADC; African Union; and Indian Ocean Commission.
- (v) The Secretariat also obtained frameworks for external auditing practices of other international intergovernmental organisations namely; the European Union; and the United Nations.

37 J. F. M

71. The Secretariat informed the Meeting that based on the above work; it came up with findings, conclusions and recommendations. These relate to elements to be incorporated in the proposed framework for the external audit of COMESA.

Review of framework proposed for External audit of COMESA Organs and Institutions (Agenda Item 4.1)

72. The Meeting adopted the following methodology in carrying out the review:

- (i) Examining each proposed element, noting its adequacy and improvements required; and
- (ii) The extent to which the framework is compatible with international best practice

Issue 1: Treaty provision for external assurance requirement and reporting (Article 169 (1))

Discussion

73. The Meeting noted that this provision stipulates that *"The accounts of the Secretariat relating to each financial year shall be prepared in accordance with international accounting standards and shall be audited in the following financial year by External Auditors."*

74. The Meeting noted that the above text does not provide for external audit of COMESA Organs and Institutions. It also does not make provision for Supreme Audit Institutions (SAIs)

Clarification

75. The Secretariat indicated that the following provisions of the Treaty could be construed as providing sufficient basis for the external audit of COMESA Organs and Institutions, as well as designation of SAIs as External Auditors of COMESA:

ARTICLE 10 Regulations, Directives, Decisions, Recommendations and Opinions of Council

1. The Council may, in accordance with the provisions of this Treaty, make regulations, issue directives, take decisions, make recommendations or deliver opinions.

2. A regulation shall be binding on all the Member States in its entirety.

3. A directive shall be binding upon each Member State to which it is addressed as to the result to be achieved but not as to the means of achieving it.

4. A decision shall be binding upon those to whom it is addressed.

5. A recommendation and an opinion shall have no binding force.

Council is further mandated to carry out the following functions: -

ARTICLE 169 (5) Accounts of the Secretariat and External Auditors: The Council may make regulations for the better carrying out of the provisions of this Article and without prejudice to the generality of the foregoing, such

37 J. F.M

regulations may provide for the terms and conditions of service and the powers of the External Auditors.

ARTICLE 170 (Financial Regulations): The Council shall make financial regulations for the application of the provisions of this Chapter.

Conclusion

76. The Meeting concluded that based on the above clarification, Council has extended the external audit to COMESA Organs and Institutions to be undertaken by SAls.

77. The Meeting also noted that there is a need to compile all such decisions of Council to bring more clarity to the external audit framework of COMESA, including provisions made under the Treaty.

Issue 2: *Treaty provision for Appointments and eligibility of External Auditors (Article 169 (2));*

Discussion

78. The Meeting noted the adequacy of Treaty provisions relating to the appointment and eligibility of External Auditors as stipulated below;

Article 169 (2) (Accounts on the Secretariat and External Auditors)

"The External Auditors shall be appointed from time to time by the Council on the proposal of the Secretary-General. Such External Auditors shall be based in the Common Market and be qualified to practise in accordance with the national laws of the Member States.

The External Auditors shall be persons of outstanding repute and integrity and who shall have demonstrated a high degree of professional skills."

Clarification

79. The above provision is further elaborated by decisions that Council made pursuant to Article 10 of the Treaty to the effect that external auditors of COMESA shall be designated from the SAls.

Conclusion

80. The Meeting noted the clarification from the Secretariat on the matter.

Issue 3: *Use of Supreme Audit Institutions of COMESA Member States, External Auditors of COMESA Organs and Institutions (amendment, already approved by Council in October 2016);*

81. The Meeting noted the above decision of Council which is in line with its mandate under Article 10 of the Treaty

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Issue 4: Statutory financial reporting calendar (Article 169 (3)) and Financial Rule 78 (1);

82. The Meeting noted the adequacy of Treaty provisions relating to the appointment and eligibility of external auditors as stipulated below

Article 169 (3) (Accounts on the Secretariat and External Auditors)

"The External Auditors shall act in accordance with any general or specific directions of the Council and, subject thereto, shall:(a) determine its own procedure; and (b) submit its report of the audit to the Secretary-General not later than six months from the expiry of the financial year to which the accounts so audited relate."

