

*African Training and Research
Centre in Administration for
Development*

المركز الإفريقي للتدريب
و البحث الإداري للإتماء

*Centre Africain de Formation et de
Recherche Administratives pour le
Développement*



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*Auditor's Report
July 2023 – June 2024*

INTRODUCTION

In accordance with the provisions of Articles 84 and 112 of **CAFRAD's** Finance and Accounting Regulations **dated 22 November 1985**, the accounts of the accountant are verified by an auditor appointed by the Governing Board.

In pursuance of these provisions and those of the terms of the mandate which were entrusted in me by the Director-General of **CAFRAD** vide the appointment letter n° 2025/125/CAFRAD/DG dated 20/05/2024, I have the honour to submit to you the audit report on the balance and management accounts for the financial year 2023/2024, beginning 01/07/2023 and ending 30/06/2024.

The mission as defined to me was to:

- examine all **CAFRAD's** accounts;
- examine cash payments carried out in the light of the provisions of **CAFRAD's** Finance Regulations and Staff Regulations;
- determine if there has been any fraudulent, illegal or unauthorized expenditure;
- examine the implementation of the Budget in the light of the decisions taken by the Governing Board;
- give an opinion on the structure of the budget; and
- present a summary report for the financial year.

Taking into account the internal audit set up by the Centre, including a Controller of Budget Allocations and a Legality Controller ensured by the Accountant, the implementation of this audit assignment was carried out by means of a test, certainly thorough, relating to the financial and budgetary accounts of the fiscal year.

The present report consists of two parts:

- The first part deals with the examination and analysis of the accounts for the financial year 2023/2024;
- The second is dedicated to the evaluation of the structure and the analysis of the execution of the July 2023–June 2024 budget.

Appendices are included in this report to provide details of some accounts as well as the different accounting and budgetary statements and situations of the financial year under review.

Part I: Examination and Analysis of the Accounts for the Financial Year 2023-2024

Chapter I. General Points

This chapter will be dedicated to giving, as a first point, a brief overview of the bookkeeping method adopted by CAFRAD. The second point will analyze the accounting impact of the US Dollar exchange rate used for the execution of the financial operations in relation to the local currency of the host country, i.e. the Dirham (MAD).

1.1. Evaluation of the Accounting System

We will briefly examine below the accounting method adopted and the audit system implemented by the Centre.

1.1.1. Accounting system adopted and its foundation

The form adopted by CAFRAD for keeping its accounts is based on a general accounting in local currency, i.e. the Dirham, and a budget accounting, in accordance with the standards of public accounting, in U.S.D.

The structure of the latter is derived from that of the former; it allows for a matching between the two in terms of expenditure accounts and financial statements.

The two accounting methods are consistent with the Centre's Finance and Accounting Regulations, in particular Articles 106, 108 and 109, prescribing a budget accounting and a general accounting, showing the results in figures and stating an accounting balance sheet.

1.1.2. Audit System

These two approaches are operated according to an internal *a priori* audit process, undertaken concomitantly by the Financial Controller and the Accountant, and *a posteriori* audit entrusted by CAFRAD Governing Board to an Auditor at the end of every accounting year in accordance with Articles 84 and 112 of the Centre's Finance and Accounting Regulations. These three audits alone constitute a presumption of the legality of expenditure and reliability of accounting data. They meet the international standards of the trade.

1.1.3. Keeping Accounting Records

Since the establishment of CAFRAD, the keeping of the two accounting processes was carried out manually with the cumbersomeness and risks of error that this entailed, without mentioning the large volume of paperwork that it generated and whose consultation by decision-makers and audit bodies was not always easy. Faced with this situation, CAFRAD called on a consultant to create and install suitable software, but this was unsuccessful. To overcome this situation, the accountant during the previous year used rudimentary software called Sage Sari. However, the latter has its limits and did not fully meet the accounting specificities of the Centre. To overcome these difficulties, the accountant uses in parallel the Microsoft Excel application especially for keeping the budgetary accounting and the production of certain summary accounting situations provided for by the CAFRAD Financial and Accounting Regulations.

1.2. The parity of the \$ and its Accounting Impact

As indicated above, CAFRAD's general accounting is kept in local currency, i.e. the Moroccan Dirham (MAD).

Accounting operations for the financial year July 2023 – June 2024 have been carried out using the U.S.D. exchange rate applied by the United Nations as at the first of April 2023, i.e. USD 1 = **MAD 10.40 as against MAD 10.00** for the previous financial year.

The difference in the USD – MAD exchange rate from the preceding financial year to the current financial year has given rise to a net difference in exchange totalling **MAD 1,270,468.94** in gain detailed as follows:

1.2.1. In gain on debit balances at 30/06/2023:

- Total due by M. S.=4,648,709.20(10.40-10.00)	=	MAD 1,859,483.68;
- Balance/ BMCE account \$=1,436.89\$ (10.40-10.0)	=	MAD 4,574.75;
- Balance/ Donor account =306.29\$ (10.40–10.0)	=	<u>MAD 122.51;</u>
S/total	=	<u>MAD 1,864,180.94</u>

1.2.2. In loss on credit balances at 30/06/2023 :

- Balance/Provision for depreciation of M.S. contributions = 1,484,280\$(10.40-10.00)		<u>MAD 593,712.00</u>
Net total:		<u>MAD 1,270,468.94</u>

Variations in the exchange rate for the U.S. Dollar applied in the execution of the budgetary operations for the financial year 2023/2024 and official U.S. Dollar exchange rates on which bank cashing and outlay operations are carried out have created in gain a sum amounting to **MAD 19,241.67**.

Finally, in accordance with Decision 8 taken by the Governing Board in its 43rd Meeting in June 2005, the rate applied for the salaries and allowances of CAFRAD staff shall be **USD 1 = MAD 10.00**.

Chapter II. Analysis of Accounts: Balance Of Assets

The Centre's Balance Sheet for the 2023-2024 financial year, closed on June 30th, 2024, totals MAD 34,442,383.83 (\$3,311,767.68) marking a significant increase of 2,306,462.51 MAD (\$221,775.41) compared to the previous year.

This positive variation is mainly attributed to the increase in the debt of Member States towards the Centre expressed in MAD, which increase is amplified by the significant increase in the \$ exchange rate which went from 10.00 to 10.40 MAD for the current financial year, i.e. more than **4%** compared to the 2022/2023 financial year.

The balance of assets consists of fixed assets, stock accounts, third party and regularization accounts and, finally, liquid assets.

2.1. Fixed Assets

In gross value, the Centre's fixed assets totalled MAD 7,696,833.06, i.e. a slight increase of 7,948.00 MAD compared to the previous financial year.

Expressed in net depreciation value, CAFRAD's fixed assets total MAD 204,524.36 (\$19,665.80), or **2.65%** of their gross value; index which denotes the advanced state of their decrepitude.

