



**49TH PLENARY ASSEMBLY VIRTUAL SESSION
25TH TO 27TH JUNE 2021
EXECUTIVE COMMITTEE REPORT ON FINANCIAL MATTERS
(TREASURER'S REPORT)**

PREAMBLE

The Executive Committee Report on Financial Matters (Treasurer's Report) to the 49th Plenary Assembly contains the following:

- 1.0. Management Accounts for the period 1st April 2020 to 31st March 2021
- 1.1. Mandatory Member contributions as at 31st March 2021.
The status of Member contributions as at 31st March 2021 will inform the Audited Financial Statements as at 31st March 2021 and is submitted to the 49th Plenary Assembly for noting.
- 1.2. Update on Mandatory Member contributions as at 5th June 2021 (Current Financial Year)
The status of Member contributions as at 25th June 2021 is submitted as an update for the current financial year beginning 1st April 2021 and includes balances brought forward from the financial year ended 31st March 2021.
- 1.3. Budget Performance Report as 31st March 2021, which includes the following:
 - 1.3.1. Implications of COVID19 on Financial Planning and Performance for the Financial Year ended 31st March 2021
 - 1.3.2. Budget Variance Report as at 31st March 2021
- 2.0. Update on Resource Mobilisation (Funding from External Sources)
- 3.0. Update on Action Taken on Plenary Assembly Resolutions, which includes the following:
 - 3.1. Disposal of Property at 66 Erosweg, Eros, Windhoek, Namibia
 - 3.2. Procurement of Official Vehicle for the SG
 - 3.3. Review of Internal Audit Policy Documents
 - 3.4. Secondment of Internal Auditor
- 4.0. Risk Assessment

RECOMMENDATIONS TO THE 49TH PLENARY ASSEMBLY

The Plenary Assembly is invited to consider and approve, or take note of, the recommendations contained herein, as the case may be.

1.0. MANAGEMENT ACCOUNTS FOR THE PERIOD 1ST APRIL 2020 TO 31ST MARCH 2021**1.1. MANDATORY MEMBER CONTRIBUTIONS AS AT 31ST MARCH 2021****1.1.1. Background to Annual Mandatory Contribution**

- (i) The current annual mandatory contributions from Member Parliaments, following a 5% increase approved by the 46th Plenary Assembly in December 2019, and effective 1st April 2020, stand at N\$1,501,500 per annum, per Parliament. The contribution of Seychelles is N\$127,050 per annum (due to the size of its population, as resolved when Seychelles initially became a member of the SADC-PF).
- (ii) The total revenue from Mandatory Contributions for the financial year 1st April 2020 to 31st March 2021 is therefore N\$21,148,050. This includes Madagascar, which became a member of the SADC PF in December 2019.

1.1.2. Status of Members Contributions as at 31st March 2021

PARLIAMENT	BALANCE B/F 01-Apr-20	INVOICED AMOUNT	AMOUNT RECEIVED	BALANCE 31-Mar-21	REMARKS
	N\$	N\$	N\$	N\$	
Angola	-	1,501,500	-	1,501,500	OUTSTANDING
Botswana		1,501,500	1,430,000	71,500	OUTSTANDING
DRC	-	1,501,500	-	1,501,500	OUTSTANDING
Eswatini	-	1,501,500	1,501,500	-	PAID
Lesotho		1,501,500	551,187	950,313	OUTSTANDING
Madagascar		1,501,500	1,501,500	-	PAID
Malawi	-	1,501,500	2,250,000	(748,500)	PAID/PRE PAID
Mauritius		1,501,500	1,501,500	-	PAID
Mozambique		1,501,500	3,003,000	(1,501,500)	PAID/PRE PAID
Namibia	-	1,501,500	1,501,500	-	PAID
Seychelles	-	127,050	127,050	-	PAID
South Africa		1,501,500	3,003,000	(1,501,500)	PAID/PRE PAID
Tanzania	1,430,000	1,501,500	-	2,931,500	OUTSTANDING
Zambia	-	1,501,500	1,501,500	-	PAID
Zimbabwe	-	1,501,500	1,501,500	-	PAID
TOTAL	1,430,000	21,148,050	19,373,237	3,204,813	-