83. The also noted that the above provision is further elaborated by Financial Rule 78 (1) as stipulated below:

Rule 78(1) (External auditors): The Secretary General shall submit the financial statements for the financial year to the External Auditors in accordance with the instructions of the Council within four months after the end of the Financial year.

84. The Meeting further noted that the time (which is up to two months) allowed for external audit need to be increased. In this regard the Meeting advised that the Secretariat should strive to submit draft annual accounts by the end of March, which is three months after year-end.

Issue 5: Procedure for external auditors carrying out their mandate Provision (Article 169 (3));

85. The Meeting noted the Treaty provision as stipulated below

Article 169 (3) (Accounts on the Secretariat and External Auditors)

"The External Auditors shall act in accordance with any general or specific directions of the Council and, subject thereto, shall:(a) determine its own procedure; and (b) submit its report of the audit to the Secretary-General not later than six months from the expiry of the financial year to which the accounts so audited relate."

Discussion

86. The Meeting deliberated on best practice requiring that auditors report directly to the appointing authority. In the case of COMESA, the auditor's report should be submitted to Council as the appointing authority.

Clarification

87. The Secretariat indicated that External Auditors of COMESA report to Council. Council receives technical advice from technical committees which discuss the reports of External Auditors. These committees are Sub- Committee on Audit and Budgetary matters; The Committee of Administrative and budgetary matters; and the Inter-Governmental Committee.

Conclusion

88. The Meeting noted the clarification from the Secretariat on the matter.

89. The Meeting was briefed on the following proposals made by the Secretariat to Council for incorporation in the Terms of Reference for External Audit of COMESA Organs and Institutions: -

Proposal 1: Composition and Structure of COBEA

- (i) **Arrangement:** establishment of COMESA Board of External Auditors (COBEA) as envisaged in the 2016-2020 Medium Term Strategic Plan. The COBEA should have three Auditors General/ Supreme Audit Institution (SAIs);
- (ii) **Composition/ Membership** of COMESA Board of External Auditors (COBEA)
- (iii) **Tenure of each SAI:** three years. Specific arrangements to be proposed for the first SAIs to serve in the COBEA;
- (iv) **Rotation:** yearly rotation, providing for retirement of one SAI and replacement by another SAI;
- (v) Each SAI assumes **Chair** of the COBEA in the 3rd year of their tenure;
- (vi) **Transmission of financial statements by the organisation:** transmitted by Secretary General. Co-signed by Assistant Secretary General (Finance and Administration) and Director (Budget and Finance);
- (vii) Strengthen the existing provision regarding right to access all records and information; and
- (viii) The three SAIs, who are members of the COBEA to sign the auditors' report;

Discussion

90. The Meeting discussed the above elements based on the following guiding principles;

- (i) **Independence** – the concept requires the External Auditor to carry out his/ her work freely and in an objective manner without undue influence
- (ii) **Conflict of interest** – this concept requires External Auditors to avoid any situation (interests, financial or otherwise, one of which could adversely impact the motivation or decision-making) which may reduce reliability and objectivity of their work.
- (iii) **Continuity** – effectiveness of external audit process is enhanced if there is continuous improvement and learning from prior year's work. This will be addressed through a robust rotation of the SAIs This also includes annual rotation of the Chairs of the COBEA.

- (iv) **Participation of all nineteen (19) SAIs** - sustainability of the proposed framework is underpinned by participation of all SAIs
- (v) **Diversity** – efficiency and effectiveness could be enhanced by incorporating diversity such as language in the composition of the COBEA.
- (vi) **Professionalism and integrity** – acceptance of auditors reports by all stakeholders will be achieved through the competence and adherence to ISSAIs by members of the COBEA, including teams commissioned by them.

Guided by the above principles, the Meeting adopted the above (outlined in i to vi) with the following variations

- (a) **Number of SAIs in COBEA:** The Meeting recommended that the COBEA should consist of four (4) SAIs
- (b) **Composition of COBEA:** The Meeting recommended the composition of the COBEA for the period of 2017 to 2031 as outlined in table 2 below.

