Review of the management system and the internal control mechanism of the Council for the Development of Social Science Research in Africa (CODESRIA)

May 2019
# Table of Contents

1. **Introduction** ................................................................. 43  
   1.1. Context ........................................................................... 43  
   1.2. Approach ......................................................................... 43  
   1.3. Executive summary ........................................................ 43  
   1.4. Background ..................................................................... 76  

2. **Management and Organisation** ........................................ 87  
   2.1. Organisation structure .................................................... 87  
   2.2. Legal capacity .............................................................. 109  
   2.3. Mandate and composition of the Board ......................... 1110  
   2.4. Decision order to enforce segregation of duties ............. 1413  
   2.5. Policies and procedures .................................................. 1514  

3. **Risk management** .......................................................... 1716  
   3.1. Risk assessment ............................................................ 1716  
   3.2. Staff resources for risk management ............................... 1918  

4. **Anti-corruption** .............................................................. 1918  
   4.1. Anti-corruption policy and code of ethics ....................... 1918  
   4.2. Corruption risks .......................................................... 2019  
   4.3. Selection process for academic scholarships .................. 2120  
   4.4. CODESRIA’s accord de siege with the Government of Senegal .................. 2120  

5. **Audit, procurement and financial management** ............... 2221  
   5.1. Audit ............................................................................... 2221  
   5.2. Procurement ................................................................. 2524  
   5.3. Financial management .................................................... 28  

6. **Forwarding of funds/ sub-granting** ................................... 3332  
   6.1. Routines and systems in place ........................................... 3332  
   6.2. Selection process for academic scholarships ................. 33  
   6.3. Agreements with partner organisations ........................... 34  
   6.4. Reporting requirements from sub grantees ..................... 34  
   6.5. Register of academic scholars ........................................ 36  

7. **Conclusion** ...................................................................... 36  

Appendices ............................................................................... 3837
1. Introduction

1.1. Context

EY has been mandated by the Swedish International Development Cooperation Agency (Sida) to conduct an evaluation of the internal management and control system of Council for the Development of Social Science Research in Africa (CODESRIA). The main objective has been to evaluate whether the organisation has reliable and relevant routines and adequate resources and competencies to manage future contributions from Sida.

In this report, we present the results from our review which was carried out at the office of CODESRIA located in Dakar (Senegal) in April 2019.

In accordance with the Terms of Reference (ToR), we focused on the following areas: (1) management and organisation, (2) risk management, (3) anti-corruption, (4) audit, procurement and financial management, and (5) forwarding of funds/sub-granting.

Within this report we have described any findings we encountered and have highlighted recommendations to further strengthen the internal control system. As the performed work does not constitute an audit, no assurance is given.

1.2. Approach

We have performed the following activities during our assessment:

- Desk studies of relevant documentation such as policies and manuals, audit reports and correspondences;
- Interview key staff (refer to appendix 2 for list of staff);
- Evaluate relevant processes in scope using the questions specified in the ToR; and
- Perform walkthrough tests (i.e. selecting samples) to verify compliance with existing laws, regulations and procedures.

1.3. Executive summary

The below table indicates a summary of our overall risk assessment following our review in each assessment area in scope (our findings per assessment area are detailed out in their respective sections):

<table>
<thead>
<tr>
<th>S. No</th>
<th>Assessment Area</th>
<th>Overall Risk assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Management and organization</td>
<td>Medium</td>
</tr>
<tr>
<td>2</td>
<td>Risk management</td>
<td>High</td>
</tr>
<tr>
<td>3</td>
<td>Anti-corruption</td>
<td>Medium</td>
</tr>
<tr>
<td>4</td>
<td>Audit, procurement and financial management</td>
<td>High</td>
</tr>
<tr>
<td>5</td>
<td>Forwarding of funds/sub-granting</td>
<td>Medium</td>
</tr>
</tbody>
</table>

The overall risk assessment scale is defined as per below:
### Risk scale

<table>
<thead>
<tr>
<th>Risk level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Significant risks, or critical deficiencies identified in related processes/controls which require immediate remediation to ensure a proper level of internal control.</td>
</tr>
<tr>
<td>Medium</td>
<td>Risks or weaknesses identified in related processes/controls which require remediation, but which alone are not likely to result in a significant deficiency in the internal control.</td>
</tr>
<tr>
<td>Low</td>
<td>Risks or weaknesses in related processes/controls which have a limited impact on the internal control environment.</td>
</tr>
</tbody>
</table>

Our assessment of each area has been further summarised below:

**Management and organisation**

CODESRIA, created in 1973, is registered as a non-governmental organisation (NGO) in Dakar, Senegal. CODESRIA has a governance structure which comprises of a General Assembly, an Executive Committee and a Scientific Committee, (including the Executive Secretariat). CODESRIA’s activities are led by the Executive Secretariat and each program is led by a head of programs recruited by the Executive Committee who are in turn supervised by the Executive Secretary.

CODESRIA has a defined strategic plan for 2017 – 2021 which clearly outlines the mission and vision of CODESRIA. To support implementation of the strategic plan, CODESRIA has devised a resource mobilisation strategy which provides the guidelines for partner selection and approach towards accepting funds from donors. Progress on the resource mobilisation strategy is reviewed as and when the need arises as part of the head of programs meetings with the Executive Secretary.

The current Administrative, Financial and Accounting procedures manual outlines the guidelines in respect of key operations namely petty cash, travel, per diem, travel advances, in addition to other memos.

Areas which mandate management attention pertain to the recruitment of the existing vacant positions according to urgency and review of the local salary grid and formalised documentation of the per diem rates. Hence, the overall risk rating is medium.

**Risk management**

CODESRIA performs risk analysis as part of its monthly management meetings where discussions on risks take place. Discussions on risks relevant to CODESRIA also occur in the Executive Committee which is held twice a year. The minutes of meeting where risk discussions take place were not provided for confidentiality reasons; hence this procedure cannot be taken into account in our risk assessment. The risk register was designed and adopted at the start of the 2017-2021 program cycle. We recommend management to document updates to the risk register regularly, to define a timeline for the creation of a standing fund to reduce the strategic risk of ‘loss of funding from key donor’ and to define criteria as to when categorise risk as level 1 to level 5 based on impact and likelihood. Therefore, we have assessed the overall risk rating as high.

**Anti-corruption**

CODESRIA has an anti-corruption policy and a code of ethics policy in place with guidelines to fight corruption and remain ethical. We enquired key staff of CODESRIA about known corruption cases and they all responded that there were no such cases since they joined CODESRIA. Given that corruption is a risk that can arise at
different staff levels, we recommend management to circulate the anti-corruption policy and the code of ethics with all the staff members of CODESRIA.

Our assessment of the potential corruption risks that could arise at CODESRIA are:

- Funds are provided to academic scholars with inappropriate oversight and monitoring;
- Employees of CODESRIA have a conflict of interest; and
- Scores given on applications for scholarships (0 to 10) are subjective and not justified through assessment documentation.

The first two risks are mitigated as follows:

- Agreements are in place with academic scholars to protect the interest of CODESRIA. Academic scholars are also blacklisted in case they do not produce deliverables as mandated by the agreement and where they do not respond to CODESRIA despite several follow ups; and
- A declaration of interest form is signed by employees involved in stock count, recruitment and in the procurement process.

We recommend management to establish a defined rationale or criteria for score rating given by reviewers on application of scholars. In the light of the above, this area is considered as medium risk.

### Audit, procurement and financial management

CODESRIA is annually audited by an independent, external and registered auditor in accordance with the International Standards on Auditing. The Executive Committee approved the appointment of a new audit firm in December 2018. The new audit firm was formally notified to audit the financial statements as at 31 December 2018 on 16 April 2019 and the deadline to submit audited financial statement and management letter to Sida is 31 May 2019. The previous auditor audited the financial statements as at 31 December 2016 and as at 31 December 2017, both of which had a qualified audit opinion with emphasis of matter.

We recommend management to accelerate the finalisation of financial statements at 31 December 2018 so that the audit of the financial statements may start and submission of audited financial statements to Sida is not delayed. We also recommend management to find alternative solutions to recurring management letter points so as reduce risk associated with the weaknesses identified for the past few years.

We noted that CODESRIA adheres to its procurement policy through reviewing a sample of 5 procurement files. One instance of delay was noted in the procurement process for the external auditor. It was also noted that he procurement policy contains contradictory guidelines for procurement of less or equal to CFA 100,000 (USD 171)\(^1\) and procurement of less than CFA 50,000 (USD 86). We recommend management to update the procurement policy and the policies and procedures manual so that clear and accurate procurement guidelines are established.

CODESRIA uses Quickbooks as accounting software, which allows for project accounting as well as financial report. Quickbooks was implemented in September 2018. As at 9 April 2019, the actual expenditure for the year ended 31 December 2018 has not yet been compared with the budgeted expenditure. The budgeted expenditure for the year ending 31 December 2019 has not been processed in Quickbooks. We recommend management to complete these two exercises with immediate effect.

The RFGI project financial report as at 31 December 2016 and narrative report for 2015 have been prepared. The narrative report was submitted to a Sida representative in 2018. Management should submit the financial report to Sida at the earliest.

---

\(^{1}\) As per XOF/USD Oanda exchange rate 2 May 2019.
The annual audit report and management letter as at 31 December 2017 were not submitted to Sida by 31 May 2018. The financial statements of CODESRIA as at 31 December 2018 were not submitted to Sida by 10 March 2019.

We recommend management to include bank account details in all agreements set with consultants so that this may be used at time of payment. We also recommend that reports submitted by consultants are consistently retained on file.

In the light of the above observations, this area as considered as high risk.

**Forwarding of funds/sub-granting**

CODESRIA has no separate ‘Grant Management Manual’ which provides guidelines in terms of the appraisal, onboarding and supervision of grantees as all procedures are included in the Administrative, Financial and Accounting procedures manual. As at April 2019, CODESRIA was operating 15 research grants of varying amount to both individuals and groups.

Weaknesses were identified in respect of management of grantees following the review of 4 grant agreements, whereby there is no requirement on the grantees to submit the financial reports as indicated in their contracts. However, there has been evidence of monitoring done on the grantee’s operations (submission of narrative reports whereby the focus is put on the quality of the deliverables, rather than deadline for submission of reports). Monitoring is also being done on those grantees whose contracts started more than two years ago.

Given the above weaknesses in respect of forwarding of funds to grantees, this area has been marked as medium risk.

1.4. **Background**

CODESRIA, established in 1973, is an independent, pan-African non-governmental and not-for-profit organisation for the development of the social sciences research in Africa.

CODESRIA Charter updated in June 2015 clearly stipulates the objectives of the council as follows:

- Develop the social sciences in Africa by mobilising the African social science community to undertake fundamental as well as policy-oriented research from a perspective which is relevant to the demands of the African people;
- Encourage and support comparative research with a continental perspective expressing the specificity of development processes in Africa;
- Promote the publication and distribution of the research output of African scholars;
- Promote an African network for the dissemination of information in the social sciences;
- Promote and defend the principle of independent thought and research and the liberty of researchers;
- Encourage co-operation and collaboration between African universities and social science research, training and publishing organisations;
- Promote contacts and develop interaction between CODESRIA and similar international organisations; and
- Promote balanced, gender, generational, sub-regional, linguistic, and disciplinary representation and participation in its activities.