PAYMENTS IN ADVANCE FOR FINANCIAL YEAR 2021/2022				N\$
Malawi				(748,500)
South Africa				(1,501,500)
Mozambique				(1,501,500)
Total Payments in Advance				(3,751,500)
OUTSTANDING PAYMENTS FOR FINANCIAL YEAR ENDED 31ST MARCH 2021				
Angola				1,501,500
Botswana				71,500
DRC				1,501,500
Lesotho				950,313
Tanzania				2,931,500
				6,956,313
TOTAL BALANCE				3,204,813

1.1.2.1. Full Payment

As at 31st March 2021, ten (10) Parliaments, namely, Eswatini, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia and Zimbabwe had paid their 2020/21 Annual Contributions in full.

1.1.2.2. Part Payment

Botswana made an advance payment for 2020/21 Financial Year of N\$1,430,000 at the level of contributions obtaining before 1st April 2020, resulting in the outstanding balance of N\$ 71,500. Lesotho paid N\$ 551,187 over and above the Annual Contribution due in the financial year 2019/2020 resulting in a credit balance which has now been applied to the 2020/21 financial year, resulting in the balance of N\$950,313 still outstanding.

1.1.2.3. No Payment

The following countries have not yet made any payment towards the contribution as at 31st March 2021: Angola, DRC and Tanzania.

1.1.2.4. Advance Payment

The following countries have made advance payments for the Financial Year beginning 1st April 2021: Malawi (N\$748,500), Mozambique and South Africa (N\$1,501,500 each).

1.1.2.5. Arrears in Mandatory Contributions Beyond 12 Months

Tanzania is also owing N\$ 1,430,000 for the previous financial year ended 31st March 2020, bringing the total balance outstanding as at 31st March 2021 to N\$ 2,931,500.

1.2. UPDATE ON STATUS OF MEMBER CONTRIBUTIONS AS AT 5th JUNE 2021 (CURRENT FINANCIAL YEAR)

PARLIAMENT	BALANCE B/F 01-Apr-20	INVOICED AMOUNT	AMOUNT RECEIVED	BALANCE 30-Apr-21	REMARKS
	N\$	N\$	N\$	N\$	
Angola	1,501,500.00	1,501,500	3,003,000	-	PAID
Botswana	71,500.00	1,501,500	1,501,500	71,500	PART OUTSTANDING
DRC	1,501,500.00	1,501,500	-	3,003,000	OUTSTANDING
Eswatini	-	1,501,500	1,501,500	-	PAID
Lesotho	950,313.00	1,501,500	1,501,500	950,313	PART OUTSTANDING
Madagascar	-	1,501,500	-	1,501,500	OUTSTANDING
Malawi	(748,500.00)	1,501,500	-	753,000	PART PAYMENT
Mauritius	-	1,501,500	-	1,501,500	OUTSTANDING
Mozambique	(1,501,500.00)	1,501,500	-	-	PAID
Namibia	-	1,501,500	-	1,501,500	OUTSTANDING
Seychelles	-	127,050	127,050	-	PAID
South Africa	(1,501,500.00)	1,501,500	-	-	PAID
Tanzania	2,931,500.00	1,501,500	-	4,433,000	OUTSTANDING
Zambia	-	1,501,500	1,501,500	-	PAID
Zimbabwe	-	1,501,500	-	1,501,500	OUTSTANDING
TOTAL	3,204,813	21,148,050	9,136,050	15,216,813	-