37 9. F.M

Table 2: Composition of the COBEA for the period of 2017 to 2031

Year	2017-2019		2020-2022		2023-2025		2026-2028		2029-2031	
	Years 1 - 3		Year 4 - 6		Year 7 - 9		Year 10 - 12		Year 13 - 15	
	Year 1-2	Year 3	Year 4 - 5	Year 6	Year 7 - 8	Year 9	Year 10 - 11	Year 12	Year 13-14	Year 15
Arabic	Egypt = Chair, year 2		Egypt = Out/ Libya = In		Libya = Out/ Sudan= In		Sudan = Out		Egypt = In	
English							Uganda= In		Uganda= out	
	Eritrea = Chair, year 3		Eritrea = Out/ Malawi = In		Malawi= Out /Rwanda= In		Mauritius = Out/ Swaziland= In		Swaziland = Out/ Zimbabwe= in	
	Ethiopia	Kenya = in	Ethiopia = Out	Kenya = out /Mauritius = In	Mauritius=Out/ Seychelles= in			Seychelles= Out/ Zambia= in		Zambia= Out
French	Burundi = Chair, year 1		Burundi = Out/ Comoros = In		Comoros = Out/Djibouti = In		Djibouti = Out/ DRC = In		DRC= Out/Madagascar = In	

Notes

- 1 In a 3-year tenure, one Member State will not have an opportunity to be chair
- 2 This format does not exclude 3 Bureau Member States [current: Burundi; Madagascar; Ethiopia] and 4 other Sub Committee members [Egypt; Kenya; Mauritius; Zimbabwe]
- 3 Five SAls in year 3, to allow rotation to commence.

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Conclusion

91. The Meeting adopted the proposal on the composition and structure of COBEA with amendments as presented here in above.

Proposal 2: Audit Costs

92. The Meeting examined the proposal that the COMESA Organs and Institutions budget be utilised for paying external audit costs (travel, accommodation and related costs) only. Fees (i.e. remuneration staff assigned to carry out the work) as is the case with the EAC and SADC Secretariats, be taken up by individual SAIs, as the Audit Teams shall be made up of staff of SAIs.

93. The Meeting adopted the above proposal.

Proposal 3: Auditing Standards

94. The COBEA should select applicable auditing standards for external auditing.

95. The Meeting agreed that the applicable standards shall be ISSAIs.

Proposal 4: Consolidated Financial Statements

96. COMESA Secretariat should implement the Council decision, requiring a single holistic set of COMESA Secretariat financial statements, which shall incorporate resources from Member States and Non-Member States, with effect from the year ending 31st December 2017.

97. The Meeting adopted the above proposal.

Proposal 5: Requirements of Cooperating Partners

98. The Meeting examined a requirement of Cooperating Partners for own assurance report from external auditors. Under this proposal, the Members of COBEA shall be provided with the Auditor's Reports. Additional external audit will continue to be required by Cooperating Partners, for e.g. AfDB. Other Cooperating Partners, e.g. EU (through pillar assessments) have accepted use of beneficiary organisation's External Auditing Standards; including use of SAIs by beneficiary organisations.

Discussion

99. The Meeting noted that additional external audits that are carried out on Cooperating Partner funds as a contractual requirement are for the assurance of the individual Cooperating Partners. Reports on such external audits shall not be submitted to Council. Council shall only receive external audit reports from COBEA.

100. The Meeting recalled that the 2005 Paris declaration on aid effectiveness requires that Member State systems be used in the delivery of aid. Such systems include the Audit of financial statements by SAIs.

101. The Secretariat informed the Meeting that there are external audits due for completion before the coming into force of this framework. The Bureau has approved that the Secretariat can facilitate completion of these audits as per prior years external audit arrangement.

Conclusion

102. The Meeting adopted the proposal on the requirement of Cooperating Partners.

Proposal 6: Audit Manual

103. The Meeting noted that as each SAI has its own external audit implementation manual, a standard manual for external audit of COMESA Organs and its Institutions shall be prepared by the COBEA and adopted by all the SAIs.