Sida provides core support to CODESRIA since 2012. CODESRIA also receives funds from other donors and generates internal revenue from the sale of books and membership fees.
2. Management and Organisation

2.1. Organisation structure

The following diagram shows the organisational structure of CODESRIA with regards to the Executive Secretariat:

Currently, according to the Executive Secretary, there are seventeen vacant positions at CODESRIA, details of which are as follows:
In 2014, the Executive Committee (EC) of CODESRIA launched a comprehensive internal review of CODESRIA’s membership and governance, intellectual agenda, and management. Review committees were set up and their reports contained recommendations that constitute a comprehensive reform agenda for CODESRIA. Some recommendations have been completed to date while others are on-going or have not yet begun. Please refer to Appendix IV – Table showing the Roadmap and Action plan recommendations and status as at December 2018.

Examples of completed tasks include:
- Adoption of roadmap;
- Finalisation of draft bye-laws for elections, membership, duties of governance structures and various officers;

Example of completed tasks requiring revision due to ongoing reforms include:
- Completion and adoption of Manual of Procedures;

Examples of ongoing tasks include:
- Work on fundraising strategy;
- Monitoring and evaluation of plan and annual reports to the EC and SC

Example of tasks postponed include:
- Revision of internal regulations, development of grievance policy and procedures and the establishment of appeals mechanisms.

The above points have been taken into account throughout the report where applicable.
From the above listing provided by the Executive Secretary of CODESRIA, there is no indication as to whether any current staff have been performing those tasks.

The current Organisation Chart does not provide a clear reporting line for positions under the Senior Programme Officers and the DAF. It is difficult to establish the exact reporting line of these positions at first sight.

Recommendations:

► To have a resilient team which can adequately deliver on the strategic goals of CODESRIA, the recruitment procedures for the vacant positions need to be completed as soon as possible, mainly for those that are “urgently needed”. The Organisation Chart (approved by the EC in 2007) needs to be updated to reflect those posts that are no longer needed (e.g. the Programme officers under the Research and Training, Grants and Fellowships Programmes that are needed but have never been filled. CODESRIA needs to see if the Organigram needs to be updated in this respect) and to establish clear reporting lines. In so doing, management should also focus on whether training is required for the current staff.

2.2. Legal capacity

The current laws that govern the Council are:

- the Charter whose revised edition was adopted during the 14th General Assembly held on the 8 June 2015;
- The Internal Regulations approved by the 75th Executive Committee in December 2010 and confirmed in July 2011 by the 76th Executive Committee;
- The “Accord de Siege” enacted by Parliament of the Republic of Senegal;
- The Administrative, Financial and Accounting Procedures Manual;
- In addition, there are also orientation memos that are prepared by the Executive Secretary.

To support implementation of the 2017-2021 strategic plan, CODESRIA has devised a resource mobilisation policy which outlines the parameters for the mobilisation and use of CODESRIA’s funds given that the Council operates in a changing and unpredictable resource constrained environment and also outlines the general principles that guide CODESRIA’s fundraising agenda, the sources and nature of funds the Council may receive or accept. The document provides insight on the implementation and compliance in seeking and accepting funds from a donor and identifies the responsibility of the Executive Committee and Executive Secretary in seeking funds from donors.

As an autonomous body, CODESRIA has the legal capacity to enter into any agreements with rights and obligations. CODESRIA also receives funds from other donors namely the Open Society Foundation, Carnegie Corporation of New York, Ford Foundation and the Andrew Mellon Foundation, amongst others.

Some of the ongoing effort to diversify sources of funding by management are summarised below:

- OumouDilly Foundation has accepted a three-year funding of USD 300,000 following the recent proposal submitted in March 2019;
- Ford Foundation to make a 2 days site evaluation visit on 2nd May 2019 for funding of USD 350,000;
- Open Society Foundation which supported CODESRIA in 2018 has agreed to discuss towards core funding; and
- Andrew Mellon Foundation has invited the organisation to submit a new 3-year funding proposal. As per the ES, the amount agreed to be funded is USD 750,000.

Findings:
• The resource mobilisation strategy does not outline the target that CODESRIA needs to attain by 2021, including in terms of proportion of donor v/s own funding, incidence of new donors to CODESRIA, types of donors and new funding sources. This is indicated in the Budget only.

Recommendations:

Even though the Executive Secretary advised that discussions on resource mobilisations are held during their monthly meeting where applicable, we recommend management to:

► Establish the Development Unit within the office of the ES as approved by the Executive Committee;
► Develop a funding strategy and a workplan. We understand that this will be completed once the Development Unit is set-up;
► As documented above, CODESRIA has made some efforts in diversifying sources of funding but it should pursue its effort to diversify its effort to identify and secure financial partners; and
► Further develop internal revenues in line with its roadmap which was annexed to the agreement with Sida for the 2017 to 2021 programme cycle.

2.3. Mandate and composition of the Board

Participation in the General Assembly is open to all CODESRIA members; however, only institutional members and individuals who are of good standing with their membership, i.e. members who have paid their membership in two successive years, are allowed to vote. The main governing organs of CODESRIA are as follows:

<table>
<thead>
<tr>
<th>Organs</th>
<th>Composition, roles and responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Assembly (GA)</td>
<td>• The General Assembly (being the highest decision making organ of the Council) meets once every three years whereby a President, a vice-President and members of the Executive Committee are elected.</td>
</tr>
</tbody>
</table>
| Executive Committee (EC)      | • The Executive Committee (made up of ten members), is the second highest governing organ of CODESRIA whereby its members are elected by the General Assembly, taking into account of their intellectual abilities and leadership in the community and regional balance;  
• The Executive Committee acting in the name of the General Assembly, establishes the general rules, regulations and procedures for the day-to-day management of the affairs of the Council;  
• It meets at least once a year and is responsible to ensure that the objectives set by the Council are realised;  
• At the last General Assembly held in December 2018, 10 members (as defined in the Manual of Procedures), including the Executive Secretary as an ex-officio member without the right to vote, were elected to form the Executive Committee (EC);  
• Elected from among the membership of CODESRIA on the basis of regional representation, the members of the EC act in concert and individually to promote the Council’s work and protect its credibility and legitimacy. Elections are conducted by an Electoral Panel according to the procedures specified in the recently adopted CODESRIA bye-laws;  
• The EC is responsible for the recruitment of the international staff members within the 'Executive Secretariat' and for the approval of the annual budget and programme of activities. The members are elected for a three years term that is renewable once; |
<table>
<thead>
<tr>
<th>Organs</th>
<th>Composition, roles and responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• The current Board members making up the Executive Committee are all PHD holders and professors, researchers, lecturers and scholars from different universities in Mozambique, Senegal, Tunisia, Uganda, Kenya, Cameroun, Morocco, Mauritius, Ghana and Republic Democratic Congo who collectively represent a broad-based experience in the field of operations of CODESRIA; and</td>
</tr>
<tr>
<td></td>
<td>• The Executive Committee competitively appoints the Executive Secretary (ES) based in Dakar.</td>
</tr>
<tr>
<td>Scientific Committee (SC)</td>
<td>• The Scientific Committee (including the Executive Secretariat) made up of twelve members chosen by the Executive Committee, is the third advisory organ whose members are appointed by the Executive Committee based on recommendations of the Secretariat and meets at least once per year;</td>
</tr>
<tr>
<td></td>
<td>• The SC serve for a period of two years, renewable once only. Members are selected according to their scientific knowledge and diversity in gender, languages, geographical locations and involved in African social sciences research;</td>
</tr>
<tr>
<td></td>
<td>• The current SC was nominated in 2015. They are serving their second term that ends in 2019.</td>
</tr>
<tr>
<td>Executive Secretariat</td>
<td>• The Executive Secretariat is in charge of setting the programmes and activities to realise the objectives set up in the General Assembly’s strategic plan. The Secretariat consists of the Executive Secretary, a Deputy Executive Secretary and any officers as may be appointed by the Executive Committee;</td>
</tr>
<tr>
<td></td>
<td>• The ES is competitively appointed by the EC and is the one responsible to intellectually lead the members, raise funds for the financing of the activities of the Council, sign all the contracts on behalf of the Council and be a representative of the CODESRIA community for research in social sciences;</td>
</tr>
<tr>
<td></td>
<td>• The ES leads the Secretariat in implementing scientific programme of the Council, co-ordinate and mobilise members in undertaking the activities of the Council, and is responsible for the day-to-day management of the Council; and</td>
</tr>
<tr>
<td></td>
<td>• The Executive Secretary (ES), appointed for an initial period of four years renewable only once, reports to the Executive Committee, and is supported by Heads of Programmes.</td>
</tr>
</tbody>
</table>

CODESRIA’s activities are led by the Executive Secretariat which works around the following scientific programmes namely: Research Programme, Training, Grants & Fellowship Programme and Publications and Dissemination Programme. An Administration and Finance department and a Centre for Documentation, Information and Communication (CODICE) provide support to the other programmes. Each programme is led by a head of programmes recruited by the Executive Committee who are in turn supervised by the Executive Secretary.

The Heads of Programmes are namely:

• Senior Programme Officer Research;
• Senior Programme Officer Training, Grants & Fellowship;
• Senior Programme Officer Publications & Dissemination;
• Director of Administration & Finance (DAF); and
• Programme Officer (CODICE).

As part of the ongoing reform process, it is being decided whether CODICE would be separated into a separate Programme rather than being a unit in the Executive Secretariat.
The above-mentioned positions have clearly defined job descriptions found in the Charter updated in June 2015 and the Manual of Procedures which stipulate the purpose of the positions and their key responsibilities. The Executive Secretary's CV has been reviewed and is found to have a solid background in Research and Publications, as well as being able to raise funds and grants. The heads of programmes for Research, Publications, Training, Grants and Fellowship as well as the Director of Administration and Finance and the Chief Accountant all have experience in their respective fields and the required competencies for the job description.

However, there are a number of vacant positions which have still not been filled due to lack of funding and also for the right candidate for the vacant positions (Refer to Point 2.1 above).

**Recruitment and remuneration**

CODESRIA has a defined recruitment and selection policy which governs the recruitment process as follows:

- CODESRIA proceeds with the advertising and shortlisting of candidates for interview based on the criteria communicated by the Head of Programme/department;
- The pre-selection panel consists of a representative of the ES, the DAF, the HR manager, the Programme Officer and any other representative designated by the ES;
- Shortlisted candidates are called in for interview. Interviews are conducted and notes are retained as evidence; and
- Following review of interview notes by the ES, the latter holds a second interview with the pre-selected candidates after which his approval memo is sent to the DAF who prepares an offer of employment to be submitted to the ES. The ES prepares a memo for the DAF confirming the terms of employment and all the documents are handed over to the Human Resource who will then draft the contract of employment.

For the employment of the Executive Secretary and Head of Programmes who are international staff, an employment offer is advertised in the most read English (New Africa, Economist) and French newspapers across Africa. The Executive Committee selects the ES who is empowered to also create other posts in the Executive Secretariat, provided that in doing so, due diligence has been exercised to ensure financial, administrative and programmatic viability and sustainability.

