



## **EAST AFRICAN COMMUNITY**

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### **IN THE EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)**

#### **The Official Report of the Proceedings of the East African Legislative Assembly 120<sup>TH</sup> SITTING - SECOND ASSEMBLY: FIRST MEETING – FIFTH SESSION**

**Thursday, 8 September 2011**

*The East African Legislative Assembly met at 2.30 p.m. in the Chamber of Deputies, Parliament of Rwanda, in Kigali.*

#### **PRAYER**

*(The Speaker, Mr Abdirahin Abdi, in the Chair.)*

*The Assembly was called to order.*

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#### **LAYING OF PAPERS**

**THE CHAIRPERSON, COMMITTEE ON ACCOUNTS (Mr Bernard Mulengani)(Uganda):**  
Mr Speaker, I beg to lay on Table the Report of the Committee on Accounts on Oversight Assessment on Internal Audit Systems of the EAC Organs and Institutions.

I beg to lay.

**THE CHAIRPERSON, GENERAL PURPOSE COMMITTEE (Ms Nassor Sebtuu)(Tanzania):**  
Mr Speaker, I beg to lay on Table the Report of the General Purpose Committee of a workshop on policies and strategies on education, research, science and technology in East Africa towards the enhancement of innovation and appropriate technology.

I beg to lay.

**THE REPORT OF THE COMMITTEE ON ACCOUNTS ON OVERSIGHT ASSESSMENT ON INTERNAL AUDIT SYSTEMS OF EAC ORGANS AND INSTITUTIONS**

**THE CHAIRPERSON, COMMITTEE ON ACCOUNTS (Mr Bernard Mulengani)(Uganda):**  
Mr Speaker, I beg to move that the Report of the Committee on Accounts on Oversight Assessment on Internal Audit Systems of EAC Organs and Institutions be adopted.

I beg to move.

**MS JANET MMARI (Tanzania):** Seconded.

**MR MULENGANI:** Mr Speaker, before I read the report, I want to join the rest of the previous contributors on this Floor to thank the Parliament of Rwanda and the Republic of Rwanda for the hospitality so far accorded to us since we came in this country. *(Applause)*

Our report has 14 pages but I will read out a summary report with the interest that Members are able to follow and be able to contribute.

Mr Speaker, between the 21<sup>st</sup> and 26<sup>th</sup> of August 2011, the Committee on Accounts carried out an oversight assessment on internal audit systems of the EAC organs and its institutions. On my first page of the summary, we have the introduction and it goes:

The East African Legislative Assembly is responsible for, among other things, carrying out oversight function on all matters pertaining to the EAC. Article 49 (c) of the Treaty establishing the EAC, empowers the Assembly to discharge oversight functions on all financial matters of the Community.

In accordance with Annex 5 of the Rules of Procedure, the Accounts Committee has, as its main function, to carry out a post audit review and scrutiny of the expenditure incurred by EAC organs and institutions. The post audit function encompasses the need to monitor the implementation of the budget in a manner similar to internal audit pursuant to Rule 72 (1).

The audit function is specifically very vital at this critical stage of the integration when the Community is experiencing increased levels of human and financial resources for the Community projects and programmes. Internal audit function is a critical management tool, which is charged with a responsibility of helping the accomplishment of EAC's objectives by establishing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process of the Community.

Over the last four years, the Accounts Committee has expressed its concern in weak internal controls and poor resource management. The Assembly has on several occasions directed that the internal audit function be strengthened as in its present form is impacting negatively on the internal controls. It is against this background that the Committee on Accounts, through the Assembly, decided to carry out an oversight assessment of the internal audit function at the EAC organs and institutions, including EALA, EACJ, Secretariat and the Lake Victoria Basin Commission.

### **Objectives of the oversight**

The objective was to assess the internal audit systems of the EAC. I beg to refer the Members to the detailed report on page 3.

### **Methodology**

Mr Speaker, in order to realise the objectives, the Committee used a number of methods which include:

- The Committee divided itself into two subcommittees in order to accomplish the oversight activity efficiently.
- The Committee interacted with the management of EAC organs and institutions.
- It also looked at the internal audit systems.
- The Committee also reviewed reports produced by the internal auditors and the draft governance documents. (These draft governance documents are attached for ease of reference). And
- Discussed challenges faced by internal audit unit.

### **Duties of the internal audit**

Mr Speaker, some of the internal audit functions are detailed in the main report on pages 5 – 6 and I would wish to refer Members to the main report where they will find those duties.

### **Structure of the report**

Mr Speaker, this report is divided into two parts: Part I is a report from the oversight on EAC organs in Arusha - Tanzania and Part II is on LVBC in Kisumu - Kenya.

### **Structure of the internal audit at EAC**

Mr Speaker, the Internal Audit Unit at the EAC Secretariat comprises of five professional staff: two of whom are permanent staff while the other three are temporarily contracted on a yearly basis. The unit is headed by a principal internal auditor who reports to the Secretary-General both functionally and administratively.

### **Meeting with the Secretary General**

Mr Speaker, the Secretary General gave an overview of the existing audit system as a centralised system. He informed the Committee that the Internal Audit Unit is an integral part of management and is a critical component of good governance that establishes financial discipline. He, however, informed the Committee that there are challenges of lack of approved policies and manuals that have been in draft form for some time. These are meant to, among others, guide the internal audit function.

The Secretary General further informed the Committee that these delays have mainly been caused by the Sectoral Council on Legal and Judicial Affairs not convening. He confirmed that he will sign off the policy manuals that are within his mandate by 31 August 2011. These policy manuals can be found on page 6 of the main report.

Committee observations, findings, and recommendations

i) The Committee noted that the Internal Audit Unit is not independent because it reports to the Secretary General who is the number one auditee. The International Audit Standards require that the internal audit report to the Audit and Risk Committee, which is not yet established.

The Committee recommends that the Council of Ministers create the Audit and Risk Committee to change the reporting structure of Internal Audit Unit in order to comply with international standards to reflect Internal Audit Unit's independence.

ii) The Committee also noted that where the audit functions is placed within the EAC organogram, needs to be reviewed to reflect the importance of the audit function in the EAC organisation.

The Committee recommends that the internal audit be upgraded to the directorate level and its reporting structure should reflect its independence by creating an Audit and Risk Committee in the Community.

iii) The Committee noted that the Internal Audit Unit is understaffed. The Secretary General further informed the Committee that there is a recruitment freeze because of the uncompleted roadmap to include Rwanda and Burundi and the pending institutional review.

