

DECISION ON THE REPORTS OF THE SUB-COMMITTEES OF THE PERMANENT REPRESENTATIVES' COMMITTEE (PRC)

The Executive Council,

1. **TAKES NOTE** of the PRC recommendations on the Reports of its Sub-Committees, taking into account observations expressed by Member States;

I. **JOINT SITTING OF THE SUB-COMMITTEE ON GENERAL SUPERVISION AND COORDINATION ON BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS AND THE TECHNICAL EXPERTS OF THE COMMITTEE OF FIFTEEN FINANCE MINISTERS (F15)**

A. **Decision on 2022 supplementary budget**

2. **TAKES NOTE** of the reports of the PRC and Joint Sitting of its Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters, Sub-Committee of Programs and Conferences and the F15's Technical Experts;

3. **APPROVES** a total Supplementary budget of **US\$31,716,255** for the year 2022 broken down as follows:

- a) US\$10,266,422 for Operational budget,
- b) US\$21,182,823 for Programs, and
- c) US\$267,010 for Peace Support Operations,

with the below breakdown on funding sources;

- i) US\$12,626,478 to be funded from the Reserves Funds
- ii) US\$3,642,354 to be funded from Member States voluntary contributions
- iii) US\$330,746 to be funded from Administrative Fund, and
- iv) US\$15,116,677 to be funded from International Partners

Organs	Reserve Fund			Voluntary Contributions	Administrative Cost			Partners	Total		
	Operational	Programs	Total	Programs	Operational	Program	Total	Program	Operational	Programs	Total
AUC	8,646,642	2,345,930	10,992,572			53,280	53,280	9,839,409	8,646,642	12,238,619	20,885,261
PAP	664,645		664,645				-		664,645	-	664,645
AfCHR (The Court)			-		30,360		30,360		30,360	-	30,360
ECOSSOC		24,582	24,582				-		-	24,582	24,582
AUDA-NEPAD	502,630		502,630	1,517,937	247,106		247,106		749,736	1,517,937	2,267,673
ACERWC	125,039		125,039				-	71,750	125,039	71,750	196,789

APRM			-	1,697,290			-		-	1,697,290	1,697,290
AfCFTA			-				-	3,174,831	-	3,174,831	3,174,831
AFREC			-				-	50,160	-	50,160	50,160
AfCDC			-				-	1,670,057	-	1,670,057	1,670,057
STATAFRIC			-				-	310,470	-	310,470	310,470
IPED	50,000		50,000				-		50,000	-	50,000
PAU			-	427,127			-		-	427,127	427,127
PSOs - AU CLB		267,010	267,010				-		-	267,010	267,010
Grand Total	9,988,956	2,637,522	12,626,478	3,642,354	277,466	53,280	330,746	15,116,677	10,266,422	21,449,833	31,716,255

4. **ALSO APPROVES** an amount of **US\$1,774,275** for APRM and Pan African Parliament (PAP), to be funded from reallocation of internal-savings;
5. **FURTHER APPROVES** an amount of **US\$ 917,475** from the investment interest of the Peace Fund to pay the management fees of the Peace Fund Manager, within the approved 2022 budget line of the Peace Fund's Secretariat;
6. **DECIDES** to ensure the funding of an initial amount of **US\$447,900** for the response to the Ebola outbreak to be drawn from the approved AfCDC fund under the 2022 operational budget of the Commission.

B. Decision on Budget Carry forward from 2022 to 2023

7. **APPROVES** the budget carry over requests from 2022 to 2023 as follows:
 - i) Africa CDC US\$ 2,541,726.01
 - ii) Transition Plan - HRM US\$ 9,713,016
 - iii) Institutional Reforms project US\$ 1,301,351.56
 - For salaries – US\$656,220.56
 - Payment for recruited firms US\$ 645,131
 - iv) Construction of DCP residence US\$1,494,761.46
 - v) Renovation of Building A US\$ 2,047,712.72

8. **INSTRUCTS** the Commission to ensure:
 - Budget for Transition Plan project to be utilized by 31st July 2023, thereafter, the balance to be channeled to the relevant fund as per the AU Financial Rules.
 - Strict adherence to the timelines of the transitional plan and institutional reform programmes and ensure that no cost will be incurred for the implementation of the envisaged programmes beyond the approved amounts.

- A report be provided on institutional reforms project analyzing the expenditures for the consideration of the Joint Sitting
- The budget for the construction of DCP residence to be utilized by end of July 2023 and a comprehensive report analysing the expenditure presented to the Joint Sitting for consideration with no additional request for funds
- The budget for the renovation of Building A to be utilized by end of July 2023.
- Full conformity with the requisite provisions of the AU Financial Rules and desist from the submission of requests that violate compliance with the established financial rules.

9. **REMINDS** the Commission not to use the budget carryover in (7) above to set a precedence for future consideration as this was made due to importance of the matters under consideration.

10. **FURTHER REQUESTS** the Commission to complete the Institutional Reforms project utilizing the available funds by.

C. Decision on 2023 Additional budget

11. **APPROVES** an Additional budget of US\$19,011,400 for 2023 broken down as follows:

- i) US\$15,200,000 for Africa CDC from the Master Card Foundation
- ii) US\$3,322,000 for Women and Youth Development Directorate from the Master Card Foundation
- iii) US\$177,400 for the Medical & Health Services Directorate from the Kuwait Fund
- iv) US\$312,000 Legal Associates program from World Bank Fund

D. Decision on the Staff Regulations and Rules Review Report

12. **RECALLS** Executive Council Decision **EX.CL/Dec.1168(XLI)** which **CALLED UPON** the Commission to urgently complete the review exercise, as envisaged in Decision **EX.CL/Dec.1144(XL)**, of the proposals relating to certain entitlements in the draft revised SRR.

13. **DECIDES** to adopt the African Union Staff Regulations and Rules as endorsed by 6th Extraordinary Session of the STC on Justice and Legal Affairs and, **REQUESTS** the Commission in collaboration with the PRC to examine the financial, legal and structural implications of pending issues and report to the 43rd Ordinary Session of the Executive Council in July 2023.

