

**AFRICAN UNION  
BOARD OF EXTERNAL AUDITORS**



**REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF THE  
AFRICAN UNION FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER  
2017**

**JUNE 2018**

## CONTENTS

List of Acronyms.....	iii
1.0. INTRODUCTION.....	1
2.0. REPORTING.....	2
3.0. REPORT OF THE BOARD OF EXTERNAL AUDIT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE AFRICAN UNION FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER, 2016.....	2
4.0. FINANCIAL STATEMENTS AND EXPLANATORY NOTES.....	11
5.0. TRANSMITTAL STATEMENT .....	12

## **List of Acronyms**

These descriptions and explanations, have been cited throughout this report, however, they serve to clarify matters in this report and are not intended to be authoritative.

<b>Acronym</b>	<b>Meaning</b>
<b>ACBF</b>	African Capacity Building Foundation
<b>ACSRT</b>	African Centre for the Study and Research on Terrorism
<b>ALICO</b>	American Life Insurance Company
<b>AMISOM</b>	African Mission in Somalia
<b>AU</b>	African Union
<b>AUC</b>	African Union Commission
<b>EC</b>	European Commission
<b>EU</b>	European Union
<b>IBAR</b>	The Inter African Bureau for Animal Resources
<b>ICT</b>	Information and Communication Technology
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISSAIs</b>	International Standards for Supreme Audit Institutions
<b>IT</b>	Information Technology
<b>NEPAD</b>	New Partnership for Africa's Development
<b>PANVAC</b>	Pan African Veterinary Centre
<b>PAP</b>	Pan African Parliament
<b>PRC</b>	Permanent Representatives' Committee
<b>STRC</b>	Scientific, Technical and Research Commission
<b>UN</b>	United Nations



## **1.0. INTRODUCTION**

### **1.1. Background**

In accordance with Article 76 of the African Union Financial Rules and Regulations (FRRs), the Board of External Auditors is required to audit the consolidated accounts of the African Union (AU).

In addition, Article 78 (1) (d) provides for the Board to make observations with respect to the efficiency of the financial management, including the accounting system, the internal controls and, in general, the administration and management of the Organization, especially with regard to "internal liaisons between the various authorities responsible for the framing, preparation and administration of the annual budget".

### **1.2. Terms of Reference**

The Audit was undertaken in accordance with the audit terms of reference stipulated in Article 78 (1) (a-f) of the African Union Financial Rules and Regulations. Those terms require the AU Board of External Auditors to;

- i. Carry out a posteriori external auditing of the Consolidated accounts of the Union
- ii. Ensure that the Audit is conducted in conformity with International Standards on Auditing and subject to special directions of the Executive Council;
- iii. Verify the way and manner in which the Accounting Officer and those answerable to him have performed their accounting duties and responsibilities;
- iv. Formulate all proposals likely to increase the efficiency of methods of budgetary and financial management, including accounting systems;
- v. Examine the consolidated accounts and assure itself of the existence and validity of supporting documents provided for by the rules and regulations of the organization;
- vi. Carry out an audit of the consolidated accounts including trust funds, project funds and special funds;
- vii. Undertake compliance reviews to determine that the consolidated financial transactions comply with the financial rules and regulations, staff rules and regulations, resolutions of the Executive Council and other administrative instructions issued from time to time;



- viii. Review the operations of the Union and determine as to whether operations and activities were carried out with due regard to Economy, Efficiency, and Effectiveness; and
- ix. Express an opinion on the consolidated financial statements of the Union.

## **2.0. REPORTING**

In compliance with the above stated Terms of Reference, and Articles 83 of the AU FRR, we have issued Final Management letters to all consolidating entities of the AU in regard to the regularity audit in addition to individual entity audit reports. In the management letters, we have included significant audit issues and made recommendations for consideration by AU management. This Auditor's Report on the consolidated accounts does not include all issues raised in all the entity management letters. The Sub Committee of the PRC on audit matters may interest itself in the matters raised in the final management letters.

## **3.0. REPORT OF THE BOARD OF EXTERNAL AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE AFRICAN UNION FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2017**

The Chairperson,

Sub Committee of the PRC on Audit Matters,

### **Report on the Audit of the Consolidated Financial Statements of the African Union for the year ended 31<sup>st</sup> December, 2017**

#### **Opinion**

We have audited the Consolidated Financial Statements of the African Union, which comprise the Statement of Financial Position as at 31<sup>st</sup> December 2017, and the Statement of Financial Performance, Statement of Changes in Equity, Statement of Cash Flows, Statement of Budget vs. Actual comparison for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the African Union as at 31<sup>st</sup> December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and the AU Financial Rules and Regulations.

## **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the African Union in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report;

- **Member States' Assessed Contribution**

### **Justification**

One of the key components of the AUC revenue budget is Member States' Assessed Contribution. Member States' Assessed Contribution accounted for 42.5% (i.e. USD.270,149,538) of the total recognized revenue in the year (USD.635,510,000).

According to Article 19 (3) of the Financial Rules and Regulations (FRR) of the Union, contributions by member states are due on the 1<sup>st</sup> January of the beginning of every financial year. This implies that the revenue from member states' contribution is recognized once it is assessed, and not when it is actually collected. This revenue recognition is also in accordance with IPSAS 23: Revenue from non-exchange transactions, and is amplified by the AU summary of significant accounting policy, **3 (k) (i)**. Because of the complexity of its revenue recognition and the challenges faced by the Union in enforcing its collection, and in addition to the amount of the audit time allocated to review this revenue component, it was decided to make the component a key audit matter.



### **Audit procedures performed**

We designed appropriate audit procedures to review the key audit matter as detailed in Annexure 1.

### **Results of our review**

We noted that for the financial year that ended 31<sup>st</sup> December, 2017, according to the Executive Council decision (EX.CL/Dec. 919(XXIX), a sum of USD.270,149,538.00 was approved as member states' assessed contribution. This was further broken down into Regular budget (USD.205,149,538) and Peace Fund (USD.65,000,000). Of the approved amount, only USD.176,960,315.25 (Regular Budget: USD.145,282,086.28 and Peace Fund: USD.31,678,228.97) was collected leading to a performance level of 66% under this revenue component. Management attributed the low performance to the current emergent challenges that most Member States are experiencing e.g. insecurity, food insecurity due to prolonged drought, and emergent conflicts which affect the distribution of national resources. However, Management explained that it has instituted various strategies to ensure compliance which include frequent quarterly reminders, designing of payment plans, and a review of the current sanction regime.

We further noted that, annual outstanding contributions are on the increase every end of year as follows: USD.66,661,006.09 (as at 31<sup>st</sup> December, 2015); USD.84,487,150.19 (as at 31<sup>st</sup> December, 2016); and USD.146,267,168.38 (as at 31<sup>st</sup> December, 2017). The trend is likely to increase further if satisfactory measures are not implemented. The aging analysis of the current year outstanding amount indicates that USD.109,138,220.49 is outstanding below 2 years; USD.20,255,108.44 is outstanding between 2-3 years; USD.16,469,810.33 is outstanding between 3-4 years; and USD.404,029.12 is outstanding between 4-5 years.

Member States Assessed Contribution is a major source of funding of the AU budget, and if the bottlenecks surrounding the collection of this revenue source are not addressed, this may hinder the attainment of the AU objectives, thus impairing its going concern principle.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to the following matters disclosed in the consolidated financial statements that, in our judgement, are of such importance and fundamental to users' understanding of the financial statements;



- **Budget performance**

A review of the budget performance (Revenue budget) of the AU indicated that out of USD.850,808,582 budgeted revenue, only USD.655,665,231 (77%) was realized resulting into a revenue short fall of USD.195,143,351. This performance was attributed to the fact that transfer and recognition of partner funds as revenue is dependent on the utilization and proper accountability of funds. It was noted that a significant proportion of partner funds were held in receivables and donors were reluctant to release more funding due to the slow implementation of projects/programmes. Furthermore, member states were not fully paying up on their assessed contribution as discussed in under the key audit matter.

In addition, a review of the Expenditure budget indicated that out of USD.850,808,582 budgeted expenditure, only USD.545,427,187 (64%) was spent resulting into under expenditure of USD.305,381,394 (36%). This is majorly attributed to the low revenue performance discussed above.

The failure by the AU to raise funds as approved in the budget affects its attainment of the intended objectives, thus again impairing it's going concern principle.

- **Property Plant and Equipment**

- i. **Revaluation of Assets**

The African Union Commission and AU Organs have all invoked transitional provisions of IPSAS 17: Property Plant and Equipment in paragraphs 95 and 96 that allow entities 5 years of transitional period to be fully compliant with the standard following the date of first adoption of IPSAS. The AU adopted IPSAS in 2014 and continues to benefit from this measure till 2018.

In accordance with the transitional provision, the AUC and AU Organs did not recognize assets in the balance sheet that are in the process of being valued by experts. These include: the new building at Headquarters donated by Germany Government, all of the assets in Algiers donated by the Algerian Government, and the office assets at the DRC liaison office. In addition, the land and building in Brussels have not been classified

under their respective category of land and building. Management has disclosed the information in the financial statements under Note 3 (b) and initiated a recruitment process of a firm to undertake a wide asset valuation exercise across the AU. We note that the exercise is long overdue and if not fast-tracked, management may miss out on the IPSAS deadline of 2018 accounts. This same issue was raised to management in our last previous consolidated audit report.

In addition to the above, we noted that AUC continues to use and generate economic benefits from some of the assets with Nil Net Book value in its assets register without revaluing the assets in accordance to IPSAS 17 Para. 44. The affected items included most of the IT equipment and software, and motor vehicles. Most critical was the Systems Application & Products (SAP) software capitalized on 30.06.2014 with acquisition value of USD.1,487,242.20 which had been fully amortized by 2015 without revaluation, yet it continues to support critical business operations of the Union, such as Human resource and financial operations. Management explained that these assets will too be revalued by the firm to be recruited for the wide AU asset revaluation exercise.

**ii. Application of the Asset recognition policy (USD.3,000 Threshold)**

We noted that there was inconsistent application of the asset recognition threshold of USD.3000 between the AUC and AU Organs. Under the AU asset recognition policy only assets above the threshold should be capitalized. We noted that most AU organs were procuring equipment below the threshold, and under the strict application of the policy, these organs would end up not capitalizing most of the acquired equipment. There is need for the AU management to review this policy and consider the asset materiality at an individual entity level in accordance with the IPSAS requirement.

• **Outstanding Write-offs**

**i. Old outstanding items to be presented to PRC for write off-AUC**

AUC continued to perform an analysis of old outstanding balances in various financial line items for recommendation to the PRC for write off. As at 31<sup>st</sup> December, 2017 a net write-off of USD.942.776 (**Note 47, refers, Appendix IV**) to the General Fund was



proposed. This amount has reduced compared to the previous year's proposed net write off of USD.4,358,949 reported in our previous audit report, which was presented to PRC, and referred to the Office of Internal Audit (OIA) for verification before approval. The OIA has verified and recommended to PRC a net write off of USD.942,776, however, at the time of concluding the audit (June, 2018) PRC had not granted permission for write off.

**ii. Provision for Bad debts –PAP**

We noted that included in the provision for bad debts in the PAP accounts is a sum of USD.428,063 in respect of funds due from development partners. However all indications are that this will never be recovered thus it continued sitting as bad debts is unrealistic, thus calling for a write off by the appropriate authority.

- **Cash and Cash Equivalent**

Included in the statement of financial position under Cash and Cash equivalent is an amount of **USD.367,619,000 (Note 9)**. A review of this balance indicated that there were dormant accounts at the AUC with closing balance of USD.23,869, 501.32 which were not active, but instead attracting bank charges. Maintenance of dormant accounts increases the risk of unnecessary administrative costs, diminution of value through inflation and possible loss of cash balances through fraud or misuse if activities on these accounts are not closely monitored. Management attributed this to closed projects whose closure audits and other closure procedures were pending.

- **Voluntary Contributions by Member states - Revenue not budgeted for by NEPAD**

Disclosed in the financial statements of NEPAD, is a total amount of USD.1,612,439 that was received as voluntary contributions from Members States without it being duly approved by the Executive Council, as this amount is not included in the decision of the budget of the African Union, Ex.Cl./956(XXIX), for the financial year of 2017. This fact constitutes a violation of Article 20(2) of the African Union Financial Rules and Regulations (Voluntary Contributions, Gifts and Donations), which states that "Collection of all direct or indirect contributions not authorized by the Executive Council, in whatever



form or denomination, shall be prohibited. This matter was also raised in our previous report whereby the entity collected USD.2.172.749 in a similar manner.

- **Contribution in Kind by Host Governments**

IPSAS 23 (Revenue from non-exchange transactions-Transfers), requires receiving entities to recognize such transfers as either assets, liabilities or revenue provided the claim is enforceable, and the entity assesses that it is probable that the inflow of resources will occur.

As we noted in our previous audit report, a number of AU Organs continue to enjoy support from different host governments in form of provision of office space, including payments for utilities, and donated buildings. We noted that PAP, AUBC, ACPHR, and AUC-IBAR have taken recognition of the various support from the respective host governments and disclosed in their various accounts. However NEPAD and AfCPHR have not disclosed the respective support from the host governments. AUC and AU organs are encouraged to recognise contribution in kind from host governments in accordance with IPSAS 23.

#### **Other matters**

We consider it necessary to communicate the following matters other than those presented or disclosed in the financial statements:

- **AU Staffing Structure**

According to the Approved Maputo Staff Structure 2006, there were 1,165 approved positions of the African Union. We however noted that only 653 were filled, thus leaving 512 positions vacant. This therefore means that staffing levels at the AU stood at only 56% as at 31<sup>st</sup> December 2017, which has resulted into recruitment of personnel on short term contracts, which is not sustainable and increases the recruitment costs every time the short term contracts expire and fresh recruitments undertaken. This was due to inadequate implementation of the approved annual recruitment plan during the year by the Directorate of Human Resource where the Commission only completed the recruitment process for only 116 positions out of the planned 497, registering a success level of only 23%. However, we were informed that AU has since come up with a new staff structure approved in 2018.



- **Staff Pension Scheme**

The Organization for African Unity (the defunct OAU) and the American Life Insurance Company (ALICO) entered into a contract for management of a Pension Fund under policy Number 50418 effective 01st January 1992. We noted that this contract was open ended, and overtime amendments were instead made through the issuance of endorsements. Effective 01<sup>st</sup> September, 2017, the Contract was terminated by ALICO. A review of the current status of the fund revealed that there has not been official termination of the contract since AUC has not completed and submitted the Liability Release Form (at the time of concluding this audit, June, 2018) which was due by 31<sup>st</sup> August, 2017. This therefore means that the Commission has not officially instituted a proper termination process of the pension scheme, thus putting members' contributions to a risk of non-recovery. However we noted that a sum of USD.58 million has been transferred by ALICO to JP Morgan Bank, which with effective 1<sup>st</sup> October, 2017 has been receiving staff and employer contributions. We further noted that JP Morgan is not offering services of management of the pension scheme, but facilitating management of the deposits being made by AUC and other organs. AU management has not identified an alternative firm to run the scheme. In addition, we noted that since the inception of the staff pension scheme, the required Pension Management Committee had never been instituted; however management indicated that it will be set up through the Trustee Board provided for in the new Pension Scheme Rules.

If the matter of the termination of the staff pension scheme by ALICO is not handled adequately, and a new fund management firm identified immediately, there is a risk that the staff of AUC and other AU organs will loose on the accruing pension benefits resulting from a well-managed fund.

**Responsibilities of Management for the Consolidated Financial Statements**

Management of AUC is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IPSAS and AU Financial Rules and Regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the AU's ability to continue as a going concern, disclosing, as applicable, matters related to



going concern and using the going concern basis of accounting unless management either intends to liquidate the AU or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the AU's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also required to;

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty



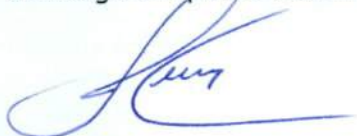
exists related to events or conditions that may cast significant doubt on the AU's ability to deliver its mandate. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to fail to deliver its mandate.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying entity transactions and events in a manner that achieves fair presentation.

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



John F.S. Muwanga

**Chairperson, AU Board of External Auditors**  
**ADDIS ABABA**  
**6<sup>th</sup> June 2017**

## **ANNEXURE 1:**

### **DETAILED AUDIT PROCEDURES FOR THE KEY AUDIT MATTER**

We designed appropriate audit procedures to review the key audit matter. These include the following;

- Obtained the decision of the Executive Council approving the assessment together with the approved schedule of the list of assessed member states;
- Agreed the total on the schedule of the list of assessed member states with the approved amount in the Executive Council decision;
- Agreed the individual Member State's assessed contribution with the amounts respectively posted in the individual State's Receivables ledgers in the SAP;
- Agreed the total of assessed contribution with the amount posted in the revenue recognition ledger in the SAP;
- Obtained a statement of member states contribution and posted individual member states collections or payments into their respective receivables ledgers in SAP;
- Agreed opening balances brought forward from the previous year's assessment into individual member states ledgers in SAP, and balanced off the accounts taking into consideration the payments made in the year.
- We also reviewed payments by member states in the year and aligned them with the accounting period in which they related;
- Carried the closing balances in member states receivables ledgers in SAP to the closing balances in the statement of member states' contribution, and reviewed an aging analysis of outstanding member states assessed contribution already provided by management; and
- Agreed the totals of member states assessed and recognized revenue, and receivables in the financial statements.

#### 4.0. CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES



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**AFRICAN UNION ANNUAL REPORT  
AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE  
FINANCIAL YEAR  
ENDED 31 DECEMBER 2017**

## TABLE OF CONTENTS

### Table of Contents

List of Abbreviations .....	2
Annual Report .....	4
Transmittal Statement .....	14
Statement of Management Responsibility .....	15
<b>AU Consolidated Statement of Financial Position .....</b>	<b>16</b>
<b>Consolidated Statement of Financial Performance .....</b>	<b>17</b>
<b>Statement of changes in equity .....</b>	<b>18</b>
<b>Consolidated Statement of Cash Flows .....</b>	<b>19</b>
<b>Statement of Budget versus Actual Comparison .....</b>	<b>21</b>
<b>Appendix I – STATEMENT OF FINANCIAL PERFORMANCE (INCOME AND EXPENDITURE) -     SEGMENT REPORTING .....</b>	<b>798</b>
<b>Appendix II – STATEMENT OF RECEIVABLE FROM PARTNERS - ACTIVITIES .....</b>	<b>80</b>
<b>Appendix III – STATEMENT OF DEFERRED REVENUE – FUND UNEXPENDED FOR CASH     COLLECTED .....</b>	<b>81</b>
<b>Appendix IV – OLD OUTSTANDING ITEMS THAT WILL BE PRESENTED FOR WRITE OFF TO THE     PRC .....</b>	<b>85</b>



## List of Abbreviations

Abbreviation	Full name
ACALAN	Executive Secretariat of the African Academy of Languages, Bamako, Mali
ACSRT	African Centre for the Study and Research on Terrorism - ALGER, Algeria
AFREC	African Energy Commission
AFRIPOL	African Mechanism for Police Cooperation
AMISOM	African Union Mission in Somalia
AMU	Arab Maghreb Union
AOSTI	African Observatory of Science, Technology and Innovation
Arab League Mission	African Union Permanent Delegation to the League of Arab States – Cairo, Egypt
AU	African Union
AUABC	African Union Advisory Board on Corruption
AUC	African Union Commission
AUCIL	African Union Commission on International Law
AUSARO	African Union Mission to the Southern African Region – Lilongwe, Malawi
CELHTO	Centre d'Etudes Linguistiques et Historiques par Tradition Orale (French: Center for Linguistic & Historical Study of Oral Tradition; Niamey, Niger)
CEN-SAD	Community of Sahel-Saharan States
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of the Congo
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOSOCC	Economic, Social and Cultural Council
ECOWAS	Economic Community of West African States
ERM	External Resources Management division
ETB	Ethiopian Birr
EU & THE ACP Mission	Permanent Observer Mission of the African Union to the EU & THE ACP – Brussels, Belgium
FRR	Financial Rules and Regulations of the African Union
GBP	Great Britain Pound
GDP	Gross Domestic Product
H.E.	His Excellency
HQ	Headquarters
IAPSC	Inter-African Photo sanitary Council – Yaoundé, Cameroun
IBAR	The Inter-African Bureau for Animal Resources (IBAR) - Nairobi, Kenya
ICT	Information and Communication Technology
IDP	Internally Displace Person
IGAD	Intergovernmental Authority on Development
IPSAS	International Public Sector Accounting Standards
MNJTF	Multinational Joint Task Force
NEPAD	New Partnership for Africa's Development
PANVAC	Pan African Veterinary Centre, Debrezeit, Ethiopia

<b>Abbreviation</b>	<b>Full name</b>
PAP	Pan African Parliament
PAU	Pan African University
PBFA	Programming, Budgeting, Finance and Accounting
PP&E	Property, Plant and Equipment
PRC	Permanent Representative Committee
PSD	Peace and Security Department
PY	Prior Year
RECS	Regional Economic Communities
SADC	Southern African Development Community
SAFGRAD	Specialized Office for Promotion of Agricultural Research and Development in the Semi-arid Zones of Africa (SAFGRAD) located in Ouagadougou, Burkina Faso
STRC	Scientific, Technical & Research Commission - Abuja, Nigeria
STRC	Scientific, Technical & Research Commission - Abuja, Nigeria
UAE	United Arab Emirates
UN GENEVA	African Union Mission to the United Nations – Geneva, Switzerland
UN NEW YORK	Permanent Observer Mission of the African Union to the United Nations - New York
UNECA	United Nations Economic Commission for Africa
USD	United States Dollar



## Annual Report

### 1. African Union

The African Union Commission is composed of the chairperson, deputy chairperson and eight commissioners, plus staff (Constitutive Act, article 20; Commission Statutes, article 2). The Assembly elects the Chairperson and Deputy Chairperson. The Executive Council elects the Commissioners, who are appointed by the Assembly. The term of office for the elected Commission members' terms is four years, renewable once (Commission Statutes, article 10).