104. The Meeting adopted the above proposal.

Proposal 7: Audit Management Software

105. The Meeting noted that as audits are conducted in computerised environments, COBEA should identify audit management software tools for the effective and efficient collaboration of engagement team members. Other software requirements would include audit software for effective and efficient data analytics to enable auditors execute computer assisted audited techniques.

106. The Meeting adopted this proposal, whilst noting that orientation of all SAIs on the usage of the audit management software tools shall be required.

Proposal 8: Working Papers

107. The Meeting noted that a resource center is required to secure audit working papers for the COBEA. These working papers should be secured adequately and access privileges granted only by COBEA.

108. The Meeting adopted the above proposal.

Proposal 9: Enhancement of the capacity of the Secretariat

109. There is need to review organisational structure and staffing levels in Human Resources, Information Technology, Budgeting and Finance Divisions to ensure sufficient capacity to respond to data processing needs; capacity building needs; and increase in business activity.

Discussion

110. The Meeting agreed that enabling capacity requirements shall be examined by the COBEA and proposals made at an appropriate time.

Conclusion

111. The Meeting adopted the above proposal.

Recommendations

112. ***The Meeting recommended for the approval of the Bureau the following elements of the framework of the external audit for the COMESA Organs and Institutions: -***

- (i) ***Arrangement: establishment of COMESA Board of External Auditors (COBEA). The COBEA should have four Supreme Audit Institutions (SAIs);***

- (ii) Composition/ Membership of COMESA Board of External Auditors (COBEA) as reflected in Table 2 above**
- (iii) If for any reason, one of the four SAIs is unable to take up its tenure, the next country identified by reference to alphabet and language will take up the slot.**
- (iv) Tenure of each SAI: three years.**
- (v) Rotation: Rotation after three years, providing for an overlap where one SAI shall serve in two cycles for continuity. In the initial cycle there shall be five SAIs in year three as a transitional mechanism for rotation, with Kenya becoming a member of the COBEA in its third year.**
- (vi) Each SAI assumes Chair of the COBEA in the 3rd year of their tenure. Burundi shall chair the COBEA in its first year, with Egypt and Eritrea assuming Chair in second and Third year respectively.**
- (vii) Transmission of financial statements by the organisation to the COBEA: transmitted by Secretary General. Co-signed by Assistant Secretary General (Finance and Administration) and Director (Budget and Finance);**
- (viii) Strengthen the existing provision regarding right to access all records and information; and**
- (ix) The four SAIs, who are members of the COBEA to sign the auditors' report;**

113. The Meeting also made the following recommendations for the approval of the Bureau:

- i. That the COMESA Organs and Institutions budget be utilised for paying external audit costs (travel, accommodation and related costs) only. Fees (i.e. remuneration for staff assigned to carry out the work), be taken up by individual SAI, as the Audit Teams shall be made up of staff of SAIs.**
- ii. That ISSAIs be the applicable auditing standards.**
- iii. COMESA Secretariat should implement the Council decision, requiring a single holistic set of COMESA Secretariat financial statements, which shall incorporate resources from Member States and Non-Member States, with effect from the year ending 31st December 2017.**
- iv. Where Cooperating Partners, require an additional assurance report from their own external auditors, the Members of COBEA shall be provided with the Audit Reports. Additional external audit will continue to be required by Cooperating Partners, for e.g. AfDB. Other Cooperating Partners, e.g. EU (through pillar assessments) have accepted use of beneficiary organisation's External Auditing Standards, including use of SAIs by beneficiary organisations.**
- v. As each SAI has its own external audit implementation manual, a standard manual for external audit of COMESA Organs and its**

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Institutions should be prepared by the COBEA and approved by all the SAIs for endorsement by Council.

- vi. Audits are conducted in computerised environments. COBEA should also identify audit management software tools for the effective and efficient collaboration of engagement team members. Other software requirements would include audit software for effective and efficient data analytics to enable Auditors execute computer assisted audited techniques.***
- vii. COMESA Secretariat shall create a resource centre to secure audit working papers for the COBEA. This would also require secure space on COMESA Secretariat's document management system repository servers. These working papers should be secured adequately and access privileges granted only by COBEA***
- viii. That enabling capacity requirement at the Secretariat and Institutions be examined by COBEA.***

Administrative support to the Auditors General (Agenda item 4.2)

114. The meeting was informed that to facilitate the operations of the COBEA, consideration to be given to: -

- (i) Establishment of COBEA secretariat; and
- (ii) In the interim, liaison contact point should be established at the COMESA Secretariat.