The Committee urges the Council of Ministers to expedite the finalisation of the roadmap and institutional review exercise to enable recruitment of auditors.

The Committee further recommends to the Assembly that the ministers give timeliness as to when these two processes will be finalised.

The Committee urges the Council of Ministers to expand the unit to enable it perform its function efficiently and effectively.

iv) Mr Speaker, the Committee noted that the EAC is operating without authorised manuals as required by International Audit Standards.

The Committee recommends that the Council expedite the finalization of operational manuals.

v) The Committee further noted that slow decision-making process negatively affects operations of the Community and in particular the Internal Audit Unit, which is supposed to rely on the operational manuals to ensure accountability and good governance within the Community.

The Committee urges the Council of Ministers to expedite finalisation of operational manuals.

vi) The Committee noted that there were no internal audit periodic reports made to the management but only activity-based and randomly selected ad hoc internal audit reports requested by management. The Committee was informed that in the financial years 2007/08 and 2008/09, the Internal Audit Department was involved in pre-audits and as a result it could not develop annual audit plans.

The Committee was however informed that the Internal Audit Unit has come up with an audit plan for 2011/12.

The Committee recommends that the annual internal audit plan should be adhered to, in order to inform management of the audit activities to be carried out within that period and be able to assess the performance of the internal audit function.

### **Meeting with the Internal Audit Department**

Mr Speaker, the Committee held a meeting with the Internal Audit Unit and discussed about the operations and the challenges the unit faces in accomplishing its obligations. During the interaction, the Internal Audit Unit presented to the Committee a total of 14 audit reports they had carried out - details of the audit reports are contained in the main report on page 8.

### **Committee Observations, Findings, and Recommendations**

i) The Committee noted that the organizational structure of the internal audit is inappropriate. The internal audit reports to the Secretary General who is the number one auditee; this practice compromises its independence. The anomaly would have been corrected by adoption of the Audit and Risk Committee Charter and the establishment of an Audit and Risk Committee.

The Committee recommends to the House to urge the Council of Ministers to finalise the charter in order to provide independence to the Internal Audit Unit in line with International Audit Standards.

ii) The Committee noted that the Internal Audit Unit does not have capacity to audit SUN accounting system.

The Committee recommends that the Secretary General enhance the capacity of the Internal Audit Unit.

iii) The Committee further noted that the following documents have not been signed off by the Secretary General to enable the Internal Audit Unit function efficiently and effectively: The Internal Audit Manual, Risk Management Framework, Policy and Strategy, Internal Audit Charter, Governance Code, Internal Audit Plan and Risk-based Internal Audit Framework.

The Committee urges the Secretary General and the Council of Ministers to expedite the authorisation and signing off these documents.

iv) The Committee noted that internal audit periodic reports had been done only on CASSOA.

The Committee recommends that Internal Audit Unit carry out periodic audits in all organs and institutions of the Community.

v) The Committee noted that procurement procedures are cumbersome.

The Committee recommends to the House to urge the Secretary General to revise the procedures to enhance efficient performance.

vi) Mr Speaker, the internal auditors informed the Committee that EAC has 47 bank accounts. However, the Secretary General confirmed that there were 53 bank accounts.

The Committee was further informed that external auditors have faced difficulties in confirming bank balances in spite of the circularisation.

The Committee noted the disparity and non-disclosure of bank accounts and to the Internal Audit Unit and, therefore, a likelihood that some bank balances could not be audited.

The Committee recommends to the Assembly that the Secretary General and the internal audit office clearly ascertains and verifies operational bank accounts.

The Committee urges internal and external auditors to follow up on confirmation of the number of bank accounts and bank balances.

Meeting with the Registrar and the Deputy Clerk of the Assembly

The Committee interacted with the two officers of the organs to familiarise itself on how they get audit services from a centralized system, and as to whether they were satisfied with the services of the internal and external auditors.

### **Committee Observations, Findings, and Recommendations**

The Committee was informed that the two organs, EALA and the EACJ, do not receive periodic audits.

The Committee was further informed that the two organs interact with external auditors whenever they come.

The Committee noted that the two officers need dedicated internal auditors for their organs.

The Committee reiterated the need for the Audit Commission to be provided with space and facilitated to perform its work efficiently and effectively.

In response, the Secretary General agreed. He further confirmed that space had been provided for in the new headquarters.

The Committee recommends to the House that there should be at least one dedicated internal auditor for each organ and institution of the Community.

Finally, on the EAC organs, the Committee strongly recommends that the long term optimum aspiration is to have a resident internal audit function in each organ and institution of the Community to ensure that separation of powers and sub-accounting status thrives.

## **PART II: LAKE VICTORIA BASIN COMMISSION**

### **Briefing by the Executive Secretary of LVBC**

The Executive Secretary of the Lake Victoria Basin Commission welcomed the Members of the subcommittee. The Committee was briefed about the coordination role of the LVBC as well as the internal audit function it carries out in other ongoing major projects and programmes namely:

the Lake Victoria Environment Management Project (Phase II); the Lake Victoria Water and Sanitation (LWATSAN) Initiatives Phase II; the Maritime Communication and Safety on Lake Victoria (MSCLV); the EAC/AMREF Lake Victoria Basin HIV/AIDS Partnership (EALP) Programme; and the Transboundary Water for Biodiversity and Human Health in the Mara River Project (TWB-MRB).

The Committee was further briefed on the complexities the LVBC undergoes while trying to coordinate the implementation of projects by the countries involved.

The Executive Secretary further gave an introduction and background of the LVBC internal audit office. He was of the opinion that there is urgent need to have the Internal Audit Department strengthened by recruiting more staff.

The Executive Secretary, Lake Victoria Basin Commission further noted the need to improve and strengthen other planning and management systems thus: procurement, monitoring and evaluation units at the Lake Victoria Basin Commission.

### **Briefing by the Internal Auditor**

In his brief to the Members, the Internal Auditor informed the meeting that evaluations and examinations are carried out in order to improve the efficiency of operations at the Lake Victoria Basin Commission.

He also revealed that the EAC Financial Rules and Regulations require internal audit to audit and prepare quarterly reports on each of the projects at the LVBC and the Secretariat for effective control and quality assurance. I need to emphasise on this one. However, due to inadequate staffing, these expectations have not been met. The internal audit has been able to audit and issue eight reports since September 2009.