The regions from which the Chairperson and Deputy Chairperson are appointed are entitled to one commissioner each. All other regions are entitled to two commissioners. At least one commissioner from each region shall be a woman. Voting for each portfolio is by a series of ballots if required and a two-thirds majority. Appointments are declared during the Assembly Summit following the Executive Council elections. Elections for Commissioners whose terms of office expired in July 2016 were postponed until January 2017 (Assembly/AU/Dec 610(XXVII)) and July 2017 for 2 Commissioners (Assembly/AU/Dec. 638(XXVIII)). current Commissioner were appointed in January and July 2017 respectively; six in January and two in July as indicated in the table below .

The Commissioners support the Chairperson in running the Commission and have the responsibility to implement all decisions, policies and programmes relating to their portfolios (Commission Statutes, article 11). The eight portfolios are set out in the Commission Statutes (article 12).

***The former and the newly appointed Commissioners are tabulated below:***

Chairperson	H.E. Moussa Faki Mahamat, Chad, 2017–(Elected January 2017) Dr Nkosazana Dlamini Zuma, until March 2017
Deputy Chairperson	H.E. Quartey Thomas Kwesi, Ghana, 2017–(current) Mr. Erastus Mwencha; until March 2017
Commissioner for Peace and Security	Amb Smail Chergui, Algeria (re-elected in January 2017)
Commissioner for Political Affairs	H.E. Cessouma Minata Samate, Burkina Faso (elected in January 2017) Dr. Aisha L. Abdullahi; until March 2017
Commissioner for Infrastructure and Energy	H.E. Amani Abou-Zeid, Egypt (elected in January 2017) Dr. Elham M.A. Ibrahim; until March 2017
Commissioner for Social Affairs:	H.E. Amira El Fadil, Sudan (elected in January 2017) Dr. Mustapha Sidiki Kaloko; until March 2017
Commissioner for Trade and Industry:	H.E. Albert M. Muchanga, Zambia (elected in January 2017) Mrs Fatima Haram Acyl; until March 2017
Commissioner for Rural Economy and Agriculture:	H.E Sacko Josefa Leonel Correa, Angola (elected in January 2017) Mrs. Rhoda Peace Tumusiime; until March 2017
Commissioner for Human Resources, Science and Technology	Sarah Mbi Enow Anyang Epse Agbor, Cameroon (elected in July 2017) Martial De-Paul Ikounga, Congo (until Sep 2017)
Commissioner for Economic Affairs:	Harison Andrianaivo Victor, Madagascar (elected in July 2017) Anthony Mothae Maruping, Lesotho until Sep 2017

The positions of the commissioners for Human Resources, Science and Technology and Economic Affairs were appointed during the Twenty-Ninth Ordinary Session of the Assembly in July 2017 in accordance with Article 16 (6) of the Statute of the Commission of the African Union.

**2. Financial statements discussion and analysis for the financial year ended 31 December 2017**

**2.1. Financial reporting and accountability**

The Chairperson of the Commission is the Chief Executive Officer, legal representative of the AU and the Commission's Accounting Officer (Commission Statutes, article 7). The Chairperson is directly responsible to the Executive Council for the discharge of his duties.

This role is delegated to The Deputy Chairperson, who assists the Chairperson in the execution of his or her functions and ensures the smooth running of the Commission in relation to administrative and financial issues. The Deputy acts as the Chairperson in his absence.

Financial reporting and accountability role is delegated to the Accounting Officer who is responsible for the administration and enforcement of the AUC Financial Rules and Regulations (FRR). This role may be delegated to the controlling Officers and where applicable competent authorities of the Union as may be deemed appropriate.

Often, this role is delegated to the Directorate of Programming, Budget, Finance and Accounting (PBFA). The role of the Directorate of PBFA is to administer and ensure compliance with the Union's FRR, as well as budgetary and accounting policies and procedures, for the smooth running of programs.



At the end of each financial year, the Accounting Officer- through the delegated personnel- prepares the annual financial statements of the Union which provides financial information on the activities of the AUC comprising of the liaison offices, regional and specialized offices and organs from an accrual accounting and budgetary perspective. The financial statements are prepared in accordance with the Union's FRR and in accordance with Accrual IPSAS.

## **2.2. Budgeting Process**

The AUC's Directorate of PBFA prepares the budget annually for financial years starting 1 January and ending 31 December. The Chairperson of the Commission is the Chief Accounting Officer of the AU. The budget and related matters are considered by the Permanent Representatives Committee (PRC) and its relevant sub-committees, and recommendations are made to the Assembly (Assembly of Heads of State and Government of the African Union) through the Executive Council. The Assembly approves and adopts the budget of the African Union.

## **2.3. Decision on financing of the African Union and Budget Trends**

In July, 2016 at a Retreat on Financing of the Union held in Kigali, the Heads of State and Government adopted the decision Assembly/AU/Dec.605 (XXVII) to implement a 0.2% levy on eligible imports for all member states to finance the Union from January 2017. The purpose of the decision is to:

- I. Provide reliable and predictable funding for continental peace and security through the Peace Fund;
- II. Provide an equitable and predictable source of financing for the Union;
- III. Reduce dependency on partner funds for implementation of continental development and integration programs; and
- IV. Relieve the pressure on national treasuries with respect to meeting national obligations for payment of assessed contributions of the Union.

The AU budget has been growing over the years. This growth in the budget has been due to the expanded scope of work of the Union mainly from implementation of the Assembly decisions and the subsequent need to implement the First Ten Year Plan of Agenda 2063. The significant increase between the 2016 and 2017 budget is attributed to the inclusion of the peace support operations budget in the AU budget.

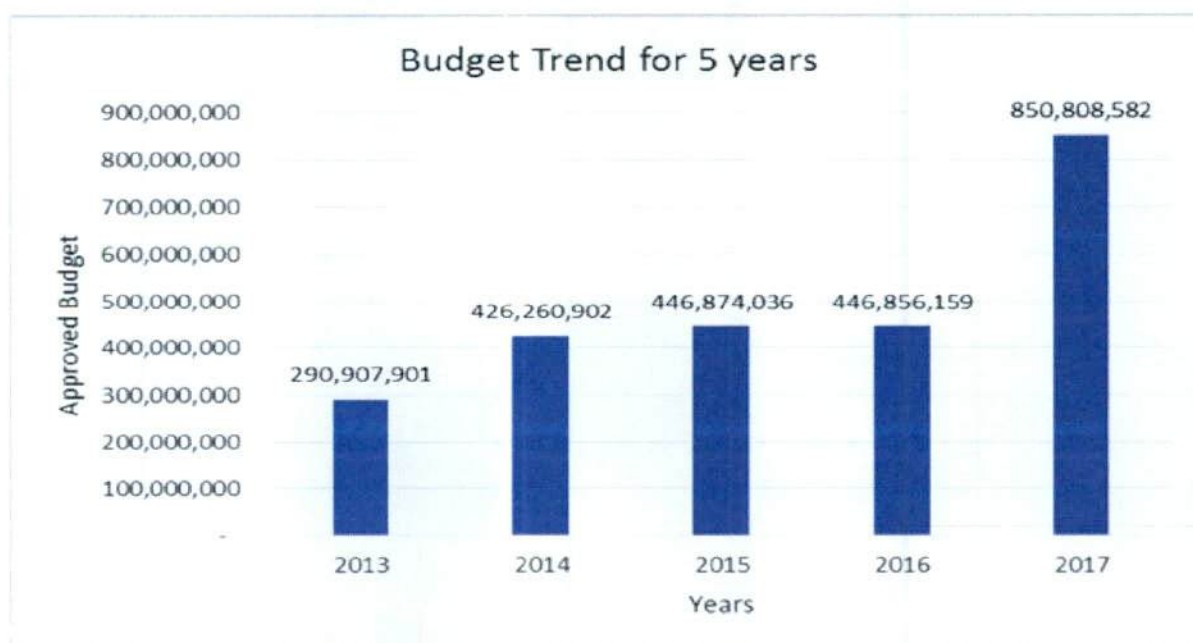
The AU policy organs adopted US\$850.8million which included Peace Support Operations budget. US\$491.7million was allocated towards the operating budget while US\$359.1 was allocated towards programs budget. Of the operating budget, \$325.1million was related to the peace support operations budget which was considered for the first time by the Assembly in their adoption of the AU budget. The Member States allocation towards financing the 2017 budget was US\$221.2million while International development partners were to finance US\$629.6 million. This represented Member States funding 26% of the total budget while international development partners funded 74% which is a reduction of 10% for MS funding compared to 2016 budget financing and an increase of 10% for Partners funding compared to their contribution on the 2016 budget.

The initial 2017 budget appropriation of US\$ 782.1million was approved by the Executive Council via decision EX.CL/956. (XXIX) with additional supplementary budgets being approved as follows:

Schedule for AUC 2017 Budget Approval		
Description	Decision No.	Amount \$
Initial Appropriation*	EX.CL/Dec.919(XXIX)	782,108,049
1st Supplementary Budget	EX.CL/Dec.940(XXX)	6,901,902
2nd Supplementary Budget	EX.CL/Dec.966(XXXI)	868,918
3rd Supplementary Budget	EX.CL/Dec.986(XXXII)	60,929,714
<b>Total AU 2017 Budget Approved</b>		<b>850,808,583</b>

The graph below shows the budget trend of the Union over 5 years:

**Figure 1:** AU budget trend between 2013 and 2017 in USD





## **2.4. Source of funding of the African Union**

The African Union is mainly financed by statutory contributions by the member states, voluntary contributions from development partners, income earned from commercial activities that may be undertaken and other miscellaneous income

### Member states contribution

The African Union is mainly financed by the member states through annual statutory contributions made in accordance with the scale of assessment approved by the Executive Council.

### Development partners

The African Union has continued to fund much of its program budget through the support from development partners. This is through voluntary contributions, gifts and donations both in cash and in kind.

### Other income

This constitutes income earned from commercial activities undertaken by the AUC, fees earned from services rendered by the AUC, revenue from investments, loans and advances and revenue of any other source not described above.

## **3. Risks and uncertainties.**

The African continent is exposed to various challenges such as political instability, economic difficulties, and natural calamities like drought, amongst others.

As part of its mandate the African Union institutions and bodies mobilize resources to find rapid solutions to such challenges.

## **4. Overview of the major financial statement line items in the consolidated financial statements of the African Union**

### **4.1. Revenue:**

For the AUC to further its objectives it requires sustainable inflows in term of revenue. Currently the Commission has four main sources of revenue namely:

- Member states Assessed Contribution
- Partner Fund-Realized
- Voluntary Contribution in Kind/ Service
- Other revenue

Member states assessed contribution and partner fund make up the largest contribution of revenue source of African Union each contributing 41% and 55% of the total revenue for the year respectively as illustrated in the graph below:

### Revenue Source (USD '000)

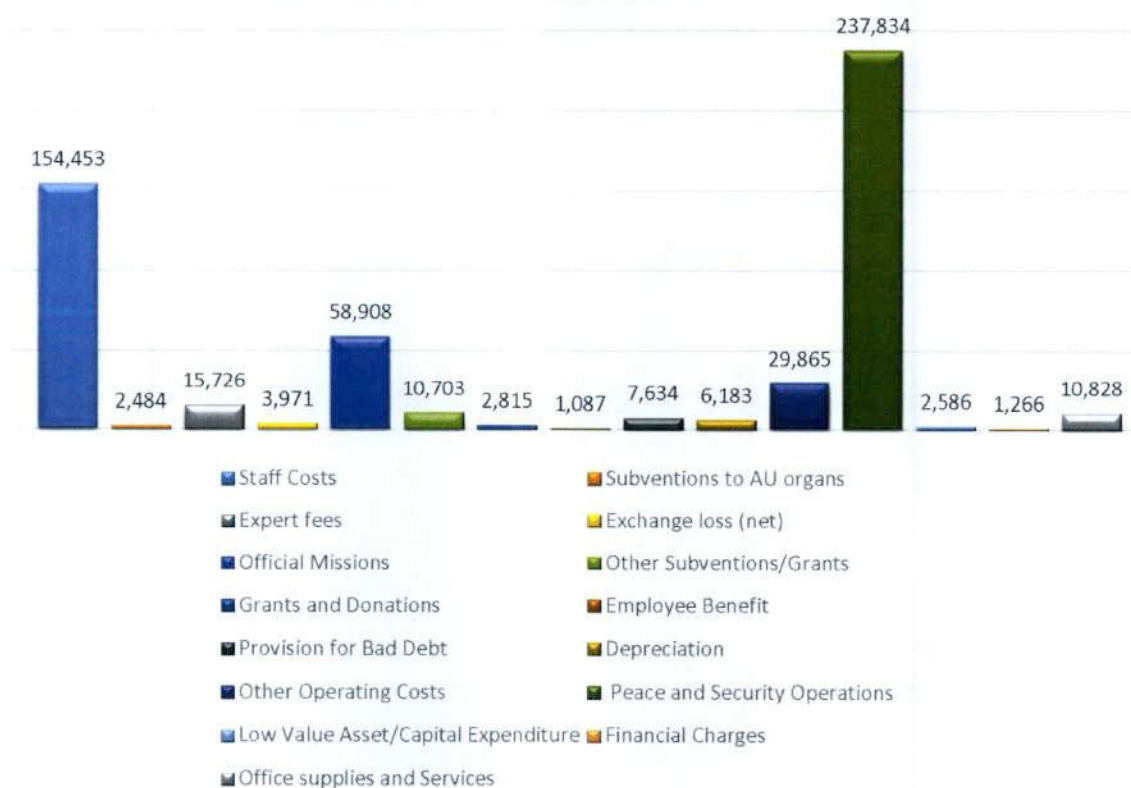


#### 4.2. Expenses:

The Total expenditure for the year was USD 546 million compared to prior year of USD 514 million

The main expense lines were; Peace support operations, staff cost, official missions

### Breakdown of Expenditure (USD '000)





#### 4.3. Assets:

The most significant asset of the Union is the property plant and equipment which make up 41% of the total assets.

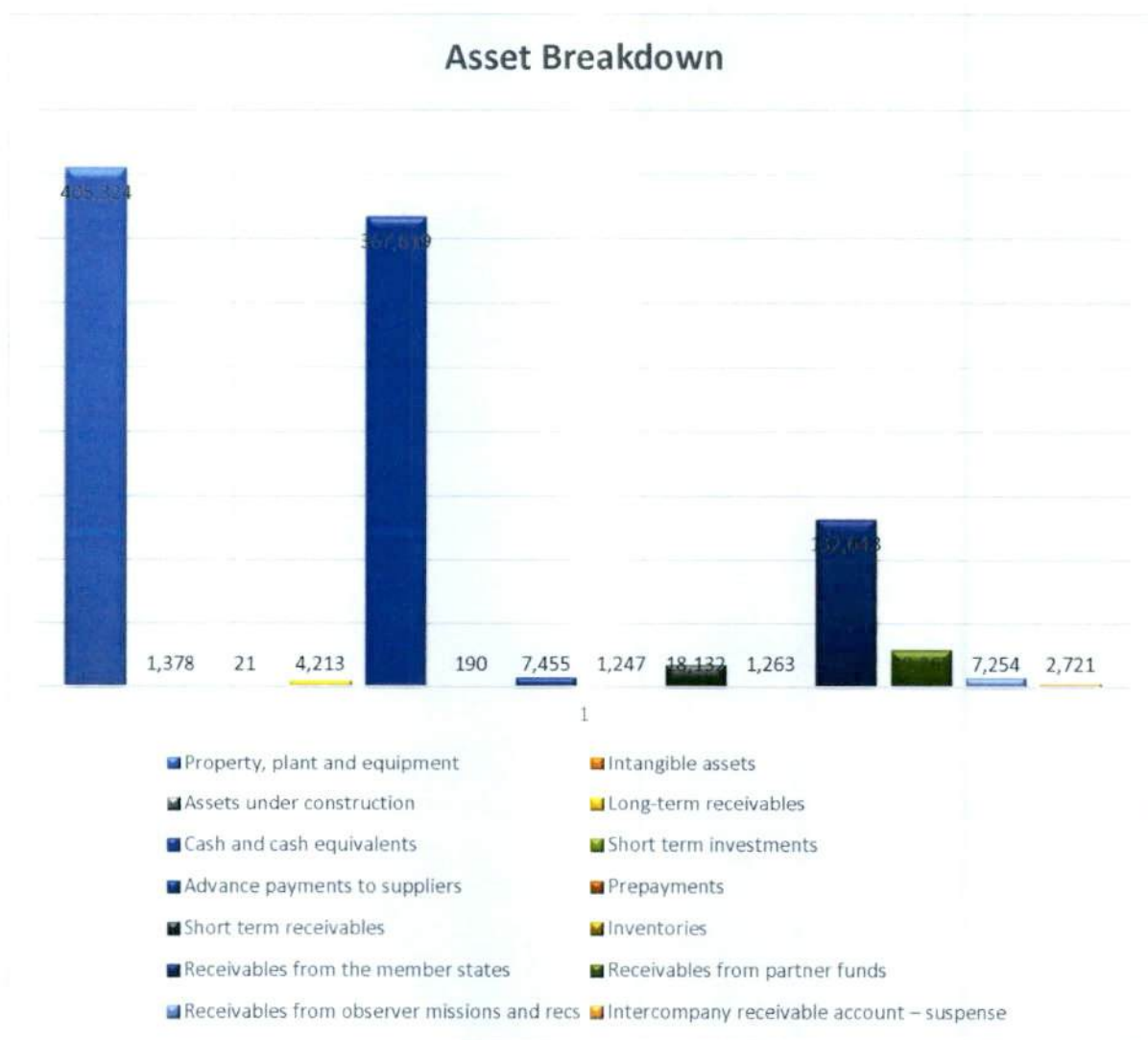
Cash and bank balances make up 38% of the total assets while receivable from member states makes up 14% of the assets.

##### a) Property plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is attributable to the acquisition, construction or transfer of the asset. Land and work of art are not depreciated as they are deemed to have an indefinite useful life. Asset under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using straight line method.

##### b) Financial assets

Most of the financial asset for African Union Commission is Cash and bank balances, and short Term deposits.



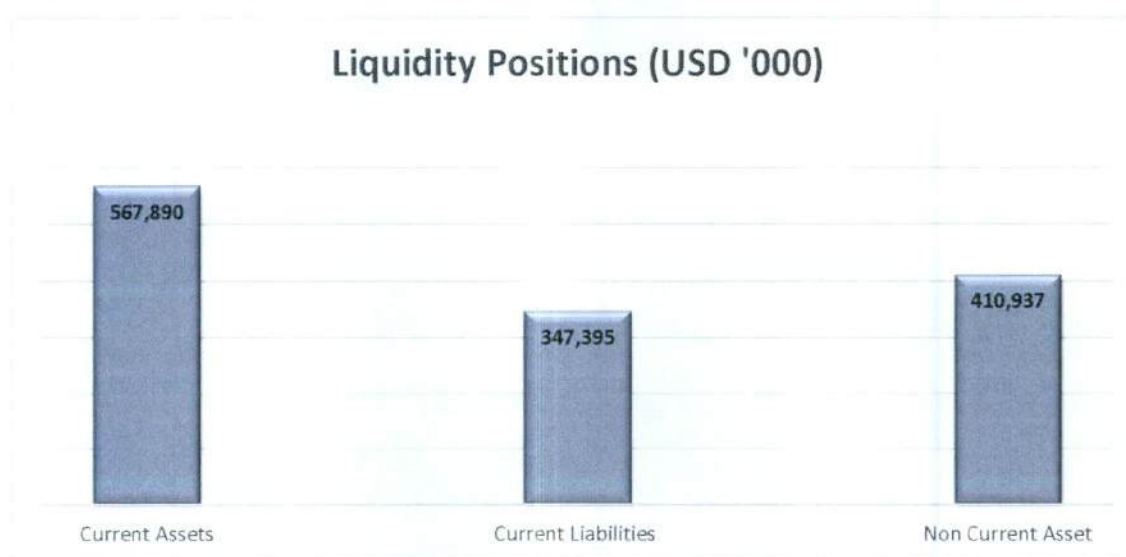
#### 4.4. Liabilities

The liabilities consist of four main balance items namely: unexpended partner funds, accounts payable, accruals, provisions and member states contribution received in advance. Accruals and provisions make up 26% of the total liabilities. Unexpended partner funds makes up 55% of the total liabilities and accounts payables of 17%.



