



**50TH PLENARY ASSEMBLY VIRTUAL SESSION
10TH TO 12TH DECEMBER 2021**

**EXECUTIVE COMMITTEE REPORT ON FINANCIAL MATTERS
(TREASURER'S REPORT)**

The Treasurer's Report consists of the following:

A. PAPER 1

AUDITED FINANCIAL STATEMENTS (AFS) AS AT 31ST MARCH 2021 AND MANAGEMENT ACCOUNTS FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021

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BUDGET PROPOSAL FOR THE FINANCIAL YEAR 1ST APRIL 2022 TO 31ST MARCH 2023

PAPER 1

AUDITED FINANCIAL STATEMENTS (AFS) AS AT 31ST MARCH 2021 AND MANAGEMENT ACCOUNTS FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021

1.0. AUDITED FINANCIAL STATEMENTS (AFS) AS AT 31ST MARCH 2021

*The Audited Financial Statements (AFS) are attached as **Appendix 1**.*

1.1. Executive Committee's Responsibilities and Approval

1.1.1. The Executive Committee's responsibilities and approval requirement are outlined in detail in the AFS. Having confirmed and discharged its responsibilities, the EXCO is required to approve the AFS, which are to be signed on its behalf by the Treasurer and the President.

1.1.2. In approving the AFS, the EXCO is required to confirm the following:

i. Nature of business

The Forum was established for the purpose of strengthening capacity of the Southern African Development Community (SADC) by involving parliamentarians of SADC member states in activities that contribute to the well-being of SADC.

There have been no material changes to the nature of the Forum's business from the prior year.

ii. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Forum's Constitution. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Forum are set out in these annual financial statements.

iii. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Forum or in the policy regarding their use.

At 31 March 2021 the Forum's investment in property, plant and equipment amounted to N\$8,288,373 (2020: N\$ 4 011 491), of which N\$8,236,178 (2020: N\$ 25 894-) was added in the current year through additions.

iv. Events after the reporting period

On the 18th of August 2021, the 41st Ordinary Summit of the Heads of State and Government of SADC approved the transformation of the SADC PF into a SADC Parliament as a consultative and a deliberative body.

The Executive Committee is not aware of any other material events which occurred after the reporting date and up to the date of this report (31st March 2021).

v. Going concern

The Executive Committee is required to pronounce itself on the future of the institution in the following statement:

“The Executive Committee members believe that the Forum has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Executive Committee members have satisfied themselves that the Forum is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Executive Committee members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Forum.”

1.2. Auditor's Opinion

In the opinion of the Auditor, “the annual financial statements present fairly, in all material respects, the financial position of SADC Parliamentary Forum as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the SADC PF Constitution”.

1.3. Statement of Financial Position as at 31st March 2021

The following is worth noting:

1.3.1. Property, Plant and Equipment

- i. During the financial year 2020-2021, the Net Book Value (NBV) of Property, Plant and Equipment increased from N\$4,011,491 to N\$8,288,373. This increase in value was a result of the following:

	N\$
NBV as at 1st April 2020	4,011,491
Additions during the year:	
New house for SG (*)	7,814,971
Furniture & Fittings	296,051
IT Equipment	125,156
Less:	
Depreciation	-146,479
Impairment (**)	-1,012,817
Asset held for sale (**)	-2,800,000
NBV as at 1st April 2020	8,288,373

- ii. *New Official Residence, 89 JH Ithana, Ludwigsdorf, Klein Windhoek:
The new official residence of the Secretary General was purchased for N\$7,550,000 through a bank loan of N\$6,240,000 and cash deposit of N\$1,310,000. The property was independently valued at N\$7,814,971 representing land valued at N\$2,800,000 and building at N\$5,014,971. The building is located at 89 JH Ithana street, Ludwigsdorf, Klein Windhoek, ERF 2052.
- iii. ** House at Eros Park
The property located at Eros Park, Erf 3422 was purchased in November 2017 at a price of N\$4,150,000. Additional capital expenditure (major renovation works) at the house during 2018 amounted to N\$202,609 bringing the total cost of the house to N\$ 4,255,776. The full cost was financed by member parliaments through a Once-off Contribution of N\$440,000.
- iv. Following a revaluation exercise carried out in February 2020, the value of the house was reduced to N\$ 3,900,000. Thus, in the audited financial statement for 2019/2020, there was an impairment cost of N\$268,723 and depreciation of N\$87,053.
- v. During the financial year 2020/21, the value of

the house has further been reduced to N\$2,800,000 based on the market value (last sale offer received). Thus, in the audited financial statement for 2020/2021, there is an impairment cost of N\$1,012,817 and depreciation of N\$87,183.

- vi. To comply with International Financial Reporting Standard (IFRS5), the house is now classified as 'Asset Held for sale' at a value of N\$2,800,000.
- vii. Since this house was fully financed by member parliaments as a Capital Grant, all depreciation (N\$87,053+N\$87,183) and impairment cost (N\$268,723+N\$1,012,817) are charged to Capital grant instead of treating it as expenses in the Income Statement. The Capital Grant (as disclosed in the audited financial statement) stands at:

	N\$
Initial value	4,255,776
Depreciation	174,236
	(N\$87,053+N\$87,183)
Impairment	1,281,540
	(N\$268,723+N\$1,012,817)
Net Value 2021	2,800,000

- viii. Property, plant and equipment encumbered as security
The following assets have been encumbered as security for the secured long-term borrowings : Land and buildings N\$7,814,971

The loan is denominated in Namibian dollars (N\$), bears interest at 7,50% per annum, is secured over buildings of N\$ 5,014,971 and land of N\$ 2,800,000 and repayable in installments of 120 months.

1.3.2. Equity (Retained Income)

The Equity (Retained Income) increased from N\$717,957 as at 31st March 2020 to N\$ 7,824,498 as at 31st March 2021 due to an Operating Surplus of N\$7,210,223. The surplus is further detailed under "Statement of Financial Performance" at 1.4 below.

1.3.3. Going Concern

The Financial Position as at 31st March 2021 is healthy with equity of N\$7,824,498 represented by Total Assets of N\$44,500,091 and Total Liabilities of N\$36,675,593. There is no identified threat on the going concern status of the institution.

1.3.4. Restricted Funds

Included in the cash and cash equivalents is an amount of N\$21,793,468 (2020: N\$ 10,700,812) relating to bank accounts for external funding and for specific projects. The funds are held in designated bank accounts to be used only for the purpose of financing specific projects.