### **Structure of the Internal Audit at LVBC**

The Internal Audit Unit at Lake Victoria Basin Commission (LVBC) currently has only one staff at the level of internal auditor. The internal audit functionally reports to the Executive Secretary and administratively to the Deputy Executive Secretary Finance and Administration.

### **Internal Audit Work Plan**

The Internal Auditor informed the meeting that the audit section at the LVBC prepares its annual work plan every year. Once the plan is approved, he prepares audit programmes to implement the annual work plan. Reports for every completed audit are written and submitted to the Executive Secretary.

### **Audit Programme Guide at the LVBC**

The Committee was informed that audit at the Lake Victoria Basin Commission is risk-based. It was reported that the internal audit at LVBC has a checklist of the areas that it audits, including:-

- i) Travel expense

- ii) Procurement of goods and services
- iii) Stores management

Details of the above are contained in the main report on pages 12-13.

The meeting was further briefed that other than the above specific mentioned areas, the internal audit has included in its general audit programme the following coverage: assets, remuneration, meeting and conference costs, repair, and maintenance of vehicles, vehicle management, and operation of programmes, human resource management, and gratuity, among others.

### **LVBC Management View on Internal Audit**

The Executive Secretary requested the committee to urge the council to approve the internal audit manual, the audit charter in order to improve effectiveness and accountability and be able to implement the financial rules and regulations.

### **Committee Observations, Findings, and Recommendations**

i) Internal audit periodically conducts audits and submits reports to management who take appropriate corrective action to address any issues flagged in the reports. This has assisted in strengthening the internal control systems for the Commission. Since September 2009, the Internal Audit Unit at LVBC has been able to issue eight audit reports to the management. Details of the reports are contained in the main report on page 13.

ii) The Internal Auditor plans for his work, executes it, prepares, and reviews his own reports. This process is prone to error and may lack objectivity. It is clear that the one-man office staffing of internal audit remains a big challenge to LVBC. However, the Committee was informed that the council approved the creation of the position of principal internal auditor, which is expected to be filled by 2011. This will at least provide two staff in the unit, which is aimed at enhancing its capacity.

The Committee observed that there is need to emulate what other international organizations such as UN do with internal audit. They have one strong internal audit that in spite of fewer staff, they can maximize effectiveness.

The Committee recommends to the Assembly that the council creates a directorate of internal audit where all internal auditors of the organs and institutions of EAC will report. If this is done, the unit will mitigate the challenges of “one-man” internal audit in most EAC organs and institutions.

iii) There is no board for the LVBC. Attempts to finalise the LVBC Bill, which would then create an audit committee where the internal auditor could report to has not been successful, and it has created a situation where the internal audit is functionally reporting to the management of LVBC who are auditees. This is contrary to the international audit standards and modern practice in governance.



The Committee recommends to the Assembly to urge the Council of Ministers to finalize the LVBC Bill so that governance provisions can be observed.

iv) Internal audit is operating without approved Internal Audit Charter and Manual. The charter would set the mandate, scope, and reporting structure of internal audit. It was reported that in the absence of the charter, an audit committee has been set up to follow up action on internal audit reports. Through the same committee, the Commission further sets out benchmarks that must be adhered to; such as circulars and memos in a move to avert anomalies as well as building trust and confidence between management and all stakeholders.

The internal audit committee should be created as one of the best practices in the auditing function to guide internal audit units within the EAC organs and its institutions.

v) An audit manual is the day-to-day guide to the function of internal audit. However, internal audit at LVBC operates without an approved one, making it impossible to measure performance standards in as far as internal controls are concerned. The meeting learnt that the audit section at the LVBC is in the meantime guided by the International Accounting Standards (IAS), coupled with set objectives and terms of financing bodies, in consultation with the officer (s) in charge of programmes.

It was further observed that the Internal Audit Charter and Manual were prepared by the EAC Secretariat, presented to the Council of Ministers, which referred them to the Sectoral Council for Legal and Judicial Affairs for its input. However, the Sectoral Council is yet to approve the manuals.

The Committee recommends to the Assembly to urge the Council of Ministers to approve the Internal Audit Manual and Charter as well as other governing documents in order to strengthen the internal audit function of EAC organs and its institutions.

vi) The accounting system of LVBC is automated (Sun Five Accounting Software). The internal audit is trained on the system; however, the unit has no access to the system. An automated accounting system can be audited by extracting data into excel or when print outs are made. This can be referred to as auditing around the computer. To effectively audit a computerized system i.e. auditing through the computer, Computer Aided Audit Techniques (CAATS) should be employed. However, this is a challenge for internal audit as it is currently using manual audit techniques, which are time consuming.

The Committee learnt that the LVBC has secured funds through the Partnership Fund to automate the internal audit process as well as training staff on the use of audit management software in this financial year 2011/12. However, training of staff awaits recruitment of the second staff.

The Committee recommends to the Assembly to urge the EAC management to provide the CAATS software and train the internal auditors. Preferably, the entire EAC audit staff should undergo training.

vii) The international auditing standards set the role of internal audit in risk management as to provide independent and objective assurance to an organisation such as LVBC; on the effectiveness of the risk management process. Internal audit should be able to record the Commission risks to facilitate audit planning in order to assess the effectiveness of risk management. The challenge is the absence of an approved risk management policy hence absence of a risk register for the Commission making it impossible to assess the level of risk management.

The Committee was informed that the East African Community Secretariat engaged a consultant to draft a risk management policy, which as of now is not yet approved by the Council, making it difficult to assess the level of risks at the Commission.

The Committee recommends to the Assembly to urge the Council delegate its powers to the Secretary General to authorize the policy manuals.

viii) The internal auditor at LVBC informed the Committee that the criteria for prioritising areas of audit depend on perceived inherent risks.

The Committee recommends hastening of the restructuring of the internal audit at the EAC so that work can be properly planned, reviewed and executed.

ix) There is no detailed procurement policy in place to guide the institution on how best to procure and dispose of the community assets. The Committee learnt that a procurement manual has been developed by the EAC Secretariat and was forwarded to the Council for approval. Once approved, the LVBC will in the meantime be guided by the same.

The Committee recommends to the Assembly to urge the Secretary General to authorise the procurement policy for EAC organs and institutions to enhance efficient performance.

### **General Conclusion**

Mr Speaker, the Committee observed that the EAC internal audit system is compromised because it cannot perform its function as it should, reasons being: -

- Lack of independence
- Limited staff and
- Lack of authorised manuals.

Thus, it operates in a manner that is inconsistent with the international audit standards benchmarks.

