



**Republic of Cameroon**

*Peace – Work – Fatherland*

## **Audit Bench of the Supreme Court**

# **ANNUAL REPORT 2009**

## MISSIONS OF THE AUDIT BENCH

The Audit Bench of the Supreme Court of Cameroon is competent:

- (1) ***To control and rule on public accounts as well as those of public and semi-public enterprises.***

Section 41 of Law No. 96/06 of 18 January 1996 to amend the Constitution of 2 June 1972;

- (2) **To give its opinion on Settlement Bills presented before parliament:**

Section 39 of Law No. 2006/016 of 29 December 2006 to lay down the organization and functioning of the Supreme Court;

- (3) **To draw up and publish annual reports on State accounts to be submitted to the Head of State:**

Section 39 of Law No. 2006/016 of 29 December 2006 to lay down the organization and functioning of the Supreme Court;

- (4) **To submit to the President of the Republic, the President of the National Assembly and the President of the Senate an annual report setting out the general results of its deliberations and pertinent observations with a view to reforming and improving upon the keeping of accounts and the discipline of accountants.**

Section 3 of Law No. 2003/005 of 21 April 2003 on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court of Cameroon.

This report was prepared by the Programming and Public Report Committee under the coordination of **Mr. FOU DA AMOMBO**, Master of the Supreme Court. Its members include: **Messrs André DJOKO, Philippe THEUMOUBE, Madam Jeanne d’Arc MVOGO ép. MBARGA**, Masters of the Supreme Court, **Mr. YEBGA MATIP**, Puisne Judge of the Supreme Court, **Mr. Jeannot BIAKAN à NGON**, Advocate General and **Mr. Dieudonné HAMAN**, Registrar.

Proofreading of the draft report was done by a committee headed by **Mr. Joseph BELIBI**, Senior Advocate General of the Supreme Court and composed of Messrs **George MOUTCHIA AMBE, Théodore MBENOUN, Mesdames Justine WACKA, Lucienne SIMO TCHUENTE, ép. SIMO BOBDA**, Division Presidents, Messrs **MANGA MOUKOURI, FOU DA AMOMBO, Achille FOU DA NKODO, David NDONGO ETAME, Jean Claude ALIMA**, Masters of the Supreme Court, as well as **Mr. Michel PAGUEM**, Registrar-in-Chief.

The final report was adopted in a session of the Chambers on 24 of August 2010.

## RULING

In accordance with the provisions of Order No.002/CDC/CSC of 20 February 2006, signed by the President of the Audit Bench to determine the matters to be examined by the various sessions of the jurisdiction, the Audit Bench deliberating in Chambers, adopted this report prepared in compliance with section 3 of Law No. 2003/005 of 21 April 2003 relating to the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court.

The following were present:

- **Mr. Marc ATEBA OMBALA**, President of the Audit Bench;
- **Messrs George MOUTCHIA AMBE, Theodore MBENOUN, Mesdames Justine WACKA, Lucienne SIMO TCHUENTE, ép. SIMO BOBDA**, Division Presidents;
- **Messrs Pierre KAMENI, DITOPE LINDOUME, Andre DJOKO, MANGA MOUKOURI, Narcisse HAKAPOKA, FOU DA AMOMBO, NGAN Evaristus AZEH, Achille FOU DA NKODO, Philippe THEUMOUBE, David NDONGO ETAME, Martin Bienvenu MIKONE, Mrs Jeanne d’Arc MVOGO ép. MBARGA, Messrs Elie NDJOM NACK, Jean Claude ALIMA**, Masters of the Supreme Court;
- **Messrs YEBGA MATIP, EZO’O BIZEME, and OUMAROU ABDOU**, Puisne Judges of the Supreme Court.

The following were also present and took part in the discussions: **Messrs Joseph BELIBI**, Senior Advocate General, **Jeannot BIAKAN à NGON**, Advocate General.

**Mr. Michel PAGUEM**, Registrar-in-Chief, performed secretarial duties.

*Done in the Audit Bench of the Supreme Court on 24 of August 2010.*

## FOREWORD

*“Non nova, sed nove”<sup>1</sup>*

This 2009 Annual Report, the fourth produced by the Audit Bench, breaks the traditional presentation which hinged on the judicial and non judicial activities on the one hand, and on recommendations on the other hand.

While still giving them a preponderant place, this report adopts an approach which gives a better account of the results of the control and ruling on accounts.

In fact, statistical data which usually form the bases of the activities of the Bench in the annual reports have been completed by final rulings and observation reports.

To the Bench this means making known the jurisprudence which it is building. It also means situating a ruling or a report on an account, injunctions, observations and recommendations in a real context. These are the important illustrations of the difficulties or public management errors which, by dint of being presented because of their recurrence, may lose their relevance.

Another innovative aspect of this annual report concerns the developments in the accounts control environment. This environment which takes account of the human and financial resources of the Bench and its methods and control tools, has an influence on the performances of the jurisdiction which deserve to be analyzed.

Lastly, the activities of the Legal Department which were once diluted in the presentation of the work of the Bench are highlighted in this report.

Meanwhile, the report remains faithful to legal provisions: to present to the Head of State, the President of the National Assembly and the President of the Senate in a

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<sup>1</sup> « Not new things, but a new method »

new way *“a report on the general result of its work and the observations which it thinks it can formulate in view of the reform and amelioration of the keeping of accounts and discipline of accounts.”*

This new approach is still within the framework of the fundamental mission of the Audit Bench, which is, to contribute in the improvement of public finance management.

**ALEXIS DIPANDA MOUELLE**

*Chief Justice of the Supreme Court*

## INTRODUCTION

The law empowers the Audit Bench to fulfil missions oriented essentially towards three fundamental axes:

- Judicial control;
- Control of the accounts of public and semi-public enterprises and those of any corporate person that receives financial assistance from the State, exploits a public service or a State monopoly or receives funds collected through national or international generosity;
- Assistance and counsel to public authorities: to Parliament through the opinion the Bench gives on the Settlement Bill and to Government especially the report on State accounts addressed to the Head of State.

To give account of these activities, the Audit Bench uses its annual report as the principal communication vector. It does not content itself with requesting public accountants and officials of public and semi-public enterprises to render account of their management in compliance with the law. It also gives account of the results of the controls which it carries out on these managements as well as the exercise of its other missions.

This annual report of the Bench, like the previous three, meets this requirement. Drawn up in application of the provisions of section 3 of Law No. 2003/005 of 21 April 2003 on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court of Cameroon, its aim is to give information on the balance sheet of activities of the Audit Bench, that is, judicial and administrative activities.

These activities are performed by all the staff. At the front line are the Legal and Judicial Officers who apply varied methods and use various tools. This justifies why the report firstly identifies the available human and financial resources, and the methods and tools used for controls. This is the focus of the first part.

The effective performance of the activities is described in the two parts that follow.

Part two of the report traces the deployment of the jurisdiction in issues of training of the personnel, cooperation and its relations with public authorities. Control activities during 2009 are presented in the form of inventory in their double aspect of judicial control and control of the accounts of public and semi-public enterprises to which may be associated thematic controls.

Part three, illustrates the control of accounts performed in the four Divisions of the Bench.

Lastly, the most important recommendations formulated by the Bench during the 2009 controls and those of the previous years that did not have an effect have been recapitulated in part four. Mention is equally made there of certain calls to order or regularizations following observations made by the Bench.



PART ONE. RESOURCES AND CONTROL METHODS OF  
THE AUDIT BENCH

## **CHAPTER 1. RESOURCES OF THE AUDIT BENCH**

Two major factors have played a determining role in the realization of the activities of the Audit Bench during 2009; they are human and financial resources.

### **SECTION 1. HUMAN RESOURCES OF THE AUDIT BENCH**

As at 31 December 2009, the total number of active personnel at the Bench was eighty-three (83) persons comprising twenty-four (24) Legal and Judicial Officers, fourteen (14) courts Registry staff and forty-eight (48) other administrative and technical personnel.

This number does not include security and cleaning staff.