The Senior Management recruited by the EC are remunerated according to the United Nations institutions’ salary scale for the professional and higher categories as adapted and applied by CODESRIA. The Internal Regulations’ Articles contain guidelines with regards to the different grades for the respective job descriptions.

The classification/grading, salaries, emoluments and other benefits of staff members recruited by the EC are determined at the time of their recruitment. The salary scale governs the salary determination on grade basis for each staff depending if they are local or international staff. We understand that the salary grid is approved by the Executive Secretary/Executive Committee, but have not seen an approved copy.

Where applicable, post adjustment allowances are paid on a monthly basis to all members of staff recruited by the EC, except those who are permanent residents or citizens of the host country, and these are calculated according to UN salary scale, with a deduction as adapted and applied by CODESRIA.

The following benefits and allowances are available:

- Dependency benefits (for the ES, Deputy ES and the other members of staff recruited by the EC) with regards to Spouse allowance and dependent/Child allowance with a maximum of three children per staff member;
• Education allowance (for the ES, Deputy ES and the other members of the staff recruited by the EC) per annum per dependent child and the amounts are calculated according to the Special benefits scale annexed to the salary scale of the International staff;

• Fringe benefits granted to senior management staff also include scientific leave, home leave, sabbatical leave, medical insurance, life insurance, retirement fund, travel expenses, and transportation of personal effects on relocation and repatriation; and

• All employees of CODESRIA are entitled to Seniority Benefit of 2% of the minimum salary in their category after two years of effective service, in addition to their existing salary. The benefit increases by 1% per year of service, in accordance with the Labour Laws of the host country.

We reviewed some of the contracts to the CVs and salary grids and our comments are included in the findings listed below.

Findings:

• Ongoing discussion about whether CODICE would be a separate unit;

• No formal documentation has been provided with regards to approval of the salary grid for the local staff, except for some letters given to staff with their new grades; and

• Review of the CVs for the international staff revealed that there was a different amount noted for the salary of the Head of Programme Research and Head of Programme Training, Grants and Fellowships (both P4/5 grades at USD 5,483.64 per the salary scale) when comparing their contract, staff salary scales and basic pay as per their payslip, being a higher amount as opposed to what is on the contract. According to the ES, they have been made aware of this and action will be taken even though the issue will resolve itself with time and balance over time with the annual increments to the salary.

Recommendations:

We recommend that:

► The Executive Secretary together with the Executive Committee finalise the decision whether or not CODICE should be treated as a separate unit so that they can proceed with ensuring all vacant positions are filled in;

► Evidence of approval of key documents such as the salary grid for local staff is retained on file for easy access and reference and updated as necessary; and

► The staff salary scales list is updated to reflect the right grade and amount to be transparent in the payment of salary for all staff.

2.4. Decision order to enforce segregation of duties

As part of the CODESRIA Administrative, Financial and Accounting Procedures Manual, Sections C and E detail the job description of each task to be performed by each staff, starting from the Executive Secretary, to the Director of Administration and Finance (DAF), Head of programmes, Chief Accountant and the various assistants and drivers. Each member of staff is aware of the tasks that he/she needs to perform. There is segregation of duties as the heads of programmes are responsible to organise their meetings and liaise with the funders, while at the same time, liaising with the accounting department. Neither the DAF nor the Chief Accountant is allowed to sign cheques for payments. They perform reconciliations and verifications; however, payments need to be approved by a Head of programme and the DAF needs to endorse the cheque for payment so that the bank signatories (two of the following: the ES, Head of Programme Research, Head
of Programme Training, Grants and Fellowships and Head of Programme Publication and Dissemination) can proceed with signature, authorised by the Executive Secretary before payments can be processed.

Findings:
- All procedures follow the Administrative, Financial and Accounting Procedures Manual, as well as the Internal Regulations and updated Charter. However, given the way procedures are organised at CODESRIA and all information go through the Executive Secretary for approval, there is a risk that in the absence of the Executive Secretary, decisions are not taken in a timely manner.

Recommendations:
- We recommend that all urgent vacant positions at CODESRIA are filled at the earliest so that not all procedures need to go through the Executive Secretary for approval.

2.5. Policies and procedures

CODESRIA Administrative, Financial and Accounting Procedures Manual, its Internal Regulations and Travel Policy include guidelines on petty cash, routines for credit cards and payments amongst other matters of finance and operations, inventories, daily subsistence allowance or per diem, travels and accommodation.

Petty cash
- The petty cash float of CODESRIA is maintained at 400,000 FCFA (USD 684)\(^2\) and small expenses equal or less than 50,000 FCFA (USD 85) can be settled out of the petty cash float, except those payments to be made to suppliers;
- Petty cash expenses are supported by original receipts or approved payment vouchers; and
- The petty cash expenses are reviewed by the Accountants and approved by the DAF.

Inventories
Section I of the Administrative, Financial and Accounting Procedures Manual provides guidelines on inventories of office supplies and books. The main items in the inventories of CODESRIA are the books that they hold for which a stocktake has been performed at the end of their financial year.

Credit card payments
Although there exists one credit card on the name of CODESRIA as noted in the review of the bank accounts, this credit card has not been used for a few years and is in the process of being closed with the deposit being transferred to another bank account. Payments are made by cheques or direct transfer.

Travel advances
There are no travel advances that are given.

Travels – Booking and accommodation
The CODESRIA internal regulations of 2011 and Travel policy reviewed in November 2013, together with the Section L of the Administrative, Financial and Accounting Procedures Manual on travel policies outline the guidelines that need to be followed for any trip done by a member of CODESRIA.

\(^2\) As per XOF/USD Oanda exchange rate of 2 May 2019.
All staff and members of the CODESRIA community participating in any programme activity are required to book their travels in economy class (unless approval is obtained from the ES for business class on medical grounds), using the most direct and least expensive routing from his/her home to the town/city which serves as the venue of the meeting or the mission. CODESRIA eligible participants are required to provide evidence to back any inter-city ground or air transport which are incurred. All travels are booked by the travel officer responsible for all air tickets via the travel agency contracted by CODESRIA. No business class travels were noted in our review of the sample documents provided in respect of air travels.

The travel policy provides guidelines in respect of accommodation during travels/workshops. The following is clearly outlined:

“The accommodation of researchers and staff members involved in CODESRIA activities or missions is normally fully paid for by the Council directly to the hotel where participants are to be lodged (especially where the mission/meeting is being held in Dakar or the travel is connected to a big conference held outside of Dakar, such as the triennial General Assembly of members). Where the Council is not in a position to pre-pay the hotel accommodation costs of invitees to its activities, the hotel cost is included in the DSA or per diem that is paid to participants. In such a situation, the invitee concerned is required to settle the accommodation bill directly with the hotel”.

International travel is required for instances of workshops whereby grantees come from different parts of Africa or the world. However, there is much use of emails with regards to interaction of researchers and grantees in the review of their work.

**Per diems**

The CODESRIA Daily Subsistence Allowance (DSA) or Per Diem Policy is also included in the Travel policy, the Orientation Memo and the Internal Regulations which outline the guidelines that need to be followed for any trip done.

As per the Orientation memo for 2018, Per Diems for travels and meetings within Africa are estimated at USD 150 and outside Africa at USD 250. However, following conversation with the ES, the DSA or per diem is paid at USD 50/USD 100 per day depending on the city/country where a CODESRIA meeting is taking place and is paid to all eligible staff, executive committee and scientific committee members and all other invited participants (who are financially sponsored by the Council and must have a letter indicating that the costs of their participation are to be covered by the Council) in meetings or missions organised by the Council. The Council does not pay per diem for anyone who is based in or around the city where a meeting is held, except in instances whereby the Executive Secretary uses discretion to allow a per diem to staff (for instance, during General Assemblies held in Dakar where, to facilitate their movement, transport allowance is given to those who live in or around the city where the meeting is held). The DSA or per diem is expected to cover all miscellaneous costs such as local ground transportation at the venue of the meeting/mission, airport taxes, visa fees, etc. The DSA rate is standard for both economy and business class travels (which is only acceptable on medical grounds if prior approval obtained from the Executive Secretary).

<table>
<thead>
<tr>
<th>Country/City</th>
<th>CODESRIA rate– Per diem (excluding accommodation) (SEK³)</th>
<th>Swedish Tax Authority – Normal amount excluding accommodation per day (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Africa</td>
<td>475</td>
<td>N/A</td>
</tr>
</tbody>
</table>

³ As per USD/SEK Oanda foreign exchange rate of 2 May 2019.
<table>
<thead>
<tr>
<th>Country/City</th>
<th>CODESRIA rate– Per diem (excluding accommodation) (SEK)</th>
<th>Swedish Tax Authority – Normal amount excluding accommodation per day (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ivory Coast</td>
<td>N/A</td>
<td>562</td>
</tr>
<tr>
<td>South Africa</td>
<td>N/A</td>
<td>262</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>N/A</td>
<td>561</td>
</tr>
<tr>
<td>Outside Africa</td>
<td>950</td>
<td>N/A</td>
</tr>
<tr>
<td>Japan</td>
<td>N/A</td>
<td>537</td>
</tr>
<tr>
<td>Norway</td>
<td>N/A</td>
<td>876</td>
</tr>
<tr>
<td>United States</td>
<td>N/A</td>
<td>762</td>
</tr>
</tbody>
</table>

**Findings:**

- We have not obtained evidence of approval for the per diem rates at USD 50 and USD 100. According to the ES, the Council noted that the per diem figures as per the orientation memo “was inaccurate given that most accommodation expenses overshoot this figure… and segregated the per diem at USD 50 in Africa and USD 100 outside Africa”.
- We reviewed the documentation for the MRI Workshop held in 2017 and checked the travel documents and accommodation as well as DSA paid to the list of participants and no exceptions were noted.

**Recommendations:**

- We recommend that there should be a formalised documentation with regards to the Daily Subsistence Allowance/Per diem of USD 50 for Africa and USD 100 outside of Africa.

## 3. Risk management

### 3.1. Risk assessment

CODESRIA performs risk analysis as part of its monthly management meetings where discussions on risks take place. Discussions on risks relevant to CODESRIA also occur in the Executive Committee which is held twice a year.

The minutes of meeting where risk discussions take place were not provided for confidentiality reasons. As an external review is being performed, we have not been able to see the minutes of meetings and therefore cannot assess the contents of the minutes as part of our assessment.

**Risk register**

The risk register was designed and adopted at the start of the 2017-2021 programme cycle. The risks identified at management meetings, if any, are updated in the risk register of CODESRIA for the 2017-2021 programme cycle. Upon inquiry with the ES, there was no need to update the risk register since it was adopted. The next
planned review of the risk register is estimated to be before the next Executive Committee which will be held in June 2019.

Risks are classified into three categories in the risk register:

- **Strategic risks** - major threat that could lead to closure of CODESRIA;
- **Logistical risks** - risks that would cause reputation damage to CODESRIA to the extent that donors would lose confidence to fund projects; and
- **Environmental risks** - risks that impact the environment in which CODESRIA operates – mainly natural disasters.

For each risk in the risk register, the level of risk is rated from 1 to 5 before the mitigation measure and revised after mitigation measures are applied.