2.1.1. Patents, Trademarks, Rights

This concerns the acquisition and installation of a general accounting and budget management software application during the 2021/2022 financial year, accompanied by a training course conducted by a subcontractor of TEOS Company, whose registered office is in Belgium. However, the Centre's accountant discontinued its use after determining that it did not meet the Centre's specific accounting and budgetary requirements. Consequently, its acquisition cost of MAD 45,220.00 should be recorded under the Profit and Loss account in the next financial year.

2.1.2. Books for the Library

There were no changes in the library's books during this financial year. In gross value, they are estimated at MAD 6,357,540.93 (\$611,302). With an accumulated depreciation of MAD 6,307,275.10, their net value is estimated at MAD **50,265.83** (\$4,833.25), i.e. a little more than **1% of their acquisition value**.

2.1.3. Office Furniture and Materials:

In gross value, Office Furniture and Materials is estimated at MAD 1,130,437.47 (\$108,695.91), i.e. an increase of MAD 2,800.00 relating to the acquisition of a monochrome laser fax machine.

The net value of the office furniture and materials is as follows:

- gross value at 01/07/2023 : = MAD 1,130,437.47;
- Cumulative depreciation at 30/06/2023 = MAD - 1,060,971.66;

- allowance/financial year 2023/2024 : = MAD - 14,061.94;
Net value: = **MAD 55,403.87**

It should be recalled that the depreciation rate applied to office furniture and materials is **20% of the net value** of the previous financial year. When calculated based on the gross value, the "office furniture and materials" account represents a net value rate of **4.90%**, as against **5.91%** in the 2022/2023 financial year.

2.1.4. Printing Equipment

It concerns the offset printing machine of a gross value of MAD 110,000.00, totally depreciated, loaned since 1988 to E.M.I. Company where the machine currently is and which, by the looks of it, seems scrapped according to its statement and confirmed by the auditor by going there in 2015.

2.1.5. Deposits and Sureties

This account amounting to MAD 53,634.66 (\$5,363.47) corresponds to a guarantee deposit in favour of the company REDAL during the connection of the new CAFRAD's headquarters in Rabat to the water and electricity distribution network.

2.2. Stock accounts

At 30/06/2024, the stock accounts totalled MAD 164,965.10 (\$15,862.03) as against MAD167,359.55 (\$16,735.95), as stated on the same date in the preceding financial year.

The stock of “**African Administrative Studies**” (*Cahiers Africains*) constitutes the bulk of this account, totalling alone MAD159,068.00 (\$15,304.62), or more than 98% of the total of this budgetary chapter. Its accounting value is given as follows:

- 1.516 " <i>Cahiers</i> " published since 2014 at MAD76.00 per vol.=	115,216.00MAD;
- 312 " <i>Studies and Documents</i> " at MAD76.00 per vol.=	23,712.00MAD ;
- 265 collections and booklets at MAD76.00 per vol. =	<u>20,140.00MAD</u>
Total =	159,068.00 MAD

It is worthy of note that “*African Administrative Studies*” (*Cahiers Africains*) and proceedings published before 2014 have no value. According to the Auditor's recommendations in his report for the financial year 88/89, only those volumes less than 10 years old are taken into account.

As for the **stock of unconsumed sundry products** listed at 30/06/2024, its value is given below:

- Office furniture:	MAD 5,614.50 ;
- Cleaning products:	<u>MAD 282.60;</u>
Total :	MAD 5,897.10

2.3. Third Party and Regularization Accounts

Third Party and Regularization Accounts represent 98% of the total balance of assets. Their net total amounts to MAD33,692,773.30 (\$3,239,689.74), excluding provisions for risk of recovery of Member States' contributions, valued at MAD 16,711,631.60, and a bad debt of MAD 956,395.05 relating to the publisher E.M.I. Company.

This chapter is subdivided into six accounts, namely: Member States' Debts, Advances on Salaries, Prepaid or Deferred Expenses, Income Receivable, VAT to Reclaim, and finally, E.M.I. Supplier.

2.3.1. Member States' Debts

Member States' Debts to CARFAD expressed in net value amount to MAD **33,600,544.09** and constitute a little over 99% of the total of this chapter.

Using an exchange rate of USD 1 = MAD 10.40 for the execution of budgetary operations for the financial year 2023/2024, the theoretic total accumulated contributions owed by the Member States as at 30/06/2024 amounts to **\$4,837,709.19 and \$3,230,352.39 net of provisions for risk for recovery**. These figures are subdivided as follows:

- Accumulated contributions remaining due at 30/06/2023 :	4,648,709.20\$;
- Contributions for the financial year 2023/2024:	+ 667,537.69\$;
- Receipts of the financial year 2023/2024 :	- 478,537.70\$
Total Debt at 30/06/2024 :	4,837,709.19 \$
- Previous provisions/risk of recovery:	-1,496,476.80\$
- Provisions/risk of recovery of the financial year:	- 110,880.00\$
Net total due as of 30/06/2024:	3,230,352.39\$

It should be noted that:

- The rate of recovery achieved at 30/06/2024 with regard to the total accumulated contributions still owed by the Member States amounts to just over **10%**, which is double the rate recorded in the previous financial year;
- Relative to the total annual contributions of the financial year 2023/2024, the recovery rate is just under **73% as against 32%** in comparison with the preceding financial year. This represents a record rate achieved over the past five years.

The evolution of these contributions over the past five financial years is given in the following table:

In \$

Financial Year	Annual Contribution	Recovery	Recovery Rate	USD-MAD Exchange Rate
2019/2020	713,829	262,749	37 %	9.67
2020/2021	712,013	227,623	32 %	9.83
2021/2022	678,536	345,854	51%	8.90
2022/2023	670,148	211,508	32%	10.00
2023/2024	667,538	478,538	73%	10.40

It is important to note in this regard that:

- Variations in the amount of annual contributions from one financial year to another are due to variations in the USD-MAD exchange rate with respect to Morocco's annual contribution fixed in unchanging MAD, i.e. 678,680.00, while those of other States are denominated in fixed \$;
- Morocco's contribution for the next financial year 2024/2025, **paid as usual in advance, is not included in the total recovery**;
- The total collected this year constitutes the best performance of the last five financial years;
- Out of a total of 40 CAFRAD Member States (including 4 which have frozen their membership), **7 countries** have proceeded during this financial year with a full or partial payment of their debt with regards to the Centre;
- 6 Member States owe CAFRAD one contribution, three of which (South Africa, Mauritius and Swaziland, now known as Eswatini) have frozen their membership;
- 2 Member States are up-to-date, namely Cameroon and Morocco;
- 3 Member States owe CAFRAD two contributions;
- 29 Member States are debtors of more than three contributions.