1.2.1. The table above shows the status of annual mandatory contributions as at 5th June 2021. The following is advised:

- Angola paid the total outstanding amount of N\$1,501,500 for the financial year ended 31st March 2021 plus an additional N\$1,501,500 for the current financial year beginning 1st April 2021;
- Botswana paid N\$ 1,501,500 for the current financial year and has an outstanding balance of N\$71,500;
- Lesotho paid N\$ 1,501,500 and has an outstanding balance from the previous financial year of N\$ 950,313;
- Seychelles paid the total amount of N\$127,050 for the current financial year beginning 1st April 2021.
- Tanzania and DRC are still owing amounts for the financial year ended 31st March 2021, while Tanzania is also owing for the financial year ended 31st March 2020.
- Malawi made part payment of N\$748,500 and has an outstanding balance of N\$753,000.
- The following countries have settled their contributions for the current financial year beginning 1st April 2021 and have no outstanding balances: Angola, Eswatini, Mozambique, Seychelles, South Africa and Zambia.

1.2.2. PROVISIONS OF THE SADC PF CONSTITUTION ON MANDATORY MEMBER CONTRIBUTIONS

- 1.2.2.1. The Plenary Assembly is referred to Article 9 (1) of the SADC PF Constitution which provides as follows, in order to put into context the recommendations of the Executive Committee (EXCO) in respect of Member Parliaments that are in arrears for more than twelve months:

ARTICLE 9: SUSPENSION OF MEMBERSHIP

1. Subject to Ratification by the Plenary Assembly, the Executive Committee may suspend the rights of a Member Parliament whose prescribed annual membership fees or other financial obligations are in arrears for more than twelve months, which suspension shall be rescinded upon full payment of the arrears by the Member Parliament: Provided that the Executive Committee may rescind the suspension where it is satisfied that the Member Parliament is able and willing to meet its financial obligations within a defined period.

- 1.2.2.2. The EXCO recalled that precedence has been made, notwithstanding the provisions of Article 9(1), to resolve the matter of non-settlement of arrears through diplomatic means, rather than suspension of a Member, in view of the economic situation prevailing in the defaulting countries and in the region as a whole. The EXCO also noted that the current global economic environment has been adversely affected by the COVID 19 pandemic.

1.2.2.3. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

- (i) The Plenary Assembly is requested to consider and take note of the status of Annual Mandatory Contributions as at 31st March 2021, and the update as at 5th June 2021 in respect of the current financial year beginning 1st April 2021.**
- (ii) The Plenary Assembly is advised that Tanzania and DRC have been urged to settle their outstanding balances for the previous financial years as a matter of urgency in order to ensure a healthy cashflow and, therefore, the going concern of the institution.**
- (iii) The Plenary Assembly is requested to commend Member Parliaments which have not defaulted for their diligent dedication to the SADC-PF as evidenced by their payment of the Annual Mandatory Contributions and other support rendered to the Forum.**

1.3. BUDGET PERFORMANCE REPORT AS 31ST MARCH 2021

1.3.1. IMPLICATIONS OF COVID19 ON FINANCIAL PERFORMANCE

- (i) The COVID19 has had some positive effects, with considerable reduction in expenditure on some budget lines, due to the fact that all the statutory meetings of the SADC PF have been held virtually through Zoom. In this regard, no regional travel costs have been incurred, and documentation has been shared via internet platforms thereby reducing costs of printing and courier. To demonstrate the reduction in expenditure, expenditure incurred in respect of the 47th and 48th Plenary Assemblies which took place in October and November 2020, respectively, amounted to only 17% of the budgeted amount of N\$3,200,000.
- (ii) The nature of the costs has also changed, with costs being incurred on videoconferencing platform licences, graphic design, videos, and ICT support.
- (iii) On the other hand, however, it is worth noting that due to technical considerations in respect of Zoom, the number of interpreters has increased from 4 to 6 for each meeting, resulting in an increase in interpretation costs per meeting in view of ensuring a seamless online experience for SADC-PF representatives attending sessions via the internet.

