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DATE: 20 JUN 2023 Tuesday
TABLED BY: Hon. Bayan Owen, MP Deputy Leader, Majority
CLERK-AT THE-TABLE: Inzofu Mwale

REPORT OF THE AUDITOR-GENERAL ON AFRICAN ORGANIZATION OF PUBLIC ACCOUNTS COMMITTEES

FOR THE YEAR ENDED 31 DECEMBER, 2018

AFRICAN ORGANIZATION OF PUBLIC ACCOUNTS COMMITTEES (AFROPAC)

With Accountability, Transparency and Value for Money We Can Build Our Continent

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AFRICAN ORGANISATION OF PUBLIC ACCOUNTS COMMITTEES (AFROPAC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDING

31ST DECEMBER 2018

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Key Organization Information and Management

(a) Background information

African Organization for Public Accounts Committees (AFROPAC) is a pan-African organisation comprising of Public Accounts Committees of African Parliaments. It creates the necessary tools from common practices by regional Public Accounts Committees (PACS) organizations to strengthen accountability and transparency in use of public funds by involving elected representatives. The organization was established on 2nd September 2013 in Arusha, Tanzania. The organization is domiciled in Kenya.

(b) Executive Committee

The members of the executive committee who held office during the financial period ended December 31, 2018 were:

No.	Name	Designation
1.	Senator Edward Dagoseh (Liberia)	Chairperson
2.	Hon. Angelinne Osegge (Uganda)	Deputy Chairperson
3.	Hon. James Wandayi, MP (Kenya)	Secretary General
4.	Hon. Alekeni Menyani (Malawi)	Deputy Secretary General
5.	Hon. Omar Sulieman Adam, MP (Sudan)	Treasurer General
7.	Hon. Woyenshet Geleso, MP (Ethiopia)	EAAPAC Representative
8.	Hon. Mike Kavekotora, MP (Namibia)	SADCOPAC Representative
9.	Hon. Dr. James Klutse Avedzi, MP (Ghana)	WAAPAC Representative

(c) Secretariat

The organisation's day-to-day management is done by the Secretariat.

The key management personnel who held office during the financial period ended December 31, 2018 and who had direct fiduciary responsibility were:

No.	Name	Designation
1.	Oscar Namulanda	**PAC Clerk- Kenya National Assembly**

(d) Organization Headquarters

The Accountability Centre,

Harambee Co-op Plaza, 10th floor, Parliament Buildings

Off Uhuru Highway/ Haile Selassie Avenue,

P.O Box 41842-00100 Nairobi, Kenya

(e) Organization Contacts

Telephone: (254) 113002557

E-mail: secretariat@afropac.net, afropacsecretariat@gmail.com

Website: https://afropac.net/

(f) Organization Bankers

Cooperative Bank of Kenya

Parliament Road Branch

P.O. Box 5772

City Square 00200

NAIROBI, KENYA

(g) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

Nairobi, Kenya

2. The Executive Committee

Name	Details of qualifications and experience
1. Senator Edward Dagoseh	**Position: Chairperson** **Date of Appointment- 02/09/2016**
2. Hon. Angelinne Osegge, MP	**Position: Deputy Chairperson** **Date of Appointment- 02/09/2016**
3. Hon. James Wandayi,MP	**Position: Secretary General** **Date of Appointment- 02/09/2016**
4. Hon. Alekeni Menyani, MP	**Position: Deputy Secretary General** **Date of Appointment- 02/09/2016**

5. Hon. Omar Sulieman Adam, MP	**Position: Treasurer** **Date of Appointment-02/09/2016**
6. Hon. Woyenshet Geleso, MP	**Position: EAAPAC Representative** **Date of Appointment-02/09/2016**
7. Hon.Mike Kavekotora, MP 	**Position: SADCOPAC Representative** **Date of Appointment-02/09/2016**
8. Hon. Dr. James Klutse Avedzi, MP 	**Position: WAAPAC Representative** **Date of Appointment- 02/09/2016**

3. Management Team

Name	Details of qualifications and experience
1. Oscar Namulanda	**Position: Principal PAC Clerk Kenya** **Date of Appointment: 2017**

4. Chairman's Report

2018 was a fruitful year for the organisation. The Executive Committee managed to finalise on a draft strategic plan highlighting AFROPAC's, Mission, Vission and Strategic priorities for the next 5 years. Addittionally, we held our 3rd General Meeting (GM) in Kampala,Uganda and we appreciate the efforts and contribution of the Parliament of Uganda and GIZ in ensuring the fruition of the event. The General Meeting was preceded by a conference on debt management and corruption focusing on several thematic areas.