E. Decision on the Preferential Rate Report

14. **RECALLS** Executive Council Decision **EX.CL/Dec.1168(XLI)** in which the PRC through its Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters was instructed to address the preferential rate payments by September 2022, for all offices of the Union, in particular, the Union's representational offices in Geneva and Brussels, and report back to Executive Council in February 2023.
15. **ADOPTS** the Commission's current proposal to close the gap between what was paid to staff and the minimum wage requirement in Geneva and Brussels as stop gap measure pending the completion of the study on AU Staff Compensation and Benefits.
16. **FURTHER ADOPTS** a 5-percentage increase above the minimum wage threshold to be paid to staff in Geneva and Brussels in the interim arrangement until the overall compensation and benefits review is conducted.

F. Decision on the Crisis Reserve Facility (CRF)

17. **RECALLS** Executive Council Decision EX.CL/Dec.1168(XLI) in which the PRC, through its Sub-Committee of GSCBFAM working jointly with the F15 Technical experts were instructed to finalize a mechanism for the replenishment of the CRF and report back to Executive Council in February 2023, including on the utilization of interest accruing from the investment of the Peace Fund.
18. **ADOPTS** the following sources of funding for replenishment of the CRF fund:
 - Option 1:** Member States' voluntary contribution;
 - Option 2:** Interest generated from the CRF investment;
 - Option 3:** Contributions and donations from the Africa private sector entities.

II. THE SUB-COMMITTEE ON AUDIT MATTERS

19. **TAKES NOTE** of the Report of the PRC Sub-Committee on Audit Matters and, **ENDORSES** the recommendations contained therein.

ON THE REPORT ON FULL LIST OF OUTSTANDING COMMITMENTS/DEBTS ON IPED AND THE OLC LEGAL OPINION ON THE DEBTS

20. **TAKES NOTE** of the Report and **COMMENDS** the Commission for providing detailed information and legal opinion on the outstanding IPED Debts.
21. **DIRECTS** the Commission to contact the 11 State Parties with arrears owed to IPED and agree on individual modalities for paying the contribution arrears of USD3,595,040.00 and submit the proposal to the Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters

for consideration, in order to allow for the settlements of outstanding payments before 2008 and taking into account the difficult financial circumstances facing some Member States.

22. **RECALLS** Decisions EX.CL/Dec.1168(XLI) paragraph 100 instructing the Commission to expeditiously settle all audited liabilities due to Member States from the administrative costs and savings from the 2021 and 2022 budgets, and **DIRECTS** the Commission to settle its liabilities to Amadou Hamady DIOP of USD135,376 from the period of 2008 to 2011 when IPED was under the budget of the African Union; **FURTHER REQUESTS** the Commission to settle the remaining certified amount of USD181,379 for the period of 2001 to 2008 as soon as any arrears of IPED States parties are recovered, in line with the Legal Opinion provided by the OLC.
23. **DIRECTS** the Commission to submit all the IPED outstanding balances including staff salary arrears and vendor balances to Office of Internal Oversight (OIO) for certification on individual balances level, and further **DIRECTS** that Any payment should be verified by the relevant departments of AUC and to be submitted for consideration and approval by the PRC Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters.
24. **RECALLS** Executive Council Decision 1143 paragraph 14(x) and **DIRECTS** that the transformation or absorption of Institutions into the AU should be done and processed after following thorough due diligence processes to avoid duplication of mandates and, negative legal, structural, and financial implications on the outstanding obligations.

ON THE OFFICE OF INTERNAL OVERSIGHT (OIO) REPORT ON AUC MID-YEAR BUDGET PERFORMANCE JAN-JUN 2022

25. **TAKES NOTE** of the Report and **DIRECTS** the Commission to implement fully the recommendations contained in the Internal Audit Report on Budget Performance for the mid-year January to June 2022.
26. **COMMENDS** the Commission on the improvement noted in the overall execution rate in comparison with the previous years and **URGES** the departments with low execution rates to work on improving their performance.
27. **DIRECTS** that the budget ceilings should be cut for AUC Departments, AU Organs and Institutions with low execution rates.
28. **REQUESTS** the Commission to prepare a comprehensive report on Partners' Reporting Formats and Joint Financing Arrangements and submit it to the Sub-Committee on Audit Matters by 31st May 2023.

29. **RECALLS** paragraphs 36 and 38 of decision *EX.CL/Dec.1168 (XLI)* and **REQUESTS** the Commission to continue engaging with Partners to address their concerns that affect the level of disbursements of Partners' funds and report back to the 43rd Ordinary Session of the Executive Council in June/July 2023.
30. **INSTRUCTS** the Commission to develop a Cash Flow Management System and link the allocation of funds to the quarterly departmental plans according to the size of the activities and programs as per Decision EX.CL/Dec.1143(XL) paragraph 18 (IV), and release funds on time to enable departments implement programmes as planned.

ON THE OIO REPORT ON AU RESERVE FUND AS AT 31 JULY 2022

31. **TAKES NOTE** of the Report and **DIRECTS** as follows: -
- i) The Commission should implement the recommendations contained in the report and the comments of the Sub-Committee.
 - ii) The Commission should prepare a report on the AU dormant assets like the building in New York, Brussels and Lagos and submit it to the PRC Sub-Committee on General Supervision and Coordination on Budgetary, Financial and Administrative Matters, to decide on the way forward in dealing with those assets
 - iii) The Commission should be providing information and required support to the OIO to enable audit reviews of the reserve fund in a timely manner.
32. **EXPRESSES GREAT CONCERN** about the low level of reserve fund available balance and **URGES** the Commission to engage Member States with outstanding assessed contributions for payments.