These contributions, fixed for the majority of Member States at US\$10,080.00 when the Centre was established in 1964 are no longer sufficient to ensure the normal, regular operation of CAFRAD activities. Very often, for lack of sufficient financial means, the objectives fixed in the Centre's budgets are only partially implemented and are often accompanied by an aggravation of CAFRAD's indebtedness towards its staff and suppliers. This is why we believe that they must be updated periodically in relation to the inflation trend in the host country (Morocco) in order to meet the real needs of the Centre and achieve the objectives that it sets for each financial year. Otherwise, the preparation of annual budgets and the programming of events included in them remain theoretical and partially or totally unrealizable in most cases.

2.3.2. VAT to Reclaim

The total VAT pending recovery amounts to MAD 59,811.91, breaking down as follows:

- VAT/previous financial years	= MAD 59,811.91;
- VAT/current financial year 2023/2024	= MAD +12,488.38;
- VAT/Restitution by the G.T.A. in 2023/24	= <u>0</u> ;
VAT to reclaim	= MAD 72,300.29

As a reminder, having a diplomatic status, CAFRAD benefits from VAT exemption on purchases in the host country, Morocco. It should be noted that its restitution by the tax authorities was raised by us starting from 1995. Our predecessors were unable to think of it during their audit missions; which resulted in a considerable loss of income for the Centre since its establishment in 1964.

2.3.3. Income receivable

The total of this account amounts to MAD 6,956.26 and represents the outstanding sum owed by AOAPC with respect to a service delivery which was invoiced in 1985 in the amount of MAD 16,000.00. Given the age of this debt and in view of the provisions of the Moroccan

Commercial Code, this debt is deemed to be time-barred and must be cleared by debiting the Profit and Loss account.

2.3.4. E.M.I./Supplier-Customer

The account “*Editions Marocaines et Internationales*” (E.M.I.) was as at the same time customer and supplier for the Centre. Indeed, according to a contract signed with the above Company on 28/10/1988, the latter undertakes to print CAFRAD’s “African Administrative Studies” (*Cahiers Africains*) and various CAFRAD printed materials, which total costs are deducted from the rent amounting to MAD 65,000.00 per year for the offset printing machine belonging to the Centre.

The total indebtedness of E.M.I. to CAFRAD amounts to MAD 956,395.05 accumulated over more than fourteen years, and is considered to be a questionable debt. As part of his mission for the 2013/2014 financial year, the Auditor went to the Company’s site and confirmed that the machine was no longer operational and had even been scrapped. This is the reason put forward by the said Company for refusing to pay the amount it is charged with, without ever raising this formally.

Given the importance and long-standing nature of this debt, we recommended during the financial year 2018/2019 that an amicable approach, or otherwise legal action, be undertaken, unless the Centre decides to proceed otherwise and purely and simply write off such a debt.

2.4. Liquid Assets

The financial accounts closed on 30/06/2024 show a total balance of **MAD 380,121.23** as against 134,610.23 of the previous financial year, which is broken down as follows:

- Capital stock in \$ at BMCE bank :	103,422.96 MAD = 9,944.52\$;
- Capital stock in MAD at BP bank :	266,787.40 MAD = 25,652.63 \$;
- Cash in MAD:	<u>1,450.00 MAD = 139.42 \$.</u>
Total of Capital stock:	371,660.36 MAD=35,736.57\$
- Donors in \$ at BMCE bank:	2,977.41 MAD = 286.29\$
- Donors in MAD at BP bank:	<u>5,483.30 MAD = 527.24\$</u>
Total Donor Funds:	<u>8,460.71 MAD = 813.53\$</u>
TOTAL AVAILABLE:	<u>380,121.07 MAD = 36,550.10\$.</u>

Furthermore, the reconciliation of balances as they appear on bank statements with regard to the balances in accounting entries revealed that the cheques listed below issued by CAFRAD in settlement of certain expenses or invoices are, in accordance with the host country's regulations on bank cheques, **considered to be time-barred:**

In MAD			
Cheque N°	Date of Issue	Amount	Beneficiaries
5399414	30/06/2011	655.00	Bal Hôtel Associados, OP345
827821	10/12/2012	2185.00	Bal Hôtel Associados OP84 and MT 8bis
3374168	30/06/2013	1520.00	Bal Hôtel Associados OP 387

3374232	02/10/2013	35.66	DG Monney Mouandjo OP61,MT 7bis
8973941	15/09/2015	1368.00	Total Station MT57bis
6253934	27/01/2021	216.00	Head of Centre – Tangier OP 64
7609525	01/04/2021	1986.80	Amendis OP 121
6575860	19/05/2022	144.27	Amendis OP248
6575864	27/05/2022	11.00	Aziz OP251
	TOTAL	8,121.73	

These amounts are to be reallocated as a debit to the Bank account and a credit to the Profit and Loss account for Previous Financial Years (Miscellaneous Income).

Chapter III. Analysis of Accounts: Balance of Liabilities

The statement of liabilities shows CAFRAD's financial means used to finance the items appearing in the Balance of Assets.

The Balance of Liabilities is broken down into CAFRAD's own capital and its indebtedness.

3.1. CAFRAD's Own Capital

The Centre's own capital is broken down into three categories of accounts:

- Reserves;
- Reserves of African Administrative Studies (*Cahiers Africains*); and
- Balance brought forward.

3.1.1. Reserves: totalling MAD **4,154,341.70**, this is the initial financial contributions provided by the Member States during the establishment of the Centre in 1964.

3.1.2. Reserves of African Administrative Studies (*Cahiers Africains*): Estimated at MAD**159,068.00**, these are the current values of the stock of the African Administrative Studies' volumes at 30/06/2024.

This total is detailed as follows:

1.516 African Administrative Studies	X 76.00 MAD	=	115,216.00 MAD;
312 Studies and Documents	x 76.00 MAD	=	23,712.00 MAD;
265 conference proceedings & collections	x 76.00 MAD	=	<u>20,140.00 MAD.</u>
Total		=	159,068.00 MAD

As mentioned above, only *Cahiers Africains* less than ten years old, i.e. those published since 2014, are taken into account.

3.2. CAFRAD's debts

A distinction can be made between two main categories of debts: suppliers and sundry creditors.

3.2.1. Suppliers

As at 30/06/2024, CAFRAD's debt towards its suppliers and sundry creditors totalled **MAD 572,205.01**.

The development of this debt over the five last financial years is provided in the following table:

Financial Year	Amount in MAD	Amount in USD	\$ Exchange rate
2019/2020	860,706.08	88,187.10	9.67 MAD
2020/2021	948,799.87	96,520.84	9.83 MAD
2021/2022	601,525.54	67,587.14	8.90 MAD
2022/2023	661,434.73	66,143.47	10.00 MAD
2023/2024	572,205.01	55,019.73	10.40 MAD

As can be noticed, the Centre's local currency debt to its suppliers decreased by **MAD89,230.00** during the audited financial year compared to that recorded one year earlier. This positive development is attributable to a marked improvement in CAFRAD's financial situation, which is solely the result of a significant increase in the recovery of Member States' contributions. These reached a record level for the past five-year period, totalling MAD 4,976,792.08 (\$478,537.70), representing a 126% increase compared to the amount recorded at the same date in the previous financial year, which stood at only MAD2,115,080.00 (\$211,508). It is also worth noting that the reduction in this debt could have been even greater had certain payments not been delayed in reaching the Centre's bank account before the financial year-end closing date.