#### **I. Staff strength**

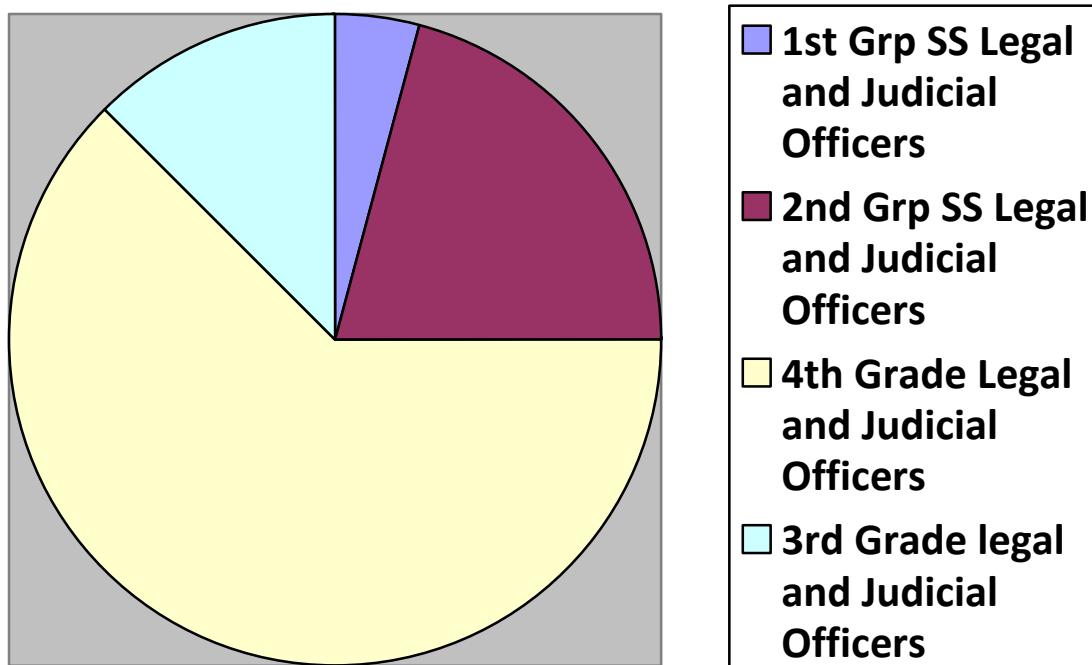
##### **1. Legal and Judicial Officers**

While the law of 29 December 2006 increased the powers of the Bench, the number of Legal and Judicial Officers has not changed during the four years of its functioning. Note should however, be taken of the death on 28 June 2009 of the very first President of the Audit Bench which brought down the number of Legal and Judicial Officers from twenty-two (22) to twenty-one (21). The number of the staff at the Legal Department has remained the same (3).

The distribution by grades of these twenty-five (25) Legal and Judicial Officers is as follows:

- 1<sup>st</sup> group Super scale Legal and Judicial Officers: 02
- 2<sup>nd</sup> group Super scale Legal and Judicial Officers: 05
- 4<sup>th</sup> grade Legal and Judicial Officers: 15
- 3<sup>rd</sup> grade Legal and Judicial Officers 03

**Graph No.1. Distribution of Legal and Judicial Officers by grades**



## **2. Court Registry staff**

At the onset of the activities of the Bench in 2006, there were nine (9) Court Registry staff including the Registrar-in-Chief, four (4) Registrars of Divisions, two (2) Registrars performing administrative duties as Service Heads and two other Registrars.

The staff strength of Court Registry personnel has increased significantly since by the end of 2009 there were fourteen (14) in function at the Audit Bench. The distribution by category of this personnel is as follows:

- Category A: 03 Court Registry Administrators
- Category B 1: 07 Court Registrars
- Category B 2: 03 Senior Registrars
- Category C: 01 Assistant Court Registrar

## **3. Other personnel**

There are forty-eight in number among which are:

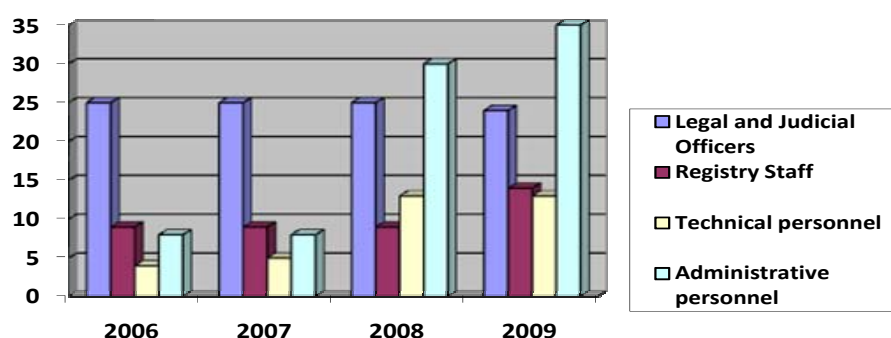
- technical personnel: archivists and documentation officers (9) and computer specialists (4);
- administrative personnel: secretaries (10) and drivers (25).

## II. General evolution of personnel in activity at the Audit Bench

**Table No. 1** General evolution of staff strength

Designation	2006		2007		2008		2009	
	No.	%	No.	%	No.	%	No.	%
Legal and Judicial Officers	25	54.34	25	53.19	25	32.47	24	27.90
Registry personnel	9	19.57	9	19.15	9	11.69	14	16.28
Technical personnel	4	8.70	5	10.64	13	16.88	13	15.12
Administrative personnel	8	17.39	8	17.02	30	38.96	35	40.70
<b>Total</b>	<b>46</b>	<b>100.00</b>	<b>47</b>	<b>100.00</b>	<b>77</b>	<b>100.00</b>	<b>86</b>	<b>100.00</b>

**Graph No. 2.** Distribution of personnel by category



## III. Building the capacity of the Bench

The capacity building of the Bench is based on two factors, that is, increasing the staff strength and training.

## **1. Increasing staff strength**

The scope of competence of the Audit Bench as defined by the law of 21 April 2003 and extended by that of 29 December 2006 involves reinforcing the staff strength of the Bench. Today, even though the annual programme takes account of the number of Legal and Judicial Officers in charge of controls, it is evident that the recruitment of assistant auditors, subject of recurrent requests by the Bench would improve on the output of the jurisdiction.

It is only natural that the Bench, considering the transfer of a certain number of senior contract staff and Registry personnel, started a reflection in 2009 on using them as assistant auditors after in-house training. Reflection on this palliative solution should be concretized in 2010.

The training dispensed, is not sufficient to render them assistant auditors. The recruitment of auditors is therefore of urgent necessity.

## **2. Training**

By reason of the importance of human resources in the accomplishment of the missions and competences devolved on the Bench, the Bench made substantial efforts in 2009 in matters of training. The objective sought was to improve the professional level of the Legal and Judicial Officers and administrative and technical cadre.

To this end, the Training and International Cooperation Committee put in place a training programme centred on seminars, exchange forums, refresher trainings and information missions to other financial jurisdictions.

The programme aimed at attaining these objectives:

- To improve their knowledge of finance and accounting;
- To enable the Legal and Judicial Officers to appropriate modern control methods and tools;

- To reinforce their skills in the domain of compliance audit and financial audit;
- To inform Legal and Judicial Officers on the evolution of the techniques of public finance control in other countries;
- To fine-tune the training of Registry personnel, administrative and technical cadres.

The density of this training falls within the non judicial activities of the Bench.

## **SECTION 2. FINANCIAL RESOURCES**

In 2009, like in preceding years, the financing of the activities of the Audit Bench depended on the budgetary resources of the State on the one hand and on external financial contributions mobilized by the State of Cameroon, on the other hand.

### **I. State budget**

The 2009 Finance Law provided a budgetary allocation of 1,242,000,000 CFA francs excluding salaries for the Audit Bench. This allocation distributed between running expenses (84%) and investment (16%) increased by 7.4% in relation to the previous financial year.

If it is true that the Bench has during the first two years benefited from substantial credits for its installation, development of its judicial activities, counsel, awareness and rationalization of the management of accounts and archives justified the maintenance of the level of appropriations, failing an increase.

The effective expenditure of the Bench in 2009 rose to 1,129,537,096 CFA francs, an increase of 34% in relation to 2008 while it had drastically reduced by 25% from 1,136,049,108 CFA francs to 841,135,374 between 2007 and 2008.

The table below traces the evolution of the Bench's budgetary expenditures for the last three years.