The strategic risks, logistical risks and environmental risks identified in the latest risk register for which a risk rating of level 2 and above still existed after mitigation measures were applied are as follows:

<table>
<thead>
<tr>
<th>Risk category</th>
<th>Risk description</th>
<th>Risk rating before mitigation measure</th>
<th>Risk rating after mitigation measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic risks</td>
<td>Loss of funding from key donor</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Atrophy of institution due to lack of funds for institutional development</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Logistical risks</td>
<td>Non-completion of research projects by awardees</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Environmental risks</td>
<td>Curbs on academic freedom</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

The risk register includes mitigation measures and contingency measures for each risk identified. Mitigation measures are meant to reduce the risk and contingency measures are measures that shall be taken should the risk materialise. Management has already adopted the mitigation measures in the risk register, except for the creation of a standing fund to reduce the risk of ‘loss of funding from key donor’; for which no timing of implementation is mentioned in the risk register. The ES explained that this a long-term objective for CODESRIA.

**Risks identified with regards to sub grantees**

Risks relevant to the sub grantees of CODESRIA in the risk register are:

- Too few applications for activities;
- Poor quality of applications for activities;
- Lack of reviewers for applications and manuscripts; and
- Non-completion of research projects by awardees.

The mitigation measures in respect of the risks associated with sub grantees have been adopted.

**Findings:**

The following weaknesses were identified in respect of the risk register maintained by CODESRIA:
• The risk register was not updated since its adoption. Two risks in the risk register annexed to the agreement between Sida and CODESRIA, are not part of the current risk register for the 2017-2021 programme cycle as follows:
  • Inadequate financial support for HE institutions;
  • Poor training of CODESRIA beneficiaries by graduate;
• The risk register does not take into account the risks of theft, corruption and non-compliance with agreements (donors and sub-grantees); and
• The level of risk is not assessed based on the likelihood and impact of the risk occurring. There are no defined criteria as to which instance should a risk be classified as level 1, level 2, level 3, level 4 and level 5.

Recommendations:
► Documentation on the rationale for removing risks from the risk register is retained so that the log of risks in the risk register is complete; and
► The risk register should be updated to include mitigating factors for such risks as theft, corruption and non-compliance with agreements (donors and sub-grantees); and
► The risk register includes defined criteria, based on likelihood and impact of the risk, on which to assign the risk rating to each risk. Risks are rated in accordance with the defined criteria.

3.2. Staff resources for risk management

The Senior Programme Officers and the DAF update the ES of the potential risks arising and mitigating measures are discussed against risks during the monthly management meetings.

The Senior Programme Officers and DAF are familiar with the operations of CODESRIA and the Executive Secretariat assigns mitigation strategies by email for them to execute and follow up on mitigating risks relevant to their departments during the monthly management meetings.

4. Anti-corruption

4.1. Anti-corruption policy and code of ethics

CODESRIA has an anti-corruption policy which was last updated and adopted by the 84th Executive Committee Meeting held in June 2015. The anti-corruption policy includes definition of corruption, acts considered as corruption, instruments and principles to fight corruption and actions to take to denounce corruption.

The Senior Programme Officers and the DAF are responsible to inform their respective teams of the corruption risks in CODESRIA and raise awareness on anti-corruption through discussions during staff meetings held quarterly.

Anti-corruption measures are embedded in the operations of CODESRIA. One of the tools used to fight corruption is through the Code of Ethics of CODESRIA. The Code of Ethics was last updated on 30 June 2013.

The contents of the Code of Ethics include the following:
• description on the mandate of CODESRIA and how to fulfil same;
• a description of the Executive Committee and its role;
• personal and professional integrity;
• mission of CODESRIA;
• maintain information as confidential;
• decision making in the EC;
• conflict of interest;
• resources, gifts and hospitality;
• interpretation and enforcement of the code of ethics; and
• scope of the code of ethics.

We enquired with the ES, the DAF, the Chief Accountant and the Senior Programme Officer - publications and disseminations about cases of corruption that have occurred in CODESRIA and they have all declared that they are not aware of cases of corruption in CODESRIA to date.

Findings:
• We have not seen evidence on file to show that the anti-corruption policy and the code of ethics were circulated with all the staff of CODESRIA.

Recommendations:
► Given that corruption is a risk that can arise at different staff levels, we recommend management to circulate the anti-corruption policy and the code of ethics with all the staff members of CODESRIA.

4.2. Corruption risks

Potential corruption risks identified for CODESRIA are:

• Funds are provided to academic scholars with inappropriate oversight and monitoring;
• Employees of CODESRIA have a conflict of interest; and
• Scores given on applications for scholarships (0 to 10) are subjective.

The above first two risks are mitigated as follows:

• Agreements are in place with academic scholars for specific programmes and the agreements are valid for a maximum period of 16 months. The agreements include a clause on copyrights to prevent plagiarism. Academic scholars are also blacklisted in case they do not produce deliverables as mandated by the agreement and where they do not respond to CODESRIA despite several follow ups;
• As from 2019, a declaration of interest form is signed by employees involved in stock count, recruitment and in the procurement process. Measures taken to reduce risks of conflict of interest by employees of CODESRIA are:
  • A declaration of conflict of interest is signed by employees involved in the annual stock count of CODESRIA. We traced back to the ‘conflict of interest disclosure form’ signed by personnel involved during the physical stock verification exercise held from 4 February to 15 February 2019. We obtained the ‘conflict of interest disclosure form’ for the DAF, the Chief Accountant, the Accountant, the HR Assistant parties and the Distribution Assistant.
  • Staff involved in the procurement of major purchases at CODESRIA should sign the ‘conflict of interest disclosure form’. The IT Officer recommended that a new software package for Microsoft Office is purchased by CODESRIA as it would enable cost savings compared to the current package and additional functionalities. The 2 IT Officers signed the ‘conflict of interest disclosure form’.
  • A memo was circulated by the ES to all staff of CODESRIA which stipulates that all staff involved in the recruitment process should sign the ‘conflict of interest disclosure form’.
Findings:

- There is no rationale established for the score rating of 0 to 10 on the review of applications made by the scholars.

Recommendations:

- We understand that reviewers give comments on the papers and proposals which they review. However, a defined criteria or rationale should be established for the score rating of 0 to 10 as guidance to assist the reviewers, for consistency, especially those reviewers who are new to CODESRIA.

4.3. Selection process for academic scholarships

Refer to section 6.2 in section ‘6. Forwarding of funds/ sub-granting’ for the detailed selection process of academic scholarships.

4.4. CODESRIA’s accord de siege with the Government of Senegal

The ‘accord de siege’ between CODESRIA and the Government of Senegal highlights the rights of CODESRIA to enter into a contract, to hold movable and immovable property in its name and to sue in justice.

As per the ‘accord de siege’, the seat of the Executive Secretary (ES) is inviolable and officials of the Government of Senegal can perform official duties in CODESRIA only with the consent or invitation of the ES. The ‘accord de siege’ also stipulates that the ES should be clear of legal charges and not be sued under any legal cases.

Some of the matters which give rise to immunity as per the ‘accord de siege’ are summarised below:

- The assets, reserves and property of CODESRIA are exempt from direct taxes;
- CODESRIA can receive and retain funds and foreign currencies and have accounts in any currency. CODESRIA can also transfer or receive funds and foreign currencies within the Senegalese territory without being bound to regulatory control or financial moratorium;
- National authorities would support CODESRIA in instances of fund transfers and foreign exchange to benefit from favourable exchange rates. CODESRIA shall retain records of same;
- The ES, members of CODESRIA, university representatives, experts, professors, researchers and invitees to meetings, all in respect of mission for CODESRIA benefit from diplomatic immunity when performing their duties. The immunity is extended to spouses and children of the diplomats in the interest of CODESRIA;
- The ES and members performing official missions for CODESRIA benefit from immunity against judiciary for written and spoken words in respect of official duties. Non-Senegalese members are exempt from direct taxes on emoluments from CODESRIA and are exempt from military duties (pre-approved by Senegalese authorities) in Senegal;
- Experts, other than officials, performing duties for CODESRIA benefit from immunity when travelling for missions, from personal arrest or seizure of their personal baggage except in cases of flagrant delict. They benefit from immunity against judiciary for written and spoken words in respect of official duties;
- CODESRIA shall cooperate with authorities for good administration of justice, adhering to police regulations and to prevent abuse in terms of the immunities.

In the light of the above, the representatives of CODESRIA benefit from immunity only when performing duties for CODESRIA and not for the personal benefit of the representative.
5. Audit, procurement and financial management

5.1. Audit

External audit procedures

The external auditor for the audit of financial statements as at 31 December 2018, RMA Nexia, was officially appointed in April 2019 while the Executive Committee approved the appointment of RMA Nexia in December 2018. Refer to section 5.2 – review of procurement files for our observations noted in the procurement process of the external auditor.

Our review of the external audit procedures revealed the following:

- The audit of financial statements as at 31 December 2014 and as at 31 December 2015 were carried out by Grant Thornton;
- The audit of financial statements as at 31 December 2016 and as at 31 December 2017 were carried out by KPMG Senegal. The audit partner who signed the audit report of CODESRIA was a Chartered Accountant and member of ONECCA (Senegalese National Chartered Accountants Board) who is independent and registered to act as external auditor;
- The latest available audited financial statements relate to the financial year ended 31 December 2017;
- The audit of financial statements as at 31 December 2017 was an assurance engagement and it was carried out in accordance with the International Standards on Auditing;
- KPMG Senegal also issued a financial audit report as at 31 December 2017 in respect of Sida’s contribution number 51000196.
- RMA Nexia was appointed to audit the financial statements of CODESRIA for the financial year 1 January 2018 to 31 December 2018 for the first time, following approval in December 2018 from the Executive Committee.
- The process of appointing external auditors is as follows:
  - An RFP and ToR are sent to interested parties – this was sent on 11 November 2018 to 4 audit firms (Garecgo, Deloitte Senegal, KPMG Senegal, RMA Nexia) with the deadline being 5 December 2018;
  - A screening and selection process is performed based on proposals received - this was performed on 10 December 2018 where RMA Nexia was the only auditor who submitted the proposal;
  - The external auditor to be appointed is approved by the Executive Committee. We have not obtained the minutes of meetings to assess same – the minutes were not provided for confidentiality reasons; and
  - The appointment letter is sent to the auditor - the official letter sent to the RMA Nexia to inform of their appointment was sent on 16 April 2019.