3.2.2. Sundry Creditors

These include, in particular:

- CIMR Pension Insurance:	794,909.47MAD ;
- Staff (Accrued Expenses):	1,084,953.38 MAD ;
- Payments owed to Staff:	<u>1,887,565.56 MAD.</u>
TOTAL:	3,767,428.41MAD.

The relative improvement in the Centre's financial situation observed during the financial year, largely due to a significant increase in its main source of funding —namely, Member States' contributions — was allocated almost entirely to the payment of salary arrears. As a result, the cumulative total of such arrears, which stood at MAD 3,671,515.40 as of 30/06/2023, decreased by 50% to reach MAD 1,887,565.56 by the end of the financial year. **The above-mentioned total of salary arrears corresponds to approximately ten months of delayed payments.** Conversely, no payments were made in respect of the employer and employee contributions due to the insurance body CIMR. Moreover, the contributions for the current financial year, amounting to MAD 207,808.86, were added to the arrears from the previous year, bringing the total to MAD 794,909.47.

With regard to the Accrued Expenses account, its balance has doubled compared to the previous year, due to the recognition of the End-of-Service Indemnity amounting to MAD 529,239.00, which remains payable to the outgoing Director General.

3.2.3. Development of current liabilities

CAFRAD's current liabilities have developed over the four last financial years as follows:

Headings	In MAD			
	30/06/2021	30/06/2022	30/06/2023	30/06/2024
- Third parties	4,161,583.54	5,183,285.68	6,173,609.43	4,375,205.42
- Banks	0	0	0	0
- Donor advances	0	0	0	0
Payable total	4,161,583.054	5,183,285.68	6,173,609.43	4,375,205.42
- Liquid Assets	280,296.36	103,621.70	134,610.23	380,121.07
- Payable net	-3,881,287.18	-5,079,633.98	-6,038,999.20	-3,995,084.35

After a sharp increase in current liabilities, particularly during the previous financial year—which was marked by the lowest revenue ever recorded by the Centre — the significant downward trend observed during the current financial year can clearly be attributed to the relative improvement in CAFRAD's financial situation, as discussed above.

Chapter IV. Analysis of Management Accounts

The management accounts are made up of three groups of accounts:

- Expenditure;
- Income; and
- Result.

4.1. Expenditure Accounts

The Expenditure Accounts have developed over the past four financial years as follows:

Accounts	Financial Years			
	2020/2021	2021/2022	2022/2023	2023/2024
- Equipment and Stationery	31,819.42	22,561.95	25,725.16	30,602.69
- Transports	15,045.50	16,193.50	70,217.19	65,448.38
- Other services	161,777.75	55,340.08	98,804.44	91,645.41
- Sundry Charges and Losses	293,762.02	321,003.17	203,308.38	380,840.94
- Personnel Costs	2,948,192.43	2,931,871.55	2,793,323.90	3,011,744.10
S/Total	3,450,596.94	3,346,970.25	3,191,379.07	3,580,281.52
- Allocation to Depreciation and Reserve	1,219,509.28	1,226,345.35	1,221,070.66	1,255,786.57
Grand Total	4,670,106.22	4,573,315.60	4,412,449.73	4,836,068.09

Generally speaking, the level of realisation of expenditure is not solely dependent on forecasts stated in the budget for each financial year. It rather depends on the amount of recovery realized, which, in turn, determines the scientific activities that the Centre undertakes to implement. However, as most of these expenditures are essential to the operation of the Centre and therefore incompressible, their decrease observed during these last two financial years can be explained by the freezing of all scientific activity and cancellation of statutory meetings following the limiting restrictions taken within the framework of the Covid-19 health crisis. On the other hand, the way in which the budgets are drawn up and executed does not allow for control over the development of this debt. In fact, while as a general rule the level of achievable revenue should determine the level of budgetary appropriations to be allocated to the various expenditure budget headings, this is not the case for the Centre. As this expenditure is programmed to be as much as necessary becoming incompressible, its total is used conversely to determine the revenue to be entered in the budget in a theoretical manner in order to present the budget document in balance as prescribed by the balanced budget rule. Once the budget has been drawn up, neither the Financial Controller nor the Accounting Officer can refuse to commit the expenditure as long as its appropriations are sufficient, without even having to worry about the revenue which for the most part is

uncertain and unpredictable in terms of its realisation. It goes without saying that the regular payment of the contributions of the Member Countries, constituting more than 90% of CAFRAD's financial resources, will alone allow a better programming of the expenses and an effective management of the debt of the Centre.

4.1.1. Sundry Equipment and Stationery

This category of expenditure consists mainly of consumable office supplies (MAD 22,450.70), office lighting (MAD 6,064.98), and water consumption (MAD 894.46). Their share in the total budget expenditure remains low and often represents less than 1%.

4.1.2. Transport

Transport charges totaling **MAD 65,448.38** consist of domestic travel expenses within the hosting country, Morocco, amounting to MAD 43,005.50, and foreign mission expenses of the Director General amounting to MAD 22,442.88.

4.1.3. Other Services

With a total of **MAD 91,645.41**, this account mainly consists of expert fees amounting to MAD 35,000.00, communication and postage expenses totaling MAD 37,172.34, and finally MAD 17,672.07 in commissions and bank charges.

4.1.4. Sundry Charges and Losses

Sundry charges and losses, with a total of MAD 380,840.94, is the expenditure chapter that is regularly ahead of Personnel Costs in terms of the level of costs incurred.

This total is made up of:

- Staff Insurance costs (CIMR):	117,118.26 MAD ;
- Governing Board (Interpretation fees):	4,400.00 MAD
- Exchange Losses:	227,660.54 MAD ;
- Publication costs:	16,400.00 MAD ;
- Contributions to International Institutions:	<u>15,262.14 MAD.</u>
Total:	380,840.94 MAD.

4.1.5. Personnel Costs

Personnel costs are made up of the following four categories:

- Director-General's salary:	105,847.80\$	= 1,058,478.00MAD;
- End-of-Service Indemnities of the DG	52,923.90\$	= 529,239.00 MAD ;
- Professional Staff salaries :	75,728.07\$	= 757,280.70\$MAD;
- General Service Staff salaries:	60,794.64\$	= 607,946.40MAD;
- Maintenance Staff salaries:	<u>5,880.00\$</u>	= <u>58,800.00MAD.</u>
Total:	301,174.41\$	= 3,011,744.10 MAD.