115. The meeting was also informed that other matters to be worked on by the COBEA, include;

- (i) Preparation of Audit Charter for the approval of Council;
- (ii) Standing Operating Procedure Manual, which should provide for qualification and experience of working teams and preparation of budgetary requirements;
- (iii) Quality Control Assurance Manual
- (iv) Development of Rules of Procedures
- (v) Preparation of the Audit Calendar

Discussion

116. The Meeting deliberated on the item, in particular, the following: -

- (i) Need for detailed analysis to be carried out on administrative requirements to enable the COBEA to deliver on its mandate and objectives. This should include preparation and submission of a budget towards the implementation of COBEA activities. The Meeting proposed that the initial four SAIs should carry out this work.
- (ii) A direct communication between the Secretariat and all the nineteen SAIs should be established.
- (iii) Establishment of a COBEA interim focal point at the Secretariat.

Recommendations

117. ***The Meeting recommended for the approval of the Bureau, the following;***

79 J. F.M

- (i) ***That the initial four SAIs under the COBEA carry out a detailed analysis and propose administrative, operating and technical requirements that will be examined by all SAIs before they are submitted for the approval of Council;***
- (ii) ***That a direct communication between the Secretariat and SAIs be established within COMESA communication structures; and***
- (iii) ***That Internal Audit unit be the COBEA interim focal point at the Secretariat.***

Road Map for the implementation of the framework for external auditing of COMESA Organs and its Institutions by Auditors General of COMESA Member States (Agenda Item 5)

118. The Secretariat presented a road map for the implementation of the framework for external auditing of COMESA Organs and Institutions by Auditors General of COMESA Member States, which is at ***Annex XII***. The roadmap highlights the following;

- (i) The context of the external auditing framework
- (ii) Its Specific objectives (Sequence of key activities; responsibilities; and timeframe)
- (iii) Principles which guided the finalisation of the roadmap.

119. The Road Map is shown in table 3 below.

Table 3; Road map for the operationalization of the External Audit of COMESA Organs and its Institutions by Auditors General of Member States

Sequence	Activities	Timeframe	Responsibility	Key Success Factors
1.	Approval of the External Audit Framework by the Bureau.	March 2018 end	COMESA Secretariat	Availability of the members of the Bureau
2.	Audit Planning meeting of the COBEA; 1: Audit Methodology, scope and work plan; 2: Preliminary assessment of work to be performed and building partnerships; 3: Preparation of the Audit Calendar 4: Crafting of a plan for developing the COBEA charter, Audit manual, acquiring an Audit Management system, IT tools and other requirements	April 2018 end	COMESA Secretariat and the COBEA	Availability of the COBEA for the planning meeting
3.	Logistical arrangements; 1: Financial Statements; 2: Support documentation; 3: Office space; 4: IT resources; 5: Interpretation and Translation, Travel and Accommodation	April 2018 end	COMESA Secretariat	State of readiness by COMESA Secretariat
4.	Audit at Secretariat and its Institutions in session	May to July 2018	COBEA	Availability of the Auditees, documents and records
5.	Quality review and finalisation of draft Audit report	July 2018 start	Team Leaders	Availability of Team leaders
6.	Submission of Draft Audit report to Management.	July 2018 mid	Team Leaders	Availability of Team leaders and Management
7.	Submissions of management responses	2 weeks after receipt of the Report from the COBEA	COMESA Management	Availability of Management
8.	Meeting of COBEA to agree on the final Audit	July 2018 end	Chair of COBEA	Availability of Auditors General