ON THE RETREAT FOR THE PRC SUB-COMMITTEE ON AUDIT MATTERS

33. **TAKES NOTE** of the Report and **COMMENDS** the Sub-Committee on Audit Matters for holding a successful retreat in implementation of the Executive Council Decisions EX.CL/Dec.1168(XLI) paragraph 8 and EX.CL/Dec.1097(XXXVII) paragraph 70.
34. **COMMENDS** the PRC Sub-Committee on Audit Matters and the OIO for developing the First Edition (2022) of the Working Booklet to serve as a guiding tool for Members of the Sub-Committee.
35. **TAKES NOTE** of the outcomes of the retreat and **DIRECTS** as follows: -
- i) The Commission to conduct an Orientation Retreat / Training for all Member States on the issues of budgets and planning, before the 2024 budget session.
 - ii) The Commission to conduct some trainings for all focal persons on audit

- matters including the Directors as part of pre-empting audit queries/audit findings.
- iii) The Commission to initiate and implement an AU wide Integrated Financial Management Information Systems (AU-IFMIS) starting with the 2024 budget, with a Consolidated Dashboard to ensure prudent and effective use of the resources, and put in place a comprehensive automation system on the processes of African Union activities to enhance Planning, Implementation, Monitoring, Evaluation of Internal, External and Forensic Audits and a result-based performance system, on a multi-year basis, by having proper tools and expertise.
 - iv) The Commission to ensure that together with other Organs, align their capacity to implement in terms of financial and human resources, as well as timelines in line with their respective plans/budgets.
 - v) The Commission to take as a matter of urgency the operationalization of the risk management function for the Union in line with the approved structure for this function.
 - vi) The Commission to ensure that AUC departments commit and adhere to the upcoming service level agreements being proposed by OSSD so as to improve the ticket management processes and safe funds for the Union, as well as identifying duties and responsibilities, for better consequence management application
 - vii) The Commission to set up a formal framework for monitoring effective implementation of the audit conclusions and recommendations, and this formal monitoring framework could meet at least once a quarter to evaluate the implementation status.
36. **DIRECTS** that there should be periodic meetings between members of the Board of External Auditors (BoEA) and members of Sub-Committee on Audit Matters with the view to align audit strategies/plans/priority.
37. **ENCOURAGES** the PRC Sub-Committee on Audit Matters to conduct self-assessment exercise periodically in line with the requirement of International Standards as a technical oversight function body.
38. **REQUESTS** the PRC in consultation with Regional Deans to ensure continuity of membership on the composition of Sub-Committees to address the challenges on continuity that hinders transfer of knowledge among members especially on Sub-Committees with technical functions, in particular, the PRC Sub-Committee on Audit Matters as per revised TORs.
39. **REQUESTS** the PRC to adopt the amendments made to the Terms of Reference for the Sub-Committee on Audit Matters to address the membership continuity issues and new mandate as per revised AUFR and SRR.

ON THE UPDATE BY THE OFFICE OF LEGAL COUNSEL ON THE WORK DONE ON ISSUES OF HOST COUNTRY AGREEMENTS, GOVERNANCE

ISSUES OF AUABC AND ACHPR AND THE DEVELOPMENT OF THE FRAMEWORK ON RECOVERY OF MONEYS FROM FORMER STAFF AND ELECTED OFFICIALS

40. **TAKES NOTE** of the Update and **RAISES CONCERNS** that the issues of Host Country Agreements, Governance issues in AUABAC and ACHPR, and the framework of recovery of Union funds, have been outstanding for a long time.
41. **DIRECTS** the Commission to work on the outstanding issues (*the framework report on Recovery of Moneys from AU former Staff and Elected Officials and governance and legal issues*) and submit the report to the Sub-Committee on Audit Matters, latest by 31st May 2023.
42. **STRESSES** that the funds to convene the meeting with the two Organs i.e AUABC and ACHPR on the governance and legal issues, in particular, to come up with a report on the financial, structural and legal implications of the proposal of granting full-time positions to the Chairs of both Organs in order to allow them to execute financial and administrative duties, should be solicited and approved by the PRC Sub- Committee on General Supervision.
43. **URGES** the PRC through its relevant Sub-Committee to finalize latest by 31st July 2023 the issues of Host Agreements in the concerned Member States so as to give legalstatus of hosting AU Organs and Offices.
44. **RECALLS** Executive Council decision *EX.CL/Dec.1126(XXXIX)* and **RAISES CONCERNS** on the delayed implementation of this decision and **DIRECTS** the Commission to ensure that the detailed list of staff who have left with moneys owed to the organization is finalized and submitted to the relevant AUC department for urgent action.

ON THE REPORT ON HOW THE UNION TACKLES ISSUES OF REPORTING

45. **TAKES NOTE** of the Report and **COMMENDS** the Commission for the comprehensive report given.
46. **DIRECTS** the Commission to speed up the integration of AMERT into SAP as well as rolling it over to other AUC Offices, all AU Organs and provide the required trainings.
47. **RECALLS** Executive Council decisions *EX.CL/Dec.1143(XL)* paragraph 18 (i) and *EX.CL/Dec.1168(XLI)* paragraph 31 and **EXPRESSES** concerns on the recurring nature of non-adherence to AMERT reporting requirements and **REITERATES** that sanctions should be imposed on non-compliance in line with prior decisions of the Policy Organs; further **REQUESTS** the Commission to provide Capacity buildingon the use of AMERT so as to improve and enhance reporting in line with

decision EX.CL/Dec.1168 (XLI) paragraphs 35, and that focal persons should be attached to each department for continuous support in both planning and reporting.

ON THE BRIEFING ON THE OUTCOMES OF THE AUC DIRECTORS' RETREAT IN NAIROBI

48. **TAKES NOTE** of the Report and **COMMENDS** the Commission for effective measures put in place, including the three Key Performance Indicators on Budget Execution, Budget Performance, and Implementation of audit recommendations developed.
49. **URGES** the Commission to have continuity of such effective measures, which should include all managers within the AU Organs.