External audit report review

The review of the last two audited financial statements, where KPMG Senegal was the external auditor, revealed the following:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Audit opinion</th>
<th>Summary of ‘Emphasis of matter’</th>
<th>EY Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>Qualified opinion</td>
<td>Audit of financial statements</td>
<td>This was not resolved as at 12 April 2019. The ES explained that this cannot be</td>
</tr>
</tbody>
</table>
## Financial year

<table>
<thead>
<tr>
<th>Audit opinion</th>
<th>Summary of ‘Emphasis of matter’</th>
<th>EY Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Except for’</td>
<td>The ‘Accord de Siege’ provides exemption to non-Senegalese staff of CODESRIA where the latter do not pay withholding tax on salaries. Withholding tax is not charged to local Senegalese staff as of date.</td>
<td>resolved in the short term and that he has drafted a memo to Sida in respect of same.</td>
</tr>
<tr>
<td>Qualified opinion</td>
<td>Financial audit in respect of Sida’s contribution number 51000196</td>
<td>The financial statements as at 31 December 2018 were not finalised as at 12 April 2019 and actual figures could not be compared with budget to establish whether the salaries paid were within the budget approved by Sida.</td>
</tr>
<tr>
<td>(‘Except for’)</td>
<td>Salaries paid from Sida funds exceeded the budget line by 15%.</td>
<td>From our review of a sample of 5 procurement files, we did not find non-compliance with the procurement policy. Refer to section 5.2 for more details.</td>
</tr>
<tr>
<td></td>
<td>Non-compliance with procurement policy in terms of updating the list of suppliers, bidding request and restricted consultation.</td>
<td></td>
</tr>
<tr>
<td>FY 2016</td>
<td>Audit of financial statements</td>
<td>The accounting software ‘Lucie’ has been replaced since September 2018 to ‘Quickbooks’ and the weaknesses noted in ‘Lucie’ have been addressed in ‘Quickbooks’.</td>
</tr>
<tr>
<td>Qualified opinion</td>
<td>Accounting software ‘Lucie’ did not provide accurate information on inventory.</td>
<td>The issue on withholding tax has not been resolved as at 12 April 2019. The ES explained that this cannot be resolved in the short term and that he has drafted a memo to Sida in respect of same.</td>
</tr>
<tr>
<td>(‘Except for’)</td>
<td>The ‘Accord de Siege’ provides exemption to non-Senegalese staff of CODESRIA where the latter do not pay withholding tax on salaries. Withholding tax is not charged to local Senegalese staff as of date.</td>
<td></td>
</tr>
</tbody>
</table>

Extracts of the audit reports in respect of the qualified opinions mentioned in the above table are found in Appendix 3.

### Follow-up of external audit recommendations

A management letter detailing weaknesses noted in internal controls was issued by KPMG Senegal along with the audit report of financial statements as at 31 December 2017.

The ES and Senior Programme Officers and the DAF discuss on weaknesses raised in the management letter during the monthly management meetings and how to resolve same. The minutes of meetings were not shared with us for confidentiality purposes.

The internal control weaknesses raised in the management letter as at 31 December 2018 are summarised as follows:

<table>
<thead>
<tr>
<th>Status of finding</th>
<th>As per management letter dated 18 May 2018</th>
<th>As per EY review as at 12 April 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>New findings</td>
<td>Not resolved</td>
<td>3</td>
</tr>
</tbody>
</table>
The table below provides a summary of the unresolved and partially resolved findings as at 12 April 2019:

<table>
<thead>
<tr>
<th>Recommendation to address</th>
<th>Status in management letter dated 18 May 2018</th>
<th>Status as at 12 April 2019</th>
<th>EY Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>To clear exceptions in the “Accord de Siege” between CODESRIA and the Government of Senegal in respect of Article 181 and its provisions of the General Tax Code for withholding tax on salaries paid to Senegalese staff</td>
<td>Unresolved</td>
<td>Unresolved</td>
<td>The ES explained that a challenge exists in resolving this issue as CODESRIA cannot amend the ‘accord de siege’. The ‘Accord de Siege’ has to be updated in parliament. The ES has written a formal memo to Sida in respect of same.</td>
</tr>
<tr>
<td>Open a separate bank account for the payment of gratuity</td>
<td>Unresolved</td>
<td>Unresolved</td>
<td>CODESRIA needs to seek a written approval to open a second USD account from the Central Bank of Senegal, which in turn should seek approval from Abidjan. Executive Secretariat is trying to find alternative solutions. The ES has written a formal memo to Sida in respect of same.</td>
</tr>
<tr>
<td>Installation of IT infrastructure not yet done:</td>
<td>Partially resolved</td>
<td>Partially resolved</td>
<td>CODESRIA does not intend to implement the remaining IT infrastructure in the current building because the current building infrastructure cannot accommodate same.</td>
</tr>
<tr>
<td>• Automatic smoke detection</td>
<td>Partially resolved</td>
<td>Partially resolved</td>
<td></td>
</tr>
<tr>
<td>• Access system with traceability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Surveillance system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obsolete CODESRIA wired network</td>
<td>Partially resolved</td>
<td>Partially resolved</td>
<td>Proper cabling cannot be implemented in the current building because the current building infrastructure cannot accommodate same.</td>
</tr>
</tbody>
</table>
### Recommendation to address

<table>
<thead>
<tr>
<th>Recommendation to address</th>
<th>Status in management letter dated 18 May 2018</th>
<th>Status as at 12 April 2019</th>
<th>EY Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiate access routers for proxy and firewall</td>
<td>Partially resolved</td>
<td>Partially resolved</td>
<td>Proper access routers cannot be implemented because the current building infrastructure cannot accommodate same.</td>
</tr>
<tr>
<td>Contingency plan in case of disaster</td>
<td>Unresolved</td>
<td>Partially resolved</td>
<td>Back up procedures are in place for the financial system. A disaster management plan is currently not in place.</td>
</tr>
</tbody>
</table>

### Findings:
- The points noted in the management letter as at 31 December 2017 in respect of follow up on the implementation of recommendations made in the management letter as at 31 December 2016 revealed that 2 weaknesses are still "Not resolved" and 4 weaknesses are "Partially resolved”.

### Recommendations:
- Management investigates in the weaknesses that can be resolved to mitigate or reduce the risks of these weaknesses. Management finds alternative solution to weaknesses for which the recommendation made by the external auditor is not feasible and management implements a defined timeline to address these weaknesses.

## 5.2. Procurement

### Procurement plan

The procurement plan for the financial year 2019 was finalised in March 2019. The annual work plan and budget were also finalised in March 2019. The procurement plan includes the following details:

- Expected procurement list for 2019;
- Details of whether procurement will be international or national;
- Estimated annual expenditure in USD;
- Expected date of ToR submission; and
- Expected duration of contract.

The top 3 procurements, in terms of amount, as per the procurement plan for 2019 are:

- Purchase of air tickets at USD 250,000;
- Cost of hotel accommodation at USD 226,000; and
- Printing and publications at USD 60,000.

### Findings:
- We compared the 2019 procurement plan and the 2019 annual work plan. The estimated annual expenditure of procurement items is assigned to an activity only for instances of purchase of air tickets and cost of hotel accommodation which are assigned to travel cost for 6 Institutes and 2 executive meetings. The procurement plan does not include details on how procurement will be assigned to other
activities in the workplan, e.g. there is no estimated expenditure in the procurement plan assigned to the ‘Methodological Workshop for 2019 MRI’ found in the annual work plan.

Recommendations:

► The estimated annual expenditure of procurement items in the procurement plan is assigned to all activities mentioned in the annual work plan of CODESRIA.

Procurement policy

CODESRIA has a procurement policy, dated March 2017, which was approved by Sida as part of the agreement for funding for the 2017-2021 programme cycle. Based on discussions held with staff members of CODESRIA, the staff members are knowledgeable of the policy and its application.

The table below summarises the requirements of the procurement policy.

<table>
<thead>
<tr>
<th>Method</th>
<th>Threshold</th>
<th>Procurement policy requirements</th>
</tr>
</thead>
</table>
| Restricted competitive process  | Up to CFA 100,000 (USD 171)                   | • Up to CFA 50,000 (USD 85) – may be through petty cash  
• Goods, services or works.  
• At least 3 suppliers.  
• Selection by procurement unit. |
| Restricted competitive process  | Between CFA 100,001 (USD 172) and CFA 1,499,999 (USD 2,566) | • Goods, services or works.  
• Written invitation to at least 3 suppliers.  
• Consider cost-efficiency and market conditions.  
• Selection by procurement unit. |
| Open bidding                    | Above CFA 1,500,000 (USD 2,567)               | • Senegal-based suppliers.  
• In case of specialised suppliers (national bidding, international bidding, consultation of suppliers), justification in the bid evaluation report.  
• Selection by CODESRIA purchase committee. |
| Direct contracting with single supplier and without competition | Not defined in procurement policy | • Continuous procurement from contract ended in previous 3 months.  
• New contract does not exceed 30% of earlier contract.  
• CODESRIA satisfied with performance of previous contract.  
• No advantage obtained from further competition.  
OR  
• Goods, services or works are available only from a particular supplier/supplier has exclusive rights.  
• No reasonable alternative or substitute exists or can be reasonably obtained.  
OR  
• Council determines additional procurement required from specific provider for goods, equipment, technologies or related services manufactured. |

4 As per XOF/USD Oanda exchange rate of 2 May 2019
Method | Threshold | Procurement policy requirements
--- | --- | ---
 | OR | • Inadequate responses to a solicitation. • Requirement does not need any further revisions. OR | • Advantage to acquire required goods, services or works directly from an international organisation. • Contractor meets the Council’s eligibility criteria.

We compared the procurement policy of CODESRIA with the Sida procurement rules for NGOs and noted that CODESRIA’s procurement policy is in adherence to the procurement rules of Sida for the sample of 5 procurement files reviewed. The Sida procurement rules for NGOs states that procedures of the ‘cooperation partner’ may be used for contracts of less than EUR 60,000 (USD 67,330) for goods and services. The highest amount procured by CODESRIA from September to December 2018 relates to renting of location for its general assembly of CFA 12 million (approx. EUR 18,300; USD 20,535).

All purchase orders are prepared by the Procurement Officer, endorsed by the DAF and approved by the ES.

**Findings:**

- As per section 5 ‘Methods of procurement’ of the procurement policy, quoting, “All procurement contracts…. less than or equal to 100,000 CFA…. restricted competitive process including at least three (3) suppliers”. This contradicts with section 5.1 of the procurement policy where for procurement of goods and services less than CFA 100,000 (USD 171), the minimum number of suppliers to be consulted is ‘Over-the-counter’.
- As per section 6 of the procurement policy, procurements can be made through petty cash if the amount does not exceed CFA 50,000 (USD 86). As per the policies and procedures manual, petty cash should not be used to make payments to suppliers.

**Recommendations:**

► The above contracting procurement guidelines are updated to provide a clear and accurate policy on procurement of ‘less than or equal to CFA 100,000 (USD 171)’ and ‘CFA 50,000 (USD 86)’.

**Review of procurement files**

We selected a sample of 5 procurement files, including the procurement of the new accounting system. We reviewed the selection process of the supplier, the evaluation process, whether agreements are in place, the purchase request, the purchase order and the invoice. No exceptions of non-compliance with the procurement policy were noted. One instance of delay was noted in the procurement process for the external auditor.