1.3.2. BUDGET VARIANCE REPORT AS AT 31ST MARCH 2021

SADC PF MAIN BUDGET: BUDGET PERFORMANCE REPORT AS AT 31 MARCH 2021										
		Annual	Supplement/ Variations	Total Budget	Actual YtD	VARIANCE (BALANCE)	VAR % (BALANCE)	Actual Exp % of	STATUS	
	SADC-PF	budget	31.03.21	31.03.21	31.03.21	31.03.21	31.03.21	31.03.21	Budget	
1	Administrative Costs	773,228	-	773,228	808,217	- 34,989	-5%	105%	Unfavourable	
2	Communication Expenses	229,795	-	229,795	305,609	- 75,814	-33%	133%	Unfavourable	
3	Financial Expenses	66,000	-	66,000	73,391	- 7,391	-11%	111%	Unfavourable	
4	Motor Vehicle Running Costs	68,355	-	68,355	40,876	27,479	40%	60%	Favourable	
5	Professional, Consultancy and Legal Expenses	81,000	407,236	488,236	485,195	3,041	1%	99%	Favourable	
6	Staff Emoluments	13,182,161	-	13,182,161	11,157,722	2,024,439	15%	85%	Favourable	
7	Travel, Subsistence and Transport	245,584	-	245,584	17,474	263,058	107%	-7%	Favourable	
8	Audit	130,000	-	130,000	278,100	- 148,100	-114%	214%	Unfavourable	
9	Insurance	147,844	-	147,844	67,479	80,365	54%	46%	Favourable	
10	Plenary Assembly Meetings	3,200,000	-	3,200,000	533,233	2,666,767	83%	17%	Favourable	
11	Executive Committee Meetings	200,000	-	200,000	198,357	1,643	1%	99%	Favourable	
12	Steering Committee Meetings	36,000	-	36,000	19,494	16,506	46%	54%	Favourable	
13	Other Policy Organ Costs	384,500	-	384,500	240,436	144,064	37%	63%	Favourable	
14	Language Translation Costs	45,000	-	45,000	44,399	601	1%	99%	Favourable	
15	Programme Support	300,000	-	300,000	226,634	73,366	24%	76%	Favourable	
16	Election Observation Missions	300,000	-	300,000		300,000	100%	0%	Favourable	
	Capital Expenses	200,000		200,000	421,493	- 221,493	-111%	211%	Unfavourable	
	Contingencies	80,000.00		80,000	-	80,000	100%	0%	Favourable	
	TOTALS	19,669,467.00	407,236.00	20,076,703.00	14,883,160.99	5,193,542.01	26%	74%		

1.3.2.1. Context

- (i) The Budget Variance Report does not include donor funded budgets but focuses on Mandatory Member Contributions and other income contained in the SADC PF Main budget approved by the 46th Plenary Assembly in December 2019. Also included is the Administrative Fees earned from the Sida funding and applied to various consultancies as approved by the Executive Committee.
- (ii) The Plenary Assembly is advised that the EXCO has resolved that, henceforth, the Secretariat will be required to submit fund accountability statements for funds received from external sources as part of the Management Accounts.

1.3.2.2. Total Revenue N\$21,580,286

- (i) Total Budgeted Revenue from Mandatory Contributions amounted to N\$19,646,550, and did not include the contribution from Madagascar as the budget was approved by the 46th Plenary Assembly in December 2019 before Madagascar was officially admitted to SADC PF. With the inclusion of Madagascar, the total revenue during the year from Mandatory Contributions amounted to N\$21,148,050.
- (ii) As indicated in previous reports during the financial year, although the amount of N\$1,501,500 from Madagascar did not form part of the budget for 2020/2021, however, for accounting purposes, the Madagascar contribution is recognised as Income during the financial year as it was invoiced on 1st April 2020. The 47th Plenary Assembly was informed accordingly and was advised that the resulting excess income would add to the accumulated reserves at the end of the financial year.
- (iii) Additional income was received from Administrative Fees charged to Sida amounting to N\$407,236. The EXCO approved, at its meetings in March and September 2020, that fees for Risk Management and Performance Management consultancies, respectively, be paid from this income.
- (iv) Also budgeted was interest of N\$25,000.
- (v) The total budgeted revenue is made up of the following:

Mandatory Member Contributions	21,148,050
Income from Administrative Fees	407,236
Interest	25,000
Total	21,580,286

1.3.2.3. Budgeted Expenditure: N\$ 20,076,703

The Total Budgeted Expenditure for the financial year was N\$19,669,467. Additionally, during the financial year the additional amount of N\$407,236 received from Sida was allocated

for consultancies relating to the organisational development policies and procedures, thereby increasing the budgeted expenditure to N\$20,076,703.

1.3.2.4. Total Actual Expenditure N\$14,883,161

- (i) Total Actual Expenditure as at 31st March 2021 is N\$14,883,161 representing 74% of the total budgeted expenditure for the year (74% of N\$20,076,703), leaving a balance of N\$ 5,193,542 (26%).
- (ii) The amount of N\$1,501,500 from Madagascar did not form part of the budget for 2020/2021 Financial Year and was therefore not taken into account when budgeting for expenditure.

1.3.2.5. Unfavourable Variances

The following budget lines have unfavourable variances as at 31st March 2021:

- (i) **Administrative Costs**
An unfavourable variance of N\$34,989 (5%) was realised with expenditure of N\$808,217 against the budget provision of N\$773,228. The unfavourable variance was due partly to unanticipated expenditure on repairs and maintenance to the Official Residence of the Secretary General which included fixing of leakages in the plumbing, security fencing and faulty electrical connections. This was important to make the property habitable with basic necessities. Expenditure of the Official Residence is provided in detail in the attached **Appendix 1**.
- (ii) **Communication Expenses**
An unfavourable variance of N\$75,814 (33%) was realised with expenditure of N\$305,609 against the budget provision of N\$229,795. Expenditure on this budget line is unfavourable due to the unavoidable increase in computer licence fees, monthly internet, telephone and courier costs resulting from increased use of internet and virtual facilities resulting from the COVID19 restrictions.
- (iii) **Financial Expenses**
An unfavourable variance of N\$7,391 (11%) was realised with expenditure of N\$73,391 against the budget provision of N\$ 66,000. This was caused by an increase in finance charges due to an increase in foreign transfer fees towards payment of allowances to seconded staff and fees to various service providers, such as translators and interpreters.

(iv) Audit

An unfavourable variance of N\$148,100 (114%) was realised with expenditure of N\$278,100 against the budget provision of N\$130,000. This was due to additional work performed on the SRHR audit in order to align to the external audit Terms of Reference approved by the funding partner, Sida. The Plenary Assembly is advised that the Terms of Reference were revised in order to incorporate an audit of the status of findings and recommendations that arose from the Organisational Assessment conducted by KPMG Zambia on behalf of Sida in 2019 and 2020. The implementation of the recommendations was a condition of further co-operation and funding from Sida, and it was obligatory on SADC PF to ensure an independent assessment of the same.

(v) Capital Expenses

An unfavourable variance of N\$221,493 (111%) was realised with expenditure of N\$421,493 against the budget provision of N\$200,000. This was caused mainly by the necessary procurement of furniture and household equipment for the Official Residence pursuant to provision 6.2.9(iv) of the Administrative Rules and Regulations. Expenditure of the Official Residence is provided in detail in the attached [Appendix 1](#).

1.3.2.6. Significant Savings

(i) Plenary Assembly Budget

The 47th and 48th Plenary Assemblies both took place virtually due to the restrictions brought about by the COVID19 pandemic. While N\$3,200,000 was budgeted (N\$1,600,000 for each Plenary Assembly), total expenditure incurred for both was only N\$533,233 (17%), resulting in a favourable variance of N\$2,666,767 (83%).