On overall, as at 31 December 2017, the current assets exceeds total liabilities by USD 217 million and the Net Asset balance was USD 631 million.

The graphs below depicts the relationship between the current assets, liabilities and Total assets

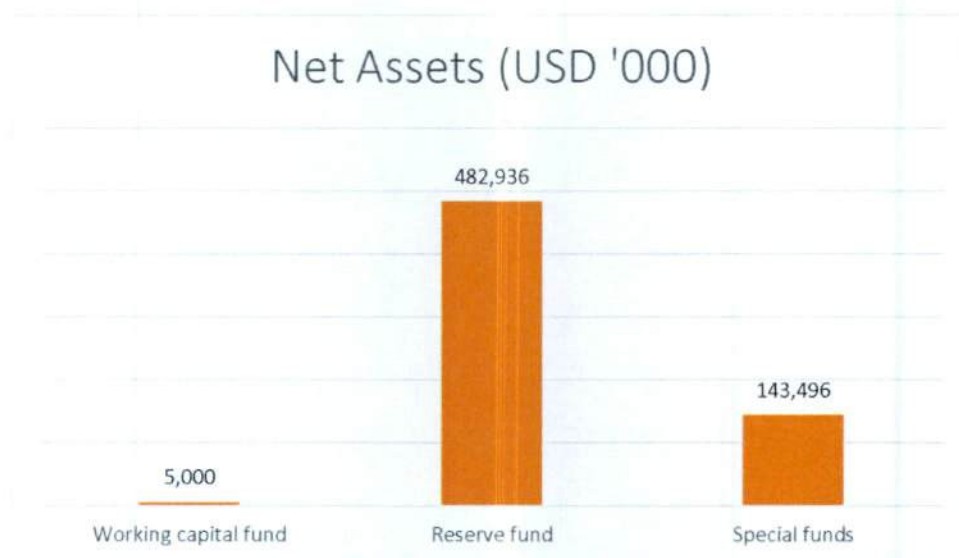


Net assets of USD 631 million is the residual interest of the total assets and total liabilities. Net Asset are represented by:

- Reserve Fund; represents cumulative surpluses and contributes 76% of the total Net Assets;
- Special Fund; represent accumulation of specific purposes funds so as to further the objectives of the Union and contributes 23% of the total Net Assets; and



- Working capital fund which constitutes 1% of net assets.



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

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#### **5. Board of External Auditors**

As per article 77 of the Union's FRR, the Board of External Auditors shall comprise five Heads of Supreme Audit Institutions from member states of the Union one from each region of Africa, appointed by the Executive Council for a two-year term. The current members of the Board are:

1. Uganda (Chair).
2. Algeria;
3. Cape Verde;
4. Equatorial Guinea; and
5. South Africa.

The role of the Board of External Auditors is to carry out external auditing of AUC accounts, including trust, project and special funds, and ensure that it conforms to internationally accepted auditing standards and guidelines. The Board reports to the AU Executive Council through the AU Permanent Representatives Committee (PRC). 2017 audit is the last term for the above auditors and elections will be done for new board of external auditors in July 2018 Summit



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

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## **Transmittal Statement**

In accordance with the AUC Financial Rules and Regulations (FRR), article 71.1, I am pleased to submit the consolidated annual financial statements of the African Union Commission for the financial year ended 31 December 2017. The financial statements, accounting policies and the notes to the financial statements have been prepared in compliance with the accrual basis International Public Sector Accounting Standards (IPSAS) and the financial rules and regulations of the African Union Commission.

### **RESULTS**

The surplus/deficit for the year of USD 105,741,123 (2016: Surplus of USD 26,397,000) has been added/debited to the General Fund.

### **INDEPENDENT AUDITOR**

The financial statements have been audited by the African Union Commission Board of External Auditors and whose opinion is included in this annual report.



H.E. Moussa Faki Mahamat

Chairman African Union Commission

\_\_\_\_\_ 2018

## Statement of Management Responsibility

Management is responsible for the preparation of consolidated financial statements for each financial year which give a true and fair view of the financial position of the AU at the end of the financial year and its financial performance for the year then ended. Management is responsible for ensuring that the AU keeps proper accounting records that are sufficient to show and explain the transactions of the AU; disclose with reasonable accuracy at any time the financial position of the AUC; and that enables them to prepare financial statements of the AUC that comply with prescribed financial reporting rules and regulations. It is also responsible for safeguarding the assets of the AU and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

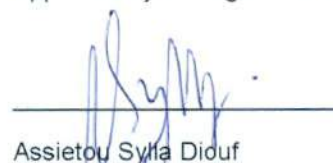
Management accepts responsibility for the preparation and fair presentation of consolidated financial statements that are free from material misstatements whether due to fraud or error. It also accepts responsibility for:

- (i) Designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- (ii) Selecting suitable accounting policies and then apply them consistently; and
- (iii) Making judgments and accounting estimates that are reasonable in the circumstances.

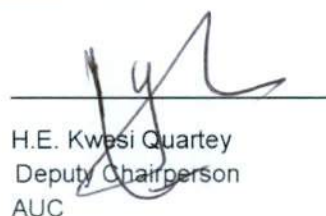
In preparing the consolidated financial statements, management has assessed the AU's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of management to indicate that the AU will not remain a going concern for at least the next twelve months from the date of this statement.

Management acknowledges that the independent audit of the consolidated financial statements does not relieve them of their responsibility.

Approved by Management on 4 June 2018 and signed on its behalf by:



Assietou Sylla Didouf  
Director, Programming, Budgeting, Finance  
& Accounting- AUC



H.E. Kwesi Quartey  
Deputy Chairperson  
AUC



**AU Consolidated Statement of Financial Position**

		<b>As at 31 December</b>	
		<b>2017</b>	<b>2016</b>
	<b>Notes</b>	<b>USD '000</b>	<b>USD '000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	405,324	409,381
Intangible assets	6	1,378	2,132
Assets under construction	5&7	21	21
Long-term receivables	8	4,213	3,813
		410,936	415,347
<b>Current assets</b>			
Cash and cash equivalents	9	367,619	331,475
Short term investments	10	190	189
Advance payments to suppliers	11	7,455	5,170
Prepayments	12	1,247	1,273
Short term receivables	13	18,132	15,664
Inventories	14	1,263	1,553
Receivables from the member states	15	132,643	78,510
Receivables from partner funds	16	29,367	154,725
Receivables from observer missions and recs	17	7,254	2,474
Intercompany receivable account – suspense		2,721	3,954
		567,891	594,987
<b>TOTAL ASSETS</b>		<b>978,827</b>	<b>1,010,334</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payable to AU Organ	18	502	0
Accounts payables	19a	58,057	60,244
Payable to Observer Missions and RECs	19b	1,008	2,590
Accruals	20a	60,003	201,540
Provisions	20b	30,482	54,429
Members states contributions received in advance	21	7,363	177
Unexpended partner funds	22	189,980	178,091
<b>TOTAL LIABILITIES</b>		<b>347,395</b>	<b>497,071</b>
<b>NET ASSETS</b>		<b>631,432</b>	<b>513,263</b>
<b>Represented by:</b>			
Working capital fund		5,000	5,000
Reserve fund		482,936	383,090
Special funds	23	143,496	125,173
<b>TOTAL NET ASSETS</b>		<b>631,432</b>	<b>513,263</b>

**Consolidated Statement of Financial Performance**

	Notes	For the year ended 31 December	
		2017	2016- restated
		USD'000	USD'000
<b>Revenue from non-exchange transactions</b>			
Member states' assessed contributions	24	205,150	169,833
Member states' assessed contributions Peace Fund	25	65,000	0
Member states' voluntary contributions	26	0	1,215
Voluntary Contribution	27	1,615	2,791
Partner funds-realized	28	359,742	362,017
		<u>631,507</u>	<u>535,856</u>
<b>Revenue from exchange transactions</b>			
Other revenue	29	20,581	4,405
<b>Total revenue</b>		<u>652,088</u>	<u>540,262</u>
<b>Expenses</b>			
Staff costs	30	155,541	148,571
Subventions to AU organs	31	2,484	1,745
Expert fees	32	15,726	11,581
Official missions	33	58,908	44,834
Other subventions/ grants	34	10,703	10,504
Grants and donations	35	2,815	1,699
Provision for bad debts	36	7,634	8,025
Depreciation and amortization	5&6	6,183	5,575
Other operating expenses	37	29,866	27,190
Peace support operations	38	237,834	231,865
Low value asset/ capital expenditure	39	2,586	2,540
Financial charges	40	1,267	437
Office supplies and services	41	10,829	6,626
Project costs		0	786
<b>Total expenses</b>		<u>542,376</u>	<u>501,978</u>
<b>Other gains/(losses)</b>			
(Gain)/ loss on foreign exchange transactions	42	3,971	11,886
<b>Total expenditure</b>		<u>546,347</u>	<u>513,864</u>
<b>Net surplus/ (deficit) for the period</b>		<u>105,741</u>	<u>26,398</u>



**Statement of changes in equity**

	General fund	Reserve fund	Total
	USD'000	USD'000	USD'000
As at 1 January 2017	-	382,715	382,715
Adjustment for AOSTI (Consolidated in 2017)	<u>0</u>	<u>375</u>	<u>375</u>
Restated Opening Balance	0	383,090	383,090
Movement in the current year	-	4,469	4,469
Surplus/ (deficit) for the year	105,741	-	105,741
Transfer of surplus to reserves	(105,741)	105,741	-
Appropriation for the year	-	(10,364)	(10,364)
<b>Balance at 31 December 2017</b>	-	482,936	482,936

**Consolidated Statement of Cash Flows**

	2017 USD'000	2016- restated USD'000
<b>Cash flows from operating activities</b>		
Surplus/ (deficit) for the year	105,741	26,559
		0
<b>Adjustments for:</b>		0
Depreciation of property, plant and equipment	6,398	5,744
Provision for doubtful contribution	7,634	8,025
Movement in Reserve; Working Capital and Special Funds	(5,570)	46,246
	10,364	5,533
<b>Operating surplus/ (deficit) before working capital changes</b>	124,567	92,107
<i>Decrease / (increase) in:</i>		
Long term receivables	(400)	(799)
Advance payments to suppliers	(2,284)	(999)
Prepayments	26	(245)
Short term receivables	(2,468)	1,366
Inventories	290	(386)
Receivable from member states	(54,133)	(12,469)
Receivables from partner funds	125,358	(79,623)
Receivables from observer Missions and RECs	(4,780)	5,590
Receivable from AU Organs- programme	0	(572)
Intercompany suspense	1,457	(2,402)
<i>Increase / (decrease) in:</i>		
Payables to AU organs programme	278	0
Accounts payables	(2,186)	(92,321)
Payables to observer missions and RECs	(1,582)	1,945
Accruals	(141,537)	108,029
Provisions	(23,948)	39,024
Members states contributions received in advance	7,185	(3,332)
Unexpended partner funds	11,888	(8,254)
<b>Net cash (used)/ generated (in)/ from operating activities</b>	37,732	46,658

**Cash flows from investing activities**



Purchase of property, plant and equipment	(1,740)	(2,802)
Adjustments/Reclassification	<u>153</u>	<u>0</u>
<b>Net cash used in investing activities</b>	<b>(1,587)</b>	<b>(2,802)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>36,144</b>	<b>43,856</b>
<b>Cash and cash equivalents at 1 January</b>	<b><u>331,664</u></b>	<b><u>287,808</u></b>
<b>Cash and cash equivalents at 31 December</b>	<b><u>367,808</u></b>	<b><u>331,664</u></b>

Cash and cash equivalents comprise cash and bank balances as well as short term investments.

**Statement of Budget versus Actual Comparison**

Pillar	Budget	Expenditure	Execution
PILLAR 4 - Institutional Capacity Building	43,407	19,358	45%
PILLAR 5 - Social, Economic and Humanitarian	127,833	23,072	18%
PILLAR 1 - Peace and Security	85,858	21,847	25%
Pillar 2 - Dev., Coop, Regional Integration	34,354	13,320	39%
PILLAR 3 - Shared Values	12,433	5,353	43%
Operation Budget-Auc	111,518	67,566	61%
Peace Support Operations	335,965	254,398	76%
Total	751,367	404,913	54%
Reconciliation of difference with expense in statement of financial performance			
Exchange Loss		4,573	
Organs		54,561	
Regional Offices		40,670	
Liaison Offices		18,760	
Expenses under Special Funds		10,703	
Provision for Bad Debt		7,647	
Depreciation		4,518	
Sub-Total		141,432	
Total Expense as per statement of Financial Performance		546,346	



## 1 General information

The African Union Commission is the Secretariat to the political structures of the African Union and is headed by the newly elected chairman H.E. Moussa Faki Mahamat from Chad replacing the outgoing chairperson Dr. Nkosazana Dlamini Zuma from South Africa.

The Commission's functions, as set out in article 3 of the Commission Statutes, include:

- Representing the AU and defending its interests under the guidance of and as mandated by the Assembly and Executive Council;
- Initiating proposals to be submitted to the AU's organs as well as implementing decisions taken by them;
- Acting as the custodian of the AU Constitutive Act and all other OAU/AU legal instruments;
- Liaising closely with the AU organs to guide, support and monitor the AU's performance to ensure conformity and harmony with agreed policies, strategies, programmes and projects;
- Providing operational support for all AU organs;
- Assisting Member States in implementing the AU's programmes;
- Drafting AU common positions and coordinating Member States' actions in international negotiations;
- Managing the AU budget and resources;
- Elaborating, promoting, coordinating and harmonising the AU's programmes and policies with those of the Regional Economic Communities (RECs);
- Ensuring gender mainstreaming in all AU programmes and activities; and
- Taking action, as delegated by the Assembly and Executive Council.

The African Union Commission is located in Addis Abeba, Ethiopia. It has offices across Africa and other countries in Europe and USA.

The African Union consist of 55 African member states as at 31 December 2017. It was established on 26 May 2001 and launched on 9 July 2002 and is charged with spearheading Africa's rapid integration, prosperity and sustainable development by promoting political and economic unity, solidarity, cohesion and cooperation among the people of the Africa and African states, as well as developing partnership worldwide. The Inception of the AU marked a significant chapter in the history of the continent in that its vision and objectives focused very much on "people centered development" and a transformative agenda. The AU vision is to build an integrated, prosperous and peaceful Africa. An Africa driven and managed by its own citizens and representing a dynamic force in the international arena. The Objectives of the Union among others are to:

- Accelerate the political and socio-economic integration of the continent;
- Promote peace and security and stability on the continent
- Promote democratic principles and institutions, popular participation and good governance;
- Promote sustainable development at the economic, social and cultural level;
- To work with relevant international partners in the eradication of preventable diseases and the promotion of good health on the continent; and
- Coordinate and harmonize the policies between the existing and future Regional Economic Communities for the gradual attainment of the objective of the Union.

The above objectives are guided by principles of the Constitutive Act, including the principle of gender equality and people centered values.

African Union is made up of both political and administrative bodies. The highest decision making organ is the Assembly of the African Union made up of all the head of states or government of member states of the African Union. African Union has a representative body which is the Pan African Parliament which consist of 265 members elected by the national legislatures of the African Union member states. Other political institutions of the African Union include:

- The Executive Council made up of foreign ministers of African Union member states, which prepares decision for the Assembly;



- 555The Permanent Representative Committee, made up of the ambassadors to Addis Ababa of African Union member states;
- The Economic, Social and Cultural Council (ECOSOCC), a civil society consultative body; and
- Peace and Security Council, has 15 members elected on a regional basis by the Assembly to prevent, manage and resolve conflicts, post conflict peace building and developing common defense policies.

Significant efforts needed rests with member states. Regional and continental bodies such as RECs and the African Union have an important facilitating role especially with respect to:

- Policy and strategy setting;
- Coordination and catalyzing socio economic and integration agenda;
- Consensus building and advocacy;
- Experience and information sharing and
- Setting the framework and putting in place the enabling conditions necessary for peace, security, political stability and growth.

The African Union has over time adopted a number of important documents establishing norms at continent level, to supplement those already in force during its inception. These documents include, "The African Union Convention on Preventing and Combating Corruption (2003)", The African Charter on Democracy, Elections and Governance (2007), and the New Partnership for Africa's Development (NEPAD). The 1980 Lagos Plan of Action for the Development of Africa and the 1991 treaty to establish the African Economic Community (also referred to the Abuja Treaty), proposed the creation of Regional Economic Communities (RECs) as a basis for African Integration, with timetable for regional and subsequent continental integration. Listed below are the current Regional Economic Communities:

- Community of Sahel-Saharan States (CEN-SAD)
- Common Market for Eastern and Southern Africa (COMESA)
- East African Community (EAC)
- Economic Community of Central African States (ECCAS)
- Economic Community of West African States (ECOWAS)
- Intergovernmental Authority on Development (IGAD)
- Southern African Development Community (SADC)
- Arab Maghreb Union (AMU)

## **2 Statement of compliance and basis of preparation**

### ***Objective of the consolidated financial statements***

The goal of the consolidated financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to a wide range of users. For the AUC as a public sector entity, the objectives are more to provide information useful for decision making and to demonstrate the accountability of the entity for the resources entrusted to it. The overall considerations followed when preparing the consolidated financial statements are laid down in Financial Rules and regulations of the African Union and IPSAS 1, that is: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

The qualitative characteristics of financial reporting are relevance, reliability, understandability and comparability. Preparation of the financial statements in accordance with the above requires management to make estimates that affect the reported amounts of certain items in the balance sheet and statement of financial performance, as well as the disclosures related to financial instruments and contingent assets and liabilities

In accordance with IPSAS 1 and AUC Financial Rules and Regulations Article 71, a complete set of Financial statements has been prepared as follows:



- Consolidated Statement of Financial Position;
- Consolidated Statement of Financial Performance;
- Consolidated Statement of Changes in Net Assets/Equity;
- Consolidated Statement of Cash Flows;
- Consolidated Statement of Comparison of Budget and Actual Expenditure; and
- Notes to the consolidated financial statements, a summary of significant accounting policies, and other explanatory notes supporting the consolidated financial statements.

The financial statements of the African Union have been prepared and submitted in line with the Financial Rules and Regulations of the African Union that were adopted by the Assembly of Heads of States of the African Union on 21-28 January 2014 in Addis Ababa, Ethiopia (EX.CL/802 (XXIV)i).

The financial statements of African Union have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) and the AU Financial Rules and Regulations. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on an accrual basis.

The financial statements are presented in United States Dollar (USD), which is the functional and reporting currency of the AUC and all values are rounded to the nearest thousand (USD'000). The financial year of the AUC is from January 1, to December 31.

The AU implemented IPSAS in 2014 and it has applied IPSAS 17, Property Plant and Equipment's transitional arrangement which allows up to five years to comply fully with the IPSAS. Consequently, the AU has up to end of 2018 to fully comply with IPSAS 17. The financial statements have been prepared under the assumption that AU is a going-concern, will continue in operation, and will meet its mandate for the foreseeable future (IPSAS 1- Presentation of Financial statements). The overall accounting principles followed in preparing the financial statements still remain those rules that are laid down in the AU Financial Rules and Regulations.