### **Acknowledgments**

- The Committee on Accounts wishes to thank the Assembly for allowing it to carry out its oversight function.
- The Committee further appreciates valuable time accorded to it by the Secretary General, Deputy Secretary General (Finance and Administration) and the entire management of EAC organs.

- In the same spirit, the Committee wishes to thank the Executive Secretary of LVBC and its management for their co-operation during the Committee oversight activity in the internal audit systems of EAC.

Mr Speaker, I beg to move. (*Applause*)

**THE SPEAKER:** Debate is open.

**DR AMAN WALID KABOUROU (Tanzania):** Thank you, Mr Speaker, for this opportunity. Let me first of all take this opportunity to thank the government and people of Rwanda for the hospitality that they have always shown to us. (*Applause*)

Let me declare my interests in this. I am a Member of this Committee and I am familiar with this report. I am glad that hon. Mulengani, our chairperson, has made it very clear in his reading that we are faced with some difficulties in the internal audit unit of the EAC. Like the structure of the report says, we had two stations: Arusha and Kisumu but as you can see, the problems found in the LVBC are identical to what we have at the EAC Secretariat. It also shows how disorganised the internal audit unit is because there is almost like duplication of efforts.

We were told that internal audit function is centralised and that the head of the internal audit department would, therefore, second his officials to either the organs or even the institutions. I am glad that they made it a very important point to have somebody already seconded to the LVBC as its clear the Commission is the richer cousin within the EAC.

I think they have much more money and therefore I shouldn't praise them for having somebody over there as opposed to what is happening at the headquarters where they don't have the principal internal auditor. Therefore, they can only meet once in a while and the whole function is left with the Secretary General, who then orders ad hoc and random audits that have nothing to do with any audit plan. It is very difficult!

One of the things that the Secretary General told us that was holding back the audit function was that this office is understaffed. The last time we met the internal auditor back during the select committee on funding issue, there was only one officer and this time we meet two officers for an organisation with over \$110m. It is clear that these people are overwhelmed with the responsibilities, and that is not to mention that they literally report to the same people that they are supposed to oversee in terms of spending. It is like leaving the chicken to the hyena because the hyena would certainly want to eat the chicken. (*Laughter*)

It is just very clear. We have this dilemma. The Secretary General told us that the reason why they cannot do anything about this is because of this recruitment freeze, which is occasioned by the existence of this institutional review and the roadmap for the inclusion of Rwanda and Burundi. I am surprised that somehow they have arrangements to have somebody recruited in the LVBC by 2011, which 2011 I don't know! It is not very clear whether this will be in August and it's gone, November, December.

We really want to be sure that the internal audit function does its job as it is expected. And when you talk about recruitment, at the same time you have a freeze on recruitment, I don't know whether the Council of Ministers would want to explain this, unless this is an emergency thing that should be allowed and I think it should not be limited to the LVBC alone. I am sure even the

EACJ would need an internal auditor there or somebody who is designated to look at the accounts. I am sure EALA would also benefit from having somebody from the Internal Audit Unit who would look at their work.

Mr Speaker, I can't say much, the handwriting is on the wall that this department requires improvement and that we should be careful because we are now talking about more money into the Community and we do not even seem to know how to manage the money. I am sure even those donors would not be happy that we get the monies and we don't even know how to manage it.

For instance, you find the internal auditor saying we have 47 accounts and the Secretary General says we have 53, and it becomes very difficult to know which of these bank accounts have been audited! What about those that are not known to the internal auditors? Whom do they belong to?

This kind of anomaly shouldn't be allowed to continue and, therefore, I am in total agreement with the Committee recommendations that the situation has to be reversed because we are anticipating to get more resources and it would be very difficult to know whether the increase of whatever resources we are asking for through our budgets will have any meaning in what we want to increase.

I totally support the report and ask my fellow members to do the same so that we can send a strong message to the Council of Ministers to speed up the process of approving the manuals because we cannot afford to wait for the sectoral Council that cannot meet and when we asked why they don't meet, we were told that some countries didn't have enough money to send the delegation to Arusha.

So, I support the Committee recommendations and urge the Council of Ministers to speed up the decision making process.

Thank you, Mr Speaker. (*Applause*)

**MR CHRISTOPHER NAKULEU (Kenya):** Thank you Mr Speaker. I thank the people of Rwanda for the warm hospitality they have offered to us since we came in the city of Kigali. I also want to declare my interests that I am a Member of this Committee and my contribution to this motion will not depart so much from the Committee's recommendations.

Mr Speaker, I would wish to re-emphasise a few observations we made as a Committee: One of the things the EAC or the Secretariat need to improve is on the reporting procedures. You will realise that the Committee observes that the internal audit is not independent because it reports to the Secretary General who's also being audited. This tends to compromise the degree of independence and objectivity of most of the audit reports. Therefore, there is need for EAC Secretariat to have a structure that will enable proper checks and balances between organs and institutions, which would enhance proper reporting procedures – (*Interruption*).

**THE SPEAKER:** Honourable members of the Committee may be you clarify to this House. I think all the internal audit units usually report to management. It is the external audit that usually oversees and reports to an independent committee, but the internal audit unit always reports to the management of the organisation. Hon. Nakuleu, you can continue.

**MR NAKULEU:** Mr Speaker, another observation we made as a Committee is that there is need for the Council of Ministers to delegate some of its powers to either the Secretary General in approving some policy manuals. This would tend to decongest operations of the Community and would also enhance efficiency and effectiveness within the Community. Maybe partly because ministers could be having a lot of work in their respective constituencies and countries and, therefore, they need to do some delegation to the Secretary General like the way it is done in organisations like the UN because it is not necessary for us to have ministers who have a lot of powers and then they don't dispense these powers as needed.

Another observation we made as a Committee is the consequences of not having the LVBC Bill. This Bill has come to this Assembly several times and it has not been passed. There is need to have this Bill passed and to operationalise most of the activities of the LVBC, and this will also create the necessary committee or board to oversee the management of the Commission.

Generally, the way the chairperson had put it there is general improvement in the reporting procedures and accounting procedures. But there is need for the secretariat of LVBC and EAC in Arusha to do a lot of improvement in those areas the Committee has seen that not much has been done.

With those few remarks, Mr Speaker, I wish to support the report.