The variation in the payroll for the financial year under audit compared to the 2022/2023 financial year is attributable, on the one hand, to the accounting recognition of the aforementioned end-of-service indemnity due to the Director General, and on the other hand, to the one-year unpaid sabbatical leave of Ms. Basma Bouziani, professional staff member PC/1/1.

4.2. Les comptes de produits:

Les comptes de produits constituent les ressources financières destinées à couvrir les dépenses budgétaires du Centre. Le tableau suivant reprend leur composition et leur évolution à travers les quatre derniers exercices comptables.

4.2. Income:

This account shows the financial resources allocated to cover the budget expenditure of the Centre. The components of this account and its development over the past four financial years are given in the table below:

		In MAD			
Financial year	Type	2020/2021	2021/2022	2022/2023	2023/2024
	- Member States' Contributions	6,950,910.00	6,519,032.20	6,370,226.00	6,821,936.00
	- Sales of Publications	3,126.25	0	6,283.85	1,011.50
	- Services Rendered	0	0	0	0
	- Hire of Equipment	65,000.00	65,000.00	65,000.00	65,000.00
	- Other Income	15,264.53	0	0	0
	- Gifts and Bequest	0	0	0	5,148.00
	- Difference in Exchange Rate	16,674.43	143,331.04	73,786.09	19,241.67
	Sub-total	7,050,975.21	6,727,363.24	6,515,295.94	6,912,337.17
	- Discrepancy of Exch. Rate on Opening	346,102.25	0	3,101,239.76	1,270,468.94
	Total	7,397,077.46	6,727,363.24	9,616,535.70	8,182,806.110

The preceding table calls for some comments:

4.2.1. Member States' Contributions:

Member States' contributions represent the main financial resource of CAFRAD, i.e. over 95% of the budget. Their amount and payment are fixed in \$, with the exception of the host country, Morocco, which discharges its contribution in its local currency the Dirhams (MAD). **Expressed in MAD, variations noticed from one financial year to another with respect to**

these contributions are due to the change in the \$-exchange rate against the local currency in which financial accounting is kept.

4.2.2. Sales of Publications:

This exclusively consists of “African Administrative Studies” (*Cahiers Africains*) published by the Centre. The amount realized at the end of each financial year stays very low and often does not even cover their printing costs.

4.2.3. Services Rendered:

These consist mainly of registration and participation fees paid during seminars, established by CAFRAD since 2007 following Decision No. 7/2007 fixing the participation rate at \$300 per person. Due to the Covid-19 pandemic, there were since no seminars.

4.2.4. Hire of Equipment:

This consists of the offset printing machine, belonging to CAFRAD which was hired out to the E.M.I. company. According to a contract signed with this Company on 28/10/1988, the latter undertook to print CAFRAD's “African Administrative Studies” (*Cahiers Africains*) and Newsletters whose costs were deducted from the annual allowance of the said machine which amounts to MAD 65,000.00 per year.

However, the auditor pointed out in his 2013/2014 report that he had visited the said company's headquarters and noticed that the machine in question had become unserviceable and as such scrapped by the hirer for a decade now. This is why the hirer of this machine is no longer able to meet its contractual commitments, i.e. the printing of folders and African Administrative Studies (*Cahiers Africains*) issues in return for the rent. This debt, which increases steadily from year to year by the amount of the annual rental, is at the end of the year under audit with an accumulation of MAD **956,395.05**, which is entered as a bad debt in its entirety and appears in the balance sheet as zero in its net value. CAFRAD cannot allow this situation to go on indefinitely without finding a final solution. To address it therefore, it is up to CAFRAD to take the appropriate decision towards this company, either to opt for an amicable solution or to take legal action, or to purely and simply abandon this debt by writing it off once and for all as profit and loss.

4.2.5. Other Income:

This account traces all receipts, other than those defined in the Budget, in this case the six accounts indicated in the table above. There was no revenue made this year.

4.2.6. Exchange Discrepancy: With a total balance of MAD **19,241.67** in gain, this result is made up of **the difference between the bank conversions of \$ into MAD at the day's exchange rate and those determined in account entries by applying the fixed exchange rate of the accounting year (i.e. \$1 = MAD 10.40) retained for our financial year.**

4.3. Result of the Financial Year

The financial year 2023/2024 was closed with a loss of **MAD 3,346,738.02**, which can be determined as follows:

- Income:	8,182,806.11 MAD ;
- Expenditure:	<u>-4,836,068.09MAD.</u>
Loss of the of the Financial Year	3,346,738.02 MAD

This positive result achieved by the Center is mainly attributed to the strengthening of the parity of the \$ against the local currency, the MAD, which increased this year by **4%** from one financial year to another. As a result, the cumulative debt of Member States denominated in \$ recorded an increase of the same order in financial accounting kept in MAD. The accounting impact of this variation in parity at the opening of the current financial year is detailed on page 3 of the report.

It should be noted that this gain, as important as it is, remains theoretical and does not reflect an enrichment to CAFRAD. That would have been the case if Member States had paid all their annual contributions. Therefore, this amount is consolidated in the cumulative debt of these States which appears on the assets of the Balance Sheet with regard to account 4400 (see appendix 1).

PART II: Assessment of the Structure of the Budget and Analysis of the Execution of the Budget 2023/2024

This part consists of two chapters, one devoted to an assessment of the structure of CAFRAD's budget and the other to an analysis of its execution.

Chapter I. Assessment of the Structure of the Budget

The budget of the financial year 2023/2024 was prepared in accordance with the structure and framework proposed by the Financial Controller to the Governing Board and approved at its 26th Meeting.

Proposed by the Financial Controller to the Board of Directors, which approved it during its 26th ordinary session

Following the example of the previous financial years, the budget is presented in the form of a ready-made framework in which information in figures is given and evaluated in addition to the value bases and explanations necessary for the determination thereof.

Efforts made continuously from year to year to improve the structure and contents of the budget and the detailed enumeration of CAFRAD's various resources and expenses have reached their maximum objective.

The budget framework, which is improved from one financial year to another by the modifications and improvements carried out, has made this document a complete and appropriate management tool in relation to the nature of CAFRAD's activities, which remains in conformity with the provisions of the Financial and Accounting Regulations of the Centre. The uniform and consistent presentation of the structure and contents of the budget from one financial year to another facilitates the preparation and execution of budget forecasts. The budget has thus become a familiar document, easy to consult by CAFRAD's bodies which are called upon to evaluate the document. In addition, the consistent structure of the budget facilitates comparison of the information in figures from one year to another and also the follow-up of the development and evolution of the budget.

This structure, which is, to a large extent, inspired by the Accounting and Financial Plan worked out and applied by CAFRAD, has the advantage of ensuring a link and reciprocal control at the level of "Income" and "Expenditure" described in the financial and budget accounting used by CAFRAD. It allows the collating of an account with its item in the corresponding budget heading.