37 J. F.M

Sequence	Activities	Timeframe	Responsibility	Key Success Factors
	Reports and their signing			and Secretary-General
9.	Submission of final Audit reports from COBEA	August 2018 start	Chair of COBEA	As required by the process which eventually will result in consideration by Council
10.	Development of COBEA Audit Charter and Audit Manual	First Quarter 2019	Chair of COBEA	Collaboration of COBEA members
11.	Review of the draft COBEA Audit Charter and Audit Manual	First Quarter 2019	All SAIs	Availability of SAIs
12.	Submission by SAIs and approval of the Draft COBEA Charter	Second Quarter 2019	Council	The convening of the Policy organs meeting including review and clearance by the Legal Drafting Committee
13.	Submission and approval of the Draft Audit Manual	Second Quarter 2019	Approval by SAIs and to be endorsed by Council	The convening of the Policy organs meeting including review and clearance by the Legal Drafting Committee
14.	Development of Rules of Procedures	Second Quarter 2019	Council	The convening of the Policy organs meeting including review and clearance by the Legal Drafting Committee

Discussions

120. In considering the proposed road map, the meeting sought clarification on the following;

- (i) Whether COMESA normally meets the deadline for submission of the Audited Accounts to Council by 30th June. The implication of late submission of Audited Financial Statements, if any, to the Cooperating Partners;
- (ii) Road Map on the implementation of IPSAS;
- (iii) Who will be charged with the development of the Audit Charter and Audit Manual for the COBEA;
- (iv) Whether Council or SAIs will approve the Audit Charter and Audit Manual

121. The Secretariat informed the meeting that;

- (i) In the past two years, the Secretariat has informed relevant structures when Audited Financial Statements are submitted outside the deadlines and the underlying reasons.
- (ii) A delay in submission of the Audited Financial Statements is communicated to the Cooperating Partners.
- (iii) IPSAS shall be implemented from the Financial year of 2018. Kenya and Zimbabwe expressed interest to offer technical support to the Secretariat in the implementation of IPSAS. The Secretariat shall also invite the SAIs that may be interested to offer additional technical support in this area.
- (iv) COBEA will be responsible for the preparation and development of the Audit Charter and Audit Manual for the review by all the SAIs. The Secretariat shall explore the possibility of mobilizing resources to support the COBEA.
- (v) The Audit Charter shall be approved by Council.
- (vi) The Audit Manual shall be approved by all the SAIs and be endorsed by the Council.

122. The meeting proposed that a timetable for Audit progress and milestones be developed by the COBEA to ensure the timeframes outlined in the road map are achieved. The meeting further proposed that efforts should be made to ensure that the Audit Charter and the Audit Manual are finalized at the earliest opportune time to guide

39 J. F.M

the work of the COBEA. However, the development of the Audit Charter and Manual should not forestall the planned audit for 2017.

Recommendation

123. The meeting recommended the Road Map for the operationalization of the External Audit of COMESA Organs and its Institutions by Auditors General of Member States for the approval of the Bureau.

IV. ADOPTION OF THE REPORT AND CLOSURE OF THE MEETING (Agenda Item 6)

124. In closing the Meeting, the Chair congratulated all the delegates and the Secretariat for a successful meeting. The Chair noted that the deliberations were very fruitful and there was frank exchange of ideas and experiences in a cordial manner.

125. On behalf of all Member States of COMESA, the Chair thanked the delegates for their active participation and valuable contributions.

126. The Chair also thanked the Secretariat and all other service providers for their contributions which resulted in the success of the Meeting. The meeting adopted its report with amendments.

127. The meeting adopted its report with amendments.



Mr Gosteur Rabeafara
CHAIRPERSON



Ms Capitoline Nyabenda
VICE-CHAIRPERSON



Ms Faithmary Manyangadze
RAPPORTEUR

LIST OF PARTICIPANTS**Burundi**

Mme Marie Chantal Habonimana, Expert en audit (Inspecteur de l'État), Ministère à la Présidence chargé de la bonne Gouvernance et du Plan, B. P. 102, Bujumbura, Tél : +257 79983703, Email : habonimanabenigne@gmail.com

Mme Capitoline Nyabenda, Conseillère au Cabinet du Ministre/Expert en audit, Ministère du Commerce de l'Industrie et du Tourisme, Tél : +25769838403, Email : capytolinen@gmail.com

Comoros/Comores

M. Yacoub Ahamada Baco, Agent en Charge du contrôle D.G.B., Ministère des Finances et du Budget, Tél : +269 333 24 64, Courriel : baco83@outlook.com