The 5 procurement files reviewed in respect of procurement are summarised in the table below:

<table>
<thead>
<tr>
<th>Supplier name</th>
<th>Description</th>
<th>Amount CFA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Icona-Inter Congres Ouest Africain</td>
<td>Interpretation and Audio-Visual</td>
<td>12,000,000 (USD 20,528)6</td>
</tr>
</tbody>
</table>

---

5 As per EUR/USD Oanda exchange rate of 2 May 2019.  
6 As per XOF/USD Oanda exchange rate of 2 May 2019.
## Findings:

- The agreement (engagement letter) with RMA Nexia was not signed as at 12 April 2019. The evaluation of the auditor was performed on 10 December 2018. The Executive Committee approved the appointment of RMA Nexia in December 2018. The letter of appointment was sent to the auditor on 16 April 2019. The late appointment of the auditor might result in non-timely submission of the audited financial statements to Sida.
- As per the financial proposal of RMA Nexia, the audit process is expected to take at least 4.25 weeks to complete, including reporting.
- CODESRIA will then have to review the financial statements and the management letter to provide its management comments; these might overlap the deadline for submission of the audited financial statements as at 31 December 2018 to Sida of 31 May 2019.

## Recommendations:

- The appointment letter is sent to the auditor selected following evaluation well in advance of the deadline for submission of audited financial statements and management letter to Sida.
- CODESRIA implements rigorous measures to finalise the audited financial statements and management letter as at 31 December 2018 after obtaining same from the external auditor, so as to submit the audited financial statements to Sida within the deadline of 31 May 2019.

### 5.3. Financial management

**Accounting software**

CODESRIA implemented Quickbooks in September 2018 and uses it as accounting software since January 2019. CODESRIA purchased one licence which has a multi-user option whereby several users can log in at the same time. Training was provided by the consultant who advised on implementing Quickbooks in September and October 2018.

The financial transactions of CODESRIA for the financial year ended 31 December 2018 were recorded on Quickbooks.

Currently only the accounting department (5 employees) are using Quickbooks. Quickbooks is expected to be used by procurement staff (2) also for raising POs for goods and services and travels, but they have not yet been trained to use Quickbooks as at 12 April 2019.

The Chief Accountant performs a monthly backup of the Quickbooks datafile and this is stored on the server of CODESRIA.
**Project accounting and reports from accounting software**

The Chief Accountant is responsible for project accounting on Quickbooks. She creates a manual numeric sequential code that she assigns to each project, with the project name. Separate income and expenditure are maintained for each project with standard budget lines. The actual expenditure for an expense not incurred stands at zero on Quickbooks.

The disbursement voucher includes details of the donor, for which the transaction will be processed in Quickbooks.

Each actual expenditure processed in Quickbooks is allocated to the corresponding donor with a unique voucher number from the disbursement voucher. If the voucher number is processed twice for an expenditure irrespective of whether for the same donor or not, a popup notification appears on Quickbooks to notify that the expenditure is being processed again to prevent errors.

The RFGI project was funded by Sida from 2010 to 2013, and extended to 2015. A narrative report was prepared for the financial year 2015 and a financial report was prepared as at 31 December 2016 in respect of the RFGI project. The narrative report was submitted by email to a Sida representative in August 2018. However, the financial report has not been submitted to Sida to date. We noted over utilisation of the budget by SEK 268,188 (USD 34,295) in the financial report of the RFGI project as at 31 December 2016.

**Findings:**

- The financial report prepared as at 31 December 2016 was not submitted to Sida. We noted over utilisation of the budget by SEK 268,188 (USD 34,295) in the financial report of the RFGI project as at 31 December 2016.

**Recommendations:**

- Management engages with the current focal person of CODESRIA at SIDA to identify to whom to submit the financial report of the RFGI project at the earliest.

**Budget analysis**

A report which compares total budgeted expenditure against total actual expenditure can be extracted from Quickbooks to perform budget analysis.

The relevant Programme (Research/ Training, Grants & Fellowship/ Publications & Dissemination) prepares a financial report at the end of implementation of specific projects and submits same to the Finance department for review and oversight. The financial report includes reconciliation of actual expenditure for the project with the budgeted expenditure for the project. The final reconciliation of actual expenditure to budget is approved by the Executive Secretary.

**Findings:**

- Budget analysis of the actual expenditure for the financial year ended 31 December 2018 was not performed, that is, total actual expenditure was not compared to the total budget amount as at 9 April 2019.
- The budget for the financial year ending 31 December 2019 has not been processed in Quickbooks as at 9 April 2019. This implies that, as at 9 April 2019, actual expenditure was not compared against budgeted expenditure for the financial year ending 2019.

**Recommendations:**
The financial statements as at 31 December 2018 is finalised with immediate effect and actual expenditure for the financial year ended 31 December 2018 is compared with the total budgeted expenditure.

For the financial year ending 31 December 2019, the budgeted expenditure is processed in Quickbooks with immediate effect. The budget analysis is performed monthly where total actual expenditure is compared with budgeted expenditure so as to monitor potential budget overruns closely.

Timely reporting

As per article 11 of the agreement between Sida and CODESRIA for the 2017-2021 programme cycle, CODESRIA has some reporting requirements to follow with deadlines. Adherence of CODESRIA to the deadlines mentioned in the agreement between Sida and CODESRIA are illustrated in the table below:

<table>
<thead>
<tr>
<th>Report details</th>
<th>Deadline as per agreement</th>
<th>Assessment during fieldwork from 8 to 12 April</th>
<th>Actual date submitted</th>
<th>Within deadline (yes/no)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes of annual meeting</td>
<td>30 April</td>
<td>Assessed for minutes of annual meeting held in December 2017</td>
<td>23 March 2018</td>
<td>Yes</td>
</tr>
<tr>
<td>Annual work plan and budget for the coming year</td>
<td>10 March</td>
<td>Assessed for financial year 2019</td>
<td>5 March 2019</td>
<td>Yes</td>
</tr>
<tr>
<td>Annual report and financial statements for previous calendar year</td>
<td>10 March</td>
<td>Assessed for annual report and financial statements as at 31 December 2018</td>
<td>Annual report: 4 March 2019 Financial statements: Not submitted as at 12 April 2019</td>
<td>Annual report: Yes Financial statements: No</td>
</tr>
<tr>
<td>Annual Audit Report</td>
<td>31 May</td>
<td>Assessed for audit report as at 31 December 2017</td>
<td>5 June 2018</td>
<td>Yes – gap of 5 days not considered as exception</td>
</tr>
<tr>
<td>Management letter and management response, including action plan based on audit report</td>
<td>31 May</td>
<td>Assessed for management letter as at 31 December 2017</td>
<td>5 June 2018</td>
<td>Yes – gap of 5 days not considered as exception</td>
</tr>
</tbody>
</table>

Findings:

- The financial statements of CODESRIA as at 31 December 2018 were not submitted to Sida by 10 March 2019.
- Furthermore, there is no grant management system in place at CODESRIA to monitor grants received.

Recommendations:

- Management performs rigorous monitoring on deadlines for deliverables to donors to ensure timely submission of the deliverables as per funding agreements. This can be implemented through the design of a month end and year end reporting checklist which include cut off dates of key month end procedures.

Internal income
The budget of CODESRIA includes budget for internal income, which comprises of membership fees in CODESRIA and sales of books, journals and publications to the public.

Membership in CODESRIA stands at USD 50 per member annually. There were 230 members in CODESRIA as at 31 October 2018.

Internal income is included in the budget of CODESRIA as part of expected funds for the financial year. The expected revenue is then allocated to expenditure for specific objectives of CODESRIA in different budget line items. We note from the budget for the financial year 2019 that internal revenue of CODESRIA (USD 150,000) has been budgeted partly for the following:

- CODESRIA Scientific Committee Meetings;
- Programme Support, Monitoring and Evaluation; and
- Executive Committee Meetings.

The table below shows funds received from Sida as a proportion of total income compared to internal revenue generated since 2017:

<table>
<thead>
<tr>
<th>Years</th>
<th>Sida %</th>
<th>Internal revenue %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>73</td>
<td>3</td>
</tr>
<tr>
<td>FY 2018</td>
<td>48</td>
<td>2</td>
</tr>
<tr>
<td>FY 2019 (budget)</td>
<td>56(^7)</td>
<td>4.5(^8)</td>
</tr>
</tbody>
</table>

Review of payment files

Invoices received from suppliers are processed on Quickbooks. A disbursement voucher is prepared with the invoice and approved purchase order attached. The relevant Head of Programme reviews the disbursement voucher against the project budget and the procurement plan and approves the disbursement voucher.

The Accountant verifies the approved disbursement voucher and the corresponding supporting documents and endorses the disbursement voucher as acknowledgement of verification. The Chief Accountant approves the disbursement voucher as good for payment.

The DAF reviews the disbursement voucher and endorses the cheque for payment or initiates the payment process on the banking system for payment by bank transfers. The bank signatories then approve the cheque payment or bank transfer on the banking system. A minimum of 2 bank signatories are required to approve payment.

We reviewed a total of 7 payments, out of which 3 payments relate to the RFGI project. Documents reviewed include the invoice, approved disbursement vouchers, the acknowledgement of receipt of payment by the payee, payment tranches and bank details agree with agreement and deliverables provided prior to final payment. The results of our review are summarised in the table below:

---

\(^7\) Expected funds from Sida in 2019 = USD 1,872,570. Total budgeted funds in 2019 = USD 5,798,918 out of which unsecured funds amount to USD 2,465,798. Thus, expected funds from Sida as a proportion of total secured income is 1,872,570 / (5,798,918 – 2,465,798), which equals to 56%.

\(^8\) Expected funds from internal revenue in 2019 = USD 150,000. Total budgeted funds in 2019 = USD 5,798,918 out of which unsecured funds amount to USD 2,465,798. Thus, expected funds from internal revenue as a proportion of total secured income is 150,000 / (5,798,918 – 2,465,798), which equals to 4.5%.
<table>
<thead>
<tr>
<th>Supplier name</th>
<th>Description</th>
<th>Amount CFA/USD</th>
<th>Disbursement voucher number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Icona-Inter Congres Ouest Africain</td>
<td>Interpretation and Audio-Visual</td>
<td>CFA 12,000,000 (USD 20,528)(^9)</td>
<td>DV 744 and DV 642</td>
</tr>
<tr>
<td>Master Office</td>
<td>Office Suppliers 15th General Assembly</td>
<td>CFA 2,997,045 (USD 5,127)</td>
<td>DV 085</td>
</tr>
<tr>
<td>Top Inter</td>
<td>Prestation De Surveillance</td>
<td>CFA 550,000 (USD 940)</td>
<td>DV 749</td>
</tr>
<tr>
<td>Tikum Bertrand Mbah</td>
<td>Quickbooks software</td>
<td>CFA 654,278 (USD 1,119)</td>
<td>DV 433, DV 438, DV 439, DV 486</td>
</tr>
<tr>
<td></td>
<td>Quickbooks training</td>
<td>CFA 2,620,000 (USD 4,482)</td>
<td></td>
</tr>
<tr>
<td>David Etete</td>
<td>Last tranche researcher RFGI Cameroun</td>
<td>USD 5,000</td>
<td>DV 897</td>
</tr>
<tr>
<td>Bakary Doucoure</td>
<td>Honoraires Avril 2014 – RFGI Postdoctoral Research Fellow</td>
<td>USD 2,865</td>
<td>DV 355</td>
</tr>
<tr>
<td>Frank Kawku Aguei</td>
<td>Last instalment RFGI Researcher Ghana</td>
<td>USD 5,000</td>
<td>DV 062</td>
</tr>
</tbody>
</table>

**Findings:**

- Quarterly, half-yearly and annual reports required to be produced to CODESRIA as per the contract with Bakary Doucoure were not seen on file.
- Bank account details of Bakary Doucoure not mentioned in the agreement. We could not verify authenticity of bank details in bank advice for payee (Bakary Doucoure).