The GM adopted the Strategic Plan 2018-2023 alongside the Kampala Declaration on fighting corruption, illicit financial flows and debt management. The Executive Committee assured the organisation of its determination to ensure measures and structures are put in place for the smooth running of the organisation.

In line with the strategic priority on Human Capacity Development, the organisation conducted its first regional PFM training bringing countries from the various regions together. The trainings were successfully conducted in the SADCOPAC & WAAPAC regions with the EAAPAC training scheduled for early next year.

We have also seen a steady increase in payment of subscription fees and we continue to pursue more countries to subscribe to AFROPAC.

Hon. Medard Sseggona, MP
Chairperson

5. Report Of the Organisation Manager/ Administrator

We take pride in the organisation having adopted its first Strategic Plan that will run from 2018-2023. The strategic plan highlights priorities and specific objectives that will guide the secretariat and Executive Committee develop activities for the years ahead. This marks a step in the right direction as the Executive Committee further drafted an Operational plan for the year 2019 with several projects set to be carried out.

Currently the challenges being faced are those of secretariat personnel. The executive has come to a realisation that the secretariat needs a full time officer and discussions are underway to ensure one is employed. We equally appreciate the support from the Parliament of Kenya in seconding its PAC Clerk to manage the day to day running of the secretariat.

Hon. Mark Botomani, MP
Secretary General.

6. Statement Of Performance Against Predetermined Objectives

Introduction

AFROPAC's was founded with the following objectives in mind:

1. Improve cooperation between member states in relation to parliamentary scrutiny and oversight.
2. Foster strong mutually beneficial relations between PACs and Supreme Audit Institutions (SAI's) and address issues for joint learning.
3. Strengthen the Capacity of PACs to effectively fulfill their mandate through structured capacity building initiatives.

Following the 2nd General Meeting that took place in Nairobi, Kenya, the elected executive committee members developed a Strategic Plan (SP) for the years 2018-2023. Within the strategic plan are priorities and objectives that will guide the annual activities to be undertaken by the organisation. The development of the Strategic Plan was highly applauded during the 3rd General Meeting that took place in Kampala,Uganda and was adopted unanimously.

The Executive Committee met severally in various countries to develop the Strategic Plan .As part of their support to strengthen AFROPAC's Organisational structure, GIZ contracted a consultant to assist the Executive Committee in drafting the document. Subsequently, the organisation also developed its first Annual Operational Plan for the year 2019 following the adoption of the SP.

Alongside the development and adoption of the Strategic Plan, AFROPAC conducted its first cycle of regional PFM trainings. Of the three planned regional trainings, two took place within the year, that is for SADCOPAC & WAAPAC. EAAPAC training is planned for early 2019.

7. Corporate Governance Statement

a. Process of appointment and removal of members of the Executive Committee

Article 13(1) of the AFROPAC Constitution stipulates the process of appointment of members of the Executive Committee as follows:

The EXECUTIVE COMMITTEE shall be elected for a four (4) year term on a rotational basis by the GENERAL MEETING and consists of a chairperson, deputy chairperson, secretary-general, deputy secretary-general and treasurer general as well as a representative of a Member Country from each of the four (4) African regions, provided that:

(a) No Member Country/State may have more than one (1) representative on the EXECUTIVE COMMITTEE. This provision shall not apply to a Member Country,
which the chairperson of the EXECUTIVE COMMITTEE comes from.
(b) No Member country/state may be appointed to more than one (1) Committee; but a member country may participate in other Committees as an observer.

b. Roles and functions of the Administration Committee members.

The roles and functions of the members of the executive committee are stipulated within the constitution under Article 15 as below:

1. The Chairperson shall:

(a) preside over the GM, Conferences and the EXECUTIVE COMMITTEE
(b) ensure all resolutions of AFROPAC are implemented
(c) exercise or perform duties as outlined in the constitution and/or such duties delegated or prescribed
by the EXECUTIVE COMMITTEE, Conference and GM
(d) ensure that an annual EXECUTIVE COMMITTEE Report is submitted to the GM
(e) make pronouncements for and on behalf of the EXECUTIVE COMMITTEE, Conference and the GM

2. The Deputy Chairperson shall:

(a) function as Chairperson in the absence of the Chairperson or if the Chairperson is unable to perform his or her duties and perform any duties delegated by the EXECUTIVE COMMITTEE

3. The Secretary General shall:

(a) coordinate activities of AFROPAC subject to the direction of the EXECUTIVE COMMITTEE

(b) ensure governance meetings, including the preparation of documentation and follow-up meetings,

are carried forward.