### **Reporting entity**

These financial statements cover the accounts and transactions of the African Union Commission Headquarters in Addis Ababa, Ethiopia and those of the following Regional/Representational Offices and AU Organs:

#### **Permanent Representation**

<b>Name</b>	<b>Headquarter</b>
1. Permanent Delegation to the League of Arab States	Cairo, Egypt
2. African Union Southern Africa Region Office	Lilongwe, Malawi
3. Permanent Mission to the European Union (EU) and African, Caribbean and Pacific (ACP) states	Brussels, Belgium
4. AU Permanent Representative to the United Nations and World Trade Organization	Geneva, Switzerland
5. AU Permanent Representative to the United States, Washington DC	United States of America
6. AU Permanent Observer to the United Nations, New York	United States of America

### Specialized Agencies & Regional Offices

	Name	Headquarter	Abbreviation
1.	Scientific, Technical and Research Commission	Abuja – Nigeria	STRC
2.	African Observatory of Science, Technology and Innovation	Malabo – Equatorial Guinea	AOSTI
3.	African Energy Commission	Algiers – Algeria	AFREC
4.	Inter-African Bureau for Animal Resources	Nairobi – Kenya	IBAR
5.	Inter-African Phytosanitary Council	Yaoundé – Cameroon	IAPSC
6.	Semi-Arid Food Grain Research and Development	Ouagadougou – Burkina Faso	SAFGRAD
7.	African Union International Centre for the Education of Girls and Women in Africa	Ouagadougou – Burkina Faso	AUCIEFFA
8.	Pan African Veterinary Vaccine Centre	Debrezeit – Ethiopia	PANVAC
9.	Africa Centre for Disease Control and Prevention, Addis Ababa	Addis Ababa – Ethiopia	ACDC
10.	Pan African Institute for Education for Development	Kinshasa- Congo	IPED
11.	Centre for Linguistic and Historical Studies by Oral Tradition	Niamey - Niger	CELTHO
12.	African Academy of Languages	Bamako – Mali	ACALAN
13.	African Centre for the Study and Research on Terrorism	Algiers - Algeria	ACSRT
14.	International Coordination Bureau for the Management of Fouta Djallon Mountains	Conakry - Guinea	AUBCI-FDH

### Special Representative and Liaison Offices (Peace & Security)

	Name	Headquarter
1.	African Union Mission in Burundi and the Great Lakes	Bujumbura – Burundi
2.	African Union Liaison Office for CAR & Central Africa (MISAC)	Bangui- Central African Republic
3.	African Union Liaison Office to Comoros	Moroni – Comoros
4.	African Union Liaison Office to Cote d'Ivoire	Abidjan - Côte d'Ivoire
5.	African Union Liaison Office to Guinea Bissau	Bissau - Guinea Bissau
6.	African Union Liaison Office to DRC	Kinshasa - DR Congo
7.	African Union Liaison Office to Liberia	Monrovia – Liberia
8.	African Union Liaison Office to Libya	Tunis – Tunisia
9.	African Union/Southern African Development Community (SADC) Liaison Office	Antananarivo – Madagascar
10.	African Union Mission for Mali and Sahel Region (MISAHEL)	Bamako – Mali
11.	African Union Liaison Office to Chad	N'Djamena – Chad
12.	African Union Mission in Somalia (AMISOM)	Mogadishu – Somalia



- |     |  |                    |
|-----|--|--------------------|
| 13. | African Union Liaison Office to South Sudan              | Juba - South Sudan |
| 14. | African Union Liaison Office- Sudan                      | Khartoum – Sudan   |
| 15. | African Mechanism for Police Cooperation (AFRIPOL)Organs | Algiers - Algeria  |
| 16. | The Multinational Joint Task Force (MNJTF)               | Ndjamena, Chad     |

	Name	Headquarter	Abbreviation
1.	Pan African Parliament(PAP)	South Africa	PAP
2.	New Partnership for Africa Development (NEPAD)	Midrand, South Africa	NEPAD
3.	African Commission on Human and Peoples' Rights (ACHPR)	Banjul, Gambia	ACHPR
4.	African Court on Human and Peoples' Rights (AfCHPR)	Arusha, Tanzania	AfCHPR
5.	African Union Advisory Board on Corruption (AUABC)	Arusha, Tanzania	AUABC

The AUC representative and autonomous offices mentioned above have been represented in the next map.



#### *Changes in accounting policy and disclosures*

The following changes in accounting policies and disclosures have been adopted in the financial statements for the year ended December 31, 2017, in order to further comply with the requirements of the IPSAS and improve readability:

1. Improved referencing from the statements to the accompanying notes.
2. A clear distinction between the consolidated financial statements and other information included in the annual report.
3. Off-the shelf purchased software reclassified as tangible assets, instead of intangible assets.
4. More detailed disclosure on material items.
5. The different thresholds for capitalization threshold of assets between the AUC and the five AU organs outside HQ has been harmonized in 2017. (Previously it was \$3,000 for AUC and \$1000 for the organs outside HQ. We have applied IPASA 3 and will not adjust prior year. (This was agreed with auditors as the time needed to adjust is not cost beneficial and amount is not material.)

### **3. Summary of significant accounting policies**

#### **(a) Foreign currency translation**

##### **(i) Functional and presentation currency**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollar (USD) which is the Organization's functional currency.

##### **(ii) Transactions and balances**

###### *Property, Plant and Equipment*

Property, plant and equipment and tangible assets, retain their value in US dollars at the rate that applied at the date when they were purchased.

###### *Other transactions*

Foreign currency transactions are translated into US dollars using the exchange rate prevailing at the date of the transactions using the UN exchange rate of that month. Foreign exchange gains and losses resulting from the settlement of foreign currency transaction and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated Statement of Financial Performance.

###### *Year end balances*

Year end balances of monetary assets and liabilities denominated in foreign currencies are converted into US Dollar on the basis of the exchange rate applying as at the year end.



Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in surplus or deficit within 'financial charges'.

**(b) Property, plant and equipment**

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition, construction, or transfer of the items. The cost of an item of property plant and equipment is recognized only when it is probable that future economic benefit or service potential associated with the item will flow to the AU, and if the item's cost or fair value can be measured reliably.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.

Property, plant and equipment with a value greater than USD 3,000 are recognized as non-current assets in the Statement of Financial Position. Self-constructed asset is subject to a capitalization threshold of USD 30,000. Assets below this threshold are referred to as low value assets and they are expensed upon purchase.

Subsequent to initial recognition, property, plant and equipment is stated at historical cost, less accumulated depreciation and any impairment losses. The AU considers all Property Plant and Equipment to be non-cash generating.

Depreciation is calculated on a straight-line basis over the asset's useful life except for land and assets under construction which are not subject to depreciation. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful life using the straight-line method, based on the following rates:

**Notes (continued)****3. Summary of significant accounting policies (continued)****(b) Property, plant and equipment (continued)**

Asset category	Useful life years	%
Land	Infinite	-
Assets under construction	Infinite	-
Buildings- fixed	50	2%
Building- commercial finance lease	50	2%
Building- donated rights to use	50	2%
Infrastructure assets	50	2%
Printing and publishing equipment	20	5%
Heavy wheeled vehicle and engineering support equipment	12	8.33%
Specialized vehicles, trailers and attachments	12	8.33%
Heavy engineering and construction equipment	12	8.33%
Furniture	10	10%
Conference equipment	8	12.5%
Buildings- temporary and mobile	7	14.29%
Communications equipment	7	14.29%
Audi Visual equipment	7	14.29%
Security and safety equipment	7	14.29%
Fixtures and fittings	7	14.29%
Water treatment and fuel distribution equipment	7	14.29%
Light wheeled vehicles	6	16.67%
Transportation equipment	5	20%
Generator	5	20%
Medical equipment	5	20%
Fixtures and fittings short lease	5	20%
Light engineering and construction equipment	5	20%
Minor construction works	5	20%
IT equipment	4	25%
Office equipment	4	25%



**Notes (continued)**

**3. Summary of significant accounting policies (continued)**

**(b) Property, plant and equipment (continued)**

Depreciation is treated as an expense; and it is charged against revenue in the statement of financial performance.

An AU wide asset evaluation is to be undertaken in 2018, where all AU offices will be evaluated by a professional firm.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains or losses on disposal are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and would be included in the statement of financial performance.

Transitional Provision

The African Union has taken advantage of the IPSAS 17 Property plant and equipment transitional provisions in paragraphs 95 and 96 that allow entities 5 years of transitional period to be fully compliant with the standard following the date of first adoption of IPSAS. The AUC adopted IPSAS in 2014 and hence will benefit from this measure till the end of 2018.

In accordance with the transitional provision, the AU did not recognize assets in the balance sheet that are in the process of being valued by experts: the new building in HQ donated by Germany, all of the assets in Algiers donated by the Algeria Government, and the DRC liaison office assets that are not consolidated. In addition, the land and building in Brussels have not been classified under their respective category of land and building.

**(c) Intangible assets**

- Intangible assets are resources without physical substance controlled by an entity. Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their face value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. AU considers the cost threshold as listed below during recognition of intangible assets:

*Externally acquired Intangibles*

- Commercial-off-the-shelf software - USD 5,000
- Other intangibles acquired separately (other Licenses & Rights) - USD 1,000

*Internally Developed intangibles*

- Custom developed software - USD 10,000
- Copyrights - USD 10,000

Where intangible asset is acquired at no cost (as gift, contribution, or donation) or for a nominal cost, the fair value of the asset as at the date of acquisition is used. For internally developed intangible assets, all research cost are charged to expense when incurred. Development costs are capitalized only after technical feasibility has been established, and the future economic benefits or service potential has been demonstrated.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life is amortized over its useful life:

Software-3 years

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit at the expense category that is consistent with the nature of the intangible asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

**(d) Impairment of non-financial assets**

Property, plant and equipment and intangible assets held by the AU are considered to be non-cash generating assets as they are not held with the primary objective of generating a commercial return.

For non-financial non-cash-generating assets, the AU assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, an estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-



cash-generating asset's fair value less costs to sell and its value in use. Impairment losses are recognized immediately in surplus or deficit.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

### 3. Summary of significant accounting policies (continued)

#### (f) Inventories

The AU recognizes stationery and office supplies, medicines products and supplies, military products and supplies, information technology materials and accessories, maintenance materials and printing plants materials as part of its inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. Inventories held for use or distribution at no/ nominal charge is measured at lower of cost or current replacement cost. Inventories held for sale will be measured at lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Union.

Inventories at the end of the financial year are valued using a weighted average method.



**Notes (continued)**

**3. Summary of significant accounting policies (continued)**

**(g) Financial instruments**

*(i) Financial assets*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification

The AU classifies its financial assets in the following categories:

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the AUC provides money, goods or services directly to a debtor with no intention of trading the receivable. Payments due within 12 months of the balance sheet date are classified as current assets. Payments due after 12 months from the balance sheet date are classified as non-current assets. Loans and receivables include term deposits with the original maturity above three months. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the AU has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Financial assets at fair value through profit or loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the AU. Assets in this category are classified as current assets if they are expected to be realized within 12 months of the balance sheet date.

**Available for sale financial assets**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as either current or non-current assets, depending on the period of time the AU expects to hold them, which is usually the maturity date.

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as loans and receivables or held-to-maturity investments as appropriate. The AU determines the classification of its financial assets at initial recognition. The AU will recognize a financial asset or a financial liability on its statement of financial position when it becomes party to the contractual provisions of the underlying financial instrument and as a consequence, has a legal right to receive or a legal obligation to pay cash.

### 3. Summary of significant accounting policies (continued)

#### (g) Financial instruments (continued)

##### De-recognition

The AU will remove a financial asset from its statement of financial position when the contractual rights to the cash flows from the financial asset expire (usually in the case of contribution and account receivable, when payment has been received), or when it transfers the financial asset, with substantially all the risks and rewards of ownership, to another party.

The AU will remove a financial liability, or part of a financial liability, from its statement of financial position when it is extinguished.

##### Impairment of financial assets

The AU assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

For financial assets carried at amortized cost (held to maturity investment, loan and receivables) the carrying amount shall be reduced directly or through the use of allowance account with the amount of loss recognized in the statement of financial performance.

#### (ii) Financial liabilities

##### Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The AU determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.



Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### 3. Summary of significant accounting policies (continued)

#### (h) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the AU. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### (i) Provisions and contingent liabilities/ assets

##### *Provisions*

Provisions are recognized when the AU has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are recognized for future liabilities and charges.

##### *Contingent liabilities*

A contingent liability requires disclosure only in the notes to the financial statements and no recognition on the face of the financial statement. If it is:

- A possible obligation that arises from past events but whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the AUC, or
- The amount of the obligation cannot be measured with sufficient reliability.

##### *Contingent assets*

The AU does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the AU in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

#### (j) Accounts payable

A significant amount of the accounts payables by the AU are not related to the purchase of goods or services (exchange transactions). Instead they are unpaid cost claims from troops contributing countries for peace support operations. They are recorded as payables when a formal and verified request has been received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount and recognized as accounts payable in the financial statements.

Payables arising from the purchase of goods and services are recognized when goods are received and a goods received notes (GRN) is issued at reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the AU in accordance with the delivery principles.



### **3. Summary of significant accounting policies (continued)**

#### **(k) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits or service potential will flow to the AU and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The sources of revenue for the AU are;

1. Assessed Contributions
2. Voluntary Contributions, Gifts and Donations
3. Revenue Generating Activities
4. Miscellaneous Revenue.

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Organization during the year, which represents an increase in net assets. Following the decision to adopt IPSAS, the AU with effect from 2014 financial year opted to recognize revenue following the established criteria by IPSAS 9, "Revenue from exchange transactions," and IPSAS 23, "Revenue from non-exchange transactions."

Exchange transactions are transactions in which the AU receives assets or services, or has liabilities extinguished, and directly gives approximately equal value primarily in the form of cash, goods, services, or use of assets to another entity in exchange (IPSAS 9).

In a non-exchange transaction, the AU either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange (IPSAS 23).

#### **i) Revenue from non-exchange transactions**

Revenues from non-exchange transactions are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the organization and can be measured reliably.

#### **Assessed contributions**

In accordance with IPSAS requirements reflecting the nature of the AU business, revenue from assessed contributions of member states is recognized as non-exchange transactions as per IPSAS 23 (Revenue from non-exchange transactions). Revenue from Assessed Contributions (non-exchange transactions) is recognized at the beginning of the financial year when the Member States' assessed contribution commitment to the AU is incurred. Contribution from member states are recognized in the financial statement in the year to which they relate to.

#### **Voluntary contributions**

Revenue from voluntary contributions is recognized upon the signing of a binding agreement between the AU and the third-party providing the contribution. Voluntary contributions without restrictions are treated as non-exchange transactions. Voluntary contributions that include restrictions on their use, are initially treated as unexpended Grant and then recognized as revenue when the restrictions are satisfied. The AU considers that while there are restrictions on



use of contributions, these restrictions do not constitute conditions on transferred assets as defined under IPSAS 23.

#### **Summary of significant accounting policies (continued)**

##### **(k) Revenue recognition (continued)**

###### **i) Revenue from non-exchange transactions (continued)**

###### **Special funds**

The AU receives funds from various development partners to fund specific programmes. Funds from these partners are recognized as a current liability in the statement of financial position (*unexpended partner funds*). Revenue is realized in the income statement upon expending the partner funds.

In a case where pre-financing is permitted by the funding (binding) agreement entered between the AU and the development partner, owing funds from the partner(s) at the end of the reporting period will be recognized as partner funds receivable.

###### **Contribution in-kind and in Service**

Contributions in-kind and in-service received by the AU are recorded upon receipt from the contributor at an amount equal to their fair market value as determined at the time of acquisition. Donated property, plant and equipment are recognized as asset at a fair value with a corresponding entry to revenue.

###### **ii) Revenue from exchange transactions**

This includes interest income, sale of assets, income from the AUC clinic at the HQ, rental income and such related other income.

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Revenue from the use of AUC facilities and other income is recognized as revenue when earned.

##### **(l) Budget versus actual comparison**

The annual budget is prepared on a cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the AU. As a result of the adoption of the cash basis for budgeting purposes, IPSAS 24 requires a reconciliation prepared between the statement of comparison of budget and the statement of financial performance identifying separately any basis, timing, presentation and entity differences. This has been presented under page 29

##### **(m) Fund accounting**

A fund is a self-balancing accounting system established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial statements have adopted the principle of fund accounting for designated funds, showing at the end of the period the consolidated position of all funds. Fund balances represent the accumulated residual of revenue and expenses.



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

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The Fund comprises, General Fund, Reserve Fund, Working Capital Fund, Peace Fund, Peace Revolving Trust Fund and Special Funds.

**Notes (continued)**

**3. Summary of significant accounting policies (continued)**

**(m) Fund accounting (continued)**

**General Fund**

The following categories of accounts shall be maintained in this fund:

- (a) Annual contributions paid by the Member States.
- (b) Advances from the Working Capital Fund.
- (c) Transfers from the Reserve Fund.

**Working Capital Fund**

This has been established as per article 24 of the AU Financial Rules and Regulations. A Working Capital fund is established out of the reserve fund of the AU to provide advances necessary to meet commitment pending receipt of contributions due from Member States and to provide advances necessary to meet commitment and unforeseen or extraordinary Expenses arising from implementation of resolution and decisions adopted by the Executive Council or the Assembly. The proportion and ceiling of the Working Capital Fund must be at least one month of the Operational Budget of the AU.

**Reserve Fund**

This has been established as per Article 25 of the AU Financial Rules and Regulations, where any unutilized funds or surplus shall be recorded. It shall be utilized in accordance with a decision of the PRC for urgent or unforeseen Expenses. The minimum balance in the Reserve Fund shall be at least three months' operating budget requirement of the AU. Where the Reserve Fund is more than three months' operating budget requirement, any supplementary budget that has been approved by the Assembly shall first draw its funds from the Reserve Fund up to the extent that the balance is not less than the threshold stated in above. When the funds in the Reserve Fund float exceed three months' operating budget requirement, any excess funds shall be invested according to Article 49-53 of the Rules and Regulations.

**Special Funds**

This has been established as per Article 26 of the AU Financial Rules and Regulations for specific purposes so as to further the objectives of the AU. These represent funds operated by AU for special purposes. These funds are kept where the Accounting Officer accepts on behalf of the AU gifts, legacies, voluntary contributions and donations made to the AU, from development partners for established special funds. Monetary donations which are not made for specific purposes, i.e. unrestricted in use, shall be considered as miscellaneous revenue and credited to the General Fund.

The amounts are appropriated from the Budget every year to be used for special purposes. Accumulated balances thereof are carried forward to be used in the next periods.

**Peace Fund**

The Peace Fund is established to provide the financial resources for Peace Support Operations. The Peace Fund is made up of:

- (a) Appropriations from regular the regular budget of the AU, based on a percentage of the amount of the operational budget, to be recommended by the Peace and Security Council.
- (b) Voluntary contributions from Member States and other resources.
- (c) Money from fundraising mechanisms.



### **Peace Revolving Trust Fund**

The Peace Revolving Fund is a cash flow mechanism to:

- (a) Ensure rapid response of the AU during the start-up-phase of new peacekeeping operations.
- (b) Fund expansion of exactly of existing peace support opportunities.
- (c) Meet any unforeseen and extraordinary expense requirements to peacekeeping operations.

Statutory contributions by Member States are due 1<sup>st</sup> of January of the financial year. Specific provisions are made for all known long outstanding contributions receivables from Member States,

### **(n) Employee benefits**

#### Salaries, wages and leave – Short Term

Expenses for wages and salaries (including non-monetary benefits), accumulated annual leave are recognized in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled.

#### Post-employment

The AU recognizes post –employment benefits for long-term staff through a defined contribution plan with American Life Insurance Company (ALICO). For short-term staff contribution towards their pension at the official rate is paid as part of their monthly salaries. The short –term employee benefits is recognized by way of provision for known obligations toward staff and this is revised annually for possible increase or decreases.

### **(o) Expenses**

Expenses are decreases in economic benefits or service potential during the financial year in the form of outflows, consumption of assets, or increases of liabilities that results in decreases in net assets/equity. The AU recognizes expenses at the point where goods have been received or services have been rendered (delivery principle) and not when cash or its equivalent is paid.

**Notes (continued)**

**3. Summary of significant accounting policies (continued)**

**(p) Changes in accounting policies and estimates**

The AU recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**(q) Significant judgments and sources of estimation uncertainty**

The preparation of the AU's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of certain items in the balance sheet and statement of financial performance, and the disclosure of contingent liabilities, at the end of the reporting period. In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on the most reliable information available.

***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Significant estimates include, but are not limited to: amount for employee benefit liabilities, provisions, financial risk on inventories and accounts receivable, accrued income and charges, contingent assets and liabilities, degree of impairment of intangible assets and property, plant and equipment and amounts disclosed in the notes concerning financial instruments. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

***Useful lives and residual values***

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the AU
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

***Provisions***

Provisions are raised and management determine an estimate based on the information available. During the current reporting period, provisions relating to bad and doubtful debts were made and have been reported.