1.4. Statement of Financial Performance for the Year Ended 31st March 2021

The following is worth noting:

1.4.1. The Audited Financial Statements as at 31st March 2021, record total Revenue of N\$30,806,692. Out of this amount, N\$22,523,478 (73%) was from Mandatory Annual Member Contributions, while N\$8,283,214 (27%) was grants received from co-operating partners. Additional Operating Income amounting to N\$415,471 was raised from Administration and Consultancy Income charged to partners. Investment Income totalled N\$9,807. This brought the Total Revenue plus Income to N\$31,231,970.

1.4.2. Total Operating Expenditure for the year was N\$23,959,094. Foreign Exchange losses were incurred to an amount of N\$52,846, and Finance Costs amounted to N\$113,485, bringing the Total Expenditure to N\$24,125,425.

1.4.3. The Total Comprehensive Surplus for the year was N\$7,106,545 (N\$31,231,970 minus N\$24,125,425). The Operating Surplus of N\$7,210,223 excludes investment income (N\$9,807) and finance costs, (N\$113,485) which once added and deducted, respectively, result in the Total Comprehensive Surplus.

1.4.4. The surplus is a result of the following circumstances and factors, among others:

- (i) Budgeted Revenue: The total Revenue from Mandatory Contributions includes the contribution from Madagascar amounting to N\$1,501,500 which did not form part of the budget for 2020/2021 Financial Year approved by the 46th Plenary Assembly in December 2019. This was because Madagascar was admitted to SADC PF after the budget was already approved.

However, for accounting purposes, the Madagascar contribution is recognised as Income as it was invoiced on 1st April 2020 and increases the total revenue *from Mandatory Contributions* for the financial year 2020/2021 from N\$19,646,550 to N\$21,148,050. The same was reported to the 47th Plenary Assembly in October 2020, who recognised that the amount would form part of the accumulated reserves at the year ending 31st March 2021.

- (ii) Grant Contribution to Capital – Applied: N\$1,375,429
The Grant Contribution to Capital - Applied relates to once-off funds contributed by member parliaments to acquire a house for the Secretary General. The house was acquired during 2018 financial year. A portion equivalent to annual depreciation and impairment loss is recognised as revenue by reducing the Grant Contribution to Capital balance. This amount results from the re-evaluation of the property at 16 Erosweg, Eros, whose value decreased from N\$4,175,429 to N\$2,800,000. The property is currently being held for sale with the N\$2,800,000 as the reserve price.
- (iii) Reduction in costs due to the conduct of SADC PF meetings, including the 47th and 48th Plenary Assemblies, by virtual means, with no travel costs involved. The total net savings on the budgeted expenditure amount to over N\$4.0 million. The saving on Plenary Assembly alone amounts to N\$2.6 million, while a saving of N\$1.8 million was realised on the Personal Emoluments budget.

1.5. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is requested to consider and approve the Audited Financial Statements for the year ended 31st March 2021.

1.0. MANAGEMENT ACCOUNTS FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021

1.1. MANDATORY MEMBER CONTRIBUTIONS AS AT 30TH SEPTEMBER 2021

2.1.1. Background to Annual Mandatory Contribution

- (i) The current annual mandatory contributions from Member Parliaments, stand at N\$1,501,500 per annum, per Parliament. Seychelles contribution is N\$127,050 per annum.

- (ii) The total revenue from Mandatory Contributions for the financial year 1st April 2021 to 31st March 2022 is therefore N\$21,148,050.

2.1.2. Status of Members Contribution as at 30TH September 2021

PARLIAMENT	BALANCE B/F 01-Apr-21	INVOICED AMOUNT	AMOUNT RECEIVED	BALANCE 30-Sep-21	REMARKS
Angola	1,501,500	1,501,500	3,003,000	-	PAID
Botswana	71,500	1,501,500	1,501,500	71,500	PAID
DRC	1,501,500	1,501,500	-	3,003,000	OUTSTANDING
Eswatini	-	1,501,500	1,501,500	-	PAID
Lesotho	950,313	1,501,500	1,501,500	950,313	PAID
Madagascar	-	1,501,500	-	1,501,500	OUTSTANDING
Malawi	(748,500)	1,501,500	753,000	-	PAID
Mauritius	-	1,501,500	1,501,500	-	PAID
Mozambique	(1,501,500)	1,501,500	-	-	PAID
Namibia	-	1,501,500	-	1,501,500	OUTSTANDING
Seychelles	-	127,050	127,050	-	PAID
South Africa	(1,501,500)	1,501,500	-	-	PAID
Tanzania	2,931,500	1,501,500	2,931,500	1,501,500	OUTSTANDING
Zambia	-	1,501,500	1,501,500	-	PAID
Zimbabwe	-	1,501,500	-	1,501,500	OUTSTANDING
TOTAL	3,204,813	21,148,050	14,322,050	10,030,813	-

2.1.3. Full Payment for Current Financial Year ending 31st March 2022

As at 30th September 2021, ten (10) Parliaments, namely, Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Seychelles, South Africa, and Zambia have paid their 2021/22 Annual Contributions in full.

2.1.4. However, Botswana made a 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 has a balance of N\$ 950,313 still outstanding, carried over from the Financial Year ended 31st March 2021.

2.1.5. No Payment for Current Financial Year ending 31st March 2022

The following five (5) countries have not yet made any payment towards the contribution for the current Financial Year ending 31st March 2022: DRC, Madagascar, Namibia, Tanzania and Zimbabwe.

2.1.6. Arrears in Mandatory Contributions Beyond the Current Financial Year

DRC is also owing N\$ 1,501,500 for the previous financial year ended 31st March 2021, bringing the total balance outstanding to N\$3,003,500.

2.1.7. It is worth noting that Tanzania, who were in arrears for 2 Financial Years (ended 31st March 2020 and 31st March 2021), settled the arrears amounting to N\$2,931,500 in July 2021. In this regard, only the amount of N\$1,501,500 for the current financial year is still outstanding.

2.1.8. UPDATE AS AT 13TH NOVEMBER 2021

Payment was received from Namibia on 7th October 2021. Lesotho has since submitted proof of processing of the payment of the balance of N\$950,313. Further updates, where any, will be given at the Plenary Assembly on 11th December 2021.