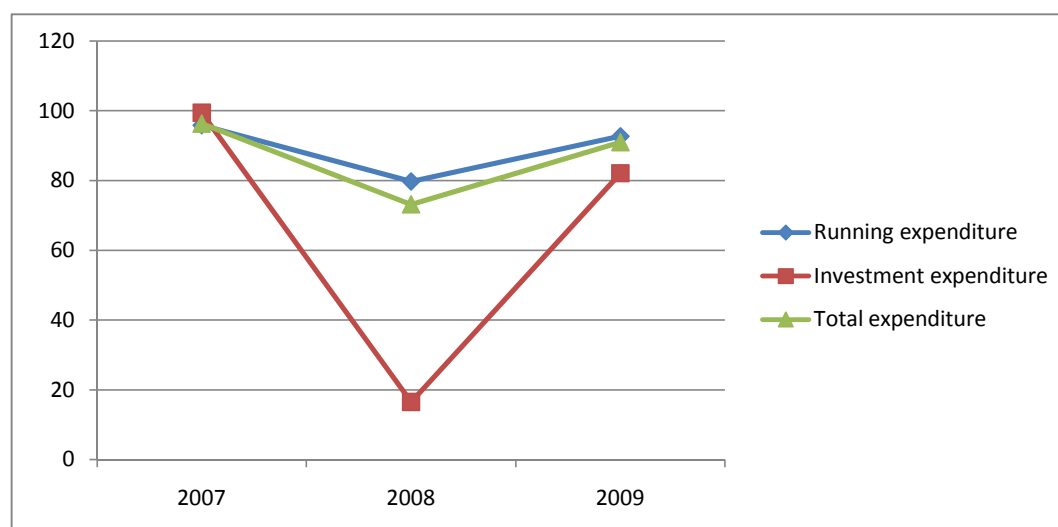
**Table 2: Evolution of budgetary expenditure of the Audit Bench as at 31 December 2009**

(in thousands CFA F)

	Financial years			
		2007	2008	2009
Running expenditure	Estimates	1 030 000	1 030 000	1 042 000
	Realizations	986 902	821 288	965 396
	Realization rate (%)	95.82	79.74	92.65
Investment expenditure	Estimates	150 000	120 000	200 000
	Realizations	149 147	19 847	164 141
	Realization rate (%)	99.43	16.54	82.07
Total expenditure	Estimates	1 180 000	1 150 000	1 242 000
	Realizations	1 136 049	841 135	1 129 537
	Realization rate (%)	96.28	73.14	90.95

Lastly, the following graph below gives a better picture of the level of use of credits by the Audit Bench from the 2007 to 2009 financial years.

**Graph No. 3. Evolution of the realization rate of expenditure over the 2007 to 2009 period.**



## 2. Foreign financial assistance

Foreign financial assistance played an important role in the setting up of the Bench and the take-off of its activities. This is especially the case with the aid provided by the European Union which deployed its help through the Programme of Ameliorating Management and Transparency of Public Finances (PAGT) signed with the Republic of Cameroon.

Other multilateral donors such as the African Development Bank (ADB) and the Commonwealth or bilateral donors such as Italy and France, made contacts which give hope of fruitful cooperation with the Cameroon financial jurisdiction.

Without being exhaustive, some of the financial contributions made to the Bench in 2009 can be cited. They mainly include funding by the European Union (EU) and the African Capacity Building Foundation (ACBF).

## **1. European Union**

In 2009 the aid granted by the European Union within the framework of the second year Growth Programme Estimate (DP2) of the PAGT/FP consisted essentially of the funding of forums and seminars including:

- The exchange forum between the Legal and Judicial Officers of the Bench and auditors;
- The exchange forum between the Legal and Judicial officers of the Bench and members of the Finance and Budget Committee of the National Assembly;
- The forum with chairpersons of Boards of Directors of public establishments and public and semi-public enterprises;
- The training seminar of Legal and Judicial Officers of the Audit Bench and registrars in the OHADA system;
- The seminar to train mayors in the financial and accounting management of councils at the initiative of the Bench within the framework of its activities of awareness in the improvement of the production of accounts.

The European Union should also be credited for the purchase of a stand-by electric power generator and the installation of an intranet network at the Bench.

## **2. African Capacity Building Foundation (ACBF)**

Cameroon and the ACBF signed a grant agreement for the sum of US \$1,400,000 for financing the second phase of the project to build the economic and financial management capacity in the Republic of Cameroon (CAMERCAP). This project was put in place by the Programme to Build the Capacity of Control Structures in Cameroon (CASC). The Audit Bench being eligible for this programme benefitted in 2009, from financing in the form of the donation of a utility vehicle for transporting supporting documents. The salary of the driver of this utility vehicle is also paid by the Programme.

Lastly, it should be noted that the bilateral level of the cancellation of Cameroon's debt to Italy ensured the equipment of the Nkoza archives centre in 2009 and the purchase of another electricity power generator, both to the tune of 200,000,000 CFA francs. This sum entered the general State budget as HIPC funds.

## **SECTION 3. EQUIPMENT AND LOGISTICS**

### **I. Buildings**



The Head Office of the Audit Bench is a building of five floors which in 2006, received the first 25 Legal and Judicial Officers of the Bench. The staff number increased with the appointment of the Registrar-in-Chief, the Division Registrars and the arrival of other staff members without reaching its saturation point.

On the other hand, with the increase in personnel resulting from the transfer of archives and Registry personnel in 2009 the building showed its limits, hence the transfer of the archives to Nkozoa in the north of Yaounde.

The principal merit of this delocalization is the reduction of the need for filing and stocking space of accounts and archives which in most financial jurisdictions is a constant problem.

The improvements carried out at the Nkozoa archives centre have moreover ensured the installation of Registry staff in addition to archivists. There is no doubt that the acquisition by the State of a site will give the Bench the opportunity to set up a modern archives centre.

## **II. Office automation**

As at 31 December 2009, Legal and Judicial Officers, Registry personnel and secretaries each had a computer. This is an advantage at a time when the installation of the intranet was being completed, a tool for communication and sharing internal information.

Other office automation equipment was put at the disposal of the personnel of the Bench for the accomplishment of their tasks, that is, photocopiers, scanners, calculators.

It should be noted today however, that after four years of use this equipment, mainly computers, is becoming obsolete and their performance is not up to level.

The Bench is therefore conscious of the short-term urgent need to renew its computer equipment.

## **III. Electric power generators**

The purchase in 2009, of two electric power generators installed at the Head Office and the other in Nkozoa was a timely solution to the frequent power cuts in the offices. The generators, while maintaining the functioning of computer equipment, guarantee the permanence of activities in the Bench.

## **IV. Vehicles**

In 2009, the Chief Justice of the Supreme Court continued his policy of granting service vehicles to Legal and Judicial Officers of the high jurisdiction. In the year under review, thirteen (13) Legal and Judicial Officers of the Bench featured on the list of beneficiaries.

Moreover, as has already been mentioned, the African Capacity Building Foundation (ACBF) through the Programme to Build the Capacity of Control Structures in

Cameroon (CASC), furnished the Bench with a utility vehicle meant for the transportation of documentation between the Head Office and the archives centre.

## **CHAPTER 2. CONTROL METHODS OF THE AUDIT BENCH**

Generally, audit structures use various verification or control methods. Controls can be exhaustive or on a given sample. They can be vertical, that is concern an entity. They can also be horizontal, that is relate to a sector or on a public policy and look like what financial jurisdictions commonly designate as thematic controls.

Lastly, a periodicity of control of accounts of bodies within its competence can be instituted within a financial jurisdiction.

After four years of the exercise of control, the experience of the Audit Bench is today mainly based on the following methods:

- Exhaustive control;
- Sampling control;
- Verification cycles;
- Thematic control;
- Accounts auditing rhythm.

### **SECTION 1. EXHAUSTIVE CONTROL**

Control in the Audit Bench was first exhaustive control. The Legal and Judicial Officer acting as rapporteur in charge of the examination of an account exhausted all the aspects of the control of the said account. This involved among others the meticulous examination of all the documents of income and expenditure mentioned in all the various accounts.

This method was applied both within the framework of judicial control and that of the examination of the accounts of public and semi-public enterprises.

Even though it is an expensive method considering the time devoted to the examination itself of the account of one financial year, it nevertheless was of immense help to the Bench in the sense that it enabled the Legal and Judicial Officers to better comprehend the environment of the management of public finance for accounts of the State, regional and local authorities and public administrative establishments on the one hand, and those of private management which are public and semi-public enterprises and its scope of competence on the other hand.

By so doing the Bench was able to assess the catalogue of irregularities and other breaches of laws and regulations.

In 2009, the Audit Bench thus had a reliable panorama, notably of the inadequacies of controls by which all public accountants are bound in the exercise of their functions. This constituted indicators that could orient or deepen the control of a category of accounts or entities in one or several precise domains. This method ensures an eventual easier realization of control by sampling modules or cycles.

### **SECTION 2. CONTROL BY SAMPLING**

Accounts presented to the Bench are generally very voluminous. This limits the systemization of exhaustive controls considering the current staff strength of Legal and Judicial Officers acting as rapporteurs and the number of structures to be controlled.

Control by sample is therefore an alternative which nevertheless does not exclude exhaustive control.

Several criteria are retained to define a significant sampling in a way that the control of an account covers the maximum number of domains and operations likely to constitute a well of irregularities.

For example, the sample may include all expenditure operations whose amount is above a certain threshold. It may also equally be payments carried out on a given category of beneficiaries only.

Control of the management accounts of public accountants in 2009 regularly used this technique. Thus, stress was laid on aspects such as mission allowances, public contracts and imprest funds.