Consequently, and taking into account that the nature of income and expenditure from one financial year to the next remains constant, no changes or new suggestions have proven necessary to formulate as to the structure and manner of representing the Budget document.

That being said, CAFRAD's budget is made up of two parts. The first describes the forecasts of the various resources of CAFRAD and the second, that relating to the actual expenditure.

Part One: Expected Income, is subdivided into five sections:

- **Section I. “Member States’ Contributions”** constitutes CAFRAD’s main source of income. The amount, whether proposed or realized, accounts for a bracket between 85 and 95% of the total financial resources of the budget, depending on the accounting year.
- **Section II: “Income Earned from CAFRAD’s Activities”** shows forecasts for income from the sale of CAFRAD’s publications, namely “African Administrative Studies (*Cahiers Africains*)”. The realized Income forecast does not amount to even 1% of CAFRAD’s total budgetary resources.
- **Section III: “Income from CAFRAD’s Assets”** describes income forecasts from CAFRAD’s secondary activities consisting usually in hiring out CAFRAD’s equipment. These forecasts are uncertain in nature and thus difficult to evaluate. In general, they constitute a source of income of little significance which barely amounts to 2% of total budget forecasts.
- **Section IV: “Services Rendered”** shows income forecasts relating to participation fees paid during CAFRAD activities, in particular registration fees during seminars, established by the Centre starting from the financial year 2007/2008.
- **Section V: “Sundry Income”** shows in general the recovery of sundry costs and incidental income such as donations received and differences in exchange rates to the Centre’s benefit in foreign currency cashing and outlay operations. As in the previous section, these amounts are difficult to forecast due to their uncertain nature. Their importance in the total income hardly exceeds 10%.

The second part of the budget is subdivided into two sections. The first describes operating expenditure forecasts and the second describes capital expenditure.

The first section is divided into **five sub-sections** which are in their turn sub-divided into items which are further divided into paragraphs according to the type and object of the category or kind of expenditure. Each type of expenditure is accompanied by a suitable heading.

The second section called “Capital Expenditure”, consisting of **four sub-sections**, shows capital goods forecasts.

These budget sections are as follows:

- | | | |
|-----------|--------------|---|
| - Section | VI: | Personnel Costs |
| - Section | VII: | Overheads |
| - Section | VIII: | Statutory Meetings |
| - Section | IX: | Scientific Activities |
| - Section | X: | Settlement of Debts |
| - Section | XI: | Purchase of Equipment |
| - Section | XII: | Purchase of Office Materials |
| - Section | XIII: | Purchase of Interpreting Equipment |
| - Section | XIV: | Purchase of Vehicles |

Chapter II. Execution of the Budget

The July 2023 - June 2024 budget was set in both revenue and expenditure at the total sum of **\$1,183,337.00** compared to \$1,306,207.00 for the previous financial year, i.e. a **decrease of \$122,870.00**. However, expressed in local currency, the MAD, whose parity with respect to the \$ for the execution of revenue and expenditure operations having changed from **10.00 to 10.40 MAD** for the current budget, this decrease amounts to only **MAD 855,365.20**, which is equivalent to **\$82,246.00**.

Budget execution remains largely dependent on the payment of Member States' contributions which alone account for more than 94% of CAFRAD's financial resources. In other words, the execution of the budget depends on the willingness of Member States to discharge their annual contributions together with their debt arrears.

2.1. Income

Following the examples of the previous financial years, income and expenditure forecasts have been evaluated in the spirit of austerity and financial crisis. The total amount for the financial year under review was finalized at the sum of **\$1,183,337.00**.

The variations between income evaluations and realizations are shown in the following table:

In \$			
Resources	Forecasts	Realizations	% Realizations
- Member States' Contributions	1,078,237.00	478,537.70	44%
- Income from CAFRAD's activities	1,500.00	97.26	6%
- Income from CAFRAD's Assets	8,600.00	6,250.00	73%
- Services Rendered	45,000.00	0	0%
- Sundry Income	50,000.00	2,345.16	5%
Total	1,183,337.00	487,230.12	41%

The disproportionate discrepancies between forecasts and realizations shown in the above table cannot be considered as a result of the incompetence or lack of objectivity of CAFRAD officials who, on the contrary, are of a very high quality. Their variations are due to the fact that **forecasts of Member States' Contributions, the main source of CAFRAD's income, covering more than 90% of its expenditure, are worked out in a theoretical way in order to present a balanced budget with regard to total expenditure.**

As for the other income categories, their uncertain and unpredictable nature renders their forecast hard to evaluate. However, as their proportion of the total budget is not important and rarely amounts to 10% of the total forecasts, the differences between their evaluations and realizations, important though they may be, have only a slight influence on the execution of the budgetary operations.

That having been said, Member States which proceeded with the payment of their contributions during the financial year 2023/2024 are given below:

- Benin: financial year 2021/22	10,080.00\$;
- Cameroon: financial years 2019/20 to 2023/24 (5f.y.) :	100,800.00\$;
- Cape Verde: financial years 2016/17 to 2023/24 (8f.y.) :	80,640.00\$;
- Morocco: 2023/2024:	65,257.70\$;
- Senegal: financial years 2016/17 to 2019/20 (4f.y.) :	80,640.00\$;
- Tunisia: financial year 2022/23:	20,160.00\$;
- Zimbabwe: financial years 2016/17 to 2021/22(6f.y.) :	<u>120,960.00\$.</u>
Total of the financial year 2023/2024:	<u>478,537.70\$</u>

It should be noted that this total recovered does not include Morocco's contribution of MAD 678,680.00 (\$65,257.70) **paid in advance** for the next financial year **2024/2025**, as it is used to doing each year.

2.2. Expenditure

The expenditure forecasts have been evaluated at a total of **\$1,183,337.00** as against \$1,316,207.00 for the previous financial year, i.e. a decrease of \$132,870.00.

2.2.1. Staff Costs

Staff costs consist of six budgetary headings, namely: Salaries and Wages, Indemnities and Allowances, Personnel Insurance Costs, Travels and Missions within Morocco, Travels and Missions abroad, and Training Costs. The budgetary credits allocated to them amount to **\$612,537.00** and represent **52%** of the total budget **forecasts** and **44%** of the total budget **implemented**.

As already indicated in Chapter IV-§1(d) above, this expenditure is valued both in forecast and realization at 10.00 MAD for one \$, in accordance with Decision No. 2007/9 of the Governing Board.

2.2.1.1. Salaries and Wages

The total amount forecast for “Salaries and Wages” is \$356,662.00, as against \$384,793.00 in the 2022/2023 financial year. The Director General’s salary, as in the previous year, is estimated at \$84,582.00. The remuneration for professional staff is estimated at \$168,310.00, reflecting a decrease of \$30,516.00 compared to the previous financial year. As to the General Service category, their forecast is valued at \$87,650.00, which is nearly the same level as in 2022/2023. Regarding Maintenance Staff, whose salaries are set in MAD, the estimate remains at \$6,120.00, as it was last year. Finally, an amount of \$10,000.00 was allocated for CAFRAD representatives, although no expenditures were recorded under this item.

