

**RESOLUTION ON INTERNAL AUDIT**

**CONSIDERING** the provision of Article 11(2) of the Protocol to the Treaty establishing the African Economic Community which states that the pan African Parliament shall “ discuss its budget and the Budget of the Community and make recommendation thereon prior to its approval by the Assembly”,

**Noting with concern** the low levels of human resource in the audit;

**Further noting** that there is a recruitment process taking place at PAP

**Observing** the low contribution of the internal audit office in the budget preparation process of PAP,

**The Pan-African Parliament decides that:**

1. That, Management should respond to both internal audit and external audit queries in a timely manner.
2. That, a Staff Budget Committee should be established to deal with the Budget preparation before its submission to the Committee for scrutiny and more input.
3. That, the old fleet of vehicles should be disposed of as soon as possible to save on unnecessary expenditure on maintenance.
4. That, the CMFA should hold Non-Statutory meetings in January and July of each Fiscal year in order to review audit and management reports. This will enable the CMFA to analyze both management and audit reports before the scrutiny of the Budgets for proper assessment.
5. That, the PAP recruitment process should be concluded as soon as possible to ensure that all funds allocated to the exercise are returned to the AU general fund.
6. That, the Office of the Internal Auditor should be reinforced in terms of human capacity and additional staff.
7. That, a budget line should be created for the Office of Internal Audit to enhance the independence of the Office.
8. That, training in budget preparation and management should be organized for the relevant departments and the CMFA in order to improve budget preparation and management in the Institution.
9. That, the PAP Bureau should put in place a rotating mechanism to ensure that there is a Bureau Member at PAP at all times to follow up on the activities of the Institution.
10. That, the Office of Internal Audit should be involved in all discussions relating to financial and budget matters of the PAP.
11. That, payment of insurance premium for members of staff should be made on time to ensure that staff are adequately covered at all times.

12. That, there should be synergy between management, Internal Audit and other units in all financial transactions of the Institution.
13. That, the Finance Department should constantly give guidance to the authorizing officials on the execution of budget lines to avoid over or under expenditure, particularly for the budget for the October Session should be properly assessed and utilised to ensure that it is located within the limits of the approved budget.
14. That, the Finance Department should exercise caution when proposing virements to ensure that there is no adverse impact on other activities.
15. That, expenditures on medical Insurance for Members should be reviewed as a matter of urgency to ensure that they are adequately covered.
16. That, some of the activities of the Committees should be considered in the Regular Budget of PAP so as to enable them function.
17. That, Management should be in regular contact with the AU to understand the budgetary cycles so that the budgetary preparation of the PAP could be on time and better adjustment made on the budgetary lines.
18. To save resources, the Committee recommends that urgent steps must be taken by Management to effect a banking system that is less costly to the Institution.
19. That, a workshop involving CMFA, CAFE and the Committee on Rules and Procedure be organized to come up with acceptable harmonized functions of CMFA and CAFE for adoption by the Plenary of PAP in early January 2015.
20. With regard to the absence of registration for VAT refund on bills paid by the PAP during the period under review, under the section on 'resources' by the services concerned , and for the purpose of urgency and clarity the CMFA recommends that the VAT amount recovered from the South African Revenue Services be recorded due to the fact that it is forbidden for the Clerk of PAP to do business with suppliers or service providers who are not VAT registered, and recording of the corresponding amount as resources of the PAP as well as the possibly justification of the use of the amount.

Midrand, 23 October 2014.