(c) coordinate AFROPAC events i.e. conferences, workshops and trainings

(d) oversee all secretariat activities

(e) tables the annual report of the EXECUTIVE COMMITTEE to the GM

(f) ensure all committees are functional

(g) ensure the safe custody of all assets and property of AFROPAC

(h) develop policies and regulations

(i) in collaboration with the Treasurer General, oversee and approve AFROPAC expenditure

4. The Deputy Secretary General shall:

(a) ensure the recording and capturing of meeting i.e. EXECUTIVE COMMITTEE, Conference and GM

(b) assist the Secretary General and function as Secretary General in his or her absence and perform duties delegated by the EXECUTIVE COMMITTEE

5. The Treasurer General shall:

(a) head and coordinate the fundraising activities of AFROPAC

(b) compile annual fundraising report of AFROPAC

(c) table budget and financial statements of AFROPAC

8. Management Discussion and Analysis

The organization undertook its first cycle of regional PFM trainings. The trainings were clustered into 3 with each being attributed to the regional networks and their members. Out of 3, we managed to carry out the training in SADCOPAC and WAAPAC regions with 120 and 90 participants respectively. Training in the EAAPAC region is scheduled for early 2019.

The organisation also held its 3rd General Meeting and Conference in Kampala , Uganda.

The management observed that the organization complied with all the necessary statutory requirements in the year 2018 and no looming risks were identified.

9. Environmental and Sustainability Reporting

The organisation has not engaged in any ESR activities in the year.

10. Report of the Executive Committee

The Executive Committee submit their report together with the audited financial statements for the period ended December 31, 2018, which show the state of the organisation's affairs.

i) Principal activities

The principal activity of the organisation is to promote continental peer-exchange on accountability and legislative oversight.

ii) Results

The results of the organization for the period ended December 31, 2018, are set out on pages 1- 4

iii) Directors

The members of the Executive Committee who served during the period are shown on page iii.

iv) Auditors

The Auditor General is responsible for the statutory audit of the organisation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Executive Committee

.....
Chairperson of the Executive Committee

11. Statement Of Executive Committee's Responsibilities

Article 11.13.7 of the AFROPAC Constitution require the Executive Committee to prepare financial statements in respect of the organization, which give a true and fair view of the state of affairs of the organization at the end of the financial period and the operating results of the organization for that period. The Executive Committee is also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy the financial position of the organization. The Executive Committee is also responsible for safeguarding the assets of the organization.

The Executive Committee is responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the situation of the organization for and as at the end of the financial period ended on December 31, 2018. This responsibility includes: (i)Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii)Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the organization; (iii)Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv)Safeguarding the assets of the organization; (v)Selecting and applying appropriate accounting policies; and (vi)Making accounting estimates that are reasonable in the circumstances.

The Executive Committee accepts responsibility for the organization's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in a manner required by the AFROPAC Constitution. The Executive Committee is of the opinion that the organization's financial statements give a true and fair view of the state of organization's transactions during the financial period ended December 31, 2018, and of the organization's financial position as at that date.
The Executive Committee further confirms the completeness of the accounting records maintained for the organization, which have been relied upon in the preparation of the

organization's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Executive Committee to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The organization's financial statements were approved by the Executive Committee on 3rd May 2023 and signed on its behalf by:

Hon. Medard Sseggona	**Hon. Mark Botomani**
Chairperson of the Executive Committee	**Accounting Officer**

REPUBLIC OF KENYA

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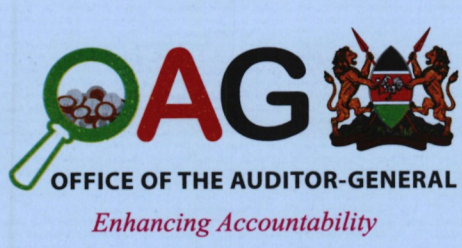

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON AFRICAN ORGANIZATION OF PUBLIC ACCOUNTS COMMITTEES FOR THE YEAR ENDED 31 DECEMBER, 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the African Organization of Public Accounts Committees set out on pages 1 to 18, which comprise the statement of financial position as at 31 December, 2018, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for effect of the matters described in the basis for Qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the African Organization of Public Accounts Committees as at 31 December, 2018, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with African Organization of Public Accounts Committees Constitution, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

In the circumstances, the financial statements are not in compliance with guidelines prescribed by the Public Sector Accounting Standards Board for entities reporting under IPSAS Accrual Basis and the accuracy and completeness of the above items as reflected in the financial statements for the year ended 31 December, 2018 could not be confirmed.