The budgetary commitments under this expenditure chapter amount to a total of \$218,196.84, representing 61% of the Forecasts. Due to persistent financial difficulties, CAFRAD was only able to settle **\$62,907.53**. **The resulting shortfall of \$155,288.63 is recorded as a liability owed to the staff, corresponding to the equivalent of ten months of unpaid salaries as at the end of the 2023/2024 financial year. This regrettable situation has created a concerning sense of unrest among the entire staff. It is therefore**

incumbent upon the Honorable Board to urgently address this issue in order to allow the institution to operate under normal conditions.

2.2.1.2. Indemnities and Allowances

Personnel Indemnities and Allowances forecasts are valued at **\$115,376.00, remaining at the same level as the previous budget.** For the same reasons mentioned above, only an amount of **\$11,427.43 was effectively paid.** The resulting difference of **\$71,427.43 is to further increase debt arrears.**

2.2.1.3. Personnel Insurance Costs

These costs relate to personnel life and health insurance and pensions. As in the previous year's budget, these were projected at \$111,000.00. Out of a total of **\$11,261.38** in commitment approved by the Financial Controller, no payment has been made and **the whole** is carried as a debt toward **the CIMR retirement insurer.**

2.2.1.4. Travels and Missions

This expenditure breaks down into two categories: one within the host country, Morocco, and the other abroad.

2.2.1.4.1. Within Morocco: Forecasts concerning travels within Morocco are valued at **\$12,499.00.** Their findings amount to **\$4,135.13,** This is explained by the fact that the scientific activities that have a strong impact on this budget item could not take place during the audited financial year.

2.2.1.4.2. Abroad: As in the previous budget, estimates of credits for travel outside the host country are scheduled at **\$16,000.00.** For reasons indicated above, the achievements noted reached only **\$2,164.97,** covering the mission expenses of the Director General for his participation in the International Conference on Freedom, Democracy, and Good Governance held on April 8–9, 2024, in Cape Verde.

2.2.2. Overheads

The budget forecasts total \$93,800.00, which is, to within a few hundred dollars, the equivalent of the appropriations allocated to the 2022/2023 budget. As with the latter, they represent approximately 8% of the total budgetary expenditures.

The realisations reached \$37,471.31 all of which were fully paid.

This section is made up of thirteen headings, whose analyses are given below:

2.2.2.1. Car Fleet Expenses

It should be recalled that the Centre since two years has no car fleet.

The amount programmed in the budget was set at \$4,000.00, but no expenditure was made.

2.2.2.2. Post and Telecommunications

The credits allocated to telecommunications and postage costs total \$9,000.00. The total settlement amounts to \$2,872.16 compared to a total of \$4,850.00 of credits committed.

2.2.2.3. Building Development and Maintenance

The credits allocated for this budget chapter amount to \$6,300.00. The expenses incurred are estimated at \$894.61, including \$663.00 of findings corresponding to the payment of electricity costs and \$136.87 for the purchase of cleaning products.

2.2.2.4. Maintenance and Repair of Office Furniture and Materials

As in the preceding financial year, this heading, for which an appropriation of \$4,500.00 had been allocated, recorded an expenditure of only \$138.46.

2.2.2.5. Financial Costs

These costs represent bank charges and exchange losses. As in the previous financial years, their forecasts were valued at \$24,000.00. **Exchange losses** resulting from the variations between the spot USD exchange rates and the rate (1 US\$ = 10.40 MAD) applied as a basis in the execution of budgetary transactions of the financial year reached **\$21,880.44**. As for **bank charges (interest and fees)**, for which an allocation of \$4,000.00 had been planned, actual expenditures amounted to **\$1,699.23**, withheld at source by the banks.

2.2.2.6. Printing and Publication Costs

The credits allocated for this budget chapter amount to \$15,000.00. The realisations mainly concerned the publication of the “African Administrative Studies” *Cahiers Africains*, Issue N°88. The expenses invoiced total \$2,315.39 detailed as follows:

-		
-	300 <i>Cahiers Africains</i> , Issue n° 88:	1,892.31\$
-	Translation fees:	<u>423.08\$</u>
Total :		2,315.390\$

2.2.2.7. Contributions, Subscriptions and Documentation Costs

Consisting entirely of subscriptions in international organizations and scientific journals, forecasts in this heading were valued at \$8,000.00. A total of **\$1,499.45** was recorded corresponding to the annual contributions for the benefit of the International Labour Office (of which the Centre is a member) and the international association of administrative institutions A.I.E.I.A., i.e. respectively **\$1,000.00** and **\$499.45** both fully paid.

2.2.2.8. Office furniture

Consisting almost entirely of computer consumables, their budgeted credits initially amount to \$5,000.00. The invoiced and paid amount totals **\$726.08**.

2.2.2.9. Computer supplies

As with the previous section, \$6,000.00 of credits were allocated for the supply of computer consumables. In the end, their total invoiced amounts to **\$2,048.07**, representing 34% of their forecasts.

2.2.2.10. Consultants, Lawyers, Auditors, Trainees and Temporary Staff Fees

Scheduled in the amount of \$5,000, the amount recorded totaled **\$3,365.38 in honoraria** paid to external experts.

2.2.2.11. Representation and Reception Costs

Mainly consisting of estimated catering costs, transportation, video films made during the annual meeting of the Governing Board, their forecasted amount was set at \$4,500.00. Apart from a **\$32.04** payment for a coffee break, the other expenses related to the organization of the 59th Ordinary Session of the Governing Board **were covered by the Government of Morocco**.

2.2.2.12. Sundry Costs

Consisting of \$500.00 in provisions for payment of taxes and \$2,000.00 in unforeseeable costs, this section, as for the past financial year, did not record any realization.

2.2. 3. Statutory Meetings

Budgeted at **\$20,000.00** for the holding of the 59th meeting of the Governing Board which took place in 9th July 2024 in Rabat, the total costs incurred by this event were also **covered by the Government of Morocco**.

2.3. Scientific Activities

The budget envelope allocated to this heading is estimated at \$107,000.00. Since the covid-19 health crisis to the closing date of the financial year 2023/2024, no scientific activity has been undertaken over the last four years. This is due to the consequences of this pandemic and the severe lack of financial resources resulting from the low collection of contributions from Member states, the main funding resources of CAFRAD. **Once again, it should be recalled that its future depends on the willingness of these States to pay their annual contributions regularly. That being said, no expenses were recorded under this item, and a credit withdrawal of \$71,084.69 was carried out for the settlement of debt arrears.**

2.5. Settlement of Debts

Initially estimated at \$300,000.00, and subsequently by a credit withdrawal of \$71,084.69 from the previous budget line, the total allocations recorded in the budget amount to **\$371,084.69. Owing to a relative improvement in its financial situation**, driven by a 126% increase in the recovery rate of member states' contributions, the Centre was able to disburse **\$365,223.81, primarily allocated to the settlement of salary arrears**. This represents a record amount not achieved in any of the past five financial years.