2.1.9. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

- a) The Plenary Assembly is requested to consider and take note of the status of Annual Mandatory Contributions as at 30th September 2021, and the update as provided to the 50th Plenary Assembly on 11th December 2021, and to commend Member Parliaments for their dedication to SADC PF, as evidenced by their continued contributions annually.**
- b) The Plenary Assembly is requested to encourage those Parliaments with outstanding balances to settle the same as a matter of priority.**

2.2. BUDGET PERFORMANCE REPORT AS 30TH SEPTEMBER 2021

2.2.1. Update on Implications of COVID19 on Financial Performance

- (i) The COVID 19 pandemic has continued to have some positive effects on the budget due to the fact that all the statutory meetings of the SADC PF have to date been held virtually through Zoom. In this regard, no travel costs have been incurred. The 47th, 48th and 49th Plenary Assemblies were conducted via Zoom and so will the 50th Plenary Assembly, resulting in considerable savings.
- (ii) On the other hand, interpretation costs have increased due to the increase in the number of interpreters per meeting from an average of four to six. Also much higher than anticipated at the

time of budgeting are translation costs due to an increase in the number of documents circulated in the three official languages as a result of the increased number of meetings.

- (iii) The nature of the costs has changed, with costs being incurred on videoconferencing platform licences, graphic design, videos, and ICT support.
- (iv) It is worth noting that face-to-face meetings will commence in November 2021, with the Executive Committee scheduled to meet in Johannesburg, South Africa.
- (v) With the resumption of face-to-face meetings, new cost items are anticipated such as COVID 19 Tests for invited participants, both for travel purposes, and in order to manage possible infections during the meetings. Provisions for medical facilities, masks and sanitising, as well as social distancing arrangements will have to be made. Also it will be necessary to facilitate participation by virtual means for delegates who may not be able to travel, resulting in hybrid meeting arrangements.
- (vi) The COVID 19 pandemic has also resulted in some major airlines either going into liquidation, cutting down on operations, or cutting off flights to countries labelled as high risk. This has resulted in an increase in airfares due to re-routing of flights within and outside the region.

2.2.2. Budget Variance Report as at 30th September 2021

		Annual	Actual YtD	Balance	VAR %	Actual Exp	STATUS
	SADC-PF	budget	30.09.21	30.09.21	30.09.21	% of Budget	
1	O/Heads: Administrative Costs	925,524.00	561,926.24	363,597.76	39.29%	60.71%	Favourable
2	O/Heads: Communication Expenses	360,980.00	140,172.79	220,807.21	61.17%	38.83%	Favourable
3	O/Heads: Financial Expenses	396,000.00	324,696.80	71,303.20	18.01%	81.99%	Favourable
4	O/Heads: Motor Vehicle Running Costs	82,800.00	11,294.51	71,505.49	86.36%	13.64%	Favourable
5	O/Heads: Professional, Consultancy and Legal Expenses	81,900.00	149,760.03	- 67,860.03	-82.86%	182.86%	Unfavourable
6	O/Heads: Staff Emoluments	11,954,005.00	4,980,835.35	6,973,169.65	58.33%	41.67%	Favourable
7	O/Heads: Travel, Subsistence and Transport	245,584.00	76,788.45	168,795.55	68.73%	31.27%	Favourable
8	O/Heads: Audit	130,000.00	139,755.00	- 9,755.00	-7.50%	107.50%	Unfavourable
9	O/Heads: Insurance	223,070.00	64,833.42	158,236.58	70.94%	29.06%	Favourable
10	Direct Exp: Plenary Assembly Meetings	2,164,600.00	431,244.63	1,733,355.37	80.08%	19.92%	Favourable
11	Direct Exp: Executive Committee Meetings	118,200.00	129,207.12	- 11,007.12	-9.31%	109.31%	Unfavourable
12	Direct Exp: Steering Committee Meetings	259,800.00	199,592.69	60,207.31	23.17%	76.83%	Favourable
13	Direct Exp: Other Policy Organ Costs	86,500.00	72,465.40	14,034.60	16.22%	83.78%	Favourable
14	Direct Exp: Language Translation Costs	100,000.00	30,102.50	69,897.50	69.90%	30.10%	Favourable
13	Direct Exp: Programme Support	201,500.00	119,807.88	81,692.12	40.54%	59.46%	Favourable
14	Direct Exp: Standing Committee Meetings	468,400.00	186,040.12	282,359.88	60.28%	39.72%	Favourable
16	Election Observation Missions	300,000.00	-	300,000.00	100.00%	0.00%	Favourable
17	Capital Expenditure	601,648.00	40,086.03	561,561.97	93.34%	6.66%	Favourable
18	Contingencies fund	80,000.00	-	80,000.00	100.00%	0.00%	Favourable
19	Mortgage repayment (Capital portion)	624,000.00	312,000.00	312,000.00	50.00%	50.00%	Favourable
20	Motor Vehicle (Deposit & Loan Repayment Capital Portion)	540,000.00	-	540,000.00	100.00%	0.00%	Favourable
	TOTALS	19,944,511.00	7,970,608.96	11,973,902.04	60.04%	39.96%	

2.2.2.1. Context

This Budget Variance Report does not include donor funded budgeted income and expenditure but focuses on budgeted income and expenditure from Mandatory Member Contributions and Other Income earned by SADC PF. Included in Other Income is Interest earned, and Administrative Fees earned from the Sida Project. In the approved budget for the Financial Year, the budgeted amount from Donor Funds of N\$23,399,340 has a corresponding total budgeted expenditure of N\$23,399,340. Fund Accountability Statements for Donor funding received will be reported in a separate section of this report.

2.2.2.2. Total Budgeted Revenue for the Financial Year: N\$21,605,738

The Total Budgeted Revenue is broken down as follows:

	REVENUE SOURCE	N\$
	Annual Mandatory Contributions	21,148,050
	Interest Receivable	25,000
	Other Income	432,688
	Total Budgeted Revenue	21,605,738

2.2.2.3. Budgeted Expenditure: N\$ 19,944,511

The Total Budgeted Expenditure for the financial year, less Donor Funds budgeted expenditure, was N\$19,944,511. This resulted in a budgeted surplus of N\$1,661,227 (N\$ 21,605,738 minus 19,944,511).

2.2.2.4. Total Actual Expenditure N\$7,970,609

Total Actual Expenditure as at 30th September 2021 is N\$7,970,609 representing 60% of the total budgeted expenditure for the year (60% of N\$19,944,511), leaving a balance of N\$11,973,902 (40%).