(ii) Travel, Subsistence and Transport

EXCO is advised that there was no expenditure incurred on this budget line due to the travel restrictions resulting from the COVID 19 pandemic. The favourable variance is at 107% due to the fact that the 7% was funds refunded to the institution by the travel agent for a cancelled trip. While the budget was N\$245,584, an amount of N\$ 17,474 refunded for a cancelled trip, was posted to this budget line bringing the total funds to N\$263,058.

(iii) Election Observation Missions

Although there was a budget of N\$300,000, no funds were spent on this budget line. Apart for the travel restrictions, it was noted that the provision is inadequate for election

observation missions rendering it impossible to carry out the missions without additional funding from member parliaments and co-operating partners.

- (iv) **Contribution from Madagascar**
As indicated in previous reports, the amount of N\$1,501,500 from Madagascar did not form part of the budget for 2020/2021 Financial Year approved by the 46th Plenary Assembly in December 2019 as Madagascar was admitted to SADC PF after the budget was approved. However, for accounting purposes, the Madagascar contribution is recognised as Income as it was invoiced on 1st April 2020. This increases the total revenue *from Mandatory Contributions* for the financial year 2020/2021 from N\$19,646,550 to N\$21,148,050.

Although the 46th Plenary Assembly had resolved that the funds from Madagascar contribution be used to settle outstanding notch arrears for staff, the arrears were settled in full from reserves and savings on Personal Emoluments realised during the financial year ended 31st March 2020 in line with good accounting practice which recognised that the arrears related to the period up to 31st March 2020, while the Madagascar contribution was effective 1st April 2020 for the financial year ending 31st March 2021.

The above means that the amount of N\$1,501,500 has not been allocated to any budget line. The Plenary Assembly is advised that the amount will be part of the excess of income over expenditure that will form part of the accumulated reserves of the Forum as at 31st March 2021.

1.3.3. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is requested to consider and take note of the performance of the budget as at 31st March 2021, specifically the following:

- (i) The performance of the budget as at 31st March 2021, which reflects a total favourable variance of N\$ 5.19 million (26%) with significant savings realised during the year;**
- (ii) The reasons for the unfavourable variances incurred on some budget lines;**
- (iii) The budget lines with significant savings realised for the financial year and the reasons, thereof;**
- (iv) The Mandatory Contribution from Madagascar for the Financial Year ended 31st March 2021 that was not taken**

into account when the budget was approved by the 46th Plenary Assembly in December 2019, and which, therefore will form part of the excess of income over expenditure for the financial year. The This excess will be added to the accumulated reserves.

2.0. UPDATE ON RESOURCE MOBILISATION (FUNDING FROM EXTERNAL SOURCES)

2.1. DONORS CONTRIBUTIONS 2020-2021 AS AT 31 MARCH 2021

		USD TOTAL	EURO TOTAL	NAD TOTAL	EXCH RATE (31.03.21)
1	GIZ/ADA	-	213,451.00	3,659,489.32	17.1444
2	SIDA	1,163,352.28	-	17,003,440.59	14.6159
3	SAFAIDS	15,000.00	-	219,238.50	14.6159
4	ACTIONAID	22,587.00	-	330,129.33	14.6159
	TOTALS	1,200,939.28	213,451.00	21,212,297.75	

COMPARISON OF DONOR FUNDING TO TOTAL REVENUE

	N\$
MANDATORY MEMBER CONTRIBUTIONS & OTHER INTERNAL REVENUE	21,580,286
(21,148,050+25,000+407,236)	
DONOR FUNDS AS AT 31st MARCH 2021	21,212,298
TOTAL REVENUE	42,792,584
PERCENTAGE OF DONOR FUNDS COMPARED TO MEMBER CONTRIBUTIONS	98%
PERCENTAGE OF DONOR FUNDS COMPARED TO TOTAL REVENUE	49.57%