2.6. Capital Expenditure

The forecasts for the investment section total \$40,000.00. Only a modest sum of \$323.08 has been recorded and concerns the purchase of a laser fax machine.

CONCLUSION

In conclusion, and following our in-depth examination of the financial accounting and budgetary accounting of CAFRAD for the period July 2023-June 2024, we carried out this mission in accordance with the mandate given to us by the Director-General and in accordance with the accepted auditing standards.

Overall, we can assure that the accounting and budgetary accounts are kept in accordance with the provisions of the Financial and Accounting Regulations of the Center for the above-mentioned period.

Our verification mission is based on the examination and analysis of the data contained in the accounting documents available at the time of our intervention. We were also able to provide an evaluation and assessment of the accounting and budgetary control process implemented by your institution. This latter is formed by two distinct types of control. The first is an *a priori* control provided by an external party, in this case the controller of expenditure commitments whose role is to examine the expenditure proposals of the Director General in his capacity as the chief authorizing officer, with regard to the budget document, the exact allocation of the expenditure and the availability of budgetary appropriations for the heading concerned. The second control is carried out by the accountant responsible at the end of this process for settling the expenses. The latter being appointed by the Governing Board for which he is personally and financially responsible, must first ensure the regularity of the expenditure with respect to the regulatory provisions of CAFRAD and the decisions of its Governing Board. This rigorous process can in itself constitute a presumption of conformity and eligibility of expenses. Thirdly, there is added *a posteriori* our intervention aiming on the one hand to consolidate the mentioned controls and on the other hand to confirm to you the sincerity and regularity of the accounting data and possibly to report to you possible irregularities accompanied by recommendations to remedy the situation.

This being said, the 2023/2024 accounting year is characterized by a significant increase in the collection of contributions from Member States, representing more than 90% of the institution's financing resources. With a total revenue of **\$476,590** realized, this result constitutes the highest record ever reached in the past five financial years. For the first time, this allowed the Centre to cover the expenses incurred during the financial year. While this is a positive development for the Centre, its financial situation remains critical. Indeed, salary arrears continue to accumulate to approximately ten months of unpaid wages. Some budget items have even recorded an increase compared to the previous financial year. For instance, the “Personnel Accrued Expenses” account, mainly composed of End-of-service allowances, totals \$108,495 compared to \$57,488, nearly double from a year ago. Similarly, the staff pension insurer CIMR continues to demand payment of several months of outstanding contributions totaling \$79,491 (as against \$58,710 as of 30/06/23), with the threat of severing ties with the institution.

At the end of this verification mission, we believe we must make the following recommendations to you:

1- Follow-up on prior recommendations:

- **R1-** in the light of the information given on page 7, § 2.3.4, settle account 408 ‘Supplier-customer EMI’ by debiting the Profit and Loss account;
- **R2-** settle account ‘485 Client AOPC’ which has been debited since 1985 for the sum of \$695.62, which is deemed to be prescribed under the Commercial Code of the host country;

- **R3**-keep an annual inventory at the end of each accounting year concerning *Cahiers-Africains* and documents acquired by the Centre;
- **R4**- restart the recovery of VAT totalling \$5,981.20 from the General Tax Directorate.

2 – Recommendations from the 2023/2024 Financial Year:

- **R1** – Write off the total amount of MAD 8,121.73 in cheques detailed on page 8, as they are considered time-barred under the relevant provisions of the Host Country;
- **R2** – Settle account 211 'Patent, Trademark, Rights' by debiting the 'Prior Period Gains and Losses' account, for the reasons stated on page 4.

Subject to these recommendations, it is recommended that the honorable Governing Board approve the accounts of CAFRAD for the financial year 2023/2024, started on 01/07/2023, closed on 30/06/2024.

Indeed, in accordance with the provisions of Article **113 of the CAFRAD Financial and Accounting Regulations**, the Chairperson of the Governing Board submits the financial statements of the financial year to the Board for review, which in turn proceeds with the approval of the accounts for the financial year.

Article 114: The approval of the financial statement by the Governing Board constitutes a discharge granted to the Accounting Officer for the financial year concerned. In the event of refusal to grant discharge, the Board must decide on the measures to be taken against the Accounting Officer.

The Auditor
Rhauni Mohamed

TABLE OF CONTENTS

INTRODUCTION.....	1
Part I : Examination and Analysis of the Accounts for the Financial Year 2023– 2024...	2
Chapter I. General Points.....	2
1.1/ Evaluation of the Accounting System.....	2
1.2./ The parity of the \$ and its accounting impact	3
Chapter II. Analysis of Accounts: Balance of Assets	4
1. Fixed Assets	4
2. Stock accounts.....	5
3. Third Party and Regularization Accounts	5
4. Financial liquidity accounts.....	8
Chapter III. Analysis of Accounts: Balance of Liabilities	9
1. CAFRAD's Own Capital:	9
2. CAFRAD's debts:	9
Chapter IV. Analysis of Management Accounts	12
1. Expenditure Accounts:	12
2. Income Accounts:.....	14
3. Result of the Financial Year	15
Part II : Assessment of the Structure of the Budget and Analysis of the Execution of the Budget 2023/2024.....	16
Chapter I. Assessment of the Structure of the Budget.....	16
Chapter II. Execution of the Budget.....	18
1. Income	18
2. Expenditure	19
CONCLUSION.....	23
APPENDICES.....	26

APPENDICES

Appendix I: Balance Sheet;

Appendix II: Statement of Income and Expenditure;

Appendix III: Net Result of the Financial Year;

Appendix IV: General Balance of the Accounts;

Appendix V: Statement of the Development of the Balance of the Account “Remunerations owed to Personnel”;

Appendix VI: Statement of the Development of the Balance of the Account “Personnel/Accrued Expenses”;

Appendix VII: Statement of the Development of the Balance of the Account “Advances on Salaries”;

Appendix VIII: Statement of the Development of the Balance of the Account “Advances on Missions”;

Appendix IX: Statement of the Development of the Balance of the Account “Prepaid or Deferred Expenses”;

Appendix X: Statement of the Development of the Balance of the Account “Accrued Contributions or Income”;

Appendix XI: Statement of the Development of the Balance of Suspense Account;

Appendix XII: Statement of the Development of the Balance of the Account 471 “Accrued Expenses”;

Appendix XIII: Statement of the Development of the Balance of the Account 4631 “Pension Scheme CIMR”;

Appendix XIV: Table of Budget Realizations – Expenditure;

Appendix XV: Statement of the Development of the remaining recoveries from Member States' Contributions.

Appendix XVI: Situation of the Advances Fund.