Democratic Republic of Congo/République Démocratique du Congo

M. Victor Batubenga Mbayi, Inspecteur Général des Finances, Chef de Service, (Auditeur Général) l'Inspection Générale des Finances, BP.3683, Kinshasa/Gombe, Tél : +243818103563, Email : bavic_mbayi@hotmail.com; contact@igf.gouv.cd

M. KABANANGI Luimbu Gabriel, Inspecteur Général des Finances, Inspection Générale des Finances, RDC, B.P 3683, KINSHASA/GOMBE, Tél : +243 818101008, Courriel : gkabanangi@gmail.com / gabriel.kabanangi@igf.gouv.cd

Egypt/Egypte

Mr Ehab Mohamed Farouk Hamouda, Audit Manager, Accountability State Authority, Cairo, Email: e1a2f@yahoo.com; ircdept@yahoo.com

Ms Sarah Elkady, Consul of Egypt, Ministry of Foreign Affairs, Embassy of Egypt, Lusaka, Tel: +260972028038, Email: sarahoelkady@gmail.com

Kenya

Mr. David Mwangi Njoka, Acting Deputy Auditor General, Office of the Auditor General, P O Box 30084 – 00100, Nairobi, Tel: +254722701512, Email: david.njoka@oagkenya.go.ke

Madagascar

M. Gosteur Rabeafara, Avocat Général, Cour des Comptes, Bâtiment de la Cour Suprême, Anosy Antananarivo, Tél : +261340551787, Email : tenako_be@yahoo.fr

M. Rakotonirina Tiana Herizo, Magistrat-Auditeur, Cour de Comptes, Bâtiment de la Cour Suprême, Anosy Antananarivo, Tél : + 261 34 7903850, Courriel : herzbergali@gmail.com

Malawi

Mr Stephenson Dison Laison Kamphasa, Auditor General, National Audit Office, P O Box 30045, Lilongwe, Tel: +265999452671, Email: skamphasa@gmail.com

Mauritius/Ile Maurice

Mrs WONG CHOW MING Man Lan, Assistant Director of Audit, Assistant Director of Audit, 14th Floor, Paille en Queue Court, Tel: +230 211 0882, Fax: +2302110880, mwong-chow-ming@govmu.org ; mlwong@gmail.com

Rwanda

Mr Obadiah Biraro, Auditor General, Office of the Auditor General, P O Box 1020, Kigali, Tel: +250788308036, Email: obbi@oag.gov.rw; obiraro@yahoo.co.uk

Seychelles

Mr. Gamini Herath, Auditor General, Office of the Auditor General, Block C, Unity House, Victoria, Tel: +2482723083/4672500, Email: gamini.herath@oag.sc ; auditgen@oag.sc; sgherath@oag.sc

Mrs. Helene Hoareau, Audit Manager, Office of the Auditor General, P O Box 49, Tel: +2484672502, Fax: +2484610365, Email: hhoareau@oag.sc

Swaziland

Mr Muziwandile E. Dlamini, Acting Auditor General, Office of the Auditor General, Kingdom of Swaziland, Mbabane, Tel: +26824042796/2033, Fax: +26824042839, Email: muziwandiledlamini.ed@gmail.com

Mr Samkele S. Motsa, Principal Auditor, Office of the Auditor General, P O Box 98, Mbabane, Tel: +26876174536/24042033, Fax: +24824042839, Email: kelwemotsa@gmail.com

Sudan/Soudan

Mr Khaliel Omer Tebeig Khaliel, Auditor General, Auditor General's Office, Khartoum, Tel: 00 249 912165 562, Email: tebeig@gmail.com

Uganda/Ouganda

Mr James Bantu, Director of Audit, Office of the Auditor General, P O Box 7083, Kampala, Tel: +256793344606, +256772794074, Fax: +256414345674, Email: james.bantu@oag.go.ug

Zambia/Zambie

Mr Ron Mwambwa Mwambwa, Acting Auditor General, Auditor General's Office, P O Box 50071, Lusaka, Tel: +260955939469, Email: rmwambwa@yahoo.co.uk; rmwambwa@ago.gov.zm ; auditorg@ago.zm