ON THE REPORT ON HOW TRAVEL POLICY WILL ADDRESS THE ISSUES OF TICKETING AND UNUSED TICKETS IN AUC

50. **TAKES NOTE** of the comprehensive Report presented by the Commission.
51. **RAISES CONCERNS** on the continued loss of funds through unused tickets and **URGES** the Commission to expedite the operationalization of the approved Service Level Agreement (SLA) and strictly enforce it to avoid the re-occurrence of losses due to unused tickets and to effect consequence management with regard to the unused tickets and non-adherence to AU travel related policies.
52. **DIRECTS** that Travel Policy be reviewed after the adoption of SRR to reflect the concerns of Member States and address the root causes of the lacunas in the current travel policy.
53. **DIRECTS** the Commission to establish an Internal Event Coordination Committee, where necessary, that will overlook and coordinate all important activities for conferences and meetings, as well as to provide training and capacity building programs for staff members on project and event management.

ON THE UPDATED MATRIX OF IMPLEMENTATION OF EXECUTIVE COUNCIL DECISIONS ON AUDIT MATTERS AS AT 15th NOVEMBER 2022

54. **TAKES NOTE** of the Report and **COMMENDS** the Sub-Committee on Audit Matters for following up the implementation of the Executive Council decisions emanating from its work.
55. **DIRECTS** the Commission and the Other AU Organs to ensure expeditious implementation of the Decisions across the Union, taking into consideration the budgetary implications of non-implementation of Audit decisions and

recommendations as per previous Executive Council decisions linking budget allocation/release to the implementation of audit recommendations and decisions.

ON THE MATRIX ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS AS AT 31ST OCTOBER 2022

56. **TAKES NOTE** of the Report and **STRESSES** that the implementation of internal audit recommendations should be stepped up and improved to ensure enhanced internal controls within the Union.
57. **URGES** the Commission to continue with the periodic follow-up and report back accordingly.
58. **DIRECTS** that the implementation matrix report to also include a summary on the nature or categories of the recommendations that have been implemented for a better understanding and appreciation of the issues that have been implemented.

III. JOINT SITTING OF THE SUB-COMMITTEE ON AUDIT MATTERS AND THE SUB-COMMITTEE ON GENERAL SUPERVISION AND COORDINATION ON BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS AND THE TECHNICAL EXPERTS OF THE COMMITTEE OF FIFTEEN FINANCE MINISTERS (F15)

59. **TAKES NOTE** of Report of the Joint Sitting of PRC Sub-Committee on Audit Matters and Sub-Committee on General Supervision and Coordination on Budgetary Financial and Administrative Matters, and Experts of the Committee of Fifteen Ministers of Finance (F15), and **ENDORSES** the recommendations contained therein;

ON THE INDEPENDENT FORENSIC AND PERFORMANCE AUDIT OF THE SIX AU ORGANS (APRM, AUDA – NEPAD, PAP, AU-ABC, AfCHPR, ACHPR)

60. **RECALLS Executive Council decision EX.CL/Dec.1107(XXXVIII) COMMENDS** the Consultants, Lochan and Company for the work done on the Forensic and Performance Audit of Other AU Organs (APRM, AUDA – NEPAD, PAP, AU-ABC, AfCHPR, ACHPR).
61. **DIRECTS** that an Independent Forensic and Performance Audit also be extended to the newly established AU Organs (ACERWC, AfCFTA, ECOSOCC, Africa CDC, AUCIL, etc.), covering the period 2020 to 2022 by the Consultant, Lochan and Company and the extension of the previous contract should be negotiated in line with the required procurement processes; the budget estimate should be submitted to the Sub-Committee on General Supervision and Coordination on Budgetary

Financial and Administrative Matters, and Experts of the Committee of Fifteen Ministers of Finance (F15), for consideration and recommendation to PRC.

62. **EXPRESSES CONCERNS** on the issues raised in the forensic reports under each Organ and **DIRECTS** the concerned Organs to implement the recommendations of the Auditors and report back on the implementation to the PRC Sub-Committee on Audit Matters before the next Executive Council July 2023.
63. **DIRECTS** staff who do not want to proceed on leave when due to explain their decision with proper justification to be approved by the AUC senior management with copies to the Deputy Chairperson of the AUC, and **STRESSES** that annual leave should be mandatory for all Union staff.
64. **RECALLS** paragraph 24 of Executive Council decision *EX.CL/Dec.1031(XXXIV)* on the moratorium on hiring short term staff and **DIRECTS** that this should be applied to all AU Organs on recruitment of Short, Fixed Term and Special Service Contracts staff and **REQUESTS** the Organs to handle exceptions on a case by case basis by obtaining approval from the Chairperson of the Commission and **URGES** all Organs to concentrate on filling their regular structures.
65. **DIRECTS** the Commission to stop using the administrative costs meant for other Organs, put mechanisms in place and guidelines to ensure that all Partners are charged administrative costs in all AU Organs. Further, **DIRECTS** that during the 2024 budget processes, the issue of administrative costs among Organs should be clarified in order to have them spread among all concerned Organs as appropriate.
66. **DIRECTS** the Commission to establish a taskforce to look at VAT refunds from respective host countries for all AU Organs, and how the controls can be improved to avoid losses. Further, **STRESSES** that accountability should be placed on officials who are administratively responsible for unclaimed VAT Payments.
67. **DIRECTS** the Commission to appropriately address the challenges of staff career path development in order to resolve the limitations impeding the career progression of some staff. Further, **INSTRUCTS** the AUC to develop career development policy for the AU Organs.
68. **DIRECTS** the Commission to issue a circular to all AU Staff on the management of education allowance, including required limits for items such as laptop costs and other related auxiliaries.
69. **DIRECTS** the Commission to submit to the PRC, through its relevant Sub-Committee, a framework for the payments of the Education allowances to staff.
70. **FURTHER DIRECTS** the concerned AU Organs to address issues raised in their respective reports and implement all recommendations as follows: -

i) African Peer Review Mechanism (APRM)

71. **DIRECTS** APRM management to take the audit findings and recommendations seriously and implement them fully.

ii) African Union Development Agency (AUDA-NEPAD)

