**DECISION ON AUDIT MATTERS**

**Doc. EX.CL/992(XXX)iii**

The Executive Council,

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

ON THE FINANCIAL STATEMENTS OF THE AU ORGANS AND AGENCIES FOR THE YEAR ENDED 31 DECEMBER 2015

**2. CALLS UPON** each of the AU organs (i.e. African Union Commission-AUC, Pan African Parliament-PAP, NEPAD Planning and Coordinating Agency-NPCA, African Court on Human and Peoples’ Rights-AfCHPR, African Commission for Human and Peoples’ Rights ACHPR, and African Union Advisory Board on Corruption-AUABC) to:

i) address the issues raised under their respective Audited Financial Reports;

ii) ensure that corrective actions are undertaken to resolve the weaknesses observed by the AU Board of External Auditors (BOEA); and

iii) prepare a roadmap on the implementation of IPSAS to ensure full compliance by the year 2018 as per the International Public Sector Accounting Standards (IPSAS) requirements.

**3. REQUESTS** the Commission to:

i) publish the 2015 Audited and Approved Financial Statements on the AU website in compliance with IPSAS requirements; and

ii) report on the implementation of this decision during the AU Summit of July 2017.

ON THE AUDIT OF AU GENERAL & RESERVE FUND AS AT 31st DECEMBER 2015

**4. DIRECTS** the Commission to address the issues raised by the PRC including the following:

i) Address the issues raised in the audit report and implement the recommendations accordingly;

ii) Undertake, annually, a complete audit of the two abovementioned Funds and report to the PRC through its Sub-Committee on Audit Matters accordingly;

iii) Always submit requests for approval to PRC before passing payments to the General and Reserve Funds as per the requirements of tne AU Financial Rules and Regulations.

**5. DIRECTS** the AU organs to ensure implementation of the Matrix on Implementation of Audit Recommendations in line with **Decision EX.CL/Dec. 877(XXVII)** adopted by the Executive Council;

**6. DIRECTS** the AU Board of External Auditors to carry out a complete audit of the General and Special Funds for the period 2009-2015 and submit a report to the Executive Council through the PRC;

**7. ALSO DIRECTS** the AU Board of External Auditors to:

i) conduct an investigation on the irregularities identified in the audit report of the General and Reserve Funds (2009-2015) with a view to establishing responsibilities;

ii) investigate the culprits of financial mismanagement and make appropriate recommendations for consideration by the Executive Council through the PRC;

**8. FURTHER DIRECTS** the Commission to report on the implementation of this decision during the next Session in July 2017;

ON THE AUDIT OF COMMISSION BUDGET PERFORMANCE FOR THE PERIOD 1 JANUARY - 30 JUNE 2016

**9. DIRECTS** the Commission to address the issues raised by the PRC including the following matters:

i) Implementation of the decision on financing the Union should be pursued vigorously for funding the Union’s programmes to ensure availability and predictability of funds;

ii) Engage Partners on Overall Programme Budget Support to the Union rather than financing of individual projects and/or budget lines;

iii) Put in place effective systems and measures to improve budget execution and performance;

iv) Strictly comply with the AU Financial Rules and Regulations with regards to approval of supplementary budget.

**10- URGES** Member States to honour their assessed contributions in a timely manner to enable the Commission implement its projects effectively and efficiently;

**11. DIRECTS** the Commission to report on the implementation of this decision during the next ordinary session in July 2017.