Mr Francis Mbewe, Director, Office of the Auditor General, P O Box 50071, Lusaka, Tel: 260 211 252611 / +260 978 622580, Fax: +260 211 250 349, Email: mbewefi70@yahoo.com; francis.mbewe@ago.gov.zm

Zimbabwe

Ms Rheah Kujinga, Deputy Auditor-General, Auditor General's Office, 48 Burroughs House, George Silundika, Harare, Tel: +2634796353, +263776069256, Email: kujingarheah@gmail.com ; anna.tsoko@gmail.com

Ms Faithmary Manyangadze, Director of Audit, Parastatals (State Enterprise), Auditor General's Office, 48 George Silundika Avenue, Burroughs House, Tel: +263774493881, Fax: +263796312, Email: faithmanya@gmail.com

COMESA Secretariat, Ben Bella Road, P O Box 30051, Lusaka, Tel: +211 229722/30, Email: secgen@comesa.int

Mr Clement Kanyama, Director of Budget and Finance, Email: ckanyama@comesa.int
Mr Brian Chigawa, Director of Legal and Corporate Affairs, Email: bchigwa@comesa.int
Mrs Auleria Olunga, Chief Internal Auditor, Email: aolunga@comesa.int
Mr Gordon Jeranyama, Finance Officer, Email: gjeranyama@comesa.int
Mr Xavier Bakunzi, Finance Expert, Email: xbakunzi@comesa.int
Mr Simal Amor, Chief, Strategic Planning, Email: samor@comesa.int
Mr Deogratias Kamweya, Chief, Resource Mobilisation and International Cooperation, Email: dkamweya@comesa.int
Mr Josephat Kinyele, Head of Procurement, Email: jkinyele@comesa.int
Mr Mohamed Salama, Translator, Email: msalama@comesa.int
Mr Felix Kayeyi, Acting Human Resource Expert, Email:
Mrs Munshya Zoya Masocha, Senior Finance Assistant, Email: zmasocha@comesa.int
Mrs Nalishebo Sinyangwe, Senior Finance Assistant, Email: nsinyangwe@comesa.int
Mr Charles Phiri, Senior Finance Assistant, Email: cphiri@comesa.int
Mr Mohamed Salama, Arabic Translator, Email: msalama@comesa.int
Mr Neetyanand Rajub, Project Accountant, Email: nrajub@comesa.int
Mrs Mercy Mwanza, Senior Finance Assistant, Email: mmwanza@comesa.int
Mrs Linda Simfukwe, Email: lsimfukwe@comesa.int
Mrs Erica Nawakwi Sichula, Email: enawakwei@comesa.int
Ms Jacqueline Simukoko, Email : jsimukoko@comesa.int
Mr Arthur Zulu, IT, Email: azulu@comesa.int
Ms Kudzanai Nyagweta, Legal Officer, Email: knyagweta@comesa.int
Ms Nengela Nalumino, Administrative Assistant, Email : nnalumino@comesa.int
Ms Catherine Mwaba, Senior Bilingual Secretary, Email: cmwaba@comesa.int

Interpreters/Interprètes

Dr Gerald Chishiba, Bilingual Conference Interpreter, Tel: +260979671413, Email: geraldchishiba@yahoo.co.uk

Mr Fidel Kanika, Bilingual Conference Interpreter (English-French), P O Box 3364, Lusaka, Tel: +2609740348231/0954170500/211 268586, Email: fakanika@gmail.com

Darwish Doaa Mohamed Zaki, Interpreter, Tel: +20100167261, Email: doadarwish@yahoo.com

Mr Magdi Abdalla Adam, Arabic Interpreter, Freelance, Tel: +260969000355

Mr Yusuf Ayami Phiri, Interpreter, Tel: +260977873791, Email: jeffyusuf@gmail.com

Mr Kimbala C. L. Meleka, Freelance Interpreter, Tel: +2609666931221, Email: funga.mboswa@gmail.com

Translators/Traducteurs

Mr. Valentine Chiluka, Freelance French Translator; Tel: +260966859730; Email: chihiluka@yahoo.fr