**Recommendations:**

- Although the above finding is based on a limited sample, the finding is still valid as reports should be systematically retained on file when issuing payment to consultants.
- Agreements consistently include bank account details of researchers/consultants which is used when making payments to the latter.

**Foreign exchange transactions**

Foreign exchange gains or losses on the USD bank account are accounted in the books of CODESRIA at the end of the financial year.

The financial accounts of CODESRIA is denominated in CFA in Quickbooks. The Chief Accountant uses the bank rate at 31 December to retranslate the amount as per the bank statement of the USD bank account to CFA equivalent. The Chief Accountant compares the bank balance in CFA as per Quickbooks with the retranslated CFA amount on the bank statement.

The difference is accounted as a foreign exchange gain or loss.

As per the Chief Accountant, there are no other foreign exchange adjustments processed in the books of CODESRIA. Transactions are in USD and are received and paid from the USD bank account. These are then recognised in the books of CODESRIA in CFA at the spot rate provided by the bank.

---

\(^9\) As per XOF/USD Oanda foreign exchange of 2 May 2019.
The Executive Secretary explained that as from 2019 the Council plans to change denomination of the financial accounts to USD and that foreign exchange rates will be taken from the Oanda.com website.

6. **Forwarding of funds/sub-granting**

6.1. **Routines and systems in place**

CODESRIA does not have a separate ‘Grant Management Manual’ as the procedures are included in the Administrative, Financial and Accounting Procedures Manual (the ‘Manual’) under “Gestion de la Formation, des bourses et subvention” which outlines the step by step guide in terms of:

- Establishing types of training and eligibility to grants
- Proposal and selection of grantees
- Agreement with laureates and the Council
- Budgeting & disbursement schedule
- Disbursement of grants
- Post grant monitoring and reporting

6.2. **Selection process for academic scholarships**

All CODESRIA research grants are the subject of an open competitive call. CODESRIA uses an online submission system to manage applications received from academic scholars. Applicants need to be a paid member of CODESRIA and social science and humanities scholars with citizenship to any African country irrespective of current location to be eligible for an academic scholarship. Members can be institutionalised members (membership fees of USD 500 per annum), individual members (USD 30 per annum) or student members (USD 20 per annum).

The academic scholars access the website for online submission and apply for one or more programmes from the list of programmes advertised. The academic scholars make a submission for their application online after creating an account. The academic scholar sees the programme he applied for on his dashboard and receives an automatic email where CODESRIA acknowledges successful submission of the programme with a unique assigned application ID number.

The Programme select reviewers and IT at CODESRIA assigns independent reviewers, who are not a staff of CODESRIA, to each application through the management back office screen. The programmes are classified by ‘approved’, ‘pending’, ‘rejected’, amongst others in the management back office screen. As the status of the programme is updated in the management back office screen, this is also updated in the dashboard of the applicant.

The setting ‘Enable Blind Reviews’ is active on the online system to preserve anonymity of the applicant and the reviewer. The reviewers are notified by email when a programme is assigned to them for review.

All applications are first sent to two scholars in universities in Africa and outside Africa for review. They review the applications and provide a score from 0 to 10, along with comments on each proposal. They also provide general comments on the batch of applications that they evaluate.

The Senior Programme Officers (Research Program, Training, Grants and Fellowships, Publications) and the Programme Officer from CODICE constitute moderators to review shortlisted applicants through an interdepartmental committee. The interdepartmental committee has to shortlist an applicant if the two blind reviewers have considered the application as adequate even if the application is not to the expected
standard. In the same way, the interdepartmental committee cannot shortlist an applicant if the two blind reviewers have considered the application as inadequate even if the application is to the expected standard.

The interdepartmental committee also performs a quality control review on the applications for the shortlisted candidates after considering gender, nationality, language, geographical location and themes. The committee prepares a selection report and shares same with the ES for his final decision on the shortlisted applicants to select for funding.

The selection report describes the methodology in the selection process, the names of the people in the selection committee, a breakdown of the candidates with regards to gender, language, region and country, the list of those selected and general comments by the evaluators, and the rating given for each of the candidates.

A programme report is tabled at each Executive Committee on the applicants selected for academic scholarship/research grant.

6.3. Agreements with partner organisations

CODESRIA provides grants mainly to individuals and groups (of individuals), and the instances where grants are provided to organisations are minimal.

The Contract template is used for all sub recipient, which include standard clauses around:

- The responsibilities of the researchers;
- Workshops to attend;
- Timeframe to submit 3 narrative and 2 financial reports, manuscripts and articles during the 16 months of the contract;
- Grant disbursement mode; and
- General terms & conditions for sub recipient to abide by (publication, copyright, and provision of a budget, etc).

We have selected the MRI 2017 Research programme for review and have been provided with the call, the list of applications, the selection reports, the evaluators list as well as the selection memo sent by the Head of programme and on which the ES confirmed his approval of those proposals selected to be funded. We have been given the list from the Meaning-Making Research Initiatives (MRI) of the current fifteen grantees (made up of individuals and groups) and have reviewed four of the grantees’ contracts noting no issues.

6.4. Reporting requirements from sub grantees

Sub grantees are required to submit a financial report and a narrative report within set timeframes at the end of the grant period. During the grant period, the sub grantees are required to submit progress reports to demonstrate achievements as part of the grant contract.

All reports and manuscripts are read by researchers from the three Programmes and from CODICE, and also from the resource people contracted by CODESRIA to accompany the grantees such that the projects will receive multiple sets of comments on each report or draft manuscript sent through. As submission deadlines for reports and manuscripts approach, CODESRIA sends out frequent reminders and emails. Grantees who have not negotiated extensions with CODESRIA when deadlines are not met, and who demonstrate an unwillingness to complete their work now have their contracts cancelled.
Once grantees complete their work, these are sent to the Publications programme which undertakes an independent process of blind external peer reviews before it makes publications decisions. The first right of publication of the work stays with CODESRIA.

CODESRIA prepares an annual narrative report whereby they provide information on the actual progress towards results. The latest 2018 report has been reviewed during our fieldwork.

A total number of 116 participants applied for the 2017 MRI programme. Out of 364 applications received by the Training, Grants and fellowships Programme in 2017, 113 were selected and out of 522 applications received in 2018, 90 were selected. This shows that there is a growing number of applications which CODESRIA is receiving year on year and for which funding is required.

From the MRI 2017 Research programme selected, we have reviewed four of the grantees’ contract and seen 1st draft narrative reports and draft article reports submitted to date. However, none of the grantees provided the financial report due by 31 December 2018 as at 12 April 2019. The Head of the Research programme has already requested for his assistants to chase up the grantees for the financial reports where applicable.

1st instalment representing 40% of the amount allocated for the research:
- No significant delays noted in the payment of the 1st instalment, except for contract reference MRI/CTR 7/2017.
- The contracts were signed middle of February 2018 and amounts paid on 2 March 2018, except for MRI/CTR 7/2017 paid in May 2018.

2nd instalment representing 30% of the amount allocated for the research:
- The 2nd instalment is payable after submission and approval of the first draft of the manuscript which needs to be revised to an acceptable level before the second tranche of the payment is made.
- Even though all four grantees submitted their first draft in February 2019, rather than 31 January 2019, they have not been paid their 2nd instalment as there is an on-going back and forth exercise between the grantees and those reviewing their work to ensure a quality research manuscript is given.

3rd instalment representing 30% of the amount allocated for the research:
- The 3rd and final instalment is payable upon receipt of the internal and external approval of the final manuscript, as well as the final financial report.
- None of the grantees submitted their 2nd draft of the manuscript as at 12 April 2019, that were due by 31 March 2019.
- The final manuscript needs to be submitted to CODESRIA by the 30 June 2019.

Findings:
- Previously, there was no evidence that progress monitoring was done on the sub grantees by CODESRIA to verify progress on objectives and compliance with sub grantee contracts which explains why there are payments still being made to grantees with whom contracts have been entered several years back (e.g. 2005 as per payables). However, there is now a list by each programme which monitors each grantee, their progress status, payments done and those to be done and action to be taken. CODESRIA has also taken measures to cancel the research contracts of those grantees who were not adhering to the requirements of the grants provided.
- CODESRIA explained that emphasis is put on quality of reports, rather than quantity of grantees to submit the narrative reports by the deadline as per the contracts, as long as there is ongoing communication between the grantees and those following them in their research.
We noted from our sample of four grantees reviewed, that none has submitted the first financial report that was already due. The Research Programme Head confirmed that only four of the other grantees submitted financial reports and they were following up on the remaining grantees to provide same.

**Recommendations:**

► CODESRIA should ensure that grantees follow the conditions as per the contracts so that grantees are made responsible for all the conditions that they have signed up for and there are no long delays between the time they are supposed to submit their reports and the actual date of submission. This will facilitate the technical and administrative management of the grants.

► Since grantees are given different amounts, the head of programmes in their follow-up table, should include an additional column with regards to the total amount of the grant and the payments made to date in amount so that a proper follow up can be made.

### 6.5. Register of academic scholars

There is no one consolidated list of all grantees available, however, the different departments have their respective individual list which they forward to the accounting department. Currently, administering of grants is being managed by the Senior Programme Officers for “Research”, “Training, Grants and Fellowship”, “Publications and Dissemination” and “Director of Administration and Finance” with the Executive Secretary. The programmes have their respective follow-up tables.

### 7. Conclusion

We have in this report assessed CODESRIA’s internal management and control with special emphasis on the following main areas as per the ToR:

- Management and organisation;
- Risk management;
- Anti-corruption;
- Audit, procurement and financial management; and
- Forwarding of funds/sub-granting.

Following our observations and based on our interviews with CODESRIA’s representatives, we consider CODESRIA has an acceptable internal control environment. Furthermore, the organisation has an overall effective regulatory framework in line with the size and has policies and procedures in place that are disseminated to all staff and applied.

However, we believe that CODESRIA can further improve the existing controls related to organisation structure, management and organisation and forward of funds/sub-granting. The recommendations are presented in priority order in Appendix 1.

We perceived CODESRIA to receive our recommendations with a high degree of interest and appreciation. CODESRIA representatives seemed eager and willing to implement the recommendations presented in the different sections, to further strengthen its internal controls.