1. Statement of Comparison of Budget and Actual Amounts

Contrary to the guidelines and template prescribed by the Public Sector Accounting Standards Board for entities reporting under International Public Sector Accounting Standards (IPSAS) Accrual Basis of financial reporting framework, the African Organization of Public Accounts Committees financial statements for the year ended 31 December, 2018 submitted for audit review did not include the statement of comparison of budget and actual amounts. No satisfactory explanation was provided for the omission.

In the circumstances, the completeness of the financial statements for the year ended 31 December, 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the African Organization of Public Accounts Committees in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the in the basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Lack of Documentary Evidence on Support from Development Partner

The Organization received support from Development Partner GIZ, who catered for a bigger percentage of expenses in the year under review. However, no documentary evidence was provided for audit verification to confirm the nature and amount of support received as at 31 December, 2018. In addition, the support was not recognized in the Organization financial statements.

In the circumstances, we could not confirm whether the Organization received value for money from the Development Partner.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Organization's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Organization or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Organization's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the 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 my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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 financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable 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 Organization's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Organization to cease to sustain its services.

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Organization to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I 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 my independence, and where applicable, related safeguards.

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL, REPUBLIC OF KENYA

Nairobi

12 May, 2023

CONTACTS
3rd Floor, Anniversary Towers, University Way, Nairobi
Phone: +254 020 3214000 ● **Email:** info@oagkenya.go.ke ● **Website:** https://www.oagkenya.go.ke/

Office of the Auditor-General Kenya oagkenya @OAG_Kenya

13. Statement of Financial Performance for the year ended 31st December 2018

Description	Note	2018	2017
		USD	USD
Revenue			
Subscriptions	1a	35,000.00	34,990.00
Other income	1b.	-	2,450.00
Total revenue		**35,000.00**	**37,440.00**
Expenses			
Employee costs	2	-	-
Use of goods and services	3	6,838.58	3,973.50
Depreciation and amortization expense		-	-
Finance costs		-	-
Total expenses		**6,838.58**	**3,973.50**
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit) before tax		**28,161.42**	**33,466.50**
Taxation		**(-)**	**(-)**
Surplus/Deficit after Tax		**28,161.42**	**33,466.50**

The financial statements were approved on 3rd May 2023 by:

Hon. Mark Botomani	**Peter A. Meikoki**	**Hon. Medard Sseggona**
Organisation Administrator	**Organisation Accountant**	**Chairperson**
	ICPAK M/No 4339	

14. **Statement of Financial Position as at 31st December 2018**

Description	Note	2018	2017
		USD	USD
Assets			
Current assets			
Cash and cash equivalents	4	50,872.57	16,581.15
Receivables	5	60,000.00	50,000.00
Total Current Assets		**110,872.57**	**66,581.15**
Non-current assets			
Total assets		**110,872.57**	**66,581.15**
Liabilities			
Payables	6	16,730.00	600.00
Accrued expenses			
Total liabilities		**16,730.00**	**600.00**
Net assets			
Accumulated surplus (*Reserves*)		94,142.57	65,981.15
Total Net Assets and Liabilities		**110,872.57**	**66,581.15**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Organisation financial statements were approved on 3rd May 2023 and signed by:

Hon. Mark Botomani	**Peter A. Meikoki**	**Hon. Medard Sseggona**
Organisation Administrator	**Organisation Accountant**	**Chairperson**
	ICPAK M/No 4339	

15. Statement of Changes in Net Assets for the year ended 31st December 2018

Description	Accumulated surplus	Total
	USD	USD
Balance as at 1 January 2017	**32,514.65**	**32,514.65**
Surplus/(*deficit*) for the period	33,466.50	33,466.50
As at 31 December 2017	**65,981.15**	**65,981.15**
Balance as at 1 January 2018	**65,981.15**	**65,981.15**
Surplus/(*deficit*) for the period	28,161.42	28,161.42
As at 31 December 2018	**94,142.57**	**94,142.57**