**MS JACQUELINE MUHONGAYIRE (Rwanda):** Thank you, Mr Speaker, for the opportunity. First of all, I would like to thank the Chairperson of the Accounts Committee for the clear presentation of the report. *(Applause)*

As the Chairperson of the Accounts Committee said in his introduction, the EAC is growing at different levels in terms of human resources and financial resources. The budget of the Community, including institution, projects and programmes, is increasing every financial year. Consequently, the Internal Audit Unit should be enhanced and strengthened in order to perform its function effectively as it has been recommended in the report.

Mr Speaker, the Internal Audit Unit being charged with the responsibility of helping in the accomplishment of the Community's objectives by establishing a systematic disciplined approach to evaluate and improve effectiveness and efficiency of the Community, the Internal Audit Unit must have a clear annual plan of activities on which should be based to produce periodic reports and annual reports, when necessary. This regular planning will help to maintain regular communication and relationship with in the EAC organs and institutions and prepare the exercise of the Audit Commission report at the end of every financial year.

The Internal Audit Unit being a continuous exercise must establish and maintain a system to monitor the implementation of different recommendations to the EAC management and the EAC management must ensure its independence.

For me, reporting to the EAC management administratively and functionally to the audit committee, I think it will wait the finalisation of the institutional review but meanwhile we have international standard principles for audit. Being the internal audit, the main principles are the same as the external audit and I think the Internal Audit Unit in the Secretariat must also assess their attitude and mindset in accomplishing their responsibilities.

When the external audit executes its work, it requires to rely on the reports of the Internal Audit Unit as Article 134 of the Treaty requires, and because auditing standards require external auditors in conducting their work to rely on the reports of the internal audit. This is why the EAC management must ensure that the Internal Audit Unit is facilitated and given independence but I also recall that the independence must also become by the person's personality and respect of professional standards in the international audit. Therefore, the Internal Audit Unit must deliver quality and timely reports.

There is also need to have a clear working relationship between the EAC Internal Audit Unit and the unit in charge of monitoring and evaluation of the projects and programmes of the EAC because a large number of projects now still require parallel audits, according to their own agreements and financial rules and regulations. For this reason as it is stipulated in the Treaty, the EAC while negotiating its projects and programmes agreements, they must ensure that the Treaty particularly Article 134 is respected.

Regarding the bank accounts confirmation, I think this is a very critical issue. The EAC management in collaboration with the Internal Audit Unit and the Audit Commission must come up with a clear number of bank accounts in the EAC affairs management, because if the bank reconciliation is done by the Accounts Department and they are not sure of the number of bank accounts in the EAC, it is a critical problem because we can't have a true and sure cash balance in the EAC management. They must put efforts, particularly the internal audit in collaboration with the EAC management, to give clear information to the Audit Commission to have a clear and true cash balance of the money in the EAC Secretariat.

With these few comments, Mr Speaker, I beg to support the report.

**MR MIKE SEBALU (Uganda):** Thank you very much, Mr Speaker, for the opportunity. I rise to support the report of the Accounts Committee and from the onset, I want to thank Chairperson of the Committee who has ably presented the report to the best of our understanding and the Committee for the good work that they did.

The importance of this report is to be appreciated from the responsibility of Parliament in terms of our oversight function. There is no better way of following up accountability, value for money and proper spending other than through the reports of this Committee as they engage with different departments of the EAC that deal with matters of finance.

Mr Speaker, I just want to make a few quick observations regarding the report and I want to begin with the issue of independence. I want to find out from the Committee whether there was evidence in their interaction that the Internal Audit Unit reporting to the Secretary General has compromised them in terms of doing their work professionally; because you can report to someone and you are able to raise the failings of that very person when you are doing your work professionally, objectively and technically. So, I just want to know whether there are incidences and there is evidence to the effect of this reporting that has not allowed these people to do their work. So that we are able to follow it up from the view point of their competence levels, their capacity to engage with management because they are supposed to bring out the failings of management and other players in terms of conforming to the standards of accountability and other related issues.

Mr Speaker, that would be a very important thing because when they get compromised, then we get a raw deal as an institution.

Like the Chairperson of the Committee indicated, EAC has grown and is growing at a very first pace and given the trends, it will continue growing and, therefore, we need to match that growth with serious financial management systems as well as internal audit systems to be able to maintain good value for money.

The Committee has raised a very important issue of staffing levels in the audit departments and the resources. These two are very important to match the growth of an organisation. You need appropriate staffing and more so in this area and resourcing the personnel in order for them to be able to do their job well. This has been raised in many reports that we always have from the Accounts Committee.

The issue of staffing has persistently been reported and we don't seem to see any interventions being made in this direction, and the reasons that are given are that there is a freeze because of the roadmap for inclusion of Rwanda and Burundi and the institutional review. But my question is: When are we going to have that freeze lifted to allow recruitment and, therefore, empower the departments to be able to do what they are meant to do because if they are understaffed again the output is compromised.

So, will I get it from the Council of Ministers because the roadmap for inclusion of Rwanda and Burundi is working progress and if we get that curtailing certain things from being done, don't you think that is likely to affect performance and more so in such a critical area where the issue of staffing has time and again been raised on the Floor of this House and we don't seem to get any indication as to when this will be made good? So, may I get it from the Chairperson Council when this freeze will be lifted so that we get proper staffing and, therefore, expect better output in terms of performance of critical departments and the audit one not being an exception? It has also become a reason for many things not being done when they are supposed to be done.

When are we going to get this institutional review off the way so that we start getting serious results from departments that are being hampered because it is an explanation given now and then, "You cannot do this because the institutional review is not yet complete". I wish that we get an authoritative answer on that one so that we are more predictable in the way we do business of the East African Community.

Mr Speaker, with those few comments, I do support the report of the Committee. It has very useful recommendations. It has raised very important issues that need attention and when those issues are addressed, definitely we are going to get a better report next year, those that will be lucky to come back. Thank you very much Mr Speaker, Sir.

**MS JANET MMARI (Tanzania):** Mr Speaker, since this is the first time I am standing in this magnificent Assembly allow me to thank the people of Rwanda, the Rwandan Chapter, the Parliament of Rwanda and the Government of Rwanda led by His Excellency Paul Kagame for their warm hospitality. (*Applause*)

The last time when I was here, I gave a free advice to the people of Rwanda that they should export their cleanliness to make it part of revenue earning as a tourist centre. Having come from Dar-es-salaam and since His Worship the Mayor of the city of Dar-es-salaam is here, I hope he's

going to arrange for a trip *-(Applause)-* for his Councillors and I will be one of those people who will accompany them and that is free and part of tourism. If it is a trip, we are actually internalising what we will say.