2.2.2.5. Unfavourable Variances

The following budget lines have unfavourable variances as at 30th September 2021:

- (i) Professional, Consultancy and Legal Expenses
An unfavourable variance of N\$67,860 (83%) was realised with expenditure of N\$149,760 against the budget provision of N\$81,900. This represents expenditure of 183% of the budget. Expenditure on this

budget line was consultancies in respect of the Salary Review and Performance Management Systems, among others. The unfavourable variance of N\$67,860 arose mainly because, while the total fees to Mr Rob Oakley of N\$130,000 were to be paid from the financial year ended 31st March 2021, only N\$88,200 was accrued to the financial year, leaving a balance of N\$41,800 which then formed part of the expenditure for this year. This transaction was to be corrected but the Audited Financial Statements (AFS) for the year ended 31st March 2021 had since been finalised.

(ii) Audit Fees

An unfavourable variance of N\$9,755 (7.5%) was realised with expenditure of N\$139,755 against the budget provision of N\$130,000. Expenditure on this budget line is unfavourable due to the actual fees charged being above what was anticipated. The estimate was based on the previous year's Audit Fees (N\$124,160), with a provision for approximately 5% increase.

(iii) Executive Committee Meetings

An unfavourable variance of N\$11,007 (9.3%) was realised with expenditure of N\$129,207 against the budget provision of N\$118,200. Expenditure on this budget line has been high due to high translation costs for documents and communication shared with the President and EXCO Members. All communication with the President has to be translated and/or interpreted into French, which has considerably increased language costs for EXCO meetings. Also contributing to the high costs is interpretation costs due to the increase in the number of interpreters from four to six to cater for the virtual meeting requirements.

It is worth noting that expenditure for EXCO Sub-Committee meetings is allocated to other policy organs, specifically Steering Committee and Other Policy Organs budget lines. These budget lines have a combined favourable variance of N\$74,241 which may be depleted by the meetings scheduled for November and December 2021. In this regard, it will be necessary to charge related budget lines such as the Plenary Assembly when EXCO and its Sub-Committees meet to prepare for the Plenary Assembly. This is especially possible in the current budget where savings are anticipated due to holding both Plenary Assemblies virtually.

2.2.2.6. Significant Savings

2.2.2.6.1. Plenary Assembly Budget

- (i) While the budget anticipated that the 49th Plenary Assembly will be held virtually and that the 50th Plenary Assembly would be face-to-face, both the 49th and 50th Plenary Assemblies will be held virtually due to the continued restrictions brought about by the COVID19 pandemic.
- (ii) In this regard, while N\$2,164,600 was budgeted, total expenditure incurred for the 49th Plenary Assembly was N\$431,244, while that of the 50th Plenary Assembly has been projected at N\$600,000. This will result in savings of about N\$ 1.13million.

2.2.2.7. Fast Moving Budget Lines

- (i) Administrative Costs
Actual expenditure is already at 61% of budgeted expenditure.
- (ii) Financial Expenses

Actual expenditure is at 82% of budgeted expenditure. This has been caused by the high level of bank charges due to online payments. Effective 2019, all payments are now made by bank transfer. Also there has been an increase in foreign payments due to the engagement of seconded staff, consultants, interpreters and translators who work from their home countries and have to be paid in their local currencies which attracts bank charges. This trend will continue due to circumstances being beyond the institution's control.

- (iii) Steering Committee and Other Policy Organs
Actual Expenditure stands at 76% and 83% of budgeted expenditure for Steering Committee and Other Policy Organs, respectively. As with EXCO meetings, there has been an increase in language costs due to translation of documents and interpretation.
- (iv) Programme Support (43% Favourable, Fast moving)
Actual expenditure stands at 59% of budgeted expenditure
There has been an increase in activity under this budget line due to the workplan (for activities that are not externally funded). The expenditure on interpretation and translation is considerable with N\$40,500 being spent on interpretation services only per meeting. The number of documents outsourced for translation also increased due to an increase in the number of meetings held. It is anticipated that, in the

absence of external funding, this budget line may be overdrawn before the end of the financial year.

2.2.2.8. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

(i) The Plenary Assembly is requested to consider and take note of the performance of the budget as at 30th September 2021, specifically the following:

- a) The performance of the budget, including the reasons for the unfavourable variances, and the budget lines with significant savings realised for the period 1st April to 30th September 2021; Also to take note of the fast moving budget lines.**
- b) The implications of COVID 19 on financial performance, including the anticipated new cost items that will be incurred for face-to-face meetings.**

2.3. INVESTMENT OF FUNDS

- 2.3.1. The SADC PF Main Account is a non-interest earning account. In view of this, and following consultations with the Treasurer, an investment account was opened with NEDBANK on 6th October 2021. This is to enable SADC PF to earn interest on funds not immediately required. An amount of N\$8,000,000 (Eight Million Namibian Dollars) was deposited into the account. The investment of N\$8,000,000.00 will earn interest of N\$29,589 per month at the rate of 4.5%. The minimum balance required is N\$1,000,000 (One Million Namibian Dollars).
- 2.3.2. The use of an investment account is in line with SADC PF Accounting Policy in terms of Rules 12.1 and 12.2 of the SADC PF Accounting Manual.
- 2.3.3. The choice of NEDBANK was based on quotations sought from two of SADC PF's bankers, namely NEDBANK and FNB for investment accounts with the least period of notice. While with NEDBANK, an investment of N\$8,000,000.00 can earn SADC PF interest of N\$29,589 per month at the rate of 4.5%, in comparison, the interest rate for FNB was 4.07 per month, earning interest of N\$27,178 per month.
- 2.3.4. In addition, SADC PF's Main Account to which Mandatory Member Contributions are deposited, and which will be the source of the invested funds, is held with NEDBANK. Also, SADC PF has been banking with NEDBANK from inception and has since obtained a Mortgage from the same bank. The account type is Business Accelerator, which is accessible 24 hours, 7 days a week.

2.3.5. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is requested to consider and take note of the Investment of Funds.

2.0. FINANCIAL REPORTS FOR DONOR FUNDED PROJECTS

3.1. SIDA SEXUAL REPRODUCTIVE HEALTH & RIGHTS (SRHR) PROJECT

3.1.1. Audited Financial Statements (AFS) as at 31st March 2021

The Audited Financial Statements (AFS) are attached as [Appendix 2](#).

3.1.1.1. The current SRHR project runs from 1 July 2019 to 30 June 2022. The project has a total grant budget of about US\$ 3,215,247 (SEK 30 million) to be used over a period of three years. The SRHR funds are kept in separate bank accounts and the financial statements are prepared in US Dollar and audited separately.