Hon. Mark Botomani
Organisation Administrator

Peter A. Meikoki
Organisation Accountant
ICPAK M/No. 4339

Hon. Medard Sseggona
Chairperson

16. **Statement of Cash Flows for the year ended 31st December 2018**

Description	Note	2018	2017
		USD	USD
Cash flows from operating activities			
Receipts			
Subscriptions		35,000.00	34,990.00
Other income		-	2,450.00
Total receipts		**35,000.00**	**37,440.00**
Payments			
Employee costs			
Use of goods and services		6,838.58	3,973.50
Finance cost		-	-
Total payments		6,838.58	3,973.50
Surplus		**28,161.42**	**33,466.50**
Working capital adjustments			
Change in inventory		-	-
Change in receivables		**(10,000)**	**(20,000)**
Change in payables		**16,130.00**	**(4,400)**
Net cash flow from operating activities		**34,291.42**	**9,066.50**
Cash flows from investing activities			
Purchase of PPE and intangible assets		(-)	(-)
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		**(-)**	**(-)**
Net increase/(decrease) in cash and cash equivalents		**34,291.42**	**9,066.50**
Cash and cash equivalents at 1st January 2018		16,581.15	7,514.65
Cash and cash equivalents at 31st December 2018		**50,872.57**	**16,581.15**

Hon. Mark Botomani	**Peter A. Meikoki**	**Hon. Medard Sseggona**
Organisation Administrator	**Organisation Accountant**	**Chairperson**
	ICPAK M/No. 4339	

17. Significant Accounting Policies

a. General Information

AFROPAC was established in 2013 by a resolution passed in the 10th SADCOPAC Annual General Meeting in Arusha, Tanzania and derives its authority and accountability from the AFROPAC Constitution. The entity is owned by Public Accounts Committees (PAC) of African countries and its secretariat domiciled in Nairobi, Kenya. The Organisation's principal activity is knowledge exchange amongst PAC members.

b. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Organisation's accounting policies.

The financial statements have been prepared on accrual basis and presented in United States Dollars, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

c. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from member legislatures

Revenues from member's subscriptions are measured at fair value and recognized when due. Other assets are recognized on obtaining control of the asset (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 entity and can be measured reliably.

ii) Revenue from exchange transactions

Interest 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 for each period.

iii) Budget information

The original budget for each FY should be approved before the start of the financial year. Subsequent revisions or additional appropriations are made to the approved budget in accordance with specific approvals from the appropriate organs of AFROPAC. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

D. Property, plant, and equipment (PPE)

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Organisation recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value or where its fair value cannot be established, the asset is carried at the market price.

e. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

f. Financial instruments

i. Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Organisation determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 entity 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, with less impairment. Amortized cost is calculated by considering 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.

Impairment of financial assets

The entity assesses at each reporting date whether there is objective evidence that a financial asset or an Organisation of financial assets is impaired. A financial asset of the entity 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 Organisation that can be reliably estimated. Evidence of impairment may include the following indicators:

- The 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)

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 entity 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.

g. **Contingent liabilities**

The entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

h. Contingent assets

The entity 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 entity 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.

i. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

j. Changes in accounting policies and estimates

The entity recognizes the effects of changes in accounting policy prospectively.

k. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

l. Related parties

The entity regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of key management are regarded as related parties and comprise the Directors/ Trustee, Managers, and entity Accountant.

m. 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 the bank at the end of the financial year.

n. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

o. Events after the reporting period (Prior period items)

There were no material adjusting and non-adjusting events after the reporting period.

p. Currency

Until or unless changed through a resolution by an appropriate organ of AFROPAC, the financial statements are presented in United States of America Dollars (USD).

q. Significant judgments and sources of estimation uncertainty

The preparation of the entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

i) 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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Organisation. Such changes are reflected in the assumptions when they occur. *(see IPSAS 1.140.)*

i). Assets reported in the financial statements whose fair values could not be reliably stated were carried at the estimated market price at the time of recognition.

ii). Subscriptions are recognized as revenue when they fall due which is at the start of the financial year.