72. **COMMENDS** the Chief Executive Officer of AUDA-NEPAD for the actions undertaken to effectively address 75% of the forensic Audit Report findings.
73. **NOTES WITH SATISFACTION** AUDA-NEPAD's actions to institute systems to process all payments to suppliers using electronic bank transfer.

iii) Pan-African Parliament (PAP)

74. **DIRECTS** PAP management to take the audit findings and recommendations into account and implement them fully.
75. **DIRECTS** PAP management to ensure that late retirement of imprest is tied to the concerned staff's salary for immediate recovery, as per the FRR.
76. **FURTHER REQUESTS** PAP, as an AU Organ, to be guided by the rules, regulations and policies, to enforce same, as well as apply consequence management measures to offenders.
77. **ALSO DIRECTS** PAP management to ensure that all allowances paid to staff are those approved under AU Rules and Regulations and are applicable across the Union.

iv) African Union Advisory Board Against Corruption (AU-ABC)

78. **DIRECTS** AU-ABAC management to take the audit findings and recommendations into account and implement them fully.
79. **INSTRUCTS** the AU-ABC, in line with the ongoing AU Reform processes, to submit a proposal for the establishment of Procurement and Human Resource (HR) functions to the PRC through its relevant Sub-Committee and further **DIRECTS** HRM at the AUC, to expedite the staffing of AUABC.
80. **URGES** AU-ABC to address the issue of unclaimed VAT with the Host Government of the United Republic of Tanzania.

v) African Court on Human and People's Rights (AfCHPR)

81. **DIRECTS** AfCHPR management to take the audit findings and recommendations seriously and implement them fully.

vi) African Commission on Human and Peoples' Rights (ACHPR)

82. **DIRECTS** ACHPR management to take the audit findings and recommendations into account and implement them fully.

83. **INSTRUCTS** the AUC to ensure that there are no gaps in contracts renewals for staff especially for the Heads of the Organs/Offices; this would enhance accountability of the staff as they hold higher responsibilities.

ON THE AU AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

84. **TAKES NOTE** of Report of the Joint Siting of PRC Sub-Committee on Audit Matters and Sub-Committee on General Supervision and Coordination on Administrative, Budgetary and Financial Matters, and Experts of the Committee of Fifteen Ministers of Finance (F15), and **ENDORSES** the recommendations contained therein;

85. **COMMENDS** the Board of External Auditors for the work done and its commitment to review the financial statements and performance of the Organs of the Union.

86. **RECALLS** the Executive Council decision **EX.CL/Dec.1168(XLI) paragraph 124**, and **COMMENDS** the Joint Sitting of the two Sub-Committees and the F15 Experts for considering in detail the 2021 Audited Financial Statements.

87. **EXPRESSES CONCERNS** on the recurring nature of the audit findings and **URGES** all AU Organs to ensure full adherence to the AU Rules and Regulations.

88. **NOTING** systemic weaknesses cutting across AU Organs, **DIRECTS** as follows:

- (i) All AU Organs, Departments/Directorates and Offices should strictly adhere to the provisions of the AU Rules and Regulations and prudently utilize the scarce resources of the Union.
- (ii) An AU wide Integrated Financial Management System should be operationalized among all Organs to ensure prudent use of resources.
- (iii) A Centralized Procurement System should be introduced to ensure fairness, value for money and enhanced procurement processes across the Union as well as even distribution of procurements across the Continent.

- (iv) All Organs should adopt and implement the AU-wide Merit Based Recruitment System to ensure transparency, fairness and effective recruitment.
- (v) The Commission to put in place a proper and effective Promotion and Performance Appraisal System to be used across all Organs to ensure career progression for all staff of the Union.
- (vi) **RECALLS** paragraph 32 of Decision *EX.CL/Dec.1031 (XXXIV)* and paragraph 41 (ii) *EX.CL/Dec.1126(XXXIX)* and **REITERATES** that a sanction regime should be reinforced and appropriate stringent sanctions be applied to address violation of AU FR and SRR to deter further recurrence and abuse, and also bring discipline to the organisation. Further **REQUESTS** that Internal Committees in the AUC handling consequence management, disciplinary and sanction issues should be enhanced to ensure effectiveness and accountability, and should be reporting regularly to the relevant PRC Sub-Committees.
- (vii) **RECALLS** paragraph 9 of decision *EX.CL/Dec.1168(XLI)* and decision *EX.CL/Dec.1144(XL)*, and **EXPRESSES CONCERNS** on the continued delays in finalizing the review of Staff Regulations and Rules which has the required provisions for sanctions and **REQUEST** the AUC to ensure its adoption during the February 2023 summit.
- (viii) **RECALLS** paragraph 41 of decision *EX.CL/Dec.1126(XXXIX)* and **REITERATES** that internal controls should be strengthened particularly in Finance, Human Resources and Procurement processes to effectively manage the resources of the Union.
- (ix) **CALLS UPON** all AU Organs to put in place effective systems and platforms to enable Member States track implementation of audit recommendations.
- (x) **RECALLS** paragraph 18 (iv) of decision *EX.CL/Dec.1143(XL)* and **REITERATES** that the use of AMERT should be enhanced and all Organs should use AMERT and SAP in the execution of the budget, and all budget performance reports should be produced through the AMERT systems.
- (xi) **REQUESTS** all AU Organs to ensure that contract extensions and renewals should be done in line with AU Staff Regulations and Rules, without automatic renewals and no staff should be allowed to work without valid contract and any staff who violates this should be accountable for his/her action when the sanction regime is applied.
- (xii) **FURTHER DIRECTS** that all AU Organs should ensure that all funds or contributions in kind received are in the approved budgeted, recorded and

reported in the books of accounts for transparency and accountability in line with the provision of the AU Financial Rules and Regulations.