### **SECTION 3. METHOD OF AUDIT CYCLES**

International audit standards generally retain audit by cycles as a control method. In this case the control is on an aspect of the operation or situation of assets. This is controlled by modules. The most usual audit cycles or modules concern:

- Sales/clients;
- Purchases/suppliers;
- Salaries;
- Stocks and inventories;
- Fixed assets;
- Owner's equity.

The audit cycle method in which Legal and Judicial Officers were initiated during a seminar organized in 2009 on the audit of accounts prepared according to the OHADA accounting system, is better adapted to the control of the accounts of public and semi-public enterprises. It can also be applied on the control of management accounts. Thus the decision was taken in 2009 during a general assembly to start a control of inactive values within the annual programme of 2010 (stamps, windscreen licenses, toll gate dues) of accounting stations of the Republic.

### **SECTION 4. THEMATIC CONTROL**

As its name indicates, thematic control relates to a theme. This may concern a group of entities subject to control by the jurisdiction. It may also consist in the control of the respect of the legislation in a given sector. It is therefore horizontal control as against vertical control which is carried out on a single entity, either in an exhaustive method or by choosing audit cycles or a sample.

Thematic control has an important place in the work of financial jurisdictions. The Audit Bench adopted this practice as is presented elsewhere under specific controls.

## **SECTION 5. QUADRENNIAL AUDITING RHYTHM**

Auditing rhythm refers to the periodicity of the control of an account. It means determining the time interval between the controls of an entity. This interval is generally annual, triennial or quadrennial.

The principle of the frequency of control which did not initially retain the attention of the Bench is today on the agenda. It looks like one of the elements of a proper distribution of workload considering the insufficient number of human resources in relation to the number and volume of accounts submitted for control by the jurisdiction.

Thus, each Division, considering the number of Legal and Judicial Officers acting as rapporteurs, defines a periodicity that enables it to control at regular intervals a number of representative entities or significant financial volume within its sphere of competence.

For example, in 2009 the control of the accounts of public and semi-public enterprises was oriented towards the adoption of a quadrennial rhythm. Thus, accounts of a certain number of enterprises for four successive financial years were given to Legal and Judicial Officers for a unique control. These enterprises will have their accounts controlled only after four years from the recent financial year of the series of accounts already examined, except particular circumstances warrant a control before this timeline.

## **CHAPTER 3. LEGAL FRAMEWORK AND CONTROL TOOLS**

Controls exercised by the Legal and Judicial Officers, whether judicial or administrative, that is concerning accounts of public and semi-public enterprises are based on a number of tools. Some of these tools are mandatory in that they generally emanate from constitutional, legal or regulatory instruments. This is the case with the legal framework and annual programme of the Bench.

Others, such as the internet, are external sources of data. Lastly, a category of these tools is most often based on the jurisdiction itself and their use depends on the availability of the information they are supposed to produce. These are support tools. In the case of the Audit Bench, they include the intranet, the library and the Data bank centre.

### **SECTION 1. LEGAL FRAMEWORK**

Controls by the Audit Bench essentially aim at ensuring the regularity of management decisions. It means verifying that these decisions are in compliance with the laws and regulations. These laws and regulations which are reference legal framework, are therefore a fundamental tool of the controls.

The current legal framework on which the Bench founds its jurisdiction in matters of control and ruling on accounts is very diverse. In effect, there are instruments of general scope and some which govern a sector or specific entities. Some are given below.

## **I. Basic instruments**

The basic instruments used by the Audit Bench within the framework of its controls are notably the following:

- Constitution of 18 January 1996 in its section 41;
- Ordinance No. 62/OF/4 of 7 February 1962 relating to the presentation, execution conditions of the Budget of the Federal Republic of Cameroon, its income, expenditure and related operations;
- Law No. 74/18 of 5 December 1974 as amended by Law No. 76/4 of 8 July 1976 relating to the control of Authorizing Officers and Vote Holders;
- Law No. 2003/005 of 21 April 2003 on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court of Cameroon;
- Law No. 2006/016 of 29 December 2006 to lay down the organization and functioning of the Supreme Court;
- Law No. 2007/006 of 26 December 2007 on the fiscal regime of the State;
- Decree No. 2004/275 of 24 September 2004 to institute the Public Contracts Code;
- Circulars by the Minister in charge of Finance on instructions relating to the execution and control of execution of the State budget and establishments which receive grants.

## **II. Special instruments**

### **1. Instruments relating to the control of State accounts**

They include:

- General Instruction of State Accounts, April 2009;
- Decree No. 2003/011 of 9 January 2003 on the harmonized budgetary and accounting nomenclature of the State;
- Instructions on management accounts (21 October 2005);

### **2. Instruments concerning the control of accounts of regional and local authorities.**

They include:

- Law No. 2004/17 of 22 July 2004 on the orientation of decentralization;
- Law No. 2004/18 of 22 July 2004 to lay down rules applicable to councils;
- Law No. 2009/011 of 10 July 2009 to lay down the financial regime of the regional and local authorities;
- Decree No. 98/266/PM of 21 August 1998 to approve the council sectoral accounting system and to adopt the council budgetary nomenclature.

### **3. Instruments concerning the control of accounts of public administrative establishments**

These refer to:

- Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing public establishments and enterprises of the public and semi-public sector;
- Decree No. 2008/0446/PM of 13 March 2008 to adopt an harmonized budgetary and accounting nomenclature for public administrative establishments;
- Decree No. 2008/0447/PM of 13 March 2008 to approve public administrative establishments sectoral accounting system;

### **4. Instruments concerning the control of accounts of public and semi-public enterprises**

They include:

- Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing public establishments and enterprises of the public and semi-public sector.
- OHADA Act especially the two uniform acts relating to accounting law and the law on commercial companies and common economic interest groups.

## **SECTION 2: ANNUAL PROGRAMME**

Controls at the Audit Bench and generally all its activities fall within the framework of its annual programming. Section 40 of Law No. 2006/016 to lay down the organization and functioning of the Supreme Court states that “*The President of the Audit Bench shall draw up the annual programme of work of the said Bench, after consultation with the Procureur General*”.

The annual programme of the Bench is therefore a single document of projected work for each of the Divisions as adopted by the full Bench. This programme, materialized by Order of the President of the Bench, becomes its road map all through the year.

## **SECTION 3. INTERNET**

Whatever the profession, the internet has become an indispensable work tool. In matters of control, the internet is an inexhaustible source of information. In the course of their work, Legal and Judicial Officers of the Bench have used it to get inspiration on how other financial jurisdictions work and to get information on the evolution of jurisprudence and doctrinal controversies.

## **SECTION 4. ACCOMPANYING TOOLS**

### **I. Library**

The Audit Bench has opened a library on the first floor of its Head Office building which today has about 250 books excluding periodicals. These books have to do mainly with public finance, accounting, management and financial analysis, legal procedure codes, collections of major rulings of administrative or financial jurisprudence, specialized reviews and collections of laws and regulatory instruments.

A part of the shelves is occupied by publications of the Bench which for the moment concern the annual reports, mission reports, proceedings of seminars and exchange forums.

Legal and Judicial Officers and other personnel of the Bench regularly consult the documents in the library. For example, fifty eight (58) manuals were borrowed for an average consultation period of three weeks.

### **II. Intranet**

More out of necessity than imitation, the installation of the intranet became a priority at the Bench for at least three reasons:

- The need to bring together all the legal and statutory instruments and control guides into one base, easily accessible notably by all the Legal and Judicial Officers,
- The exchange of documents and information among Legal and Judicial Officers;
- The transmission of draft reports and other documents prepared by secretaries to Legal and Judicial Officers for correction and/or transmission of the said documents to the committee in charge of examining them, all this with a gain in time and a non negligible economy of materials.

Set up with the financial assistance of the European Union, the intranet site of the Bench which became functional during the last quarter of 2009, plays an important role in the management and sharing of knowledge within the jurisdiction.



### **III. Data bank centre**

Just like the intranet, the Data bank centre is a tool under construction and therefore experimental. The Bench was inspired to set up this Bank by the experience of its use, by the Tunisian *Cour des Comptes* where it plays an important role in the programming of evaluation missions. In effect, signals emanating from the financial analysis of enterprises within the control portfolio of the Tunisian Court help in circumscribing those that are potential risk, justifying programming the control of their accounts or management.

## PART TWO: ACTIVITIES OF THE BENCH

## **CHAPTER 1. NON JUDICIAL ACTIVITIES OF THE AUDIT BENCH**

In 2009, the Audit Bench carried out administrative activities in a bid to improve on its results and confirm its place within institutions.

These activities were on awareness on the production of accounts, exchange of control experiences with auditors, counsel and assistance to public authorities, training and international cooperation, not leaving out the non judicial activities of the Legal Department.