2.1.1. A total of N\$21,212,298 was received from Co-operating Partners during the period 1st April to 31st March 2021, bringing the total funds available, including internally generated funds (N\$21,559,74), to N\$42,792,584. *However, for accounting purposes, any donor funds not utilised at the end of the financial year are treated as Restricted Funds and recognised as a liability rather than income. This means that should the funds not be taken forward to be used in the next financial year the unutilised funds are to be paid back to the donor.*

2.1.2. In the case of the Sida funds for the SRHR Programme, the unaudited balance of Restricted Funds as at 31st March 2021 amounts to US\$1,231,969 (N\$18,006,335.71), and includes balances brought forward from the year ended 31st March 2020. The funds have since been included in the budget for the financial year beginning 1st April 2021.

- 2.1.3. The Plenary Assembly is advised that the utilisation rate for donor funds was low (eg: 45% for Sida funds) due to the fact that most meetings that were expected to be held physically were held virtually due to COVID 19 restrictions.
- 2.1.4. Donor funds made up 49.57% of the total funds as at 31st March 2021.
- 2.1.5. The Plenary Assembly is also advised that there are a number of co-operating partners who have rendered in-kind support to SADC PF and have collaborated with the Forum in the implementation of some of its activities, such as UNAIDS, UNICEF, UNESCO, APHRC, ARASA, Plan International, Safaids, UNHCR, UNDOC, UNFPA, ICT Africa, and Sisters for Change, to name a few. Partners have provided Resource Persons for thematic meetings of Standing Committees and other organs, and have contributed towards interpretation and translation costs. Many have made direct payment to service providers making it difficult to estimate the contribution in money terms.

2.1.6. RECOMMENDATION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

- (i) **The Plenary Assembly is requested to take note of the contributions from the co-operating partners and donor community and the significant percentage to the total revenue of the SADC PF.**
- (ii) **The Plenary Assembly is also requested to appreciate the reason for the low utilisation rate. The Plenary Assembly is also advised that funds from donors or other co-operating partners are meant for specific programmes or expenditures and cannot be applied to activities that are not part of the agreement signed with the donor. In this regard, any donor funds not utilised at the end of the financial year are treated as Restricted Funds for accounting purposes and recognised as a liability rather than income. This means that should the funds not be taken forward to be used in the next financial year, the unutilised funds are to be paid back to the donor.**

3.0. UPDATE ON ACTION TAKEN ON PLENARY ASSEMBLY RESOLUTIONS

3.1. DISPOSAL OF PROPERTY AT 66 EROSWEG, EROS, WINDHOEK, NAMIBIA

- 3.1.1. The Plenary Assembly is advised that pursuant to the re-advertisement of the Invitation for bids, an offer was received on 17th May 2021 in the amount of N\$2,800,000 (Two Million, Eight Hundred Thousand Namibian Dollars) from an individual. In this

regard, the EXCO unanimously resolved to accept the offer of N\$2,800,000 (Two million eight hundred thousand Namibian dollars) notwithstanding the fact that it falls short of the reserve price of N\$2,850,000 (Two million eight hundred and fifty thousand Namibian dollars). The process of securing the sale is ongoing. An update will be given at the 49th Plenary Assembly session.

3.1.2. RECOMMENDATION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is invited to take note of the above development.

3.2. PROCUREMENT OF OFFICIAL VEHICLE FOR THE SG

- 3.2.1. Due to the prevailing circumstances and uncertainties in the car market, the EXCO resolved that the procurement of the vehicle should be put in abeyance for three months up to September 2021 while awaiting the release of new and better models by motor vehicle suppliers.

3.2.2. RECOMMENDATION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is invited to take note of this development.

3.3. REVIEW OF INTERNAL AUDIT POLICY DOCUMENTS

- 3.3.1. The review of the Internal Audit Policy documents is ongoing. The assignment was awarded to KPMG Zambia at a cost of USD 7,670 including VAT and disbursements. The revised documents are expected to be submitted by end of June 2021.