iii). As at the time of preparation of Financial Statements (2022) Members who were paid up or had made part payment for their subscriptions were deemed to have been members since inception and therefore their subscriptions were recognized as revenue due.

iv. Contributions in kind will be reported in the financial statements if such contributions can be reliably ascertained, otherwise it will be disclosed in the notes.

ii) Policy on Depreciation and Amortization.

i). Depreciation and/or amortization will be recognized as an expense in the statement of financial performance using the following rates applied on historical cost of assets on a straight-line basis over the estimated useful life to the residual value.

ii). Applicable depreciation rates

Freehold land 0%

Buildings.....2.5%

Motor vehicles.....25%

Office equipment, furniture and fittings.....12.5%

Computer hardware.....33.3%

iii). Applicable amortization rates

Intangible Assets.....10%

iv). Full year depreciation/amortization expense will be recognized in the year of acquisition while at the year of disposal, the expense will be applied proportionately.

iii)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:

i) The condition of the asset is based on the assessment of experts employed by the entity.
ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
iii) The nature of the processes in which the asset is deployed
iv) Availability of funding to replace the asset
v) Changes in the market in relation to the asset

18. Notes to the Financial Statements

1) Revenue

1a. Subscriptions

Description	2018	2017
	USD	USD
Subscriptions	35,000	34,990
Total	**35,000**	**34,990**

1b. Other income

Description	2018	2017
	USD	USD
Cash support.	-	2,450.00
Total Other income	-	**2,450.00**

2.Employee Costs

Description	2018	2017
	USD	USD
Salaries and Wages	-	-
Total	-	-

3.Use of Goods and Services

Description	2018	2017
	USD	USD
Administration costs-paid	5,608.83	3,300.00
-accrued	1,150.00	600.00
Bank charges	79.75	73.50
Total	**6,838.58**	**3,973.50**

4.Cash and cash equivalents

Description	2018	2017
	USD	USD
Cooperative Bank A/C-02120199419700	50,872.57	16,581.15
Total Cash and Cash equivalents	**50,872.57**	**16,581.15**

5.Receivables

Description	2018	2017
	USD	USD
Subscriptions Due	60,000.00	50,000
Total Receivables	**60,000.00**	**50,000**

6.Payables

Description	2018	2017
	USD	USD
Prepaid Subscriptions-Sudan -Uganda	9,990.00 4,990.00	-
Accrued expenses	1,750.00	
Total	**16,730.00**	**-**

7.Net cash flows from operating activities

	2018	2017
	USD	USD
Surplus/ (deficit) for the year before tax	**28,161.42**	**33,466.50**
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working capital adjustments		
Change in inventory	-	-
Change in receivables	(10,000.00)	(25,000.00)
Change in payables	16,130.00	600.00
Net cash flow from operating activities	**34,291.42**	**9,066.50**

Annexure

Annexure 1: Certificate of Bank Balance

CO-OPERATIVE BANK
We are you

The Co-operative Bank of Kenya Limited
Parliament Road Branch
P.O.Box 5772-00100 Nairobi
Tel: 2210657, 2228605
Mobile: 0722 202977, 0734 600702
Fax: 2251838
Nairobi
Email: parliamentrd@co-opbank.co.ke

24th October,2022

The Accountability Centre,
Harambee Co-op Plaza,10th Floor
P.O BOX 41842-00100
Nairobi.

Dear Sir/Madam,

RE: CERTIFICATE OF BANK BALANCES.

We acknowledge receipt of your letter dated 21st October 2022 and hereby confirm the balances as follows:

ACCOUNT NO	BALANCEas at 31st December(USD)	YEAR
02120199419700	7,514.65cr	2016
02120199419700	16,581.15cr	2017
02120199419700	50,872.57cr	2018
02120199419700	49,800.57cr	2019
02120199419700	43,591.82cr	2020
02120199419700	46,940.98cr	2021

We sincerely thank you for your continued support and look forward to doing more business with you.

Yours Faithfully

Christine Maina
SERVICE MANAGER

Annexure 2: Debtors list for the year 2018

Country	2016	2017	2018	Total
1. Liberia	-	5,000	5,000	10,000
2. Ghana	5,000	5,000	5,000	15,000
3. Rwanda	5,000	5,000	5,000	15,000
4. Kenya	-	-	5,000	5,000
5. Burundi	5,000	5,000	5,000	15,000
Grand Total	***15,000***	***20,000***	***25,000***	***60,000***