### **SECTION 1. AWARENESS ON THE PRODUCTION OF ACCOUNTS**

From 29 June to 4 August 2009, the Audit Bench in collaboration with the Ministry of Territorial Administration and Decentralization organized training seminars for mayors on the financial and accounting management of regional and local authorities in all chief towns of the regions.

These seminars which benefitted from the financial assistance of the European Union were on the following themes:

- Council budget: principles, drafting, vote, approval and execution;
- Budgetary nomenclature and council sectoral accounting system;
- Keeping of accounts by the Council Revenue Collector;
- Control of council accounts;
- Relations between the Mayor and the other council management actors;
- Practical cases.

These regional meetings were a useful framework for awareness by the mayors of their duties and the importance of knowing the legislative and regulatory instruments governing the organization and functioning of regional and local authorities.

During these seminars, particular attention was paid to the preparation of the administrative account, one of the general documents established by the Vote Holder and attached to the management account of the Council Revenue Collector. In effect, the absence of the administrative account makes the account inadmissible for examination.

Among the significant recommendations made at the end of these regional seminars, the following can be retained:

- Respect of the fundamental principle of separation of powers between the Authorizing Officer and accountant;
- Non interference of the administration in council management and the limitation of support granted them to budgetary allocations;

- Building the capacities of council personnel through training or making available to local and city councils civil servants or State Agents in accordance with the provisions of the Law No. 2004/017 2004 on the orientation of decentralization;
- Transparency in the management of counterpart funds from the Council Support Fund for Mutual Assistance (FEICOM) and from the Community-driven Development Programme (PNDP) through clearer budgeting and accounting on the one hand and complete information from partners allocated funds, on other hand;
- Extension of this type of initiative to Council Revenue Collectors and Secretaries General of Councils.

## **SECTION 2. EXCHANGE FORUM WITH AUDITORS**

These exchanges were carried out within the framework of a forum which took place in Yaounde on the 12 and 13 of November 2009. This exchange forum brought together all the Legal and Judicial Officers of the Audit Bench and about forty chartered accountants and auditors, five (5) representatives from the Ministry of Finance and one (1) representative for the Employers' Association (GICAM).

As indicated by the acting President of the Audit Bench in his opening speech to the proceedings, this forum was within the framework of creating awareness of stakeholders on the production of accounts which started in 2006, continued in 2007 with Council Revenue Collectors and in 2008 with General Managers of public administrative establishments and public and semi-public enterprises.

The main objectives sought for chartered accountants and auditors were:

- To familiarize them with the jurisdiction, organization, functioning and procedures of the Audit Bench;
- To understand the control process of accounts of public and semi-public enterprises as well as the expectations of the financial jurisdiction with regard to the results of execution of auditors.

For the Legal and Judicial Officers of the financial jurisdiction, it meant:

- Assimilating the content of missions of auditors and chartered accountants;
- Getting informed on the work leading to the certification of accounts subject to the production of their accounts to the Bench.

The presentations developed by the Legal and Judicial Officers, chartered accountants and auditors, staff of the Ministry of Finance and the Cameroon Employers Association ( GICAM) were on the following themes:

- Presentation of the Audit Bench;

- Control of public and semi-public enterprises;
- Missions, rights and obligations of chartered accountants and auditors;
- Certification of accounts of public and semi-public enterprises;
- Civil and penal liability of auditors in the certification of accounts;
- Point of view of the Cameroon Employers Association,
- Technical and financial supervisory authority over public and semi-public enterprises;
- Collaboration between the Audit Bench and auditors of public and semi-public enterprises.

The main recommendations of the forum concerned:

- **The development of a partnership between the Audit Bench, the National Order of Chartered Accountants of Cameroon ( ONECCA), the Cameroon Employers Association and the Supreme State Audit.**

This partnership must be made concrete through periodic exchanges and a joined reflection on the evolutions of the legal framework concerning public and semi-public enterprises.

- **Revision of the legal framework**

To guarantee a greater efficiency of governance promotion bodies, the forum recommended a revision of the current legal framework, notably Law No 99/016 of 22 December 1999 and Law No 2003/005 of 21 April 2003. To this effect it was suggested that the work of such an initiative integrate all the control structures, that is: the Audit Bench, the National Order of Chartered Accountants of Cameroon and the Supreme State Audit.

- **Effective exercise by the State of its role as shareholder**

The forum clearly demonstrated a deficient representation and monitoring by the State in management organ such as insufficient qualification of this representation, dysfunction of the information chain between the enterprise and the State. The forum also recommended that the State reorganize the function of shareholder and revise the criteria for designation of its representative in the management organs, resort to independent board members and ensure the implementation of the sectoral policy through a greater involvement by the supervisory authorities.

- **Adequate information to the Audit Bench on the work of auditors**

The Audit Bench observed that it perceives the intervention of the work of auditors in enterprises through a half-page report which does not give enough information on the control performed.

The forum recommended that the Audit Bench should be able to have all the reports drawn up by auditors:

- General report;
- Special report;
- Recommendations;
- Report on article 715 of the OHADA Uniform Act on the law of commercial companies and economic interest groups.
- **Extension of the Audit Bench's jurisdiction**

Conscious of the fact that control of regularity and compliance alone is not sufficient to reveal all the management shortcomings of public and semi-public enterprises and by dint of the fact that financial jurisdictions in general, to better ensure their missions of counsel and assistance to public authorities, exercise greater judicial, management and performance control and also assess the results of economic or financial aid granted to various bodies, the forum recommended the extension of the jurisdiction of the Bench to include management control.

### **SECTION 3. COUNSEL AND ASSISTANCE TO PUBLIC AUTHORITIES**

The competence of counsel and assistance of the Audit Bench to public authorities is based on sections 3 and 10 of Law No. 2003/005 of 21 April 2003 and section 39(c) of Law No. 2006/016 of 29 December 2006. Thus, this counsel and assistance is formulated either through reports addressed to the President of the Republic or the President of the National Assembly or by opinions on the Settlement Bill or other draft instruments.

#### **I. Counsel and assistance to the Government**

##### **1. Reports to the President of the Republic**

The first form of counsel and assistance to the Government is that prescribed by section 3 of law of 21 April 2003. In effect, in 2009 as in the preceding years, the Audit Bench addressed to the President of the Republic the 2008 report in which it entered the result of its work, observations made during the various audits carried out during the year and the recommendations which it thinks could improve on the transparent management of public finances.

The counsel and assistance are materialized through the report drawn up on State accounts for the 2005, 2006 and 2007 financial years established in application of

section 39(d) of the law of 29 December 2006 relating to the organization and functioning of the Supreme Court.

Other activities initiated by the Bench concern reports on themes or aspects likely to consolidate transparency and good governance. A patent illustration is the 2009 report on the *“application of Law No. 99/016 of 22 December 1999 on the General Rules and Regulation governing public establishments and enterprises of the public and semi-public sectors, and the OHADA Uniform Acts.”*

## 2. Other forms of counsel and assistance

Counsel and assistance of the Bench to the Government were also carried out in the spirit of section 10 of the law of 21 April 2003. Thus the Bench took part in drawing up the instruction on rendering of management accounts by public administrative establishments and management accounts of regional and local authorities. The opinion of the Bench was equally sought on the draft decree on the general rules governing public accounting system.

Moreover, within the framework of the consultation between the Audit Bench and the Ministry of Finance set up in 2008, four quarterly meetings held in 2009 examined important subjects such as:

- The oath taken and security provided by public accountants;
- The notification of decisions taken by the Audit Bench to various persons;
- The issue of the automatic transfer of account balances;
- The management of the State's portfolio;
- The recovery of collection notices: difficulties, prospects and responsibilities of Tax Revenue Collectors;
- The collection of customs duties: difficulties, prospects and responsibilities of Customs duties collectors;
- The management of debits and deficits of public accountants;
- The State assistance.

Among other resolutions taken by the platform in 2009 and resulting from the examination of the subjects above, the following points can be of note:

- **Oath taken and securities provided by public accountants:** the platform recommended that public accountants systematically take an oath before taking office and that the modalities for the constitution of their securities be improved upon so that the State can have moral and real guarantees in exchange for their financial responsibility. The Ministry of Finance equally committed itself to forward to the Audit Bench all decisions concerning the

career of an accountant (postings, transfer, detention, secondment, death) for a better efficiency in the notification of decisions;

- **Issue of automatic transfer of account balances:** controls by the Audit Bench have shown that the balance at the close of the financial year (FY N) of certain accounts does not correspond to the balance at the beginning of the new financial year (FYN +1), thus departing from the principle of continuity of annual balances which states that the accountant carry over the balance of the previous year to the following year of accounts he closed himself. To solve this problem, the platform proposed the respect of the principle of the intangibility of accounting entries;
- **Management of the State's portfolio:** the platform recommended that the current account of inactive assets be henceforth part of the management account produced by principal accountants. Once again, the Ministry of Finance committed itself to put in place a mechanism adapted for a better keeping of accounts of inactive assets;
- **Collection of revenue by Tax Revenue Collectors and Customs Duties Collectors:** the platform recommended that Provincial Treasurers, principal accountants require of Revenue Collectors the statements of bills collectible for their production in annexure to the management account;
- **State's financial assistance:** the platform put in place a mechanism that will enable the Ministry of Finance to communicate to the Audit Bench data related to the situation of State assistance (subventions, guarantees and cautions, one-off advances, making available, tax breaks...) so that it can be in a position to carry out controls provided for by the law.