- (xiii) **DIRECTS** All AU Organs to strictly adhere to the guidelines of AU administrative policy on travel, and to limit the hosting of meetings outside of duty-station cities and the AU HQ in general in the context of the severe austerity budget measures that the Union finds itself operating within. Alternatively, favorable consideration could be given to offers by Member States to cover reasonable costs associated with such meetings convened externally. Sensitization workshops should be done using other less costly means like the national radios and other social media;
 - (xiv) **DIRECTS** that no supplementary budget request be approved for any Organ that has not exhausted at least 80% of its approved budget by the 3rd quarter of the financial year;
 - (xv) **STRESSES** the need for improved execution of programmes and **REQUESTS** the PRC through its relevant Sub-Committee to come up with the reasonable rate to increase the existing rate of 5% for reallocation by the Chairperson of the AUC.
89. **FURTHER DIRECTS** the AU Commission and Other AU Organs to address issues raised in their respective Organs as follows: -

1.1. African Union Commission (AUC)

- i) AUC should expedite the implementation of previous years' audit recommendations and the linking of performance of Directorates to implementation of audit recommendations under their departments should be evaluated every quarter to enhance accountability by leveraging the use of the Audit Recommendation Tracking System (ARTS).
- ii) AUC should take administrative measures and ensure proper and timely reconciliation of bank accounts so as to enable detection of any possible fraud, and an amount of USD 8.89 million long outstanding unreconciled items noted in AUC accounts for the year 2021 should be cleared to avoid loss of funds to the Union.
- iii) **RECALLS** paragraph 43 (1.1) decision *EX.CL/Dec.1126(XXXIX)* and **REITERATES** that the AUC should address urgently the issue of the long outstanding advance payments to suppliers with an amount of USD 36,429,450 as at 31 December 2021 of which some have been un-cleared for a period ranging from one to thirteen years.
- iv) **RECALLS** paragraph 72 (a) of decision *EX.CL/Dec.1107(XXXVIII)* and **REITERATES** that all remaining dormant accounts should be reconciled

and cleared and un used funds on finished projects should be returned to Partners as appropriate, and that all subsequent funding should be reconciled immediately upon closure of projects in line with the provisions of the revised FR should be enhanced to address matters related to dormant and unreturned Partners' funds.

- v) The AUC should ensure that the number of AUC bank accounts are reduced and migrated from outside the continent in adherence to the Executive Council Decision *EX.CL/Dec.1057*, and urges speedy and fair distribution of banks accounts and investments amongst the five AU regions.
- vi) **RECALLS** paragraph 19 of decision *EX.CL/Dec.1168(XLI)* and *paragraph 25 of decision 1185* and **REITERATES** that the Commission should finalize the Treasury and Investment policy and present it for consideration by PRC through its relevant Sub-Committees and F15 technical experts to ensure better and efficient management and investment of the Union's resources.
- vii) **RECALLS** paragraph 41. a(iv) of decision *EX.CL/Dec.1057(XXXV)* and **REITERATES** that all outstanding matters on recovery of advances, loans, imprest and travel advances on the agendas of the Sub-Committees on Audit Matters and General Supervision and Coordination should be finalized without any further delays.
- viii) AUC should address IT matters and ensure adequate segregation of duties on SAP, remove former staff members from active access to the system and do regular backup restoration tests for integrity and soundness of the business of the AUC.
- ix) The AUC should ensure that management of information relating to death and disabilities of troops is robust, with up-to-date records; anomalies in ATMIS (formerly AMISOM) payrolls are removed; and payment of troop allowances is done in a prompt and timely manner not exceeding three months for verified death and disability claims, and monthly for other allowances.
- x) AUC should ensure that all benefits both monetary and in-kind relating to Africa CDC implementing Partners are recognized in the books of accounts to ensure transparency and accountability in the management of resources of the Union.
- xi) AUC should also ensure that medical donations from Partners are distributed well in advance of expiration dates so as to reach the intended beneficiaries in the Continent.

- xii) The AUC should enhance planning for effective and realistic budgeting and the procurement processes should be enhancing to ensure effective procurement and enhancement of budget execution.
- xiii) The AUC is requested to follow up with the Federal Republic of Nigeria to resolve the issue of AU properties in Ikoyi, Lagos, Nigeria.

1.2. AFRICAN PEER REVIEW MECHANISM (APRM)

- i) APRM management should ensure that issues related to accounting errors are corrected and preventive measures should be taken to avoid future errors;
- ii) APRM management should ensure that AUSRR are followed in recruitments so as to give contracts to competent and qualified personnel, contracts are renewed as required and stop issuing contracts to consultants to carry out routine work;
- iii) The OIO should carry a comprehensive investigation on all contracts issued to consultants carrying out routine work.

1.3. AFRICAN UNION DEVELOPMENT AGENCY (AUDA - NEPAD)

- i) **COMMENDS** the Chief Executive Officer of AUDA-NEPAD for the actions undertaken to effectively address the external Audit findings for the year 2021, namely:
 - the AU pension Fund: The Agency proceeds to monthly and timely transfers to the AU pension fund bank account in full compliance with its obligations as per the decision of the Member States for the AUC to manage the AU pension fund Centrally.
 - Financial information disclosure and incorrect information: the unintentional omission has been corrected by the financial institution of the Agency and the corrected information was finally disclosed.
 - The AUDA-NEPAD official nomination is now used in all financing agreement with Development partners as well as the Agency's bank accounts.
 - VAT: The Agency continues to submit VAT claims to relevant authorities of the Host Country and is engaging effectively on this matter.
 - the Agency fully applies AU rules on DSA and currently awaiting the Legal Counsel's opinion for the specific concerned case in order to take further action.
- ii) **REQUESTS** the Chief Executive Officer of AUDA-NEPAD to report to PRC and Executive Council on the full status of implementation of the Audit report findings by July 2023.

1.4. PAN-AFRICAN PARLIAMENT (PAP)

- i) The Commission should carry out an investigation on the cash management issues identified in the 2021 BOEA report so as to examine the transaction trend and inconsistencies since 2018;
- ii) PAP is directed to comply with the rules related to cash management in relation to the “petty cash” account;
- iii) PAP management should undertake fixed assets physical verification in accordance with the AU accounting policy, and values on the Host Government donated assets should be obtained and recorded in the books in line with previous Executive Council Decisions.