3.3.2. RECOMMENDATION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is invited to take note of the above development.

3.4. SECONDMENT OF INTERNAL AUDITOR

- 3.4.1. The Parliament of Mozambique has seconded Mr Hélio Nones da Costa Chiipe as Internal Auditor for a period of two years, from 24th May 2021 to 23rd May 2023. Mr Chiipe has a Degree in Economics from Eduardo Mondlane University, and has attended courses in Internal Auditing. He is proficient in spoken and written Portuguese and is fair in spoken and written English. He has been employed as

Internal Auditor, National Assembly of Mozambique, from 2010 to date.

3.4.2. RECOMMENDATION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is requested to take note of the above development and to commend the National Assembly of Mozambique for the secondment of the Internal Auditor.

4.0. RISK ASSESSMENT (Finance Risks)

4.1. The Plenary Assembly is advised that the Risk Management System is now being implemented. The following are listed in the Risk Register and were rated as High at the time of development of the register:

- (i) Lack of financial sustainability for some programmes.
- (ii) A wide span of control in the Finance Division
- (iii) Inadequate resources/provision for appropriate human resources both in number, remuneration and qualifications to enable efficient delivery of operational and Strategic goals.
- (iv) Financial loss due to Fraud and Theft.
- (v) Poor Financial Management
- (vi) Failure to produce accurate and timely monthly, quarterly and annual reports
- (vii) Failure to comply with IFRS
- (viii) Failure to Comply with regulatory requirements of Host Country on PAYE and other relevant regulations
- (ix) Inadequate financial resources
- (x) Non-Compliance with Grant Conditions
- (xi) Insufficient cash expenditure controls
- (xii) Insufficient expenses controls

4.2. The Plenary Assembly is invited to note that the risks above were listed as a hypothetical baseline to the introduction of the Risk Register and to kick-start the implementation of the Risk Management System. In this regard, the review and management of risks is an ongoing process.

4.3. The current systems in place to mitigate risks, and further required mitigating actions, are detailed in the Risk Register, which is available to Members. Most of the mitigating actions have since been implemented or are in the process of being actioned. As a result, it is submitted that most of the risk ratings have moved from High to Low. Mitigating actions for Risks that are still flagged as high are linked to the Job Evaluation and Salary Review exercises and refer, specifically to the capacity and retention of human resources.

- 4.4. Also still ranked as High is (i) Lack of financial sustainability for some programmes, and this despite mitigating measures taken since this risk is not within the Forum's control. In view of shifting priorities by donor agencies and governments due to the need to mitigate the social and economic effects of COVID19, resource mobilisation efforts may be frustrated.
- 4.5. The following risk is identified as possible and with a major impact on the operations, making it high level:
- (i) Inadequate Financial Resources: Risk that, some Member Parliaments may not be able to pay the Mandatory Contributions due to the negative impact that COVID19 has had on the social and economic sectors. Mandatory Contributions to SADC PF may not be high on the priority list resulting in delayed payments, or even non-payment for this Financial Year 2021/2022. As at 31st March 2021, three Parliaments out of 15 have not settled their Mandatory Contributions for the year ended 31st March 2021. One Parliament is also in arrears for two financial years ended 31st March 2020 and 2021.
- 4.6. RECOMMENDATION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY**
- (i) **The Plenary Assembly is invited to take note of the above risks and the mitigating actions, both implemented and outstanding.**
- (ii) **The Plenary Assembly is advised that the Terms of Reference of the EXCO and its Sub-Committees are in the process of being reviewed in order to incorporate risk management.**

**Hon. Darren BERGMAN, MP
TREASURER**

5th June 2021

Attachments:

- *Appendix 1: Schedule of Expenditure on Official Residence of the Secretary General*