## **II. Counsel and assistance to Parliament**

### **1. Opinion on Settlement Bills**

Section 39(c) of Law No. 2006/016 of 29 December 2006 on the organization and functioning of the Supreme Court empowers the Audit Bench to give its opinion on the Settlement Bills tabled before Parliament. As for Law No. 2007/006 of 29 December 2007 on the Fiscal regime of the State, it states in section 21 which is immediately applicable that the *"tabling of the settlement bill and its annexures must take place not later than 30 September of the year following that of the financial year to which it refers"*

A combined reading of these two sections helps to conclude that the opinion of the Bench must be attached to the said Settlement Bill when it is being tabled before the National Assembly.

Like in the previous year, the Settlement Bill of the 2008 financial year was not forwarded to the jurisdiction for its opinion before September 2009. In fact, since the 2006 Settlement Bill, the Bench has not been able to issue its opinion on Settlement Bills before being tabled in Parliament.



It should be noted that, the Bench had taken all the necessary measures to fully exercise this power. In effect, as indicated in the 2008 report, a programme put in place to build the operational capacity of the Audit Bench consisted essentially in the organization of a seminar on the control of the Settlement Bill and the preparation of the related opinion. This seminar organized in Yaounde from 29 September to 2 October 2008 under the stewardship of a specialist of the *Cour des Comptes* of France benefitted from the support of the European Union.

Despite the measures taken by the Bench, the implementation of this competence is still not effective. In fact, the non transmission of the Settlement Bill is not an unusual situation given that, since 2007 the Bench is still not in a position to give its opinion on the Settlement Bill before its tabling in Parliament.

## **2. Reports to Parliament**

In 2009, the Audit Bench forwarded to the President of the National Assembly the 2008 Annual Report, in compliance with the provisions of section 3 of the law of 21 April 2003.

Exchanges were organized between the Audit Bench and the Finance and Budget Committee of the National Assembly. This was the case especially with the information forum that held at the National Assembly building on the 16<sup>th</sup> and 17<sup>th</sup> of November 2009, with the assistance of the European Union.

The subject of this forum was to examine means of building the control capacities of public finance by members of the Finance and Budget Committee for a better exploitation of reports by the financial jurisdiction. The following themes were developed:

- judicial control and the production of accounts;
- de facto management and breeches of a penal nature;
- Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing public establishments, and enterprises of the public and semi-public sectors: summary and problems.

Drawing its argument from the various observations made on the reports of the Bench since 2006, the forum recommended the following:

- collaboration between the various structures involved in judicial, parliamentary and administrative control for greater efficiency;
- building the capacities of regional and local authorities to guarantee rigorous financial management and proper keeping of accounts;
- application of sanctions provided for by the regulations in force against public accountants who do not produce their accounts for examination within deadlines, after the pedagogic phase of awareness and training;

- rationalization by the State of the system of classification of supporting documents in view of the uniformity of methods of classification that enable all stakeholders in the control of public finance have easy access;
- extension of the powers of the Audit Bench to include the examination of management to better contribute towards governance of public finance;
- a re-reading of Law No. 22 December 1999 on the General Rules and Regulations governing public establishments, enterprises of public and semi-public sectors to adapt it to the current context and challenges of current management of enterprises.

## **SECTION 4. TRAINING AND INTERNATIONAL COOPERATION**

In 2009, the Audit Bench intensified the training of its personnel and developed cooperation with foreign institutions.

### **I. Training**

It took place both in Cameroon and abroad.

#### **1. Training in Cameroon**

From 14 to 18 December 2009, the Audit Bench organized a training seminar for Legal and Judicial Officers and registrars on the OHADA accounting system. This seminar which benefitted from the support of the European Union developed two main themes, that is, the OHADA accounting system and the mastery of the audit of financial statements. These themes were broken down into several modules.

With regard to the OHADA accounting system, they include:

- The main rules concerning the evaluation, keeping and organization of accounts;
- The accounting chart;
- The financial statements in the OHADA accounting system;
- The other accounting problems (specificity of OHADA against the OCAM accounting system, consolidation, treatment of evaluation of variances at the end of a financial year, interim personnel, events posterior to the closure..).

With regard to the mastery of techniques of auditing financial statements, the approach of audit by risks, illustrated using practical cases, was presented to the seminar participants.

## **2. Training abroad**

It took place at the *Tribunal de Commerce* (Trade Tribunal) in Paris, at the *Banque de France* and at the *Ecole Régionale Supérieure de la Magistrature* in Porto Novo in Benin.

### **a. Study missions to the Tribunal de Commerce in Paris and the *Banque de France*:**

Within the framework of setting up a Data bank centre by the Audit Bench, a team composed of three Legal and Judicial Officers, a registrar and a computer specialist underwent training in these two institutions from 7 to 21 March 2009.

At the Tribunal de Commerce, the Bench staff was schooled on the organization of the Registry, its missions, reception windows, the circuit for registration formalities, judicial control and techniques for treating difficulties faced by enterprises.

At the Department of Enterprises of the *Banque de France*, they studied the organization and functioning of the Data bank centre, the Central Risk bank and were initiated in quotation techniques.

### **b. Training seminar for Legal and Judicial Officers of financial jurisdictions**

This training took place at the *Ecole Régionale de la Magistrature* in Porto Novo from 26 to 30 October 2009. The Audit Bench was represented by three Legal and Judicial Officers.

This seminar had as theme “administrative and judicial control of public finances”. The objective was building the capacities of participants in matters of control of public finances in general and that of the mastery of applicable procedures within financial jurisdictions in particular.

## **II. International cooperation**

In this domain the Bench took three actions. An information mission went to the Office of the Auditor General of Botswana, a Commonwealth delegation was received at the Bench and the Senior Advocate went on a working visit to Algeria.

### **1. Study mission to the Office of the Auditor General of Botswana**

This mission that ran from 30 November to 4 December 2009, was made up of five Legal and Judicial Officers and had as objective to understand the organization and functioning of this institution, to understand the control methods and assess the level of implementation of its reform proposals.

The Office of the Auditor General is a supreme audit institution for the control of the finances of this country. It is headed by an Auditor General whose independence is guaranteed by the Constitution. The Office carries out three types of audits: audit of regularity, financial audit and performance audit whose techniques, mechanisms and rules were explained to the delegation of the Bench within the framework of presentations on:

- Judicial organization of Botswana;
- Financial and performance audits;
- Fight against corruption and economic crimes;
- Public procurement;
- Rights of employers and employees as a result of a dysfunction of the administration.

The Bench drew two lessons from this mission.

The first is that no matter the size of a State entity, it is bound to render account.

The second lesson results from the fact that, the Office has established neither control of regularity, of the faithfulness and sincerity of accounts nor management control takes account of the economy, efficiency and effectiveness with which resources were used. Meanwhile it is important to measure the results obtained in relation to the means used. Consequently, to enable government to justify not only how the resources were used as provided but also to give assurance that they were managed economically, efficiently and effectively, the Office of the Auditor General extended control performances to all the structures even the local ones.

The Audit Bench paid special attention to this experience which may be of capital value in the extension of its powers.

## **2. Visit of Commonwealth experts to the Audit Bench**

Composed of two senior staff from the Judicial Division of the Commonwealth Secretariat, the mission of this institution was to identify the training needs for personnel of the Audit Bench both in Cameroon and abroad and in this latter case to look for countries and institutions likely to dispense this training.

At the end of the exchanges between this delegation and officials of the Audit Bench, it was agreed that staff of the Bench should build their capacities in the following domains:

- Various types of control;
- Performance control;
- Techniques for detection of fraud;

- Drafting of annual reports;
- International accounting standards;
- Assistance to Legal and Judicial Officers in the issuance of opinion on the settlement bill;
- Control techniques of accounts of regional and local authorities;
- Control techniques of accounts of public and semi-public enterprises;
- Data bank centre.

The institutions which can provide this training are found in the United Kingdom, Canada, Ghana and South Africa, countries with which the Audit Bench may enter into fruitful contract within the scope of financial justice as it has done with the *Cour des Comptes* of Algeria.