Coming to the Committee report, I wish to confirm that I am a Member of this Committee and I am in agreement with all the observations and the recommendations that have been put in this report. But I am standing here for two reasons: To comment on a professional issue that has come up on the position of the internal auditor and to talk of the legacy that this Assembly is going to leave behind with regard to internal audit.

Mr Speaker, I agree with you entirely that the internal audit is a management function but according to modern techniques, modern governance, good governance, functionally they advise but they do not entirely report to management. There is a room if it's a public institution, for example, LVBC we would have expected them to have a board and one of those sub Committees of the board would be an internal audit committee and may be administration where the internal auditor would be reporting most of the times when they meet and also even review the management audit letters that reports on weaknesses that the external auditors have observed.

In fact, the EAC Secretariat, if you look at the book that you have been given, which is a big annex and you look at Audit and Risk Committee which is on page 9, you will be able to see this structure that has been drawn and agreed by consultants and the Secretariat of EAC where you have the Summit comprising of the heads of the partner state, the Council comprising the ministers of various ministries of partner states and you have an Audit and Risk Committee which is actually the advisory arm to Council after getting reports from these other bodies and the internal auditors report. I was making that clarification and it is something that is pending approval by the Council of Ministers.

Now looking at the legacy that your House is going to leave behind, Mr Speaker, you remember the very first meeting when we meet in Mombasa; when we were learning about being a parliamentarian we had a presentation from hon. Sarah Baagalaliwo. I think she was a Member of the Accounts Committee and she expressed a lot of disappointments on the weaknesses that existed in EAC, we picked up as a Committee. And I am glad I have been on this Committee for four years and so I am speaking from an informed position.

We have been expressing the same issues, weaknesses in the Internal Audit Unit. There was only one person who was an internal auditor - in fact, he was an internal auditor by name but in terms of function, he was an extension of the directorate of finance. That is on record from other previous discussions.

Mr Speaker, I am glad to say that we have moved from that position and that is out of our expression, follow up, recommendations that we are now talking of five auditors: two are permanent, three are temporary; it doesn't make any differences but at least there are people in that unit.

With regard to LVBC, Mr Speaker, there was no internal auditor but now we have one and a very competent one for that matter and the Council of Ministers has already approved the appointment of the second auditor. *(Applause)*



So, in terms of what we have been advising the Secretariat and the Council, some steps have been taken. That is when we began but then this Committee has been evaluating, looking at the audited accounts for the previous years starting from 2007 - may be four or five audits and there was a time when one of the audits was disclaimed by the auditors. They couldn't even make an opinion of what was contained in those audits. In fact, we recommended carrying out a forensic audit for MERCEP. That must be a very bad state. It means the internal auditor never existed. The internal audit function wasn't there. There were about \$2m that had been spent but nobody can actually put a finger on the projects that were supposedly carried out by that money. If the internal audit had been serious, we would not have gotten to that situation.

Mr Speaker, there are two things that come out of that. We advised that we cannot go on like that and MERCEP has now been moved from where it was, in terms of reporting, it is now reporting to Lake Victoria and when you look at what is happening, they are properly being managed and properly being audited. We have looked at the audit reports and things are moving on – *(Interruption)* -

**DR NDAHIRO:** Mr Speaker, I wanted hon. Janet Mmari to at least tell us the function of internal auditors because we are getting confused about the function of internal audit, management, and external auditors. It seems things are being mixed up here. Thank you.

**MS MMARI:** Mr Speaker, I said right from the beginning that the function of internal audit is a management function. He/she reports to the management from an administrative point of view so that they can approve his work. He can plan so that people know what he is doing. He/she prepares an audit programme that is agreed and that is how the budget is planned and agreed. He/she is also the most important person when it comes to co-ordinating the external auditors when they come to audit because the responsibility of making sure that the accounts are in place squarely lies with management.

In the course of doing the work, there are certain tasks that he/she carries out and although he/she can discuss with management in terms of reporting so that action can be taken, in modern management, he doesn't have to report entirely to the management. The internal auditor will have advised them, they will know what they have to do but then that has to go elsewhere so that action can be taken because it can even be possible that the very person who has a problem is the head of that institution and that's why we are talking of the number one auditee.

Mr Speaker, I believe I have given him the answer but I was now going to continue with the legacy that this House is going to leave behind. I said that in terms of MERCEP. They have been moved and they are now doing a good work. We had an opportunity the previous time to visit some of the projects that are ongoing, at least they are visible and we can see the plans. Out of that, because we recommended to strengthen the internal audit, we are now able to look at audit programmes that are prepared, audit reports and possibility of adhering to some of the recommended international practices. That is also a good legacy that we are going to leave behind.

There is one thing that remains in as far as Lake Victoria is concerned with MERCEP report. There was a forensic audit that was ordered by this House. As of today, it has not been seen and probably if the internal audit was pretty independent and very effective, that report would have

found its way in one of our meetings. It is again another request that this forensic report is submitted to this House. *(Applause)*

The Secretariat - and that is where we come from - we were urging that they do manuals. They prepare the good governance documents. Each one of us has these annexes. These documents have been prepared and we should commend the Secretariat for having taken time and money to ensure that the documents are prepared. *(Applause)* Unfortunately, we have one organ that has been promising to ensure that these books, these manuals, these instruments can be put into use but they have not found it necessary to do it. We have requested them to ensure that probably they should delegate their powers to the Secretariat or to the Secretary General to do it for them. But, since the Chairperson Council is here, I am asking this Assembly to confirm what is going to be next because if you spend money, you put things in place, they stay for two or three years and they are not used, it means they will be due for review and we will have to spend some more money.

Honestly, having got the Secretariat to do this type of work, I feel very sorry that the Council has not appreciated their efforts and I am asking the Council to make sure it is done.

With those few remarks, Mr Speaker, I support this report and I am asking each and every Member to just rise and support. *(Applause)*

**THE SPEAKER:** Hon Wanyoto and Kwekwe, I have seen you but the Chairperson Council of Ministers is going for a Council meeting in about 10 minutes to Arusha. Therefore, I will give her an opportunity to say something before she leaves.

**THE MINISTER FOR EAC AFFAIRS, BURUNDI, AND CHAIRPERSON, COUNCIL OF MINISTERS (Ms Hafsa Mossi):** Thank you, Mr Speaker, for giving me this opportunity. I would first of all like to commend the Committee on Accounts for undertaking this assessment on auditing systems of the EAC. I would also like to commend the Chairperson of this Committee, hon. Bernard Mulengani, for coming up with a very clear and comprehensive report. I am sure these recommendations go along with the objective of strengthening the internal audit function of the Community, which is a vital component of good governance process.