3.1.1.2. Financial Performance as at 31 March 2021

The total Grant received, and fund utilized during the financial years 2019/2020 and 2020/2021 are as follows:

	2019/2020	2020/2021
	US\$	US\$
Balance b/f		537,734
Grant Received	1,057,080	1,163,352
Fund Utilized	<u>519,346</u>	<u>472,987</u>
Net Restricted fund	<u>537,734</u>	<u>1,228,099</u>

3.1.1.3. The utilization rates (burn rate) are 49.13% (US\$ 519,346/ US\$ 1,057,080) for Year 1 and 40.65 % (US\$ 472,987/US\$ 1,163,352) for year 2. This low utilization of fund is due to the following reasons:

- (i) Year 1 financial period was for only 9 months from 1st July 2019 to 31st March 2020 in line with the start of the project.
- (ii) There were delays in the recruitment of Researchers by national parliaments and therefore activities at national levels were delayed.
- (iii) There are some national parliaments (Mauritius, South Africa, and Tanzania) who have not yet recruited Researchers. This means that amount budgeted for Researcher fees could not be fully utilized and secondly national activities (workshop & conferences) in these countries could not be held as planned.

- (iv) With the travel restrictions and lockdowns due to Covid-19 pandemic, physical meetings were not always possible during 2020-2021, however virtual meetings were carried out where possible.
- (v) Public hearings and attendance to international conferences were not possible during the reporting period due to Covid-19 situation.

3.1.1.4. Financial Position as at 31 March 2021

As at 31st March 2021 there was US\$ 1,241,511 in the SRHR project bank accounts. This represents:

Unutilized funds	US\$ 1,228,099	<i>[see above]</i>
Accruals	US\$ 13,412	<i>[audit fees and translation/interpretation cost due]</i>
TOTAL	US\$ 1,241,511	

3.1.1.5. Financial Report as at 30th September 2021

The grant for the SRHR Project committed by Sida for the Financial Year 1st April 2021 to 31st March 2022 totals US\$1,149,424. Expenditure to 30th September 2021 amounts to US\$265,666, resulting in a Net Surplus of income over expenditure of US\$883,758 which translates to N\$12,918,780. Details of expenditure are contained in the schedule below.

SADC Parliamentary Forum		
Project: Sexual & Reproductive Health and Rights & HIV/AIDS & Governance (2019-2022)		
Funding Organisation: Swedish Government (Sida)		
STATEMENT OF FINANCIAL PERFORMANCE : 1ST APRIL TO 30TH SEPTEMBER 2021		
(FUND ACCOUNTABILITY STATEMENT)		
Details	6 months 30 Sep 2021 US\$	Year ended 31 Mar 2021 US\$
REVENUE		
Grant received	1,149,424	1,163,352
Total funding	1,149,424	1,163,352
EXPENDITURE		
Salaries & Allowances	156,382	315,137
Regional meetings of the HSDSP Committee	22,916	11,042
Joint Session of Chairpersons of Regional Standing Committees	9,872	-
Meeting of Clerks/Secretaries General of national Parliaments	2,400	10,455
Roundtable meeting with technical partners	-	-
Induction and Consultation session with SRHR Researchers	-	624
Joint Session of Standing Committees of the Forum	-	1,911
Regional Meeting of Clerks-at-the-Table	-	4,860
Multi-stakeholder Consultative workshops with national Parliaments	-	-
Capacity development workshops for staff of the Forum	-	-
Oversight Committee to domesticate legal norms	-	1,638
Roundtable discussions-national Parliament and Line Ministries	1,470	19,680
Capacity development-Researchers, legal drafters & staff of Parliaments		4,735
Public hearings Meeting	5,142	-
Conduct public awareness campaigns-legislative process	2,300	1,864
Budget analysis retreats for Committees and Staff		1,193
Capacity development workshop for MPs and CSOs	21,077	28,804
Attend regional/ international conference on SRHR and HIV/AIDS	-	-
Consultative workshops with inter-parliamentary entities	-	-
External Audits & End of Project Evaluation		9,586
Attend Plenary Assembly session		276
Administrative overhead	3,179	26,216
Legal Drafter & M&Evaluation Consultancy	15,500	2,500
National working group meetings	2,600	525
E-communication	10,827	31,940
Corporate Governance Executive	12,000	-
Total expenditure	265,666	472,987
NET SURPLUS/(DEFICIT) (US\$)	883,758	690,365
NET SURPLUS/DEFICIT (N\$)	12,918,780	10,091,763

3.2. GIZ/ADA PROJECT ON STRENGTHENING PARLIAMENTARY CAPACITY IN THE SADC

- 3.2.1.** The grant is financed by the Government of the Federal Republic of Germany and co-financed by the Austrian Development Agency. The grant is administered on their behalf by GIZ. The project runs from 1st March 2020 to 31st May 2022. The grant amount is EURO 309,905. The donor does not require Audited Financial Statements

for its grant but requires periodic financial reports which are submitted on a quarterly basis.

3.2.2. Statement of Financial Position as at 30th September 2021

3.2.2.1. The balance of funds brought forward on 1st April 2021, from the financial year ended 31st March 2021 is Euro 173,807 (N\$3,313,996). Expenditure incurred from 1st April to 30th September 2021 totalled Euro 28,499 (N\$431,802), resulting in a Net Surplus of Euro 145,308 (N\$2,882,194). Details of expenditure are as contained in the Fund Accountability Statement below:

Fund Accountability Statement		
	N\$	EURO
<u>Income:</u>		
Balance b/f 1st April 2021	3,313,996	173,807
<u>Expenditure:</u>		
DGHR Committee Meeting	29,160	1,733
Pre-Election Consultative Meeting Zambia	295,016	16,206
Transformation into SADC Parliament	5,806	3,376
DGHR Committee Meeting	101,821	7,185
Total Expenditure	431,802	28,499
Net Surplus	2,882,194	145,308

3.3. ACTIONAID ACCOUNTABILITY AND GENDER RESPONSIVENESS PROJECT

3.3.1. The grant is financed by the Swiss Agency for Development and Cooperation (SDC). The grant is administered on their behalf by ACTIONAID. The project runs from 1st July 2019 to 30th June 2023. The grant amount is US\$158,199. The donor does not require Audited Financial Statements for its grant but requires periodic financial reports which are submitted every six months.

3.3.2. The overall goal of the Project is to improve accountability and gender responsiveness in public resource management, particularly in the areas of HIV/SRH services for adolescents and youth and agricultural services contributing to the realisation of selected SADC regional commitments.