### **3. Mission to the *Cour des Comptes* of Algeria**

Conducted by the Senior Advocate General of the Supreme Court, the Cameroonian delegation composed of four Legal and Judicial Officers was in Alger from 18 to 23 October 2009.

The aim of this visit was within the framework of exchanges and experience between the Audit Bench of the Supreme Court of Cameroon and the *Cour des Comptes* of Algeria.

During this visit, the Cameroonian delegation made a presentation on the system of control of public finances. In turn, the officials of the *Cour des Comptes* of Algeria presented their institution as being “*a financial jurisdiction endowed with universal powers of control over all public funds whatever the legal status of their managers or beneficiaries. Its mission consists in controlling the conditions of use and in evaluating the management of material resources and public funds by organs subject to its control and ensuring the compliance of their financial and accounting operations with the laws and regulations in force...*”

This presentation enabled the Cameroonian delegation to evaluate the advances made by the *Cour des Comptes* of Algeria, especially in the organization of its central Registry, the functioning of the computer service and the documentation and archives service.

From their exchanges, the two institutions laid the bases for a partnership founded on reciprocal missions of permanent training within the framework of practical training of Legal and Judicial Officers and Registry staff of the Audit Bench and the *Cour des Comptes* of Algeria.

## **SECTION 5. WORK OF THE LEGAL DEPARTMENT**

This is work which is not directly linked to judicial or administrative control but which is either upstream or downstream of controls. Some of the activities were purely administrative.

### **1. Role of the Legal Department prior to the control of accounts**

To control an account supposes that the account is produced and in a state ready for examination. The law of 21 April 2003 obliges accountants to forward to the Registry of the Audit Bench their management account within three months following the closure of the financial year. It is then up to the Legal Department to ensure the respect of these legal provisions. The Registry of the Bench is also bound to regularly communicate the situation of the production of accounts by public accountants and enterprises subject to the financial jurisdiction.

Any delay in the production of an account is the subject of a formal notice addressed, as the case may be, either to the public accountant with a copy generally sent to the Authorizing Officer concerned or to the General Manager where it concerns the accounts of public or semi-public enterprises.

Another duty of the Legal Department upstream of the control of accounts is referral of the Bench through an introductory brief in order to start the procedure for imposing a fine on a public accountant who, notwithstanding the formal notice, has resolved not to produce his account.

During 2009, the Legal Department addressed eighty-four (84) formal notices to public accountants and thirty-six (36) to managers of public and semi-public enterprises. It required fines against defaulting accountants.

It is important to note that these measures were not systematically applied in the previous years. In effect, the President of the Bench had rightly oriented the activities of the early years towards creating awareness and training to better institute the culture of rendering accounts. These awareness and training were largely presented in the first annual reports. Equally, the last seminars on the issue which took place from 29 June to 4 August concerning mayors are presented above as the non judicial activities of the Bench.

### **2. Role of the Legal Department after the control of accounts**

Whether it is an interim or final ruling or observation report, the decision of the deliberating organ must be notified. The law of 21 April 2003 has distributed the roles between the Registry and the Legal Department on issues of the notification of decisions and other judicial decisions. Thus sections 30(1) and 63(2) of this law give the notification of rulings and observation reports to the Ministry of Finance, the supervisory ministry of the organ to which the public accountant and authorizing officer concerned belong.

During 2009, the Legal Department notably notified seven (7) interim rulings and observation reports.

### **3. Other activities of the Legal Department**

In 2009, the Legal Department did not limit its judicial activities to work before and after controls. In effect, it took an active part in various activities of the Bench. The Advocates took part in all trainings organized for the benefit of the jurisdiction or those intended for stakeholders in the production of accounts.

The Legal Department was also associated in the work of the platform of dialogue with the Ministry of Finance. It was equally a member of sessions of the Bench that deliberated in December 2009 on the reports on State accounts and on the application of Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing public establishments and enterprises of the public and semi-public sectors and the OHADA Uniform Acts.

## **CHAPTER 2. CONTROL ACTIVITIES OF THE AUDIT BENCH**

In accordance with Law No. 2003/005 of 21 April 2003 on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court, the Audit Bench has judicial and administrative competence with regard to control.

**The Audit Bench exercises judicial competence on State and its public establishments accounts, and those of regional and local authorities and their public establishments. As for the accounts of public and semi-public enterprises, as well as those of bodies not subject to public accounting system, they are submitted to administrative control.**

But the Bench does not limit its activities to these two types of control. It equally carries out specific controls which are provided for by Law No. 2006/016 of 29 December 2006 relating to the organization and functioning of the Supreme Court, from whence stems the practice of financial jurisdictions.

### **SECTION 1. JUDICIAL CONTROL**

Judicial control is of public order. It consists in verifying not only the regularity of financial operations but also that; the public accountant has carried out all the controls and other diligence by which he is legally bound in the exercise of his functions. This control is done on figures, documents and sometimes on the spot has two phases, that is, examination and ruling. It is however conditioned on the production ready for examination of accounts by certified or de facto public accountants within statutory deadlines.

#### **I. Production of accounts**

The law of 21 April 2003 set time as a point of departure of the competence of the Bench in matters of control of accounts. Thus, in compliance with section 78(1) the Bench examines accounts established from the 2004 financial year onwards.

As at 31 December 2009, four years after the effective take-off of activities of the Bench, a fact can be established on the level of production of management accounts of State public accountants, Council Revenue Collectors or Accounting Officers.

### **1. Scope of the competence of the Bench in matters of judicial control**

In matters of judicial control, the Audit Bench has exercised its jurisdiction over 424 entities in 2006 and 429 in 2007. As at 31 December 2009, the number of entities had risen to 487, that is 5 above the number in 2008. Their distribution by Division is presented as follows:

**Table 3. Distribution by Divisions of structures subject to judicial control**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
First Division	13	13	13	13
Second Division	339	339	377	377
Third division	72	77	92	97
<b>Total</b>	<b>424</b>	<b>429</b>	<b>482</b>	<b>487</b>

- **Division for control of accounts of State public accountants**

The First Division has jurisdiction over 13 management accounts corresponding to 13 financial constituencies of the State whose size is measured not only in terms of financial volume to be controlled but equally with regard to the 471 treasury stations attached to the said constituencies.

**Table 4. Distribution of accounting stations by financial constituency as at 31 December 2009**

<b>Serial No.</b>	<b>Financial constituency</b>	<b>Number of accounting stations attached</b>
01	Paymaster General of the Treasury	37
02	Central Accounting Office of the Treasury	2
03	Adamawa	23
04	Centre	92
05	East	37
06	Far North	52
07	Littoral	26
08	Littoral- North	19
09	North	26



10	North-West	40
11	West	51
12	South	30
13	South-West	36
	<b>GRAND TOTAL</b>	<b>471</b>

- **Division for control of accounts of accountants of regional or local authorities**

Concerning regional or local authorities, the power of control of the Bench is exercised since 2008 on 377 accounts. These accounts which were 339 in 2006 increased especially as a result of the decrees of 28 January 2008 setting up city and urban councils in various regions.

**Table 5. Distribution of regional and local authorities and public establishments placed under their supervisory authority as at 31 December 2009**

<b>Structures</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
City Councils	02	02	14	14
Special status Urban Councils	09	09	-	-
Urban Councils	11	11	-	-
Sub Divisional Councils	11	11	45	45
Rural Councils	306	306	315	315
Public Establishments <sup>2</sup>			03	03
<b>TOTAL</b>	<b>339</b>	<b>339</b>	<b>377</b>	<b>377</b>

- **Division for the control of accounts of accountants of State public establishments and similar structures**

Lastly, with regard to the Third Division in charge of the control and ruling on accounts presented by public accountants of State establishments, the jurisdiction saw the number of structures over which it has jurisdiction increase from 92 to 97 between 2008 and 2009. On the basis of the letter of the Minister in charge of Finance of 11 March 2009 notifying the list of these establishments to the Audit Bench, these establishments are in five categories.

**Table 6. Distribution of public establishments by category**

Public establishments and similar structures	2008	2009
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<sup>2</sup>Set up by the Douala City Council, these public establishments are endowed with majority share capital held by the City Council: CUD Finance (100,000,000 CFA F, Société d'Aménagement de Douala, SAD (20,000,000 CFA F,) Consortium Sawa Beach (40,000,000 CFA F)

Public administrative establishments	73	78
Constitutional organs	02	02
Special accounts	10	10
Development missions	06	06
Independent organs	01	01
<b>Total</b>	<b>92</b>	<b>97</b>

## 2. Situation of production of accounts

Data available at the Registry of the Audit Bench enables us to establish the situation of the production of accounts in accordance with the table<sup>3</sup> below

**Table 7. Evolution of the production of accounts as at 31.12.2009**

	Number of accounts as at 31.12.08			Number of accounts in 2009			Number of accounts as at 31.12.09		
	Expected	Produced	%	Expected	Produced <sup>4</sup>	%	Expected	Produced	%
First Division	52	49	94.23	13	13	100.00	65	64	98.46
Second Division	1,356	186	13.72	377	105	27.85	1,733	291	16.79
Third Division	297	176	59.26	92	69	75.00	389	245	62.98
Total	1,705	411	24.11	482	187	38.80	2,187	600	27.43

The fact which emerges from this table is that, as at 31 December 2009, 600 accounts out of 2,187 expected were produced at the Audit Bench, which represents about one out of four accounts.