We also recommend Sida to follow up on the organisations implementation of the recommendations within a timeframe decided together with the organisation.
## Appendices

### Appendix 1 – Recommendations in priority order

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Priority</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recommendations</strong></td>
<td><strong>Priority</strong></td>
<td><strong>Reference</strong></td>
</tr>
<tr>
<td>Given that corruption is a risk that can arise at different staff levels, we recommend management to circulate the anti-corruption policy and the code of ethics with all the staff members of CODESRIA.</td>
<td>1</td>
<td>Section 4.1</td>
</tr>
<tr>
<td>The contracting procurement guidelines are updated to provide a clear and accurate policy on procurement of ‘less than or equal to CFA 100,000’ (USD 171) and ‘CFA 50,000’ (USD 86).</td>
<td>1</td>
<td>Section 5.2</td>
</tr>
<tr>
<td>CODESRIA implements rigorous measures to finalise the audited financial statements and management letter as at 31 December 2018 after obtaining same from the external auditor, so as to submit the audited financial statements to Sida within the deadline of 31 May 2019.</td>
<td>1</td>
<td>Section 5.2</td>
</tr>
<tr>
<td>Management engages with the current focal person of CODESRIA at SIDA to identify to whom to submit the financial report of the RFGI project at the earliest.</td>
<td>1</td>
<td>Section 5.3</td>
</tr>
<tr>
<td>The financial statements as at 31 December 2018 is finalised with immediate effect and actual expenditure for the financial year ended 31 December 2018 is compared with the total budgeted expenditure.</td>
<td>1</td>
<td>Section 5.3</td>
</tr>
<tr>
<td>For the financial year ending 31 December 2019, the budgeted expenditure is processed in Quickbooks with immediate effect. The budget analysis is performed monthly where total actual expenditure is compared with budgeted expenditure so as to monitor potential budget overruns closely.</td>
<td>1</td>
<td>Section 5.3</td>
</tr>
<tr>
<td>Management performs rigorous monitoring on deadlines for deliverables to donors to ensure timely submission of the deliverables as per funding agreements. This can be implemented through the design of a month end and year end reporting checklist which include cut off dates of key month end procedures.</td>
<td>1</td>
<td>Section 5.3</td>
</tr>
<tr>
<td>Reports are systematically retained on file when issuing payment to consultants.</td>
<td>1</td>
<td>Section 5.3</td>
</tr>
<tr>
<td>Agreements consistently include bank account details of researchers/consultants which is used when making payments to the latter.</td>
<td>1</td>
<td>Section 5.3</td>
</tr>
<tr>
<td>To have a resilient team which can adequately deliver on the strategic goals of CODESRIA, the recruitment procedures for the vacant positions need to be completed as soon as possible, mainly for those that are “urgently needed”.</td>
<td>2</td>
<td>Section 2.1</td>
</tr>
<tr>
<td>Recommendations</td>
<td>Priority</td>
<td>Reference</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>-----------</td>
</tr>
<tr>
<td>The Organisation Chart (approved by the EC in 2007) needs to be updated to reflect those posts that are no longer needed (e.g. the Programme officers under the Research and Training, Grants and Fellowships Programmes that are needed but have never been filled. CODESRIA needs to see if the Organigram needs to be updated in this respect) and to establish clear reporting lines. In so doing, management should also focus on whether training is required for the current staff.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establish the Development Unit within the office of the ES as approved by the Executive Committee.</td>
<td>2</td>
<td>Section 2.2</td>
</tr>
<tr>
<td>CODESRIA has made some efforts in diversifying sources of funding but it should pursue its effort to diversify its effort to identify and secure financial partners.</td>
<td>2</td>
<td>Section 2.2</td>
</tr>
<tr>
<td>Evidence of approval of key documents such as the salary grid for local staff is retained on file for easy access and reference and updated as necessary.</td>
<td>2</td>
<td>Section 2.3</td>
</tr>
<tr>
<td>The staff salary scales list is updated to reflect the right grade and amount to be transparent in the payment of salary for all staff.</td>
<td>2</td>
<td>Section 2.3</td>
</tr>
<tr>
<td>We recommend that there should be a formalised documentation with regards to the Daily Subsistence Allowance/Per diem of USD 50 for Africa and USD 100 outside of Africa.</td>
<td>2</td>
<td>Section 2.5</td>
</tr>
<tr>
<td>Documentation on the rationale for removing risks from the risk register is retained so that the log of risks in the risk register is complete</td>
<td>2</td>
<td>Section 3.1</td>
</tr>
<tr>
<td>The risk register includes defined criteria, based on likelihood and impact of the risk, on which to assign the risk rating to each risk. Risks are rated in accordance with the defined criteria.</td>
<td>2</td>
<td>Section 3.1</td>
</tr>
<tr>
<td>We understand that reviewers give comments on the papers and proposals which they review. However, a defined criteria or rationale should be established for the score rating of 0 to 10 as guidance to assist the reviewers, for consistency, especially those reviewers who are new to CODESRIA.</td>
<td>2</td>
<td>Section 4.2</td>
</tr>
<tr>
<td>Develop a funding strategy and a workplan. We understand that this will be completed once the Development Unit is set-up.</td>
<td>3</td>
<td>Section 2.2</td>
</tr>
<tr>
<td>Further develop internal revenues in line with its roadmap which was annexed to the agreement with Sida for the 2017 to 2021 programme cycle.</td>
<td>3</td>
<td>Section 2.2</td>
</tr>
</tbody>
</table>
We recommend that all urgent vacant positions at CODESRIA are filled at the earliest so that not all procedures need to go through the Executive Secretary for approval.

Management investigates in the weaknesses that can be resolved to mitigate or reduce the risks of these weaknesses. Management finds alternative solution to weaknesses for which the recommendation made by the external auditor is not feasible and management implements a defined timeline to address these weaknesses.

The estimated annual expenditure of procurement items in the procurement plan is assigned to all activities mentioned in the annual work plan of CODESRIA.

The appointment letter is sent to the auditor selected following evaluation well in advance of the deadline for submission of audited financial statements and management letter to Sida.

CODESRIA should ensure that grantees follow the conditions as per the contracts so that grantees are made responsible for all the conditions that they have signed up for and there are no long delays between the time they are supposed to submit their reports and the actual date of submission. This will facilitate the technical and administrative management of the grants.

Since grantees are given different amounts, the head of programmes in their follow-up table, should include an additional column with regards to the total amount of the grant and the payments made to date in amount so that a proper follow up can be made.

The Executive Secretary together with the Executive Committee finalise the decision whether or not CODICE should be treated as a separate unit so that they can proceed with ensuring all vacant positions are filled in.

The table below illustrates the risk assessment criteria as per the ToR:

<table>
<thead>
<tr>
<th>Priority Scale</th>
<th>Description of Priority</th>
<th>Suggested timeframe for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Critical</td>
<td>Immediately</td>
</tr>
<tr>
<td>2</td>
<td>Important</td>
<td>Within 6 months</td>
</tr>
<tr>
<td>3</td>
<td>Recommended</td>
<td>Within 12 months</td>
</tr>
</tbody>
</table>
Appendix 2 - List of persons met

CODESRIA

<table>
<thead>
<tr>
<th>Name</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Godwin Murunga</td>
<td>Executive Secretary</td>
</tr>
<tr>
<td>Divine FUH</td>
<td>Head of Programme Publication and Dissemination</td>
</tr>
<tr>
<td>Oanda Ogachi</td>
<td>Head of Programme Training, Grants and Fellowships</td>
</tr>
<tr>
<td>Ato Onoma</td>
<td>Head of Programme Research</td>
</tr>
<tr>
<td>Tiny Diswai</td>
<td>Director of Administration and Finance (DAF)</td>
</tr>
<tr>
<td>Gladys Nkengne</td>
<td>Chief Accountant</td>
</tr>
<tr>
<td>Bassirou Wagne</td>
<td>IT Officer</td>
</tr>
<tr>
<td>Bouchra Hida</td>
<td>Programme Officer Research</td>
</tr>
<tr>
<td>Francine Adade</td>
<td>Programme Assistant</td>
</tr>
</tbody>
</table>

Appendix 3 – Audit opinion extracted from audit report

Audit of financial statements as at 31 December 2017

The review of the Headquarters Agreement named “Accord de Siège” on 20 January 1977 between CODESRIA and the Government of Senegal reveals exceptions related to the requirements of Article 181 and following of the General Tax Code with regard to withholding tax on the salaries paid to local Senegalese staff. These exceptions had to be clear to avoid a tax risk and penalty to CODESRIA. We understand that the regularizations procedures are started in 2018.

Financial audit in respect of Sida’s contribution number 51000196 as at 31 December 2017

During performing our audit, we noted the matters presented below:

a) Salaries paid on SIDA Grant

In reviewing the SIDA’s financial report, we noted that over several months, the Council charged salaries to SIDA funds that the amounts exceed the 15% agreed in the budget line “Administrative Costs”. These expenditures are ineligible and needed to be authorized by SIDA.

b) Non respect of SIDA’s procurement policy

On our sample of expenses tested, we found that CODESRIA is not fully compliant with the procurement policy annexed to SIDA’s agreement in terms of updating the list of suppliers, bidding request, and restricted consultation. We did not find fraud in the sample tested but the procurement policy should be fully compliant.

Audit of financial statements as at 31 December 2016
The accounts for the previous financial year ended as of 31 December 2015 had been qualified with the following matters:

1. CODESRIA used an integrated software called "Lucie" for the processing of administrative and financial data. However, the parameterization of the application of inventory management had limitations on the performance of due diligence. The stock management file extracted from the system did not provide the following information:
   - ✓ the gross value of inventories;
   - ✓ the amount of the depreciation;
   - ✓ the date of entry into storage.

Consequently, an inability to perform all due diligence required in order to obtain an assurance on the valuation of the stock depreciation for an amount of KF CFA 447,786 was noted.

2. The review of the Headquarters Agreement named “Accord de Siège” on 20 January 1977 between CODESRIA and the Government of Senegal reveals exceptions related to the requirements of Article 181 and following of the General Tax Code with regard to withholding tax on the salaries paid to local Senegalese staff. These exceptions had to be clear to avoid a tax risk and penalty to CODESRIA.

As results of our audit work on the financial statements for the year ended as of 31 December 2016, we noted that the matters previously noted above, have not been clear and are still outstanding.

Appendix 4 – Table showing the Roadmap and Action plan recommendations and status as at December 2018
<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Actions to be taken</th>
<th>Completed/undertaken</th>
<th>Completed but needing revision</th>
<th>Partly completed/Incomplete</th>
<th>Ongoing</th>
<th>Task postponed</th>
<th>Not yet started</th>
<th>Declined to proceed further</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Developing roadmap for reforms</td>
<td>7</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>2.</strong> Completion of Implementation of Governance Reforms</td>
<td>14</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong> Diversifying of core funding sources</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>4.</strong> Strengthen the oversight role of the Executive Committee</td>
<td>5</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td><strong>5.</strong> Make greater and more effective use of the intellectual resources in the Scientific Committee; firmly institutionalize linkages between the Scientific Committee and CODESRIA Publishing.</td>
<td>5</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>6.</strong> Strengthen Decentralisation of CODESRIA work.</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td><strong>7.</strong> Managing the heavy workload, delegation, and lines of reporting at the Secretariat level and building teamwork among staff</td>
<td>8</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td><strong>8.</strong> Review and reform the organisation of CODESRIA’s General Assembly and other key events</td>
<td>6</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>9.</strong> Establish robust and effective Monitoring and Evaluation System</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td><strong>10.</strong> Managing membership and building strong constituencies</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>11.</strong> Reform and improve communications (internal and external) as well as information systems and software</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>12.</strong> Reform knowledge, production and dissemination and the knowledge policy nexus.</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>13.</strong> Reform of knowledge management functions of CODICE</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td><strong>14.</strong> Revamping of Training, Grants and Fellowship Programmes</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>