3.3.3. Statement of Financial Position as at 30th September 2021

3.3.3.1. The balance of funds brought forward on 1st April 2021, from the financial year ended 31st March 2021 is US\$7,649 (N\$126,328). Further funding of US\$45,209 (N\$656,814) was received during the year, bringing the total funds available to US\$52,858 (N\$783,143).

3.3.3.2. Expenditure incurred from 1st April to 30th September 2021 totalled US\$5,258 (N\$86,848), resulting in a Net Surplus of US\$47,599 (N\$696,295). The expenditure was incurred on an online Joint Session of the Standing Committees on HSDSP, FANR and GEWAYD. Details are as contained in the Fund Accountability Statement below:

Fund Accountability Statement		
	N\$	USD
<u>Income:</u>		
Balance b/f 1st April 2021	126,328	7,649
Receipt	656,814	45,209
Total Receipts	783,143	52,858
<u>Expenditure:</u>		
Online Joint Session HSDSP, FANR & GEWAYD	86,848	5,258
Total Expenditure	86,848	5,258
Net Surplus	696,295	47,599

3.4. SAFAIDS, PLAN INTERNATIONAL, SADC, UNAIDS, UNFPA, UNDOC, ARASA: DEVELOPMENT OF GENDER BASED VIOLENCE (GBV) MODEL LAW

3.4.1. The Development of the GBV Model Law is ongoing. In this regard, SAFAIDS and Plan International are among a group of cooperating partners supporting the process. The other partners, SADC, UNAIDS, UNDOC, UNFPA and ARASA, have made direct payments to the Consultant and support services required for the meetings and consultative process in the development of the Model Law.

3.4.2. Statement of Financial Position as at 30th September 2021 (SAFAIDS)

The funds brought forward as at 1st April 2021 amount to US\$6,239 (N\$104,996). Expenditure was incurred on the translation of the draft GBV Model Law from English to Portuguese and French, and amounted to US\$4,939 (N\$83,118). The Net Surplus on the fund is US\$1,300 (N\$21,878). Details are as contained in the FAS below.

Fund Accountability Statement		
	N\$	USD
Income:		
Balance b/f 1st April 2021	104,996	6,239
Expenditure:		
GBV Model Law Translation	83,118	4,939
Total Expenditure	83,118	4,939
Net Surplus	21,878	1,300

3.4.3. Statement of Financial Position as at 30th September 2021 (PLAN International)

An amount of US\$20,000 was received from Plan International in June 2021, towards the GBV Model Law. The funds have not yet been utilised and the money is held in the SADC PF bank accounts.

3.4.4. Direct Payments- GBV Model Law

3.4.4.1. Various other donors have contributed towards the development of the Model Law on Gender Based Violence. These have been making direct payments to the service provider. UNAIDS made a payment of US\$23,600, UNODC - US\$18,900, SADC-US\$39,000 and UNFPA-over US\$29,000 directly to a service provider.

3.5. Other Donors

Other donors continue to make contributions in-kind towards the programmes of the Forum or pay directly for goods and services. These include SADC, NDI, UN Family (UNDP, UNHCR, UNAIDS, UNESCO and UNICEF), International IDEA, EPF, AFRODAD, and PSA, among others. For example, ARASA contributed N\$84,766 towards an Online meeting for Members of Parliament to discuss Intellectual Property laws and Access to Medicines.

3.6. Consolidated List of Quantifiable Donor/Cooperating Partner Funding

	DONORS/PARTNERS	TYPE OF CONTRIBUTION	USD	EURO	NAD	NADS	Project
						TOTALS	
1	GIZ/ADA	CASH	-	213,451.00		3,564,631.70	See note i below
2	SIDA	CASH	1,163,352.28	-	-	16,635,937.60	SIDA SRHR
3	SAFAIDS	CASH	15,000.00	-	-	214,500.00	MODEL LAW GBV
4	ACTIONAID	CASH	22,587.00	-	-	322,994.10	See note ii below
5	PLAN INTERNATIONAL	CASH	20,000.00	-	-	286,000.00	MODEL LAW GBV
6	UNAIDS	DIRECT PAYMENT	23,600.00	-	-	337,480.00	MODEL LAW GBV
7	ARASA	DIRECT PAYMENT	-	-	84,766.65	84,766.65	see note iii below
8	SADC	DIRECT PAYMENT	39,000.00	-	-	557,700.00	MODEL LAW GBV
9	UNFPA	DIRECT PAYMENT	29,000.00	-	-	414,700.00	MODEL LAW GBV
10	UNDOC	DIRECT PAYMENT	18,900.00			270,270.00	MODEL LAW GBV
	TOTALS	TOTALS	1,331,439.28	213,451.00	84,766.65	22,688,980.05	

NOTE

i Strengthening Parliamentary Capacity in SADC

ii ACTIONAID- Accountability & Gender Responsiveness Project

iii ARASA funding was towards an Online meeting for Members of Parliament to discuss Intellectual Property laws and access to medicines

3.7. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

- (i) The Plenary Assembly is requested to consider and take note of the Funding from external sources.**
- (ii) The Plenary Assembly is requested to relay its appreciation to the cooperating partners for their continued support to SADC PF.**
- (iii) The Plenary Assembly is also requested to recognise and relay its appreciation to the Secretariat for the impressive and fruitful resource mobilisation.**

3.0. RESOURCE MOBILISATION: SRHR COST EXTENSION AND EXPANDED FUNDING FROM SIDA

4.1. Purpose

- 4.1.1. The Sida funded SRHR Project was originally for a period of three (3) years from *1 July 2019 to 30 June 2022* , with a total project value of SEK 30 million (Thirty Million Swedish Kroner), which translates to approximately US\$ 3.2 million).
- 4.1.2. By way of mobilizing for additional resources, SADC PF submitted a proposal for the extension of the project to 31 March 2023, for an additional nine (9) months with additional funding to cater for programmes catering for Democratic Accountability. For this extension of the project, Sida has agreed in principle to increase the project funding by an additional amount of about SEK 6 million (US \$ 700,000). We expect to receive the final approval for this cost extension from Sida during this month.
- 4.1.3. In addition to planned SRHR activities (Regional and National workshops and meetings), the extension of project will also include activities under Democratic Accountability will comprise of workshops and virtual meetings in the field of *Separation of Powers and Checks & Balances in National Parliament; Committee on anti-corruption; enhancing of capacity of parliaments for transparency and accountability; promoting of political inclusion and gender equality; promoting youth political participation; role of Parliament in Protecting human rights during crises and disasters.*

4.2. Salary for Programme Manager & Committee Clerk DGHR and Administrative Costs

- 4.2.1. The project will cover the full salary of the Programme Manager-Democratic Accountability for a maximum period of 2 years.
- 4.2.2. Sida will also pay SADC Parliamentary Forum administrative fees of US\$22,280 for each of years 3 and 4.
- 4.2.3. The costs for external Audit, and Evaluation of the project will be paid from the Sida funding.