I have been listening carefully to the contributions done by honourable members of this august House, and I would like also to thank them and to inform them that the Council of Ministers has taken note of these recommendations and will ensure that the Secretary General gets specific recommendations implemented expeditiously.

Mr Speaker, I would like to respond specifically to some of the issues with regard to the manuals and governance instruments. The Council of Ministers appreciates the importance of having in place the governance instruments, and manuals as part of the institutional strengthening of the Community and I would like to report to this House that during its 20<sup>th</sup> meeting in March 2010, it considered the manuals and referred them to the Sectoral Council for Judicial and Legal Affairs for legal input and harmonisation with other existing policy documents of the Community. Unfortunately, this Sectoral Council has not met since December 2010. But, I would like to inform this House that in our last Sectoral Council we urged the attorneys-general to meet as soon as possible so that they can expedite some of the issues that

need to be addressed. I am glad to report that the Sectoral Council on Legal and Judicial Affairs is scheduled to be taking place in October 2011.

Mr Speaker, on the internal audit staff compliment, the EAC is carrying out an institutional review of the Community; proposals have been made in the long run to upgrade the Internal Audit Unit into a directorate with more staffing. The Council will give priority to the proposal so that the Internal Audit Unit is strengthened to cover all organs and institutions of the Community, and to ensure that the sub accounting arrangements are operating efficiently and effectively and internal controls are strengthened.

Mr Speaker, on internal audit plan, I would like to clarify that the internal audit operates professionally and in line with audit plan and work programme. But there are times when management would request for specific audits for assurance purposes in respect of the 14 audit reports available to the Community. Only two audits were requested by management but the other 12 were from the initiative and work plan of the internal audit. The internal audit will however be encouraged to follow the audit plan in order to ensure balanced audit coverage of the Community based on the risk assessment.

On capacity building of the internal audit staff, I quite agree with the honourable members that the auditors of the Community should be given short courses to enhance their professional skills in order to ensure effective and efficient audit of all the operations of the Community.

On the issue of the finalisation of the roadmap, I would like to report to this august House that during our last session in Arusha, we had planned to have a special session of ministers in charge of EAC affairs so that we can address the issue of the recruitment of staff at the Secretariat level and other organs and institutions. This special session was postponed because it clashed with this session, so we are planning to hold it in the near future.

With these few answers, Mr Speaker, I thank you. (*Applause*)

**MS LYDIA WANYOTO (Uganda):** Thank you, Mr Speaker, for the opportunity. The motion on the Floor of the House is to urge us to support this report and because of the goodwill, as Members of the Assembly, we shall support this report. But I want to raise an important issue because we as Members need to be helped out so that we enrich reports of the House and support motions of this nature.

This matter was raised yesterday and I think it is going to go on to the rest of the sessions. I would like to make an appeal that if motions of this nature come to the House; Members receive these reports either in draft form or at least a day before. (*Applause*) Because you have to be a genius - I think it is only one Member who is not a Member of the Committee that has talked in depth about this report; the rest are Members of the Committee who have privy and have details of the report. So my appeal to all committee leaders is to avail us draft reports a few hours, to enable us do our own research about the matter and come to enrich the debate and also excite the debate. If you listen to the reports made by people who have not read sometimes become rhetorical or boring because we are not together.

**THE SPEAKER:** Hon. Wanyoto, you have made your point, and I think you should continue. But I would also like to remind you that you used to chair a committee and we used to get your reports 15 minutes before or during the session. This committee just finished its work last week

and just came and gave the report because the Council of Ministers is leaving today and more so it was not today's business. I think it is fair to say the Committee did a good job and I think we should continue with what we have. *(Applause)*

**MS WANYOTO:** Most obliged, Mr Speaker, Sir. I have two issues that I want to raise in terms of question to Council of Ministers: What happened to the proposals that we have been bringing in the past in respect of enriching the resource personnel in the EAC of voluntary staff for people to do internship? This will not only empower our people but also to relieve our stressed permanent staff, and give you time to run the agenda of institutional reforms. We have very many able East Africans who can do a lot of work and fill in the gaps that have been raised in most of these reports in terms of understaffing. We should bring on board interns that are relatively cheaper to accommodate but anxious to learn and also are empowered to contribute to the EAC's technical work.

The second issue goes back again to methods of work. This is the issue of the meetings of the Sectoral Council and the decision-making mechanisms. If we made a select committee to investigate the cost of integration in terms of decisions made vis-à-vis Sectoral Council meetings and positions of Council meetings, you will be humbled by the horrendous cost of those meetings and the output. Very few decisions come out of those meetings. Every time decisions are deferred to next meetings.

I would like to bring this to the attention of the Council of Ministers. What happens if the Sectoral Council meets and they have a list on the agenda and those targets are not met? Do you attach a financial cost to it in terms of time and money that our countries are spending? Do you allow them to go on and on? I am saying this because the honourable minister raised the issue of the Sectoral Council of Judicial Affairs meetings in October. I know this is one of the sectoral councils that either postpones meetings for like four to five years - it is just an example. I hope you can also have your own mechanism; maybe it is difficult because we are building consensus.

Maybe it is difficult to penalise or to ask people to account for some of these meetings but I think it is high time that the Council of Ministers began accounting from the outputs of these meetings because they frustrate a long list of other decisions, and work of other institutions because you have not taken a decision so a line up of other institutions cannot do their work on time and also the cost.

I thank you, Mr Speaker, for the opportunity, and I beg to support the motion on the Floor. *(Applause)*

**MS SAFINA TSUNGU (Kenya):** I thank you, Mr Speaker, for giving me the opportunity to add my voice to congratulate the Committee on Accounts for this superb report and for the work well done as expected. The internal audit function of any organisation, as already been said by the previous speakers, is a management function because it assists the management to identify and address anomalies in the operations of that organisation as soon as they occur and also to get the proposed mechanisms to arrest the impact of such anomalies.

We could say that internal audit is synonymous to diagnosis and treatment of a patient whereas the external audit is the post mortem of the already dead. Therefore, it is very important to look

at this unit, which is a diagnostic unit and also a unit that guides into ways and means of dealing with and addressing issues that are anomalies in nature.

Mr Speaker, for that unit to be useful and fulfil its crucial mandate, it needs to be guided by customised manuals and procedures which to date, from the annex that we have been given, the EAC doesn't have.