1.5. AU ADVISORY BOARD ON Against CORRUPTION (AU-ABC)

- i) AU-ABC management should put more efforts in following up the VAT issues with the Government of Tanzania to avoid financial losses to the Union;
- ii) The OLC should follow up all outstanding issues on Host Agreements and submit them to the PRC Sub-Committee on Headquarters and Host Country Agreements which is seized with all matters related to Host Country Agreements;

1.6. AFRICAN COURT ON HUMAN AND PEOPLES' RIGHTS (AfCHPR)

- i) **REQUESTS** the Court (AfCHPR) to carry out risk assessment and provide relevant trainings to its staff;
- ii) **REQUESTS** the Court (AfCHPR) should adhere to AUFR in carrying out procurements; and bids should be conducted in compliance with the relevant rules, procedures and manuals;

1.7. AFRICAN COMMISSION ON PEOPLES' AND HUMAN RIGHTS (ACHPR)

- i) The extension of contracts should be done in line with provisions of the SRR to avoid litigations especially relating to the contracts of short-term staff.
- ii) The filling of positions at all levels including the Executive Secretary should be done according to the AUSRR following the normal recruitment processes and any deserving internal candidate (staff) can get the position.

- iii) The OIO should ensure that full investigation is carried out on the alleged IT fraud.

1.8. ECONOMIC, SOCIAL & CULTURAL COUNCIL (ECOSOCC)

- i) Meetings should be held within the duty station city to avoid incurring costs on staff tickets and accommodation and save funds by ECOSOCC and all other AU Organs;
- ii) Meetings that are held outside of the duty stationed must be approved in the AMERT and cost-efficient.
- iii) HRM at AUC should expedite the recruitment and staffing of ECOSOCC Secretariat.

1.9. AFRICA CONTINENTAL FREE TRADE AREA (AfCFTA)

- i) The AfCFTA should continue to work with the Government of Ghana on issues relating to the implementation of the host country agreement;
- ii) The AfCFTA should ensure that the requirements of IPSAS are followed fully in financial, human and asset management and reporting;

1.10. AFRICAN COMMITTEE OF EXPERTS ON THE RIGHTS AND WELFARE OF THE CHILD (ACERWC)

The ACERWC management should implement all the recommendations in the BOEA report and ensure adherence to AU Rules and Regulations.

IV. SUB-COMMITTEE ON MULTILATERAL COOPERATION

- 90. TAKES NOTE** with satisfaction the report of the Sub-Committee on Multilateral Cooperation;

A. On the AU Partnerships Strategy and Policy Framework

- 91. TAKES NOTE** with satisfaction the preparation of the draft of the AU Partnerships Strategy and Policy Framework;
- 92. OBSERVES** the lack of consensus on the issues of classification and participation; and
- 93. REQUESTS** the PRC, working in close collaboration with the Commission, to continue with the consideration of the document and to report to the 43rd Ordinary Session of the Executive Council.

B. AU – EU Partnership

94. **ENDORSES** the full participation of all AU Member States in the AU-EU Partnership Ministerial Follow-up Committee;
95. **REQUESTS** the PRC, in close collaboration with the Commission and the European Union to convene as soon as possible in 2023, the first Meeting of the AU-EU Ministerial Follow-up Committee, to formalize its structure, adopt its working methods and documents.

C. Africa – Arab Partnership

96. **TAKES NOTE** of the proposal by the League of Arab States (LAS) and the Kingdom of Saudi Arabia (Host country of the 5th Africa - Arab Summit) to hold the 5th Africa – Arab Summit either during the first semester of 2023 or during the last quarter of 2023;
97. **APPROVES** the holding of the 5th Africa – Arab Summit in Riyadh, Saudi Arabia, in November 2023, and **REQUEST** the PRC in close collaboration with the Commission to finalize the dates for the Summit and to coordinate with the League of Arab States and the host country, the preparatory process for the said Summit.

D. Tokyo International Conference on African Development (TICAD)

98. **EXPRESSES APPRECIATION** to the Government and people of the Republic of Tunisia, for the successful hosting of the TICAD 8 Summit held in Tunis on 27 – 28 August 2022;
99. **RECOMMENDS** to the Assembly to endorse the Declaration of the TICAD 8 Summit;
100. **REQUESTS** the PRC in collaboration with the Commission, to follow-up with Japan on the implementation of the outcomes of the TICAD 8 Summit;

E. Africa – Korea Partnership

101. **REITERATES** its request to the PRC, the Commission and Korea to follow-up on the implementation of the commitments made during the 5th Korea-Africa Ministerial Forum through the convening of the Annual Policy Consultation Meeting.

F. Africa – India Partnership

102. **REQUESTS** the PRC, in close collaboration with the Commission to undertake consultations with Member States to identify a host country for the 4th Africa – India

Summit to be held in May 2023, in Africa, failure of which the Summit will be hosted at the Headquarters of the African Union, in Addis Ababa, Ethiopia;

103. **REQUESTS ALSO** the PRC and the Commission to agree on the exact dates for the holding of the 4th Africa – India Summit in May 2023, and to start the preparatory process as soon as possible.