**Notes (continued)**

**3. Summary of significant accounting policies (continued)**

**(r) Statement of Cash Flow**

The cash flow statement is prepared using the indirect method permitted under IPSAS 2. This means that the actual result for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

Cash flows arising from transactions in a foreign currency are recorded in the AU's reporting currency (USD), by applying to the foreign currency amount the exchange rate between the USD and the foreign currency at the date of the cash flow.

The cash flow statement reports cash flows during the period classified by operating and investing activities and the financing activities.

**(s) Segment reporting**

As required under IPSAS 18, when activities conducted by an organization are broad and encompass a wide range of different geographical regions, with different social economic characteristics it is necessary to report disaggregated financial and non-financial information about particular segments to provide relevant information for accountability and decision making. The two types of segments reported are referred to as service segments or geographical segments. These terms have the following meaning:

Service segment refer to a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives consistent with its overall mission;

A geographical segment is a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives with a particular geographical area.

The AUC undertakes segment reporting based on the service segments and sources of financing. Service segments are reported in appendix 1 to the financial statements.

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

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**Notes (continued)**

**3. Summary of significant accounting policies (continued)**

**(t) Consolidation**

The financial statements of the African Union consist of all significant controlled permanent representation offices, specialized and regional offices, special representative, liaisons offices and AU Organs. The complete list of consolidated entities can be found above under section **Reporting Entity**"page24.

ECOSOCC, AUCIL, IPED, PAU, AUCDC and Peace and Security Council financial activities are handled by AUC and thus form part of the financial statements of AUC.

The following regional offices have been consolidated for the first time in the year ended 31 December 2017

**Specialized offices**

1. African Observatory of Science, Technology and Innovation (AOSTI), Malabo, Equatorial Guinea
2. African Mechanism for Police Cooperation (AFRIPOL)), Algiers – Algeria

**(u) Comparative balances**

The comparative balances included in the financial statements are for the audited period 1 January 2016 to 31 December 2016. Refer Note 42



#### 4. Financial risk management objectives and policies

The AU activities expose it to a variety of financial risks, mainly, credit risk, liquidity risk and the effects of changes in interest rates. The AUC overall risk management programme seeks to minimize potential adverse effects on its financial performance and position.

Risk management is carried out by the various departments and offices of the AU under policies approved by the Permanent Representative and the Executive.

##### (a) Risks facing the AUC

The following are the main types of risks that AU is exposed to in the course of executing its operations:

- |                            |                                |
|----------------------------|--------------------------------|
| • Financial risks include: | • Non-financial risks include: |
| - Credit risk              | - Operational risk             |
| - Market risk              | - Human resource risk          |
| - Interest risk            | - Legal risk                   |
| - Liquidity risk           | - Reputation risk              |

##### i. Credit risk

Credit risk is the risk of financial loss to the AU if member states, development partners or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from bank balances and receivable balances from the member states assessed contribution, observable missions and RECs and partner funds.

Management of the credit risk is through the choice of depository banks and invested instruments. The AU choice of depository banks is confined to credit worth local and international banks that meet the set eligibility criteria of financial soundness. Therefore, the AU does not consider there to be any significant exposure to credit risk.

In determining the recoverability of accounts receivables, the AU considers any change in the credit quality of the receivable amounts from the date credit was initially granted up to the reporting date. Management believe that there is no further credit provision required in excess of the allowance for credit losses already recognized.

The amount that best represents the AU's maximum exposure to credit risk is made up as follows:

As at 31 December 2017

	Not impaired USD'000	Impaired	Net balance USD'000
<b>Cash and cash equivalents (Note 9-10)</b>			
Short term deposit	190	-	190
Cash in bank	367,670	(51)	367,619
<b>Receivables (Note 11-18)</b>			
Prepayments	1,252	(5)	1,247
Receivable From Regional Offices (Intercompany)	1,894	(981)	913
Receivable From Regional Offices- Programme (Intercompany)	825	(251)	574
Receivables from Observer Missions and RECs	10,106	(2,853)	7,254
Receivables from Partner Funds	33,615	(4,248)	29,367
Short Term Receivables	19,007	(875)	18,132
	434,810	(9,264)	425,295

## ii. Market risk

Market risk is the risk of changes in market prices, in particular interest rates and foreign exchange risk, affecting the AU's financial performance.

### Interest rate risk

The AU's interest rate risk arises from interest bearing call deposits held with commercial banks and long term savings accounts.

The revenue generated from short term investments for both the reporting period and the prior period is minimal for any change in interest rates to have an impact. (Refer to note. 10)

### Price risk

The AU does not hold any financial instrument subject to price risk.



**Notes (continued)****4. Financial risk management objectives and policies (continued)****a) Risks facing the AU (continued)****ii. Market risk (continued)**Foreign exchange risk

The AU receives grants and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Ethiopian Birr (ETB) and Great Britain Pound (GBP). Foreign exchange risk arises from funds in accounts and cash at hand denominated in other than the USD especially on observer missions and Peace, Security and Democracy missions.

The table below summarizes the effect on surplus had the USD weakened/strengthened by 10% (2016:10%) against each currencies held, with all variables held constant. (the analysis if only on the major currencies)

**Year 2017 (USD 000)**

	<b>Euro</b>	<b>ETB</b>	<b>GBP</b>
Effect on surplus/ (deficit)increase	(9,664))	(20)	0

**Year 2016**

	<b>Euro</b>	<b>ETB</b>	<b>GBP</b>
Effect on surplus/ (deficit) increase	(35,796)	(35,796)	44,330

**iii. Liquidity risk**

Liquidity risk is the risk of the AU not being able to meet its obligations as they fall due. AU's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the AU reputation. AUC ensures that it has sufficient cash on demand to meet expected operating expenses through the maintenance of liquid cash and deposits that are available on call.

The table below analyses the AU financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

## Notes (continued)

## 4. Financial risk management objectives and policies (continued)

## a) Risks facing the AU (continued)

## iii. Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	USD'000	USD'000	USD'000	USD'000
<b>At 31 December 2017</b>				
Accounts payables, provisions and accruals	148,543	-	-	-
Member states contributions received in advance	7,363	-	-	-
Unexpended partner funds	189,980	-	-	-
<b>At 31 December 2016</b>				
Accounts payables, provisions and accruals	316,213	-	-	-
Member states contributions received in advance	177	-	-	-
Unexpended partner funds	178,091	-	-	-

Capital risk management

The AU's objectives when managing capital is to safeguard the organization's ability to continue as a going concern.

## (b) Fair value of financial instruments

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

Cash and short-term deposits and receivable balances approximate their carrying amounts largely due to the short-term maturities of these instruments.

The AU uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Techniques which use inputs for the asset or liability that are not based on observable market data (unobservable inputs).



The African Union

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2017

Notes (continued)

5 Property, plant and equipment

	Assets under construction	Land	Building	Motor vehicle	Computer equipment	Furniture and fittings	Office equipment	Generator	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Year ended 31 December 2017</b>									
<b>Cost</b>									
At 1 January 2017	21	283,827	114,060	8,846	5,909	1,262	6,550	20,309	440,784
Add: PY errors		-1	1	62	56	200	5	-215	108
Less: PY CL errors			106	110	148	97	804	9	1,274
Additions			11	613	463	27	540	42	1,696
Disposals				90	24	2		39	155
<b>At 31 December 2017</b>	21	283,826	113,966	9,321	6,256	1,390	6,291	20,088	441,159
<b>Depreciation</b>									
At 1 January 2017	-	-	13,560	6,606	4,451	503	4,208	2,054	31,382
:PY CL errors	-	-	-473	44	-29	-4	-903	327	-1,038
charge of the year			2,198	722	812	107	1090	671	5,600
Eliminated on disposal	-	-		78	19	2		31	130
<b>At 31 December 2017</b>	-	-	15,285	7,294	5,215	604	4,395	3,021	35,814
<b>Net book value</b>									
At 31 December 2017	21	283,826	98,681	2,027	1,041	786	1,896	17,067	405,345

The African Union

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2017

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**Notes (continued)**

**Note:**

In accordance with the transitional provision, the AU did not recognize assets in the balance sheet that are in the process of being verified and valued by the experts to determine adequate recognition and measurement. This included, New building in the HQ donated by Germany, assets in Algiers donated by the host country and DRC Liaison office assets and buildings. In addition, land and building in Brussels have not been classified under their respective category of land and building. Mali land donated by Mali Government to build an office for AU ACALAN Office has not been recognized in the financial statements.

The AU derecognized the properties owned by STRC in Lagos because STRC does not have title deed in the name of AU and it does not control some of the properties. AU is under process of organizing for identification and evaluation of all properties not recognized by 2017.

**AU-IBAR: -Property Plant and Equipment**

In 2015, the assets for AU-IBAR office were reevaluated based on the report of the consultants IMPAX. The government of Kenya donated land to AU-BAR for a lease period of 99 years in accordance with the prevailing host government regulation. This has been included in the financial statements.



**Notes (continued)****6 Intangible assets**

	2017 USD'000	2016 USD'000
<b>Cost</b>		
At start of year – 1 January	4,555	2388
Transferred from PP&E	-	879
PY errors	-	
Organs	-	
Restated cost	4,555	3,267
Additions	44	1,297
At end of year – 31 December	4,599	4564
<b>Amortization</b>		
At start of year – 1 January	2,423	1,920
Organs	-	
3PY errors	-	
Restated balance	2,423	1,920
Transferred from PP&E		440
Amortization for the period	798	72
Accumulated amortization at 31 December	3,221	2,432
<b>Net book balance</b>		
At end of year – 31 December	1,378	2,132

**7 Assets under construction**

The financial statements include assets under construction amounting to USD 21,000 asset under construction in current year related to Welfare Building in AMISOM (2016: USD 21,000).

The integrated project service center which will be handed over by the Chinese government within 32 months from contract date (21 January 2016) is estimated to cost RMB 237 Million and was under construction as at 31 December 2017.

**8 Long term receivable (Staff car loans)**

This relates to staff car loans.

	2017 USD'000	2016 USD'000
Long term receivable- Non current	4,213	3,813
Short term receivable- Current ( <i>note 13</i> )	2,861	2,217

The carrying value of staff car loans approximate their fair value due to their short-term nature.

## Notes (continued)

**9 Cash and cash equivalents**

	2017 USD'000	2016 USD'000
Cash on hand	292	296
Cash in transit	0	4,234
Cash at bank	367,327	326,944
	<hr/>	<hr/>
Cash and cash equivalents	367,619	331,474
	<hr/>	<hr/>

**10 Short term investments**

These represent balances on short-term money market deposits invested with JP Morgan Chase Bank in New York and ING Bank in Brussels, Belgium. The deposits earn varying interest rates and have maturity dates of less than a year. As at 31 December 2017 the Investments stood as follows:

	2017 USD'000	2016 USD'000
Money market deposits	9	9
Money market deposits	181	180
	<hr/>	<hr/>
	190	189
	<hr/>	<hr/>

Cash & cash equivalents and short term investment are detailed below

	2017 USD	2016 USD
General fund	119,494	53,621
Special fund	1,532	1,278
Working capital fund	5,282	5,270
PSD-Partners	145,583	205,371
ERM-Partners	95,918	66,123
	<hr/>	<hr/>
	367,809	331,663
	<hr/>	<hr/>

**11 Advance payments to suppliers**

	2017 USD'000	2016 USD'000
Advance payments to suppliers	7,455	5,170
	<hr/>	<hr/>



**Notes (continued)****12 Prepayments**

	2017 USD'000	2016 USD'000
Other prepayments	546	479
Provision	(5)	(5)
Net- other prepayments	<u>541</u>	<u>474</u>
 Rent prepayment	 170	 143
Education	70	88
Insurance prepayment	467	568
	 <u>1,247</u>	 <u>1,273</u>

Movement on the provision for impairment of prepayments receivables is as follows:

	2017 USD'000	2016 USD'000
At start of year	5	-
Provision in the year	-	5
	<u>5</u>	<u>5</u>
At end of year	<u>5</u>	<u>5</u>

## Notes (continued)

## 13 Short Term Receivables

	2017 USD'000	2016 USD'000
Advance Recoverable from Staff Members	270	905
Car Loan	2,861	2,217
Travel and Imprest advances	3,464	3,907
Salary and Housing allowance advances	2,531	1,689
Sundry receivables	8,543	4,287
Receivables from Member States	1,144	1,162
Receivables from Non-Member States	250	6,293
Receivable from PAU	0	2,684
Provision for Bad Debts- Other Receivables	<u>-931</u>	<u>-7,481</u>
	<u>18,132</u>	<u>15,664</u>

Movement on the provision for impairment of other short term receivables is as follows:

	2017 USD'000	2016 USD'000
At start of year	7,180	6,933
Provision in the year	56	548
Utilized	<u>(6,305)</u>	<u>-</u>
At end of year	<u>931</u>	<u>7,481</u>

## 14 Inventories

	2017 USD'000	2016 USD'000
Stationery and office supplies	495	535
Uniforms & household materials	1	1
Fleet maintenance & parts	10	11
Refreshments & beverages	19	22
Maintenance materials	51	54
Printing plant materials	227	203
Information technology materials & accessories	75	76
Medical product & supplies	165	301
Military product & supplies	171	197
Others	48	153
	<u>1,263</u>	<u>1,553</u>



**15 Outstanding member states contribution**

	2017 USD'000	2016 USD'000
Outstanding member states contribution	146,267	84,487
Provision for bad debts- member states' assessed contributions	(13,624)	(5,977)
	<hr/>	<hr/>
Outstanding member states contribution- net	132,643	78,510
	<hr/>	<hr/>

**Notes (continued)****15 Outstanding member states contribution (continued)**

Movement on the provision for impairment of outstanding member states contribution is as follows:

	2017 USD'000	2016 USD'000
At start of year	5,977	619
Provision in the year	7,647	5,358
	<hr/>	<hr/>
At end of year	13,624	5,977
	<hr/>	<hr/>

**16 Partner funds**

	2017 USD'000	2016 USD'000
Receivables from partner funds	33,615	158,973
Less: provision for bad debts- partner funds	(4,248)	(4,248)
	<hr/>	<hr/>
Partner funds receivable- net	29,367	154,725
	<hr/>	<hr/>

Movement on the provision for impairment of partner funds is as follows:

	2017 USD'000	2016 USD'000
At start of year	4,248	4,764
Reclassified to Receivable from observer missions and RECs	0	(567)
Utilized provision	0	51
	<hr/>	<hr/>
At end of year	4,248	4,248
	<hr/>	<hr/>

A movement of partner funds is presented in Appendix 2



## Notes (continued)

## 17 Receivable from observer missions and RECs

	2017 USD'000	2016 USD'000
<b>Outstanding transfers to observer missions</b>		
Dakar Representative Office	208	208
Haiti	-	-
DPAIT/ Sudan	19	19
Darfur/ Sudan	1,526	1,526
Provision for Bad debt (Darfur/Sudan)	(1,752)	(1,752)
	-	-
<b>Outstanding Transfers to RECs</b>		
IGAD (I & II)	-	-
COMESA (I & II)	-	-
EAC (I & II)	-	-
ECOWAS (I & II)	-	-
SADC (I & II)	-	-
Partners	824	601
Regional offices	-	-
RECs APSA	7,529	2,474
	-	-
Program receivables	8,353	3,075
Provision for RECS (partners)	(1,099)	(601)
	-	-
<b>Total receivables observer missions and RECs</b>	<b>7,254</b>	<b>2,474</b>

Movement on the provision for impairment of receivable from observer missions is as follows:

	2017 USD'000	2016 USD'000
At start of year	2,851	1,526
Additional provision in the year	0	260
Reclassified to Receivable from observer missions and RECs	0	567
Utilized provision	-	-
	-	-
<b>At end of year</b>	<b>2,851</b>	<b>2,353</b>

**Notes (continued)****18****Payables to AU Organs- Programme**

APRM (502)

(502)

**19 (a) Accounts payables**

	<b>2017</b>	<b>2016</b>
	<b>USD'000</b>	<b>USD'000</b>
Troop contributing countries	25,576	3,353
Suppliers	18,580	42,082
Credit union and staff association	776	5,159
Staff payables	8,701	6,629
Sundry and other payables	4,424	3,021
	<b>58,057</b>	<b>60,244</b>

**(b) Payable to Observer Missions and RECs**

Payable to RECS 1,008 2,590

**20 Accruals and provisions**

	<b>2017</b>	<b>2016</b>
	<b>USD'000</b>	<b>USD'000</b>
<i>a) Accruals</i>		
Accrued expenses and provisions	54,493	197,833
Others/ regional offices	5,510	3,707
	<b>60,003</b>	<b>201,540</b>



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

**Notes (continued)**

	<b>2017</b> <b>USD'000</b>	<b>2016</b> <b>USD'000</b>
<b>b) Provisions</b>		
Provision for disability and death compensation	30,482	22,798
Other provisions	0	31,451
	<hr/>	<hr/>
	30,482	54,249
	<hr/>	<hr/>
<b>21 Members states contributions received in advance</b>		
	<b>2017</b> <b>USD'000</b>	<b>2016</b> <b>USD'000</b>
Contributions received in advance	7,363	177
	<hr/>	<hr/>
<b>22 Unexpended partner funds</b>		
	<b>2017</b> <b>USD'000</b>	<b>2016</b> <b>USD'000</b>
Unexpended partner funds	189,980	178,091
	<hr/>	<hr/>

A movement of partner funds is presented in appendix II & III

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

**23 Special fund**

	<b>2017</b>	<b>2016</b>
	<b>USD'000</b>	<b>Restated USD'000</b>
Projects and Programs (Regional Offices)	71	176
Special Refugee Contribution Fund	7,249	6,828
Special Emergency Fund for Drought	12,956	11,956
Acquisition of AU Properties	50,911	41,925
Member States -High Level Panel & Ministers	824	823
Work on Union Government Proposal	55	55
General Peace Fund (SF005)	41,593	34,811
Solidarity fund (SF007)	3,193	3,193
Acquisition of Washington Office Premises	91	91
Horn of Africa Famine Relief	2,730	2,730
African Women Fund	2,722	2,232
Maintenance Fund	5,892	5,143
AFISMA Trust Fund	15,000	15,000
High Level Panel on Alternative Sources of Financing	209	209
	<hr/>	<hr/>
	143,496	125,172
	<hr/>	<hr/>



Notes (continued)

24 Members states' assessed contributions

	2017 USD'000	2016 USD'000
Assessed contribution	205,150	169,833

25 Members states' assessed contributions Peace Fund

	2017 USD'000	2016 USD'000
Assessed contribution	65,000	0

26 Member states' voluntary contributions

	2017 USD'000	2016 USD'000
Assessed contribution	0	1,215

27 Voluntary Contribution

	2017 USD'000	2016 USD'000
Assessed contribution	1,615	2,791

28 Partner funds realized

	2017 USD'000	2016 USD'000
Peace and security Programs	282,423 77,319	266,848 95,169
	359,742	362,017

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

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**29 Other revenue**

	<b>2017</b> <b>USD'000</b>	<b>2016</b> <b>USD'000</b>
Donated assets	0	656
Disposal of obsolete assets	0	90
AU clinic	63	57
Rental income	410	388
Interest on bank accounts	261	15
Interest on short-term investments	463	244
Gain on exchange	17,486	892
Other income	1,898	2,064
	<hr/>	<hr/>
	20,581	4,406
	<hr/>	<hr/>

## Notes (continued)

## 30 Staff costs

	2017 USD'000	2016 USD'000
Basic Salary	40,958	37,222
Post Adjustment Allowance	13,966	13,339
Acting Allowance	91	84
Temporary Assistance	2,331	985
Overtime	285	244
Dependency Allowance	1,309	1,260
Housing Allowance	10,545	10,082
Pension Scheme	7,429	6,895
Special Allowance/Short-term salaries	54,450	56,970
Education Allowance	4,606	4,899
Travel on Home Leave	772	744
Staff Leave	395	631
Installation Allowance	1,234	1,016
Preferential exchange rate	1,626	1,666
Insurance of Personnel	2,189	2,680
Separation Cost	2,762	2,769
Staff Welfare	48	39
Non-Residence Allowance	203	183
Cost of Initial Recruitment	377	571
Transportation of personal effects	286	260
Medical Expenses	3,877	3,181
Entertainment Cost	16	38
Other	4,699	2,592
Accrued Employee Benefits	1,087	224
	<b>155,541</b>	<b>148,574</b>



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

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**31 Subventions to AU Organs**

	2017	2016 Restated
	USD'000	USD'000
Transfer- African Investment Bank	27	0
Transfer- ECOSOC	959	649
Transfer- African Union Comm on International Law	386	338
Transfer- Peace & Security Council	379	553
Transf-Afri Commt-Experts on Rights & Welfare of C	230	205
Transfer- AFRICAN PEER REVIEW MECHANISM	<u>503</u>	<u>0</u>
	2484	1745