4.2.4. To ensure smooth continuation of the project, existing SRHR employees will continue to work for the project, subject to satisfactory performance. Additionally, other non-participating member Parliaments will be encouraged to employ SRHR Researchers.

4.3. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

- (i) The Plenary Assembly is requested to consider and take note of the Funding from Sida.**
- (ii) The Plenary Assembly is requested to relay its appreciation to Sida for its continued support to SADC PF.**

4.0. REVIEW OF FINANCE SUB-COMMITTEE TERMS OF REFERENCE TO INCORPORATE FUNCTIONS OF AN AUDIT COMMITTEE

5.1. CONTEXT

- i. The recommendations to establish an Audit Committee arose from a series of Organisational Assessments commissioned by Sida and conducted by KPMG, with the latest one having been conducted in October 2020. The Audit Committee is intended to provide oversight on the financial reporting process, the audit process, the Forum's internal control systems and compliance with laws and regulations.
- ii. The Forum's position has been that the functions of the Finance Sub-Committee cater for the audit function. In this regard, there is need to review the Terms of Reference of the Finance Sub-Committee to expressly incorporate the functions of an Audit Committee. This will entail amendment of the functions of the FSC contained in the Rules of Procedure.

5.2. The functions of the Finance Sub-Committee are outlined at **Rule 16 of the Rules of Procedure as follows:**

Rule 16 Finance Sub-Committee

- (1) The Finance Sub-Committee shall consist of the Treasurer who shall be the Chairperson, and other members as may be elected by the Executive Committee.
- (2) The Sub-Committee shall advise the Executive Committee on financial matters of the Forum.
- (3) The quorum of the Finance Sub-Committee shall be a majority of its members.
- (4) In the event that a quorum has not been met, the President shall co-opt other member/s of the Executive Committee to sit on the Sub-Committee on an interim basis, for the purpose of transacting business

- (5) Decisions shall be by consensus and in the event of failure to reach consensus, then such decisions must be referred to the Executive Committee.
- (6) The Committee shall be serviced by a staff member of the SADC PF Secretariat appointed by the Secretary General.

5.3. The following amendment to Rule 16 is proposed:

Rule 16(2) to be amended to read as follows:

“The Sub Committee shall advise the Executive Committee on financial matters of the Forum and shall also be the Internal Audit Committee in accordance with the Internal Audit Policy of the Forum.”

- 5.4. Further details of the functions of the Audit Committee will be contained in the Internal Audit Policy Documents that will provide the policy direction on the same. The Policy Documents are in the process of being reviewed by KPMG Zambia.

5.5. RECOMMENDATION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is requested to consider and approve the proposed amendment.

6.0. UPDATE ON ACTION TAKEN ON PLENARY ASSEMBLY RESOLUTIONS

6.1. Sale of the Property At 66 Erosweg, Eros, Windhoek, Namibia

- 6.1.1. No offer has been received to date. The Secretariat has since put in place measures to enhance the circulation of the advertisement.
- 6.1.2. For recall, pursuant to the approved re-advertisement of the Invitation for Bids, an offer was received on 17th May 2021 amounting to N\$2,800,000 (Two Million, Eight Hundred Thousand Namibian Dollars). The Finance Sub-Committee had no objection to the favourable consideration of the reduced offer of N\$2,800,000 against the reserve price approved by EXCO of N\$2,850,000. In this regard, the Finance Sub-Committee resolved that the matter be submitted to EXCO Members by circulation for determination. EXCO Members were advised of the offer and requested to consider the same in a letter dated 17th May 2021.
- 6.1.3. The EXCO took cognisance of the volatility of the real estate market and unanimously resolved to dispose of the house at the reduced price of N\$2,800,000 by waiving the requirement to obtain the reserve price.

6.1.4.RECOMMENDATION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is notified that the sale was not concluded due to the fact that the buyer offered to settle the amount in instalments while taking possession of the house.

7.0. REVIEW OF EMPLOYEE DEATH BENEFITS POLICY



- 7.1. The SADC PF benefit scheme in case of an employee's death pays an equivalent of one year's basic salary. The benefit scheme is held with Old Mutual. I wish to advise that SADC PF currently pays a monthly premium of N\$3007.17 for the 1 times annual Basic salary (N\$36,092 per Annum) scheme. The premium is based on the salary bill.
- 7.2. A recommendation is being made to review the policy to a benefit of 2 times Annual Basic Salary. This is in view of the fact that the current one year's Basic Salary may not be adequate considering the increases in the cost of living that have occurred over the years. According to the quotation received from Old Mutual, for the 2 times the Annual Basic Salary, the monthly premium payable would be N\$ 5,540.17 (N\$66,482 per Annum). In this regard, the additional cost to the institution for this option is N\$2,533 per month (N\$30,396 per Annum). It is proposed that funds can be allocated from the budget as the amount is justifiable when weighed against the expected benefits. It is submitted that the benefits far outweigh the additional cost.







7.3. RECOMMENDATIONS FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY







The Plenary Assembly is requested to consider and approve the proposal to review the Death Benefits Scheme to enable payment of 2 times the Annual Basic Salary instead of the current 1 times the Annual Basic Salary.









8.0 RISK ASSESSMENT (Finance Risks)



- 8.1. The following are listed in the Risk Register and were rated as High due to the nature of the risks and their impact on the institution. The risks have been reviewed due to mitigating actions undertaken and other related factors as detailed below:




KEY Risk	Enterprise	Risk Owner	Risk Status Q1-Q4 2020	Risk Status Q1-Q4 2021	Risk rationale	Status	Key Risk Management Activities
Lack of financial		EXCO			Risk remains high		Enhance

sustainability for some programmes.	SG &			Limited staff onboard to undertake sustained fundraising. Donor fatigue.	resource mobilisation strategies. Establish framework for skilled resources mobilisation. Resource and operationalise the Special Purpose vehicle- the Trust Fund.
A wide span of control in the Finance Division	EXCO			Risk remains high. The review of the structure under the job evaluation exercise to address the risk still to be implemented. Wide span of control not adequately addressed in the proposal that is under consideration.	Consider recruitment of position of Accountant in the next 6 months.
Inadequate resources/provision for appropriate human resources both in number, remuneration and qualifications to enable efficient delivery of operational and Strategic goals.	SG & EXCO			Risk remains high due to delayed implementation of PMS, Job Evaluation and Salary review recommendations. Remains a challenge due to reluctance by Member Parliaments to increase contributions.	EXCO to resolve and operationalise before end of December 2021.
Financial loss due to Fraud and Theft.	EXCO, FSC DAFHR, Internal Auditor			Risk downgraded due to mitigating actions undertaken: -- EXCO and FSC oversight conducted through financial reports and	Enhance oversight by the FSC, which will also take on the functions of an Audit Committee.