V. SUB-COMMITTEE ON HEADQUARTERS AND HOST AGREEMENTS

104. **TAKES NOTE** of the consideration of the draft model Host country agreements and the revised Criteria for hosting AU Organs, Institutions, Entities and Specialized Agencies;
105. **REQUESTS** the Commission to organize a Joint Sitting of Sub- Committees on Headquarters and Host Country Agreements and the Sub-Committee on Rules Standards and Credentials to finalize the aforementioned documents and report to the 43rd Ordinary Session of the Executive Council;
106. **REQUESTS** the Commission to organize a Joint Sitting of Sub- Committee on Headquarters and Host Country Agreements and the Sub- Committee on Rules Standards and Credentials to finalise the Model Host Country Agreements and the revised Criteria for hosting AU Organs, Institutions, Entities and Specialised Agencies before the forty third Ordinary Session of Executive Council of 2023.
107. **WELCOMES** the actions undertaken by the Government of the Federal Democratic Republic of Ethiopia to implement **the** decision **EX.CL/Dec.1031(XXXIV), para 40**, including the establishment of a High Level Committee to deal with restitution of seized assets and **ENCOURAGES** its full implementation;
108. **COMMENDS** the efforts made by the United Republic of Tanzania to address the issue of the Seat of the African Court on Human and Peoples 'Rights and the refund of VAT to the Court and the Staff Members of the Court and **ENCOURAGE** the same to be done to the African Union Board Against Corruption (AU-ABC)
109. **FURTHER COMMENDS** the effort made by the Government of the Republic of the Gambia to address the issue of the Headquarters of the Banjul Commission and **REQUESTS** the African Union Commission to extend the necessary support and follow up.
110. **FINALLY COMMENDS** the commitment of the Government of the Republic of South Africa to finalise the Host Country Agreements with the Africa Union and **REQUESTS** the Office of the Legal Counsel to do the necessary follow up and report back through the Sub-Committee on Headquarters and Host Agreements before July 2023.

VI. SUB-COMMITTEE ON RULES, STANDARDS AND CREDENTIALS

111. TAKES NOTE of the Report of the Sub-Committee and **COMMENDS** the Sub-Committee and the Commission for the work done;

112. REQUESTS the Commission:

- i) in collaboration with the PRC to regularly update the matrix of recommendations for all PRC-AUC retreats;
- ii) to expedite the study on the categorization of decisions and to present the said study to the 43rd Ordinary Session of the Executive Council through the PRC;
- iii) to regularly update the African Union Portal to improve access to information by Member States and African citizens;
- iv) to operationalize the Official Journal of the African Union and to publish a compendium of AU Legal Instruments, Decisions and relevant International Treaties and Conventions.

A. IMPLEMENTATION OF THE RECOMMENDATIONS OF THE FIRST EIGHT RETREATS BETWEEN THE PRC AND THE COMMISSION

113. TAKES NOTE of the progress made in the implementation of the recommendations of the first eight retreats between the PRC and the Commission and **REQUESTS** the PRC and the Commission to regularly update the Matrix of recommendations and report at each ordinary session of the Executive Council;

114. RECALLS Decision Assembly/AU/Dec.635(XXVIII) on the holding of one ordinary summit per year;

115. REQUESTS the Commission to:

- (i) Streamline access to documents and make the AU portal more user friendly;
- (ii) Indicate a timeframe for the implementation of the decisions to be adopted by the Policy Organs;
- (iii) Assume overall coordination and reporting on the implementation of the decisions of the Policy Organs through the relevant department of the Commission;
- (iv) Communicate country's quotas consumption to Member States as well as positions open for application on a monthly basis;

- (v) Provide induction training for new diplomats assigned to the Permanent Missions upon assumption of duty;
- (vi) Ensure quality assurance of the translation of documents;
- (vii) Expedite the testing of the new tool developed for proper time management during meetings;
- (viii) Update the email addresses of the Permanent Missions every month upon information on change of email address/change of staff to be provided by the latter;
- (ix) Circulate to Member States on a bi-annual basis the list of MoUs signed by the Commission on behalf of the Union as well as key areas of cooperation;
- (x) Compile and share with Member States the ToR of all the PRC Sub-Committees and develop ToR for Sub-Committees that do not have;
- (xi) Expedite the updating of the AU Handbook to be circulated to Member States at the beginning of each year;
- (xii) Report on implementation in June/July 2023.

B. DECISION-MAKING PROCESS

- 116. RECALLS** Decision Assembly/AU/Dec.687(XXX) on the proper categorization and enhancement of the drafting of the decisions of the Policy Organs;
- 117. REQUESTS** the PRC and the Commission to refine the drafting of the decisions of the Policy Organs;
- 118. FURTHER REQUESTS** the Commission to make the necessary arrangements to expedite the study on the categorization of decisions for consideration by the Executive Council in June/July 2023.**FURTHER REQUESTS** the Commission to make the necessary arrangements to expedite the study on the categorization of decisions for consideration by the Executive Council in June/July 2023.

VII. SUB-COMMITTEE ON HUMAN RIGHTS, DEMOCRACY AND GOVERNANCE

The Executive Council,

- 119. TAKES NOTE** of the Report of the Activities of the Sub-Committee on Human Rights, Democracy and Governance (HRDG) for the period of January to December 2022;

120. **COMMENDS** the Sub-Committee for endorsing the development of the draft African Union Business and Human Rights Policy and **DIRECTS** the PRC through the relevant Sub-Committees to finalize the AU strategic action plan for the promotion and protection of Human and People's Rights and report to the 43rd Ordinary Session of the Executive Council in June/July 2023.
121. **COMMENDS** the Sub-Committee for supporting the development of the African Governance Platform's African Governance Report 2023 led by APRM and the review of the AU PCRDR Policy.
122. **FURTHER COMMENDS** the Sub-Committee for briefing the Peace and Security Council with the objective of harnessing the synergies between the PSC and the Sub-Committee and **WELCOMED** the institutionalization of the briefing of the Sub-Committee to the PSC, annually.
123. **REQUESTS** the PRC, through the Sub-Committee on General Supervision and Coordination on Budgetary Financial and Administrative Matters, to consider the request by the African Committee of Experts on the Rights and Welfare of the Child (ACERWC) for budgetary and capacity support to meet the challenges of Children's right on the Continent;
124. **FURTHER REQUESTS** the PRC to continue its engagement with the AU Organs and Institutions with Human Rights and Governance mandate with a view to enhancing coordination and collaboration, especially in enhancing the synergy between the African Governance Architecture (AGA) and the African Peace and Security Architecture (APSA);
125. **DIRECTS** the PRC through the relevant Sub-Committee to finalize the guidelines on elections during the Pandemic as well as other health emergencies and the School Curriculum Strategy on the African Charter on Democracy, Elections and Governance (ACDEG).