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**Notes (continued)****32 Expert fees**

	2017 USD'000	2016 USD'000
Legal fees	16	16
Consultancy fees	7,350	6,020
Audit fees	135	225
Freelance fees	6,337	3,810
Honorarium	1,360	830
Software licenses and rental fee	514	645
Brokerage fees	14	34
	<hr/> 15,726 <hr/>	<hr/> 11,580 <hr/>

**33 Official missions**

	2017 USD'000	2016 USD'000
Travel tickets	21,854	16,358
DSA	24,381	18,073
Visa fees	156	132
Other mission costs	12,517	10,271
	<hr/> 58,908 <hr/>	<hr/> 44,834 <hr/>

**34 Other subventions/ grants**

	2017 USD'000	2016 USD'000
Refugees and IDPs	1,969	1,927
Special emergency fund	1,000	1,000
Peace fund	6,892	6,745
Special subvention and grant	350	350
African women fund	492	482
	<hr/> 10,703 <hr/>	<hr/> 10,504 <hr/>

Notes (continued)

35 Grants and donations

	2017 USD'000	2015 USD'000
Donations	869	200
Grants	1,746	1,191
Awards	200	308
	<hr/>	<hr/>
	2,815	1,699
	<hr/>	<hr/>

36 Provision for bad debts

	2017 USD'000	2016 USD'000
Prepayments (note 12)		5
Short term receivables (note 13)		548
Receivable from member states (note 15)	7,634	5,358
Receivable from partner funds (note 16)		(516)
Receivables from observer missions & RECS (note 17)		793
Other movements in provisions for bad debts		1,837
	<hr/>	<hr/>
	7,634	8,025
	<hr/>	<hr/>



**37 Other operating expenses**

	2017 USD'000	2016 USD'000
Rent	7,959	6,042
Communications	3,815	2,686
Repair and maintenance	948	1,408
Utilities	923	742
Hospitality	166	138
Printing and binding	484	237
Publication and periodicals	1,746	1,258
Insurance	831	705
Publicity	202	212
Fuel and lubricants	589	593
Training	9,963	8,257
Inventory adjustments	0	26
Others	1,746	3,168
Programme and projects/partners fund expenditure	494	1,718
	<hr/> 29,866 <hr/>	<hr/> 27,190 <hr/>

**38 Peace support operations**

	2017 USD'000	2016 USD'000
Peace keepers allowances	222,614	213,620
Death & disability grants	15,035	18,245
Owned equipment fees	184	-
	<hr/> 237,834 <hr/>	<hr/> 231,865 <hr/>

**39 Low value Asset/capital expenditure**

	2017 USD'000	2016 USD'000
Buildings	13	11
Motor Vehicles	237	111
Computer & Accessories	221	583
Office Equipment	307	122
Office Furniture & Fittings	202	313
Household Furniture and Fittings	16	41
Printing Equipment & Machines	2	1
Medical Equipment	184	100
Un distributed Assets	108	0
Other Assets	1,261	940
Security and Safety Equipment	4	0
Generators	12	306
Conference Interpretation	19	12
	2,586	2,540

**40 Financial charges**

	2017 USD'000	2016 USD'000
Bank charges	1,026	432
Interest expense	241	5
	1,267	437

Notes (continued)

41 Office supplies and services

	2017 USD'000	2016 USD'000
Stationery supplies and services	1,078	793
Printing and photocopy services	0	1
Printing supplies	5	0
Maintenance supplies	12	15
Other supplies & services	9,734	5,817
	<hr/>	<hr/>
	10,829	6,626
	<hr/>	<hr/>

42 Foreign exchange (gains)/ loss

	2017 USD'000	2016 USD'000
Loss/ (gain) from exchange rate fluctuation	3,971	11,886
	<hr/>	<hr/>
	3,971	11,886
	<hr/>	<hr/>



### 43 Comparative Figures

The comparative figures for 2016 is re-instated for the consolidation of AOSTI in 2017

AOSTI, is An African Union Specialized agency

The vision for the Observatory is to be a continental repository for Science, Technology and Innovation (STI) statistics and a source of policy analysis in support of evidence based policy making in Africa.

The mission of the Observatory is to champion evidence-based science, technology and innovation policy-making by backstopping African countries to manage and use statistical information in accordance with the African charter of statistics.

#### Objectives:

1. Enable African countries to discover their STI capabilities and direct such capabilities to solve pressing economic, social, environmental and other development challenges;
2. Strengthen national capacities for STI policy formulation, implementation, evaluation and review;
3. Improve the quality and dynamism of African NISs and related STI policies;
4. Provide to African decision-makers up-to-date information on global scientific and technological trends in order to enable them to effectively engage in policy-making on STI issues;
5. Strengthen national capacities for technology prospecting, acquisition or procurement;
6. Reinforce regional and international STI cooperation.

	Dr USD'000	Cr USD'000
Property, Plant and Equipment	12	
Cash and Bank	362	
Prepayments	1	
Reserve		375

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

The following reinstatement was made to reclassify the program transfer balances of Pan African University

	Dr USD'000	Cr USD'000
Cash and Bank	2,550	
Accounts Payables		241
Short Term Receivables	8	
Program Budget Transfer PAU		2,317

**44 Related parties**

In the course of its operations, the AUC enters into transactions with related parties, which include the Member States, AU organs and Representative Offices.

Funds received from member states have been disclosed on the Statement of financial performance. Funds sent to Representative Offices and Organs have been operated at arm's length and consolidated in the AUC financials.

**Key management personnel**

The key management personnel, as defined by IPSAS 20 Related Party Disclosures, are the members of the AUC, who together constitute the governing body of the AUC. This will include the Chairperson, deputy chairperson and the 8 commissioners. The total remuneration is shown below, which includes both the outgoing elected officials who left in 2017 and those who joined in 2017. The key management personnel are provided with vehicle and driver during their tenure. The Chairperson and Deputy Chairperson are provided with a furnished house.

	2017 USD'000	2016 USD
Chairperson	193	193
Deputy Chairperson	176	176
Commissioner for Economic Affairs	164	184
Commissioner for Human Res. Science &Tech	167	189
Commissioner for Infrastructure & Energy	182	189
Commissioner for Political Affairs	182	184
Commissioner for Peace and Security	189	189
Commissioner for Rural Eco. &Agriculture	179	184
Commissioner for Social Affairs	181	189
Commissioner for Trade and Industry	183	185
Other benefits – defined contribution to ALICO	235	216
	<u>2,031</u>	<u>2,078</u>



**45 Commitments- Operating lease rentals****Non-Cancellable Operating lease commitments - Cairo**

The assets held under finance leases should have consistent depreciation policies with assets that are owned (in accordance with IPSAS 17 and IPSAS 31). If no reasonable certainty exists that the lessee will obtain ownership at the end of the lease – the asset should be depreciated over the shorter of the lease term or the useful life [IPSAS 13.36]

The Cairo office has leased office for five years. The lease agreement states that the annual lease amount will be USD 48,000 for the first two years and then increase by 5% till the end of the lease year. The lease schedule as shown below (USD)

dates	Lease amount to pay (USD)	Financial year	Actually paid	Lease expense	Lease liability
01.07.14-30.06.15	48	2	24	25	-1
01.07.15-30.06.16	48	2	48	51	-4
01.07.16-30.06.17	50	2	50	51	-1
01.07.17-30.06.18	53	2	53	51	2
01.07.18-30.06.19	56	2	56	51	5
Total lease	255				
Lease per year	51				

**Lease liabilities in "000**

	2017	2016
Not later than one year	50	51
Later than one year and not later than 5 year	29	79

Except for disclosure purposes, No record has been made to recognize the lease liability.

**46 Employees**

The number of employees at the end of the year for AU was 2,109 (2016: 1,875).

**47 Old outstanding items that will be presented for write off to the PRC**

The AU has performed an analysis of old outstanding balances in various financial line items. These balances have been deemed unrecoverable and shall be presented to the PRC to seek permission for write off from AUC's books of accounts. The analysis of the balances is presented in appendix 3. A draft write off policy for write off was prepared, lodged with OLC for review and eventual approval.

**48 Startup of AFRIPOL and MNJTF**

The African Mechanism for Police Cooperation (AFRIPOL) was established by the decision of the Heads of States and Government of the African Union (Assembly/AU/DEC/636(XXVIII)), held in Addis Ababa Ethiopia from 30th to 31st January 2017. AFRIPOL Secretariat is hosted by Algeria. It started its operations on 08th July 2017. The Algeria Government provided office premises, a guest house, and assorted furniture and IT equipment, on the same day AFRIPOL started its operations. Their value is yet to be determined as the Government of Algeria did not disclose the value of the assets provided to AFRIPOL. During the year 2018 there is a planned evaluation with the Board of Survey as they are scheduled to conduct this activity and come up with fair value of those assets.

The Lake Chad Basin Commission (LCBC) Member States and Benin encountered a security threat in recent years with the activities of Boko Haram, and sought the support of AU in authorizing the deployment of a peace support operation in the region. The Peace and Security Council of the African Union (AU), at its 484th meeting held on 29 January 2015, decided to provide technical support to the regional and international efforts for combating the Boko Haram terrorist group; the LCBC deployed the Multinational Joint Task Force (MNJTF) with its headquarters in Ndjamen, Chad in June 2015. The AU later entered a Memorandum of Understanding with the commitment to provide additional support to MNJTF in the following areas: payment of Mission Subsistence allowance for staff officers, provision of operational vehicles to enable the activities of the troops, provision of any other equipment, supplies or services to the force headquarters, and deployment of civilian capacity to support the mission.

It is worthy to mention that all assets acquired within the execution of the above support are used by the Force in carrying out its operations. The assets are handed over to MNJTF on a permanent basis. Due to the fact that AU does not make decisions for MNJTF, and only come as technical support, the expenditures of this project are been reported together with those of Peace and Security department since inception.

**49. AULO in Comoros was closed during the reporting period.**



The African Union Liaison office in Comoros was established by the high level decision of Organization of African Union (OAU) for the stabilization of peace and security in Comoros in November 1997. After 20 years of services, following the decision adopted by the peace and security council (PSC) of the African Union Commission at its 545<sup>th</sup> meeting held in Addis Ababa, Ethiopia, on 21 September 2015, on the situation in Comoros, in which council among others, endorsed the recommendation of the commission on the revision of the mandate of the African Union liaison office (AULO) in Comoros and requested the Commission in the interest of the rationalization, to consider the closing and whose function would then be transferred to AULO in Madagascar. The final office closure process took place between 17 August and 21 September 2017. The following fixed assets were transferred to African Union Liaison office Madagascar: two Toyota Prado, one Generator, one projector, and a cabinet with the financial and administrative files. The service providers were notified for the termination of their services and their final dues were fully paid; in addition, the staff contract were terminated with effect on 31 August 2017 and their separation entitlements were paid. The office is officially closed on the previous date and the office keys were surrendered to the Ministry of foreign affairs by the Special Representative of the chairperson of the commission African Union Madagascar office on September 7, 2017.

#### **50 UN LOGISTIC SUPPORT PROVIDED TO AMISOM**

As per the Security Council Resolution 1863 of 16 January 2009, United Nations Support Office for AMISOM (UNSOA) was mandated to provide logistics support for the Mission. The successive Security Council Resolutions have maintained the logistic package, although the name changed from UNSOA to UNSOS (United Nations Support Office for Somalia). The entire support is managed using UN Financial Rules and Regulations and the values of the goods and services acquired are not provided to the AU.

The elements of support cover the following areas:

- i. Reimbursement of Contingent Owned Equipment;
- ii. Acquisitions of equipment required for troop and police contingents
- iii. Provision of any other equipment, supplies or services
- iv. Other logistics requirement for the Mission
- v. Hiring personnel, consultants, experts and support staff
- vi. Outreach activities aimed at the Somali general population and civil society
- vii. Training and capacity building for the Mission,

#### **Notes (continued)**

#### **51 Service segments information**



IPSAS 18 requires that when activities conducted by an organization are broad and encompass a wide range of different geographical regions, with different social economic characteristics it is necessary to report disaggregated financial and non-financial information about particular segments to provide relevant information for accountability and decision making. The two types of segments reported are referred to as service segments or geographical segments. These terms have the following meaning:

Service segment refer to a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives consistent with its overall mission;

A geographical segment is a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives with a particular geographical area. The AUC undertakes segment reporting based on the service segments and sources of financing.

The reportable operating segments derive their revenue primarily from assessed member states contributions and partner funds.

Member states assessed contribution is received by the AUC and sent to each of the entities in the form of subventions. The AU has 41 offices spread across various African countries. For management and reporting purposes, The African Union Commission is organized into the following service segments;

- The African Union Commission (AUC) headquarter and 16 liaison offices;
- Fourteen (14) specialized agencies and regional offices; and
- Six (6) permanent representation offices.
- 5 Organs

The complete list of consolidated entities can be found above under section "Reporting Entity, on page 23" The following is the segment information:

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AFRICAN UNION					
APPENDIX 1 - STATEMENT OF FINANCIAL PERFORMANCE (INCOME AND EXPENDITURE) - SEGMENT REPORTING					
FOR THE YEAR ENDED 31 DECEMBER 2017					
Currency - In US Dollar - US\$000					
Headquarters/Regional Office	2017				
	AUC HQ + L.O	Specialized agencies	Permanent representation offices	Organs	AU total
	USD	USD	USD		USD
<b>REVENUE / INCOME</b>					
Member States' Assessed Contributions	-205,150		0		-205,150
Member States' Assessed Contributions Peace Fund	-65,000				-65,000
Member States' Voluntary Contributions					0
Partners Funds - Realized	-327,736		-18,859	-13,147	-359,742
Voluntary Contribution				-1,615	-1,615
Other Revenue	-18,319	-65	-384	-1,799	-20,567
<b>TOTAL REVENUE / INCOME</b>	<b>-616,204</b>	<b>-65</b>	<b>-19,243</b>	<b>-16,561</b>	<b>-652,073</b>
<b>EXPENDITURE</b>					
<b>General Operating Expenses</b>					
Staff Costs	105,694	9,058	12,649	27,052	154,453
Expert fees	8,747	25	2,468	4,486	15,726
Official Missions	35,578	306	8,846	14,178	58,908
Other Operating Costs	21,334	832	3,199	4,282	29,647
Other Subventions/Grants	10,703			0	10,703
Grants and Donations	2,306		196	313	2,815
Office supplies and Services	8,558	60	1,387	823	10,828
Project Costs	0			0	0
Employee Benefit	1,087			0	1,087
Low Value Asset/Capital Expenditure	2,019	54	316	197	2,586
	<b>196,025</b>	<b>10,335</b>	<b>29,063</b>	<b>51,332</b>	<b>286,755</b>
Peace and Security Operations	237,834		0		237,834
Exchange loss (net)	4,539	37	60	-666	3,971
Provision for Bad Debt	7,647		0	-14	7,634
Depreciation	4,666	699	382	436	6,183
Financial Charges	874	18	76	299	1,267
Subventions to AU organs	2,484		0		2,484
<b>TOTAL EXPENDITURE</b>	<b>454,070</b>	<b>11,089</b>	<b>29,581</b>	<b>51,388</b>	<b>546,128</b>
<b>EXCESS/(DEFICIT) OF REVENUE OVER EXPENDITURE</b>	<b>-162,134</b>	<b>11,024</b>	<b>10,337</b>	<b>34,827</b>	<b>-105,946</b>
<b>Segment assets</b>	<b>887,715</b>	<b>29,789</b>	<b>21,779</b>	<b>41,100</b>	<b>980,383</b>
					0
<b>Segment liabilities</b>	<b>-306,713</b>	<b>-1,323</b>	<b>-16,158</b>	<b>-24,754</b>	<b>-348,948</b>
<b>Segment net assets</b>	<b>-581,001</b>	<b>-28,465</b>	<b>-5,622</b>	<b>-16,346</b>	<b>-631,435</b>



**Appendix I – STATEMENT OF FINANCIAL PERFORMANCE (INCOME AND EXPENDITURE)  
- SEGMENT REPORTING**

At 31 December 2016	AUC HQ + L.O	Specialized agencies	Permanent representation offices	Organs	Adjustment	Total
<b>Revenue from non-exchange transactions</b>						
Member states' assessed contributions	169,833	-	-	-	-	169,833
Member states' voluntary contributions	1,215	-	-	-	-	1,215
Partners funds - realized	332,968	17,669	56	11,324	-	362,017
Voluntary contribution	-	-	-	2,791	-	2,791
Subventions from AUC	-	9,856	9,040	32,072	-50,968	-
<b>Revenue from exchange transactions</b>	-	-	-	-	-	-
Other revenue	3,018	302	94	991	-	4,405
<b>Total revenue</b>	507,034	27,826	9,191	47,178	-50,968	540,262
<b>Expenses</b>						
Peace and security operations	231,865	-	-	-	-	231,865
Other expenses	172,855	26,355	9,587	45,554	-	254,352
Exchange loss (net)	11,080	83	11	711	-	11,886
Provision for bad debt	7,711	-	-	314	-	8,025
Depreciation	4,119	231	665	380	-	5,394
Financial charges	159	56	11	211	-	437
Subventions to AU organs*	1,745	-	-	-	-	1,745
<b>Total expenses</b>	429,534	26,725	10,274	47,170	-	513,703
<b>Net surplus/ (deficit) for the year</b>	77,500	1,101	-1,083	8	-50,968	26,559
<b>Segment assets</b>	924,559	23,012	29,949	32,440	-	1,011,530
<b>Segment liabilities</b>	459,617	17,398	662	19,394	-	498,643
<b>Segment net assets</b>	464,942	5,614	29,286	13,045	-	512,888



**Appendix II – STATEMENT OF RECEIVABLE FROM PARTNERS - ACTIVITIES**

Account Id	Partners/Fund Name	2017 USD'000	2016 USD'000
300067	AU/GTZ Project (Biosafety)	8	8
300080	JFA	1,398	1,398
300087	GTZ - PASU-SPPME	75	75
300170	AUC-JPA- Capacity Building	1,545	1,545
300215	USAID disbursement to AU	316	776
300241	EC 30 Million Euro Support Programm	842	856
300261	Equatorial Guinea Contribution for	103	83
300268	World Bank - 27M		
300282	EU support for ACP DRR programme	37	0
300289	Ford Foundation Phase II	0	43
300304	Kenya Support to the African Instit	164	164
300312	Global Monitoring for Enviroment an	0	13
300322	UNF Support to AUC-17887	3	0
300327	USAID to AUC Demand Reduction Proje	18	0
400092	EU contribution to early rapid resp	0	638
400121	PSD Joint Salaries Fund	5,098	7,212
400151	JFA Partners to AULO	48	312
400192	EU CONTRIBUTION TO AMANI II	1,034	1,030
400215	EC CONTRIBUTION TO AMISOM XII	0	15,721
400222	EC CONTRIBUTION TO LRA III	567	0
400231	EC AMISOM XIII Contribution	0	7,016
400235	EU Contribution to AMISOM XIV	31	18,072
400243	EC Contribution to AMISOM 15	13,904	38,092
400246	EU Support against LRA	245	117
400249	EU SUPPORT TO AMISOM XVI	4,341	59,742
400261	EU support to RCI-LRA III	305	0
Grand Total		30,082	152,914
	Provisions	(4,248)	(4,248)
		25,835	148,666
Regional Offices		2,910	4,956
Organs		623	1,104
Total		<u>29,367</u>	<u>154,725</u>