				<p>meetings.</p> <p>Internal Auditor seconded by Mozambique Parliament.</p> <p>Segregation of duties in place. Cashless system implemented. Payments and bank transactions effected via internet banking.</p>	Facilitate the work of the Internal Auditor.
Poor Financial Management	DAFHR			Risk downgraded mitigating actions undertaken- Timely financial reports produced, Internal Auditor seconded by Mozambique Parliament	Ensure oversight by Finance Sub-Committee and EXCO through quarterly reports and updates; Ensure active and independent engagement of Internal Auditor
Failure to produce accurate and timely monthly, quarterly and annual reports	DAFHR			Risk downgraded mitigating actions undertaken. Source of reports (ACCPAC) improved and bottlenecks addressed. Periodic Reports submitted to FSC and EXCO.	Ensure financial reports are compiled accurately and timely. Ensure timely submission of Reports to Policy organs and SG.
Failure to comply with IFRS	DAFHR			Risk downgraded mitigating actions undertaken: Annual External Audit facilitates adherence to IFRS. IFRS requirements have since been updated. However IFRS training for	Ensure timely Annual external audits. Continue to update changing IFRS requirements. Ensure finance staff training in IFRS.

				Finance staff still required.	
Failure to Comply with regulatory requirements of Host Country on PAYE and other relevant regulations	DAFHR			Risk downgraded mitigating actions undertaken: PAYE and Social Security Commission payments fully complied with and monthly controls performed	Continue to ensure that PAYE and Social Security Commission payments are fully complied with and monthly controls are performed.
Inadequate financial resources	EXCO			Risk remains high -Remains a challenge due to reluctance by member parliaments to increase contribution. Donor fatigue and shifting priorities in view of COVID 19 a threat.	Continue to engage Member Parliaments regarding increasing contributions.
Non-Compliance with Grant Conditions	DAFHR			Risk downgraded due to mitigating actions undertaken: Agreements jointly drawn up and signed to. Periodic and timely reporting on donor funds, clean audits, no disallowable expenses, adherence to Procurement Policy. Regular meetings and updates with donors.	Adherence to donor reporting requirements and management of funds to be maintained. Recruitment of the Accountant in next 6 months.
Insufficient cash expenditure controls	DAFHR			Risk downgraded mitigating actions undertaken: Budget performance tracked to manage expenditure,	Maintain tracking of expenditure against budget; maintain proper approval process and

				Programme implementation requests adequately managed and supported; Cashless system implemented	use of programme implementation requests; maintain cashless transactions.
Insufficient expenses controls	DAFHR			Risk downgraded mitigating actions undertaken: Segregation of duties within the Finance Department. Upgrade of accounting system with additional modules to improve controls.	Maintain mitigating actions as outlined.

Risk Status Key:					
	High: risk management activities have not resulted in demonstrated improvement in the inherent risk exposure		Medium: risk management activities have begun to demonstrate improvement in the inherent risk exposure		Low: risk management activities have resulted in demonstrated improvement to adequately address or exceed inherent risk

8.2. In view of the above, the following has been implemented/resolved to ensure a sustained risk governance framework;

1. EXCO, at its meeting on 13th November 2021 resolved to operationalise the recommendations of the Committee of Clerks/Secretaries General on the Job Evaluation and Salary review exercises;
2. In view of reporting on risks, their movement and required action, a weekly mitigation matrix for reporting to Management has been implemented;
3. Reports to the EXCO and its sub-committees now include a section on Risk Management. This will ensure EXCO has strong mitigation efforts and oversight; and
4. Capacity building for Risk Owners on their roles and on risk Management Concepts must be implemented before the end of the financial year. In this regard, there is also need to set aside resources for E-risk training twice a year to ensure staff are well equipped and up to date.

8.3. RECOMMENDATION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

- (i) The Plenary Assembly is requested to take note of the risks and mitigating action undertaken to date and that outstanding appropriate action for the mitigation of risks that remain moderate to high as indicated, is to be implemented before the end of the current Financial Year;**
- (ii) The Plenary Assembly is requested to note the initiatives for the training and capacity building of staff before the end of the current financial year and the need to allocate Resources for the same; and**
- (iii) The Plenary Assembly is requested to commit to sustaining the Risk Management software expenditure beyond the initial funding for procurement of the same from Sida. The annual fees will amount to approximately US\$3,500.**

8.0. RENEWAL OF EXTERNAL AUDITOR'S CONTRACT

- 9.1. Pursuant to *Article 27(1)* of the Constitution of the SADC PF, the Plenary Assembly is responsible for appointing external auditors for the institution. In line with the provision *1.06.1 (xii) of Accounting Policies and Procedures Manual*, the Finance Sub-Committee is mandated to "Recommend appointment of auditors and approval of the audit fees" to the Plenary Assembly through the Executive Committee. In order to preserve the professional independence of External Auditors, Section 24.2(1) of the SADC Parliamentary Forum's *Accounting Policies and Procedures Manual* provides that the contract of the External Auditor can only be renewed to a maximum of five (5) years and after that a competitive tender should be advertised.

9.2. PERFORMANCE OF CURRENT EXTERNAL AUDTOR, BDO NAMIBIA

The current External Auditors are BDO Namibia, Registered Accountants and Auditors, appointed in 2018. During the past three (3) years, the auditors have exhibited professionalism and performed to the satisfaction of the SADC Parliamentary Forum. The good performance of the auditors was demonstrated by their: timely audit of all the financial reports of the Forum; well planned and professional approach to the audit works; and good communication and quick response to Forum requests.

9.3. RECOMMENDATION FOR CONSIDERATION BY THE PLENARY ASSEMBLY

Based on the above evaluation, it is recommended that the contract for BDO Namibia be renewed for a further one-year period covering the audit of the financial year 2021/22.