The timelines for the Community are very clear: 1999 the Treaty is signed; April 2000 the Treaty is ratified; January 2001 it comes into force and immediately thereafter negotiations begin for the Customs Union and institutions and offices are formed. But it is for only March 2010 that we are seeing manuals to guide the function of the internal audit being concluded, and to date they have not been approved!

I want to draw the attention of the House to the Treaty, which all of us have internalised. Article 9; the second itemised organ of the Community is the Council and Article 13 generously provides for the membership of the Council. The Chairmanship of the Council has always been one of the ex-officio members of this House even though under Article 14(3) (I), the Council has been given the power to establish among its members sectoral councils, one of them being the Sectoral Council of Judicial and Legal Affairs but the responsibility of discharging the functions of the Council squarely fall under the Council itself which is chaired by one of our own.

Every year, whether we are debating a report of other committees, the issue of the lack of manuals comes up for debate and always the lamentation is that the Sectoral Council on Legal and Judicial Affairs has not yet approved. Some protocols such as good governance protocol and protocols expanding the jurisdiction of the court and many other protocols and manuals are pending. Not less than 17 manuals! So, every year, we always say, "That is the case" but that is the responsibility under the Council and if the Council is to be of service to the Community, they must play their role. It is the Council of Ministers to give these sectoral councils directions.

Mr Speaker, from the list of annexes, we have about five manuals that were approved in March 2010, but only three of them were concluded this year and they are eight in total. For how much longer should we wait before we have these manuals because we have units that are running on ad hoc basis, they are not guided by any manuals, they are guided by their own conscience and goodwill!

Mr Speaker, I rise to say that we must put an end to this. These documents are here for a purpose, they were negotiated, they were agreed upon by those who negotiated them and, therefore, it is only fair that they are put into use and to do that the Council has to do that work and ensure they are approved. We don't want to hear issues of sectoral councils anymore because the Treaty is clear: the organ that we are dealing with is the Council of Ministers.

In conclusion, Mr Speaker, the reason as to why we need an internal audit that is fully mandated by internal guidelines such as manuals cannot be underestimated. I remember last year when we were again discussing the audit report from the external auditors, two issues came up as having been captured by the audit report: one, double payment for travel; two, double occupation of office space between the EALA and EACJ. They had been occupying the same space at the AICC. But if we had a functioning internal audit that was well managed, well manned, well staffed and well facilitated, surely we wouldn't have needed a post mortem for that matter.

Mr Speaker, Sir, I support the motion as moved and I pray that all the organs and institutions of the Community undertake their functions with diligence.

I thank you. (*Applause*)

**THE CHAIRPERSON, COMMITTEE ON ACCOUNTS (Mr Bernard Mulengani)(Uganda):** Thank you very much, Mr Speaker. I want to thank all the Members that have spoken in support of the motion but I also know that those that have not been able to catch your eye this afternoon have been in support of the motion. (*Applause*)

Specifically, I want to recognise the following: Hon. Kabourou, hon. Nakuleu, hon. Muhongayire, hon. Sebalu, hon. Mmari, hon. Hafsa Mossi, hon. Wanyoto, and hon. Kwekwe Safina. (*Applause*)

Mr Speaker, as Members were submitting, there were a few clarifications that they needed from the chairperson. Therefore, the Committee and I would wish first of all, to answer what you raised to guide us on the issue of where the internal audit reports. It has been ably articulated to by my colleague hon. Janet Mmari. We are not in dispute of their administrative responsibility to report to the Secretary General, what we are objecting to is their functionality reporting. The requirement of the international standards of auditing creates the audit committee and the reason to which it is created, is to exactly address the independence.

To my colleague hon. Sebalu seeking for the Committee to put forward evidence to this House - I don't know which type of evidence that the Committee would ably put on this Floor other than for one to appreciate the duties of the internal audit that are not accomplished in their own role. One of such things that we have laid on the Table are the unauthorised policy manuals because how do you assess the internal audit if they don't have guidelines? My colleague hon. Kwekwe has properly put it that these people need to be guided.

The other issue is the forensic audit, which has not been acted upon. The internal audit would have been able to guide management. These are all evidences we are talking about. The other issue is that the internal audit is not only mandated to handle financial issues. We have indicated in our report, much as the Chairperson has gone out, that there are no periodic reports that have been conducted by the internal audit. (*Applause*) Since the internal audit was created in the EAC, the only periodic reports they have conducted are on CASSOA. When you look at the location of CASSOA from Arusha, it has other compliments that go with it that I wouldn't like to mention here.

**THE SPEAKER:** Hon. Mulengani, don't insinuate anything that you cannot confirm please.

**MR MULENGANI:** Much obliged, Mr Speaker. The point I wanted to emphasise is that in the Community organs, there is no periodic report that has been presented to the management. The reports that are available are activity based and I want to re-emphasise that they have been initiated by the management. Since the internal audit has been in place, there is no audit plan that has been put in place and I want to say that without an internal audit plan, you can't really assess the internal audit. Everything is on ad hoc basis, and I think that is enough evidence for one to conclude that the internal audit is unable to carry out its function independently.

Mr Speaker, the minister went on to say that, management directed only two reports. This is not correct. I just want to clarify what I am saying. The Committee says that no report was initiated by the internal audit and the reasons we go on to say this is that, where are the periodic reports? If the internal audit is self-reliant, where are the periodic audit reports about the Community? Do we want to say that the organs of the Community do not deserve periodic reports, they deserve only activity based reports? Do we say that transactions in the Community should only focus on finance? There are no management audits, there are a few programme reports, and there is no value for money audits? I think just not to take us aback as an Assembly, we raised these issues in good faith so that the Council can pick issues that need to be corrected and let them be corrected.

Above all, we are looking at bettering the systems within the Community because there is no way we shall say the internal auditor is independent for as long as he's going to be working and functionally reporting to the Secretary General or the chief executives of the institutions. But, also, we need to see that policies and procedures are in place to be able to be followed.

I want to thank you, Mr Speaker, and those that have been able to catch your eye and for the opportunity to clarify. *(Applause)*

*(Question put and agreed to.)*

**THE SPEAKER:** Honourable members, so as to allow, if I could say the “slow readers” and the ones who haven't read the report of the General Purpose Committee, I am giving you leave so that you can spend the whole weekend reading it and be able to contribute next week. I now adjourn the House to Tuesday 2.30 p.m.

*(The House rose at 4.15p.m. and adjourned until Tuesday, 13 September 2011, at 2.30 p.m.)*