**Appendix III – STATEMENT OF DEFERRED REVENUE – FUND UNEXPENDED FOR CASH COLLECTED**

Account Id	Partners/Fund Name	2017 USD'000	2016 USD'000
200028	UNECA	-37	-49
200035	International Labor Organization	-32	-32
200051	Kuwait Support Fund	0	-1,574
200053	International Committee of Red	0	-15
200051	Kuwait Support Fund	-582	0
200054	International Council on Archives	0	0
200077	Equatorial Guinea Contribution for	0	-14
300001	AFDB	0	-50
300018	SPAIN Fund	-2,333	-1,940
300021	UNODC Fund	-6	-21
300026	Danish Africa Programme for Peace	0	0
300046	Embassy of Greece	0	-3,730
300047	Embassy of the Republic of Turkey	-3,317	-1,840
300065	China Contribution to AU	-3,382	-2,771
300086	French Cont. to ECOSOC	-61	-61
300106	United Nation Environmental Program	-60	-3
300107	Algeria Electoral Assistance Fund	-154	-117
300108	Denmark-Election Assistance Fund	0	-16
300135	Danish Support to Pillar I, III, &	-420	-435
300136	Marie Stopes International	0	-7
300160	World bank contribution to CAADP	0	-112
300172	Luxemburg Agency for Development	-794	-1,680
300175	UNHCR-RAUECA	0	-38
300180	French Electoral Support fund	0	-49
300185	Ford Foundation	0	-109
300190	ROCKEFELLER FOUNDATION	-7	-150
300195	International Food Policy Research	-41	-9
300205	Permanent mission of the Republic	-29	-30
300211	UN-AIDS AWA Revitalisation	-3	-3
300225	South African Voluntary	-193	-878
300226	Sweden Contribution to ARIC	0	-242
300237	ADF 45M Grant to PAU	-4,877	-162
300240	Administrative cost from Partners-P	-16,626	-22,964
300243	Partnership for Aflatoxin Control A	-390	-819
300244	South Korea Contribution to AUC	-1,487	-1,465
300255	AfDB Support to PIDA -2100155026567	-280	-95
300256	JPA-Elections	-890	-1,254
300257	JPA-Governance	-1,129	-1,327
300260	JPA Capacity Building Phase II	-3,060	-1,446
300263	Support to Ebola Outbreak in West A	-9,517	-9,506
300264	United Nation Foundation grant	-34	0
300267	Bioversity International Support	0	-48



Account Id	Partners/Fund Name	2017 USD'000	2016 USD'000
300268	World Bank - 27M	-1,493	-26
300270	Nigeria Election Assistance Fund	-6	-85
300272	African Rehabilitation Institute	-83	-83
300273	Kazakhstan support to African Women	-10	-10
300274	African Development bank support fo	-16	-99
300276	Sweden Support to Trade and Industr	0	0
300278	EC Support for PANAFAUCapEO	-902	-185
300279	ECA support for Trade and Industry	-10	-68
300280	SUPPORT TO AUC-GIZ - FA-2015-832023	-24	-24
300281	AU-ACBF II Special account	-1	-110
300282	EU support for ACP DRR programme	0	-375
300283	DFID Support to Trade and Industry	-163	-163
300285	US Drug Control Grant.	-171	-689
300286	GIZ Support to the African Governan	-47	-61
300287	WHO support for AUC-PMPA	0	-3
300288	Bill & Melinda Gates Foundation II	0	-312
300289	Ford Foundation Phase II	-22	0
300290	UN FOUNDATION-GRANT UNF-15-715	-7	-39
300292	Open Society Initiative for SA	0	-13
300293	HUAWEI Support to Infrastructure an	-16	-16
300294	Italy Capacity Building for small h	-70	-70
300296	UNHRC Support to ACERWC	-2	-2
300297	Support to Africa CDC	-1,080	-1,805
300298	Italian Support to the AUC-DPA	-280	-442
300299	EC AU Research Grants	-3,723	-3,636
300301	Canada Contribution to End Child Ma	0	-36
300302	Japan Support to AU Women & Gender	-103	-103
300303	Norwegian Support to MFA-AU/CIEFFA	-945	-719
300305	AU Support Programme III - EC 51 Mi	-1,1124	-660
300307	KAICIID Support to CIDO- Interfaith	0	-22
300308	AfDB Support to Support Crises Resp	-735	-1,400
300309	Norwegian Support to African Union	-312	-234
300310	PANAFA/2016/374-120	-123	-379
300311	AU-JFA Support to WGD Programme	-155	-531
300312	Global Monitoring for Enviroment an	-4,504	0
300314	BGMF Support to PACA II	-121	-1,245
300318	Ecobank	-13	0
300320	Canadian Support to Common Vision w	-339	0
300321	Mars Support to PACA	-21	0
300323	Ford Support to HRST Phase 4 GN-01	-196	0
300324	Japan support to Africa CDC	-199	0
300326	AFDB Support for the Organization o	-94	0
300328	Bill and Melinda Gates Foundation 3	-800	0



Account Id	Partners/Fund Name	2017 USD'000	2016 USD'000
300329	USA support to Establishment of Hyb	-455	0
300330	GIZ support to CFTA-Contract No. 81	-166	0
300331	U.S Department of Agriculture Suppo	-38	0
300332	FAO Support to AU	-23	0
300334	AU JPA/Australia Support to WGD Pro	-758	0
400015	China Contribution for AMISOM	-3,918	-3,389
400034	Finland Contribution	-613	-749
400039	German-African Border Project	-285	-161
400043	Italian Contr.Somalia (AMISOM)	-6	-218
400050	Japanese Contribution	-6	-6
400071	Japanese Contribution-Different	-59	-59
400075	Sweden Contr. to AMISOM	-85	-85
400092	EU contribution to early rapid resp	-364	0
400093	Danish Contribution to AMISOM	-2,419	-840
400097	GTZ Grant for ASF Police Component	-329	-51
400112	Italy Contribution to AUHIP	-28	-75
400125	Japan Contribution for Year of peac	-15	-15
400140	Luxemburg contribution to SSR	-1	-4
400145	EU Contribution to APSA	-8	-3
400147	Indian Contribution for AMISOM	-1,685	-685
400155	Norwegian Contribution to AUHIP	-72	-72
400177	EU Support To Training Institute	-1,582	-1,582
400185	Russian Fed. Contribution to PSO&RR	-710	-710
400190	GIZ Support to Establishment of APS	-37	-37
400191	Republic Of Turkey Contribution AMI	-104	-104
400198	GIZ -KFW Contribution	-13	-218
400199	Netherlands Contribution to CEWS	-698	-403
400200	UK Contribution to ASI -C Bdg & S.V	-75	-82
400201	UK Contribution to CEWS	-427	-427
400202	Member States Contribution AFCONE	-33	-407
400206	Austrian Contribution Gender PSD	-343	-340
400210	USA Contribution for Defence & Secu	-10	-10
400214	APP-III Danish african programme fo	-2,626	-2,071
400217	UK contribution to Sexual Violence	-173	-173
400218	Kenya Contribution to ASF	-886	-886
400219	UK Contribution to Gender PSD Progr	-1,190	-1,190
400221	EC SUPPORT TO C3IS	-14,121	-14,255
400222	EC CONTRIBUTION TO LRA III	0	-248
400223	UK contribution to PCRD	-1,245	-1,537
400227	Pillar I Gender PSD Programme(GPSP)	-25	-25
400228	Italy Contribution to Panel of the	0	0
400229	UK contribution to Special envoye g	-3	-3
400230	UK contribution to MNJTF	-1,666	-3,232
400232	Italy Contribution to Tana Forum	-6	-6
400234	Norway Contribution to gender sp.en	-239	-472

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

Account Id	Partners/Fund Name	2017 USD'000	2016 USD'000
400236	UK Contribution to CEWS mediation ,	-236	-233
400238	SWITZERLAND contribution PSD	-105	-105
400239	ERM II	-5,545	-2,292
400241	Japan Support to AU Mission in New	-75	-207
400242	EU Interim APSA Support Program	-1,333	-1,333
400245	UNDP contribution for AU HRO Brundi	0	-233
400246	EU Support against LRA	0	0
400247	USA Support to Burundi National Dia	-165	-300
400248	EU SUPPORT TO MNJTF	-30,132	-35,222
400249	EU SUPPORT TO AMISOM XVI	0	0
400250	EC Contribution to APSA III	-7,637	-8,000
400251	UNICEF CONT. FOR CHILD PROTECTION	-110	0
400253	EU support to Human right observer	-3,831	0
400254	Swiss contribution for DSD	-132	0
400255	United Nations Support for PSD	-300	0
400256	UN Support for SALW-PSSM	-60	0
400257	EC CONTRIBUTION TO AMISOM XVII	-1,912	0
400258	GERMEN CONTRIBUTION TO AUHIP	-141	0
400260	Danish Support to South Sudan Count	-17	0
400261	EU support to RCI-LRA III	0	0
400262	HYBRID COURT FOR SOUTH SUDAN	-485	0
400264	UNDP support AMISOM Police project	-286	0
400265	GIZ Support to Panel of the Wise- P	-94	0
400266	GIZ Support to AU EARLY RESPONSE	-984	0
400267	Kazakhstan Support to AMISOM	-215	0
400268	Republic of Korea contribution to P	-4,000	0
400269	GIZ Support to AU Continental Logis	-68	0
		<b>-163,053</b>	<b>-151,464</b>
Liaison Offices		6	-166
Regional Offices		-14,103	-15,904
Organs		<u>-12,830</u>	<u>-10,557</u>
		<b>-189,980</b>	<b>178,091</b>



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

**Appendix IV – OLD OUTSTANDING ITEMS THAT WILL BE PRESENTED FOR WRITE OFF TO THE PRC**

AFRICAN UNION

الاتحاد الأفريقي



UNION AFRICAINE

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**INTEROFFICE MEMORANDUM**

To: Director of PBFA

File No./IA/12/096/03.18

Through:

Date: 29 March, 2018

From: Director,   
Office of Internal Audit

Sender's Tel. : 4207

**Subject: Submission of the list of proposed amounts for write-off/write-back**

Reference is made to your memo ref No. PBFA/CC/01/34/711 regarding verification of transactions proposed for write-off/write-back

Please kindly find here with attached the verified list of proposed amounts for the write-off and write-back.

OIA wishes to acknowledge the cooperation received from your staff during this verification exercise.

I thank you.

Encl.: List of proposed amounts for write-off/ write-back



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

LIST OF PROPOSED AMOUNTS FOR WRITE OFF / WRITEBACK							
N	Type	Location	Vendor	Name/Description	Amount	Justification	Amount Justified for Written off / Writeback
1	Asset - Staff	HQ	10000481	Tcheton Pascal	8,860.18	Staff was duly cleared. The balances were migrated after separation.	8,860.18
2	Asset - Staff	HQ	10000439	Ramtane Lamamra	6,809.50	Staff was duly cleared. The balances were migrated after separation.	6,809.50
3	Asset - Staff	HQ	10000019	Babooa Indrajeet	5,792.54	Staff was duly cleared. The balances were migrated after separation.	5,792.54
4	Asset - Staff	HQ	10000335	Moustapha Diaby	4,539.79	Staff was duly cleared. The balances were migrated after separation.	4,539.79
5	Asset - Staff	HQ	10000259	Ralaivao Daratify	3,251.96	Staff was duly cleared. The balances were migrated after separation.	3,251.96
6	Asset - Staff	HQ	10000334	Jean Noel-Francois	2,691.20	Staff was duly cleared. The balances were migrated after separation.	2,691.20
7	Asset - Staff	HQ	10000448	Leah Kasera	2,495.56	Staff was duly cleared. The balances were migrated after separation.	2,495.56
8	Asset - Staff	HQ	10000523	Daniel Edou Nguema	1,834.51	Staff was duly cleared. The balances were migrated after separation.	1,834.51
9	Asset - Staff	HQ	10000485	Edem Abukhirat	1,771.95	Staff was duly cleared. The balances were migrated after separation.	1,771.95
10	Asset - Staff	HQ	10000026	Zeresh Mesgen	1,759.58	Staff was duly cleared. The balances were migrated after separation.	1,759.58
11	Asset - Staff	HQ	10000178	Christine Mwakabundu	1,540.59	Staff was duly cleared. The balances were migrated after separation.	1,540.59
12	Asset - Staff	HQ	10000292	Naimi-OLD Mohamed-OLD	1,029.25	Staff was duly cleared. The balances were migrated after separation.	1,029.25
13	Asset - Staff	HQ	10000104	Patriciah Were	970.47	Staff was duly cleared. The balances were migrated after separation.	970.47
14	Asset - Staff	HQ	10000284	Francine Afane-Kalasa	33.60	Staff was duly cleared. The balances were migrated after separation.	33.60
15	Asset - Staff	HQ	91001723	Benigna Zimba	26,708.54	Staff was duly cleared. The balances were migrated after separation.	26,708.54
16	Asset - Staff	HQ	91001872	Theresa Ndavi	1,364.00	Staff was duly cleared. The balances were migrated after separation.	1,364.00
17	Asset - Staff	HQ	91001850	Abdelkerim Kodam	3,250.90	Staff was duly cleared. The balances were migrated after separation.	3,250.90
18	Asset - Staff	HQ	91000191	Mesfin Berhanu	47,016.55	Staff was duly cleared. The balances were migrated after separation.	47,016.55
19	Asset - Staff	HQ	10000495	Claude Djally	27,955.31	Staff was duly cleared. The balances were migrated after separation.	27,955.31
20	Asset - Staff	HQ	91001349	Moses Owuor	1,254.07	Staff was duly cleared. The balances were migrated after separation.	1,254.07
21	Asset - Staff	HQ	91000888	Dabesaki Mac-Ikemenjina	275.45	Staff was duly cleared. The balances were migrated after separation.	275.45
22	Asset - Staff	HQ	10000498	Mohamed Ali Elkout	4,273.46	Posting Error where Salary arrears paid but not expensed for the staff upon moving from short term to regular position.	4,273.46

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

LIST OF PROPOSED AMOUNTS FOR WRITE OFF / WRITEBACK							
	Type	Location	Vendor	Name/Description	Amount	Justification	Amount Justified for Written off / Writeback
N	-	-	-	-	-	-	-
1	Asset - Staff	HQ	10000481	Tcheton Pascal	8,800.18	Staff was duly cleared. The balances were migrated after separation.	8,800.18
2	Asset - Staff	HQ	10000439	Ramtane Lamamma	6,809.50	Staff was duly cleared. The balances were migrated after separation.	6,809.50
3	Asset - Staff	HQ	10000018	Babooa Indrajeet	5,792.54	Staff was duly cleared. The balances were migrated after separation.	5,792.54
4	Asset - Staff	HQ	10000335	Moustapha Diaby	4,539.79	Staff was duly cleared. The balances were migrated after separation.	4,539.79
5	Asset - Staff	HQ	10000259	Ralaivao Darafity	3,261.96	Staff was duly cleared. The balances were migrated after separation.	3,261.96
6	Asset - Staff	HQ	10000334	Jean Noel-Francois	2,891.20	Staff was duly cleared. The balances were migrated after separation.	2,891.20
7	Asset - Staff	HQ	10000448	Leah Kasera	2,495.56	Staff was duly cleared. The balances were migrated after separation.	2,495.56
8	Asset - Staff	HQ	10000523	Daniel Edou Nguema	1,834.51	Staff was duly cleared. The balances were migrated after separation.	1,834.51
9	Asset - Staff	HQ	10000405	Esam Abulkharat	1,771.95	Staff was duly cleared. The balances were migrated after separation.	1,771.95
10	Asset - Staff	HQ	10000026	Zemesh Mesgegne	1,759.58	Staff was duly cleared. The balances were migrated after separation.	1,759.58
11	Asset - Staff	HQ	10000178	Christine Mwakabundu	1,540.59	Staff was duly cleared. The balances were migrated after separation.	1,540.59
12	Asset - Staff	HQ	10000292	Naimi-OLD Mohamed-OLD	1,029.25	Staff was duly cleared. The balances were migrated after separation.	1,029.25
13	Asset - Staff	HQ	10000104	Patriciah Were	970.47	Staff was duly cleared. The balances were migrated after separation.	970.47
14	Asset - Staff	HQ	10000284	Francine Afane-Kalasa	33.60	Staff was duly cleared. The balances were migrated after separation.	33.60
15	Asset - Staff	HQ	91001723	Benigna Zimba	26,708.54	Staff was duly cleared. The balances were migrated after separation.	26,708.54
16	Asset - Staff	HQ	91001872	Theresa Ndavi	1,364.00	Staff was duly cleared. The balances were migrated after separation.	1,364.00
17	Asset - Staff	HQ	91001950	Abdelkerim Kadarn	3,250.90	Staff was duly cleared. The balances were migrated after separation.	3,250.90
18	Asset - Staff	HQ	91000191	Mesfin Berhanu	47,018.55	Staff was duly cleared. The balances were migrated after separation.	47,018.55
19	Asset - Staff	HQ	10000495	Claude Djaly	27,955.31	Staff was duly cleared. The balances were migrated after separation.	27,955.31
20	Asset - Staff	HQ	91001349	Moses Owuor	1,254.07	Staff was duly cleared. The balances were migrated after separation.	1,254.07
21	Asset - Staff	HQ	91000888	Dabesaki Mac-Ikemenjina	275.45	Staff was duly cleared. The balances were migrated after separation.	275.45
22	Asset - Staff	HQ	10000498	Mohamed Ali Elkout	4,273.46	Posting Error where Salary arrears paid but not expensed for the staff upon moving from short term to regular position.	4,273.46



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

23/Asset - Staff	HQ	91000463	Jean-Marie Agboton	25,345.90	Short term staff where no clearance was done after being separated from Commission in 2010	25,345.90
24/Asset - Staff	HQ	91001420	Edward Nyambawaro	2,866.66	Short term staff where no clearance was done after being separated from Commission in 2011	2,866.66
25/Asset - Staff	HQ	91001493	Wendy Durand	2,875.20	Short term staff where no clearance was done after being separated from Commission in 2012	2,875.20
26/Asset - Staff	HQ	91001510	Sekouba Konate	2,683.53	Short term staff where no clearance was done after being separated from Commission	2,683.53
27/Asset - Staff	HQ	91001511	David Baburam	1,230.00	Short term staff where no clearance was done after being separated from Commission	1,230.00
28/Asset - Staff	HQ	91001358	Yolanda Montero	8,613.41	Balances relate to Short-term Reviser where 2010 Salaries were not expensed	8,613.41
29/Asset - Consulatat / Seconded Staff	HQ	400170	Iris Omondi	20,000.00	Installation allowances not expensed due to lack of boarding passs but actual assumption of duty happened	20,000.00
30/Asset - Consulatat / Seconded Staff	HQ	400190	Abebaw Tezera	1,273.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	1,273.00
31/Asset - Consulatat / Seconded Staff	HQ	700152	Amb. John Z. Ntshwana	3,616.80	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	3,616.80
32/Asset - Consulatat / Seconded Staff	HQ	100716	Amb. Epiphane Kabusheme	493.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	493.00
33/Asset - Consulatat / Seconded Staff	HQ	400053	Cot Cheikh Wade	2,221.50	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	2,221.50
34/Asset - Consulatat / Seconded Staff	HQ	400206	Dr. Nandini Patel	8,118.40	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	8,118.40
35/Asset - Consulatat / Seconded Staff	HQ	700018	Grzelka Andrzej	2,662.80	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	2,662.80
36/Asset - Consulatat / Seconded Staff	HQ	400080	LLCol. Salvator Ndayisenga	1,303.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	1,303.00
37/Asset - Consulatat / Seconded Staff	HQ	400813	Magere Jirumany	808.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	808.00
38/Asset - Consulatat / Seconded Staff	HQ	700158	Paulus Kalonho Noa	1,759.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	1,759.00
39/Asset - Consulatat / Seconded Staff	HQ	700015	Porta Nelly	3,469.20	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	3,469.20
40/Asset - Consulatat / Seconded Staff	HQ	100689	Rexie Chiluzi	4,267.20	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	4,267.20
41/Asset - Consulatat / Seconded Staff	HQ	700110	Taurai Mletwa	736.80	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	736.80
42/Asset - Consulatat / Seconded Staff	HQ	400614	Yaw Cole	993.60	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	993.60
43/Asset - Consulatat / Seconded Staff	HQ	700081	Abraham Roch OKOKO-ESS	9,886.04	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	9,886.04
44/Asset - Consulatat / Seconded Staff	HQ	200720	Anthony Ikpi	889.65	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	889.65
45/Asset - Consulatat / Seconded Staff	HQ	700054	BRIGITTE MUKANGA ENO	2,785.20	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	2,785.20
46/Asset - Consulatat / Seconded Staff	HQ	400041	Chrysantus Ayangafac	13,781.20	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	13,781.20



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

47	Asset - Consulatat / Seconded Staff	HQ	400512	Crispen ZANA	327.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	327.00
48	Asset - Consulatat / Seconded Staff	HQ	400207	Dr. Gilbert Khadiagala	11,323.20	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	11,323.20
49	Asset - Consulatat / Seconded Staff	HQ	400468	Dr. Momar Diop	4,079.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	4,079.00
50	Asset - Consulatat / Seconded Staff	HQ	400424	Dr. Oumou Camara	3,714.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	3,714.00
51	Asset - Consulatat / Seconded Staff	HQ	400511	Ebenezer Appreku	10,869.33	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	10,869.33
52	Asset - Consulatat / Seconded Staff	HQ	700248	Ejgayhu Sisay	499.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	499.00
53	Asset - Consulatat / Seconded Staff	HQ	101527	Lawrance Ndambuki Muli	1,134.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	1,134.00
54	Asset - Consulatat / Seconded Staff	HQ	102327	Jean Didier C. Missilou	9,810.75	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	9,810.75
55	Asset - Consulatat / Seconded Staff	HQ	400330	KELCHI AKUBUEZE	22,342.40	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	22,342.40
56	Asset - Consulatat / Seconded Staff	HQ	700011	Inye Nathan Briggs	9,040.40	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	9,040.40
57	Asset - Consulatat / Seconded Staff	HQ	700151	Nourredine Mezni	18,661.10	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	18,661.10
58	Asset - Consulatat / Seconded Staff	HQ	400503	Prof. Daniel Makessa Mwangi	1,065.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	1,065.00
59	Asset - Consulatat / Seconded Staff	HQ	400469	Samraoui Menasse	9,615.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	9,615.00
60	Asset - Consulatat / Seconded Staff	HQ	700206	Thomas Tschiggfrie	1,795.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	1,795.00
61	Asset - Consulatat / Seconded Staff	HQ	200719	Wills Kosura	3,459.61	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	3,459.61
62	Asset - Consulatat / Seconded Staff	HQ	201208	YIN SHENGYAN	2,248.00	Non staff travel cost not expensed due to lack of boarding passs but actual travel happened	2,248.00
63	Asset - Staff	IAPSC, YAOUNDE	107006	Koumba Koumba	14,016.73	Staff was discharged due to fraud case. Amount was charged to account as per the decision of the disciplinary board. Outstanding amount was deducted from pension and separation entitlement but was not enough. Staff discharged in 2007	14,016.73
64	Asset - Staff	IAPSC, YAOUNDE	107006	Ngom Michel	5,408.97	Staff was discharged due to fraud case. Amount was charged to account as per the decision of the disciplinary board. Outstanding amount was deducted from pension and separation entitlement but was not enough. Staff discharged in 2008	5,408.97
65	Asset - Staff	IAPSC, YAOUNDE	107006	Same Oscar	2,333.44	Staff was discharged due to fraud case. Amount was charged to account as per the decision of the disciplinary board. Outstanding amount was deducted from pension and separation entitlement but was not enough. Staff discharged in 2008	2,333.44

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

66	Asset - Staff	SARO-LILONGWE	107006	Professor R.O. Olaniyan	13,333.34	Staff was duly cleared. The balances were migrated after separation.	13,333.34
67	Asset - Staff	SARO-LILONGWE	107006	Described as "unknown amount"	4,958.76	Unidentified balances. No documents found.	4,958.76
68	Asset - Staff	SARO-LILONGWE	107006	Jones Sitamalevi	66.93	Staff was duly cleared. The balances were migrated after separation.	66.93
69	Asset - Staff	SARO-LILONGWE	107006	Described as "Other: prepayment - opening balance for credit union"	14,576.37	Migration Balances, with no further information nor documents	14,576.37
70	Asset - Staff	STRC-ABUJA	107006	Mr Ogundiyile	128.30	Staff was duly cleared. The balances were migrated after separation.	128.30
71	Asset - Staff	STRC-ABUJA	107006	AU- Credit Union receivable	7,948.63	Beneficiaries unknown. No supporting documents	7,948.63
72	Asset - Staff	STRC-ABUJA	107006	Staff pension contribution	1,789.95	Beneficiaries unknown. No supporting documents	1,789.95
73	Asset - Staff	Brussels	107006	Debtors	395.83	Untraceable amount as a balance brought forward in books for since 2006 and no supporting documents	395.83
74	Asset - Staff	Brussels	107006	Advances Misc. - staff leaving organisation - Amb Annadi	505.44	Staff duly cleared. Separation entitlements paid from by HQ without deducting his pending advances	505.44
75	Asset - Staff	ARUSHA	107006	Mabaso, Thomas -	7,868.11	The outstanding balances from staff who have left the Court between 2012 and 2013. The Court has made efforts to trace them with no success.	7,868.11
76	Asset - Staff	ARUSHA	107006	Sylla -	375.00	The outstanding balances from staff who have left the Court between 2012 and 2013. The Court made efforts to trace them with no success.	375.00
77	Asset - Staff	ARUSHA	107006	Account blocked - Mouguma	256.00	The outstanding balances from staff who have left the Court between 2012 and 2013. The Court made efforts to trace them with no success.	256.00
78	Asset - Staff	ARUSHA	107006	Ndaw, Abdoulaye -	15,891.09	The outstanding balances from staff who have left the Court between 2012 and 2013. The Court made efforts to trace them with no success.	15,891.09
79	Asset - Staff	ARUSHA	107006	GLZ Programme -	5,805.00	The outstanding balances from staff who have left the Court between 2012 and 2013. The Court made efforts to trace them with no success.	5,805.00
80	Asset - Staff	BANJUL	107006	Dupe Atoki	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding pass but actual travel happened.	1,500.00
81	Asset - Staff	BANJUL	107006	Soyata Mainga	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding pass but actual travel happened.	1,500.00
82	Asset - Staff	BANJUL	107006	Faith Pansy Takula	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding pass but actual travel happened.	1,500.00
83	Asset - Staff	BANJUL	107006	Y Sik Yuen	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding pass but actual travel happened.	1,500.00
84	Asset - Staff	BANJUL	107006	Z.S. Kayitesi	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding pass but actual travel happened.	1,500.00

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

85 Asset - Staff	BANJUL	107006	M Mailla	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
86 Asset - Staff	BANJUL	107006	M Babana	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
87 Asset - Staff	BANJUL	107006	El Hassan	304.07	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	304.07
88 Asset - Staff	BANJUL	107006	Salamata Sawadogo	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
89 Asset - Staff	BANJUL	107006	Angela Melo	1,563.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,563.00
90 Asset - Staff	BANJUL	107006	Kamal Hezag- Hara	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
91 Asset - Staff	BANJUL	107006	J Ondzell	4,425.18	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	4,425.18
92 Asset - Staff	BANJUL	107006	B T Nyanduga	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
93 Asset - Staff	BANJUL	107006	M Eaye	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
94 Asset - Staff	BANJUL	107006	B Khalfallah	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
95 Asset - Staff	BANJUL	107006	Musa Ngan Bitye	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
96 Asset - Staff	BANJUL	107006	Lucy Asugbor	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
97 Asset - Staff	BANJUL	107006	Reine Alupri Gansou	1,500.00	Elected Commissioners where travel advance not expensed due to lack of boarding passs but actual travel happened.	1,500.00
98 Asset - Suppliers	Brussels	107024	Intercontinental Hotel	303.54	Company closed Confirmation done that no such company exists in the Registrar of Companies in Belgium thus amount cannot be recovered.	303.54
99 Asset - Suppliers	Brussels	107024	Electrabel	318.29	Aged since 1996 and no documentation found.	318.29
100 Asset - Suppliers	Brussels	107024	Comesa Liaison Office	5.88	Aged since 2005 and no documentation found.	5.88
101 Asset - Suppliers	Brussels	107024	Coolingian S A - Hire of Water	101.09	Aged since 2007 and no documentation found.	101.09
102 Assets - Member States	HQ	105001	Algeria Government Receivable 2008	92.33	Migrated transactions dating back to 2004. The migrated transactions were mainly transit Visas while travelling to Algiers via Rome. Source documents cannot be traced.	92.33
103 Assets - Member States	HQ	105001	Benin Government Receivable 2008	28,144.37	Migrated transactions dating back to 2004. The migrated transactions were mainly EAL invoices amounting \$27,405 and balance after refund of OSA paid to AU Staff for the 2nd Labour & Social Affairs commission in Cotonou, Benin. Source documents cannot be traced.	28,144.37



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

104	Assets - Member States	HQ	105001	Government of Cameroon Receivable 2008	1,403.00	Aged transactions dating back to 2004. The migrated transactions were Cost of Airtickets and travel/imprest advance. The source documents cannot be traced.	1,403.00
105	Assets - Member States	HQ	105001	Equatorial Guinea Receivable 2008	4,943.93	Aged transactions dating back to 2004. The migrated transactions were Cost of Airtickets and travel/imprest advance. The source documents cannot be traced.	4,943.93
106	Assets - Member States	HQ	105001	Government of Gabon	4,041.37	Aged transactions dating back to 2005. The migrated transactions were DSA/imprest advance balances for missions to Libreville in 2004-2005. The source documents cannot be traced.	4,041.37
107	Assets - Member States	HQ	105001	Gambia Government Receivable 2008	1,188.00	Aged transactions, Migrated transactions mainly these were balances from travel advances in 2006. Source documents cannot be traced.	1,188.00
108	Assets - Member States	HQ	105001	Government of Ghana Receivable 2008	147,862.10	Aged transactions, Migrated transactions mainly these were balances from EAL invoices: Accra Summit Imprest and DSAs in 2007, and ministerial meetings. Source documents cannot be traced.	147,862.10
109	Assets - Member States	HQ	105001	Libya Arab Socialist Jamahiriya Receivable 2008	132,022.15	Aged transactions, 2004-2005 Migrated transactions mainly these were balances from Freelance fees for conference on Migration, expenditure incurred by Cairo on behalf of HQ Sept -to Nov 2008, DSAs for various missions to Tripoli and some bills. Source documents cannot be traced.	132,022.15
110	Assets - Member States	HQ	105001	Government of Mozambique Receivable 2008	891.50	Aged transactions, Balance brought forward from 2003 no further details in system and source documents cannot be traced.	891.50
111	Assets - Member States	HQ	105001	Nigeria Government Receivable 2008	64,742.67	Aged transactions, 2006 migrated transactions, mainly Travel tickets and DSAs for 2008 Summit, source documents cannot be traced.	64,742.67
112	Assets - Member States	HQ	105001	Rwanda Government Receivable 2008	66,369.78	Aged transactions, 2004-2005 Migrated transactions mainly Travel tickets and DSAs for various missions including Trade Meetings in 2004 and 2005. Source documents cannot be traced.	66,369.78

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

113	Assets - Member States	HQ	105001	South African Government Receivable 2008	52,989.83	Aged Migrated transactions, 2007 Migrated transactions, made up of DSAs for various missions EAL Invoices and other bills, source documents cannot be traced	52,989.83
114	Assets - Member States	HQ	105001	Sudan Government Receivable 2008	293,799.38	Aged Migrated transactions, the main balance being imprest settled for Khartoum Summit 2008/2007, source documents cannot be traced	293,799.38
115	Assets - Member States	HQ	105001	Tanzania Government Receivable 2008	4,500.25	Aged Migrated transactions, the mainly for Swahili Interpreters 3rd AU Summit in Addis Ababa and EAL Invoices Apr-Jul 2004, source documents cannot be traced	4,500.25
116	Assets - Member States	HQ	105001	Togo Government Receivable 2008	4,202.40	Aged transactions. Balance brought forward as at Jan 2004. Source documents cannot be traced	4,202.40
117	Assets - Member States	HQ	105001	Uganda Government Receivable 2008	11,898.10	Aged Migrated transactions. The main balance being Travel advance Missions to Kampala 2008. Source documents cannot be traced	11,898.10
118	Assets - Member States	HQ	105001	Project Pilote de R.J.C (CONGO) 2008 Balance	62,500.00	AU Pilot project R.J.C (CONGO) dating back to 2008. The Source documents cannot be traced.	62,500.00
119	Assets - Member States	HQ	105001	AU Pilot Project (Liberia) 2008 Balance	62,500.00	AU Pilot Project Liberia, The Source documents cannot be traced	62,500.00
120	Asset - Suppliers	A/CHPR - Arusha	ETHIOPIAN	Cost of Air Ticket	1,888.00	These amount relate to outstanding unused tickets not refunded from 2010.	1,888.00
121	Asset - Suppliers	A/CHPR - Arusha	RAJAIR	Cost of Air Ticket	23,245.00	Company went bankrupt.	23,245.00
122	Asset - Suppliers	A/CHPR - Arusha	RICKSHAW	Cost of Air Ticket	4,030.00	Company went bankrupt.	4,030.00
123	Asset - Suppliers	A/CHPR - Arusha	SATGURU	Cost of Air Ticket	14,221.00	Companies went bankrupt.	14,221.00
124	Asset - Suppliers	A/CHPR - Arusha	SCB	Cost of Air Ticket	2,154.89	Company went bankrupt.	2,154.89
125	Asset - Suppliers	A/CHPR - Arusha	Tanzanian Revenue Authority	VAT Amount	113,047.24	Value added tax refund claimed but rejected by Tanzanian Revenue Authority due to lack of fiscal receipts	113,047.24
126	Asset - Suppliers	A/CHPR - Arusha	Europcar	Car rent	1,282.00	Unspent amount for funds transfer for Car hire during Judges Mission to Cape town in 2012. Amount not refunded.	1,282.00
127	Asset - Suppliers	A/CHPR - Arusha	AIMS-Simba medical deposit	Medical Deposit	20,242.92	Deposit made for medical treatment for staff involved in an accident in 2012. Amount not refunded.	20,242.92
128	Asset - Suppliers	A/CHPR - Arusha	Govt of Tanzania	Accommodation	59,530.00	Dormant balance since 2010. Accommodation for former Registrar of the Court at Impala Hotel in 2010. Request submitted to Host Government for refund but failed.	59,530.00

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

129	Asset - Suppliers	AICHPR - Arusha	GI2 Programme	Ineligible expenditure	20,643.02	Ineligible expenditures rejected by GI2 from different Financing Agreements in 2012/13	20,643.02
130	Assets - AMF	HQ	African Monetary Fund 204505	Operating costs for AMF trial which never commenced	30,874.00	Operating costs for trial AMF (African Monetary Fund) which never commenced.	30,874.00
131	Assets - ACB	HQ	African Central Bank 107922	Operating costs for ACB trial which never commenced	22,084.60	Operating costs for trial of ACB (African Central Bank) which never commenced	22,084.60
132	Assets - Member States	STRC-ABUJA	Member States	Opening Balance-Member States	6,089.00	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	6,089.00
133	Assets - Suppliers	STRC-ABUJA	AU Houses	Opening Balance-AU Houses	14,662.72	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	14,662.72
134	Assets - Suppliers	STRC-ABUJA	Other Receivables	Opening Balance-Other Receivables	8,234.58	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	8,234.58
135	Assets - Suppliers	STRC-ABUJA	NITEL	Opening Balance-NITEL	567.63	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	567.63
136	Assets - Suppliers	STRC-ABUJA	AMTA	Opening Balance-AMTA	2.88	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	2.88
137	Assets - Suppliers	STRC-ABUJA	BEAM	Opening Balance-BEAM	33.55	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	33.55
138	Assets - Suppliers	STRC-ABUJA	Tess trave	Opening Balance-Tess trave	52.92	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	52.92
139	Assets - Suppliers	STRC-ABUJA	Ibadan Uni	Opening Balance-Ibadan University	4,666.78	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	4,666.78
140	Assets - Suppliers	STRC-ABUJA	NIPOST	Opening Balance-NIPOST	2,405.94	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	2,405.94
141	Assets - Suppliers	STRC-ABUJA	ITA	Opening Balance-ITA	317.92	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	317.92
142	Assets - Suppliers	STRC-ABUJA	Ikoyi Hotel	Opening Balance-Ikoyi Hotel	72.56	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	72.56
143	Assets - Suppliers	STRC-ABUJA	GICEN	Opening Balance-GICEN	7.53	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	7.53
144	Assets - Suppliers	STRC-ABUJA	Emmanuel Sieh	Opening Balance-Emmanuel Sieh	306.12	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	306.12
145	Assets - Suppliers	STRC-ABUJA	Mobile Service Station USD	Opening Balance-Mobile Service Station	2,091.69	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	2,091.69
146	Assets - Suppliers	STRC-ABUJA	Mrs VOGT	Opening Balance	1,258.09	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	1,258.09
147	Assets - Suppliers	STRC-ABUJA	Mr Fakambi	Opening Balance-Mr Fakambi	223.50	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	223.50



The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

148	Assets - Suppliers	STRC-ABUJA	CTA	Opening Balance-CTA	2,742.39	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	2,742.39
149	Assets - Suppliers	STRC-ABUJA	Emergency Loan	Opening Balance-Emergency Loan	1,924.31	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	1,924.31
150	Assets - Suppliers	STRC-ABUJA	Air Afrique	Opening Balance-Air Afrique	1,729.67	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	1,729.67
151	Assets - Suppliers	STRC-ABUJA	G/Hospitalier Pites	Opening Balance-G/Hospitalier Pites	976.25	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	976.25
152	Assets - Suppliers	STRC-ABUJA	Union Bank of Nigeria	Opening Balance-Union Bank of Nigeria	50.57	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	50.57
153	Assets - Suppliers	STRC-ABUJA	ALICO-Aged	Opening Balance-ALICO	235.73	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	235.73
154	Assets - Suppliers	STRC-ABUJA	Federal Gov't G/House	Opening Balance-Federal GOVT G/House	2,161.69	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	2,161.69
155	Assets - Suppliers	STRC-ABUJA	CARFOP	Opening Balance-CARFOP	1,951.65	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	1,951.65
156	Assets - Suppliers	STRC-ABUJA	Third World Academy	Opening Balance-Third World Academy	3,082.00	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	3,082.00
157	Assets - Suppliers	STRC-ABUJA	Olu Awotunde	Opening Balance-Olu Awotunde	347.98	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	347.98
158	Assets - Suppliers	STRC-ABUJA	WHO	Opening Balance-WHO	3,845.00	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	3,845.00
159	Assets - Suppliers	STRC-ABUJA	NSS	Opening Balance-National Service Station	475.06	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	475.06
160	Assets - Suppliers	STRC-ABUJA	H.P. Expedit	Opening Balance-H.P. Expedit	238.81	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	238.81
161	Assets - Suppliers	STRC-ABUJA	I John & CO	Opening Balance-I John & CO.	87.86	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	87.86
162	Assets - Suppliers	STRC-ABUJA	Petty Cash Burgalry	Opening Balance-Petty Cash Burgalry	344.87	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	344.87
163	Assets - Suppliers	STRC-ABUJA	Amazon.com	Opening Balance-Amazon	706.26	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	706.26
164	Assets - Suppliers	STRC-ABUJA	Federal Palace Hotel	Opening Balance-Federal Palace Hotel	1,803.68	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	1,803.68
165	Assets - Suppliers	STRC-ABUJA	Selam travel & Tours	Opening Balance-Selam travel & Tours	5,289.00	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	5,289.00

The African Union

Annual Report and Consolidated Financial Statements

Addis Abeba, Ethiopia

For the year ended 31 December 2017

166	Assets - Suppliers	STRC-ABUJA	ECOWAS	Opening Balance-ECOWAS	2,269.54	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	2,269.54
167	Assets - Suppliers	STRC-ABUJA	ANSIT	Opening Balance-ANSIT	270.00	Migration Balances, with no further information nor supporting documents to validate the transaction nor the timelines.	270.00
168	Assets - Suppliers	STRC-ABUJA	Parkview Astoria	Opening Balance-Parkview Astoria	1.05	Migration Balances, with no further information nor supporting documents to validate the transaction and the timelines.	1.05
169	Assets - Suppliers	HQ	203005	TV Subscription Payable	4,290.00	A recurring posting error on subscriptions	4,290.00
170	Assets - Stock	HQ	109009	Obsolete, Redundant, Slow moving items*	5,840.69	Old obsolete inventory	5,840.69
171	Liabilities - Staff	Brussels	107006	Accounts payable (Misc. not traceable)	(2,974.70)	Amount outstanding in books since 2006 and relate to unutilised MCO and stale cheque payment at the Brussels office.	(2,974.70)
172	Liabilities - Staff	ARUSHA	107006	Grar, Kamel -	(1,420.21)	Dormant unclaimed balances	(1,420.21)
173	Liabilities - Staff	ARUSHA	107006	Diakite, Aboubakar -	(265.73)	Dormant unclaimed balances	(265.73)
174	Liabilities - Cash Suspense Account	HQ	Cash Suspense Account 107511	Dormant suspense account balance results from posting errors	(10,004.00)	Dormant suspense account balance resulted from posting errors	(10,004.00)
175	Liabilities - Sundry Payables	HQ	Sundry Payables 203014	Sundry Payables	(680,345.07)	Dormant Migration balances mainly made up of Stale cheques (Transfer Stale Cheques to A/P)	(680,345.07)
176	Liabilities - Suppliers	HQ	203012	AU Payable	(192,755.25)	old migration balances dating back to 2008 No details could be found on SAP	(192,755.25)
177	Liabilities - Suppliers	HQ	203021	OAU Payables	(26,987.19)	old migration balances dating back to 2002 relates to Trade payables alances from OAU	(26,987.19)
<b>Total</b>							<b>942,776.94</b>
<b>Total Assets</b>							<b>1,857,529.09</b>
<b>Total Liabilities</b>							<b>(914,752.16)</b>
<b>Net Effect to General Fund</b>							<b>942,776.94</b>