A closer look reveals a more contrasting picture between the three Divisions.

Thus, during 2009, all thirteen (13) accounts of State accountants for the 2008 financial years were produced as well as two other accounts for the 2004 and 2007 financial years which were not produced within the set deadlines. It should however be noted that the account for the 2007 financial year for the Littoral financial constituency is still expected at the Registry of the Bench.

Generally, the production of accounts of the First Division was satisfactory, with a rate of 98.46%, that is 64 out of 65 accounts produced as at 31 December 2009.

On the other hand, the production of accounts at the Second Division which examines accounts of regional and local authorities remains of major concern. In fact,

<sup>3</sup> The detailed situation of the production of accounts by financial year and by Divisions is presented in Annex 1

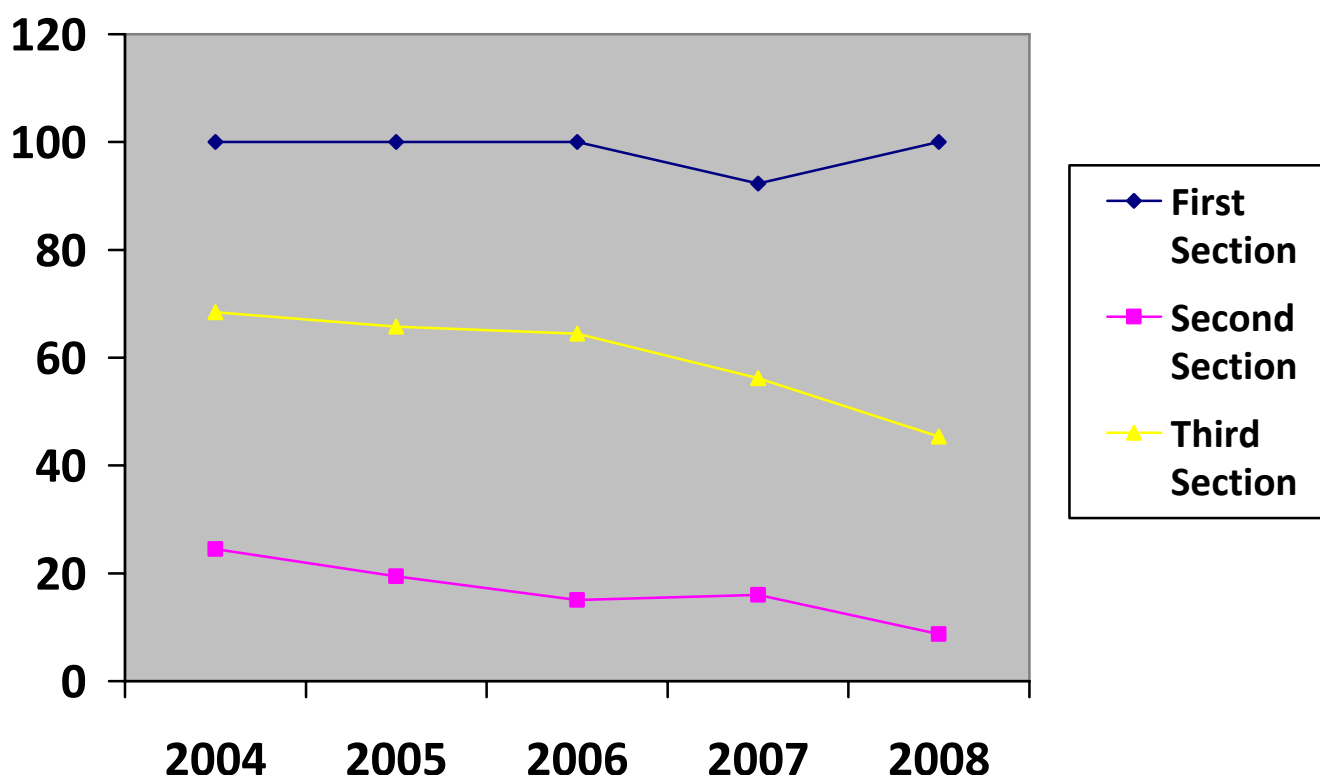
<sup>4</sup> Not including accounts produced in the previous financial years

as at 31 December 2009, out of 1,733 accounts expected, only 291 were produced, that is a rate of 16.79%. This abnormally low rate shows that the awareness of Council Revenue Collectors on rendering management accounts has not attained the expected results. It is therefore important to continue the awareness campaign in relation with the Ministry of Territorial Administration and Decentralization and the Ministry in charge of Finance, in addition to sanctions to be inflicted on Council Revenue Collectors in application of the law.

At the Third Division in charge of the control of public administrative establishments, the production of accounts by accounting officers, even though better in comparison to the Second Division, still requires improvements. In effect, out of the 411 accounts for the 2004 to 2008 financial years, 245 were produced and 166 are still expected at the Registry of the jurisdiction, that is 40% of the accounts. The fact remains here that the accounting officers must produce all the accounts.

The evolution of the accounts as indicated in table 7 above and the table in annex 1 can be produced in the graph below.

Graph 4. Evolution of the production of management accounts



An analysis of the trend indicates that:

- The production of accounts is constant in the First Division despite the slight drop in 2007, a consequence of the non production of the account of the Regional Treasurer of Littoral for the financial year;
- The production of accounts in the Second Division in charge of control and ruling on accounts of regional and local authorities hardly surpassed 20% in 2004 and since then the downward trend is confirmed.
- At the Third Division the trend of the production of accounts is downwards even if the level of production of accounts for 2004 and 2005 was above 60%.

## **II. Examination of accounts**

### **1. Procedure**

The examination procedure of accounts at the Audit Bench was codified in a procedures manual adopted by the full Bench on 31 December 2005. Sufficiently described in the preceding annual reports, it consists essentially in the designation of a Judicial Officer as rapporteur, whose main examination actions include the verification of regularity of income and expenditure documents, requests for information in the form of questionnaires addressed to public accountants, analysis of replies furnished and preparation of examination reports.

These examination reports are forwarded to the Legal Department for its submissions.

### **2. Questionnaires and examination reports**

Table 8 below renders account of the examination of management accounts of three divisions in charge of judicial control by stating the number of questionnaires (Q) and the examination reports (ER) drawn up in 2009.

**Table 8. Examination decisions taken as at 31/12/2009**

	Year 2007				Year 2008				Year 2009				Grand Total
Divisions	D1	D2	D3	Total	D1	D2	D3	Total	D1	D2	D3	Total	
Q	13	1	19	33	15	10	14	39	19	9	8	36	108
ER	10	1	12	23	11	3	21	35	14	7	16	37	95

Structures for which questionnaires, reports and submissions of the Legal Department were prepared feature in annex 2 of this report.

Examination of accounts within the First, Second and Third Divisions during 2009 as presented helped in the making observations and drawing reports for interim or final rulings to be taken.

### III. Ruling on accounts

#### 1. Procedure

The ruling on accounts at the Audit Bench follows a procedure in which both parties are heard. In effect, out of the desire for equity, this procedure is illustrated not only through the right granted public accountants to respond to observations made by the accounts judge but also through the application of the rule of double rulings, by virtue of which no provisions of a charge against a public accountant can be inserted in the ruling if it has not been brought to his knowledge in an interim ruling.

#### 2. Interim and final ruling

The judgement of accounts therefore leads to interim or final rulings.

They are said to be interim where a ruling for a fine for the non production of accounts within the deadlines set by laws and regulations or for absence of replies to orders pronounced against a given accountant, or an order for paying back or lastly a ruling for de facto management by which the accountant is enjoined to produce his account.

As for final rulings, they exonerate or let off the accountant, declare him in discharge or in deficiency.

Any irregularity discovered during the examination that may constitute a breach of the law is forwarded to the Ministry of Justice in accordance with section 37 of law No. 2003/005 which states that *“the Procureur General at the Supreme Court shall inform the minister in charge of finance as well as the relevant supervisory authorities or ministers. The file shall be forwarded to the Minister of Justice by the Procureur General at the Supreme Court. The transmission of the file shall serve as a complaint on behalf of the State, the regional and local authority, the public or semi-public enterprise or the institution concerned”*

All rulings rendered by the financial jurisdiction as at 31 December 2009 are found in the table below.

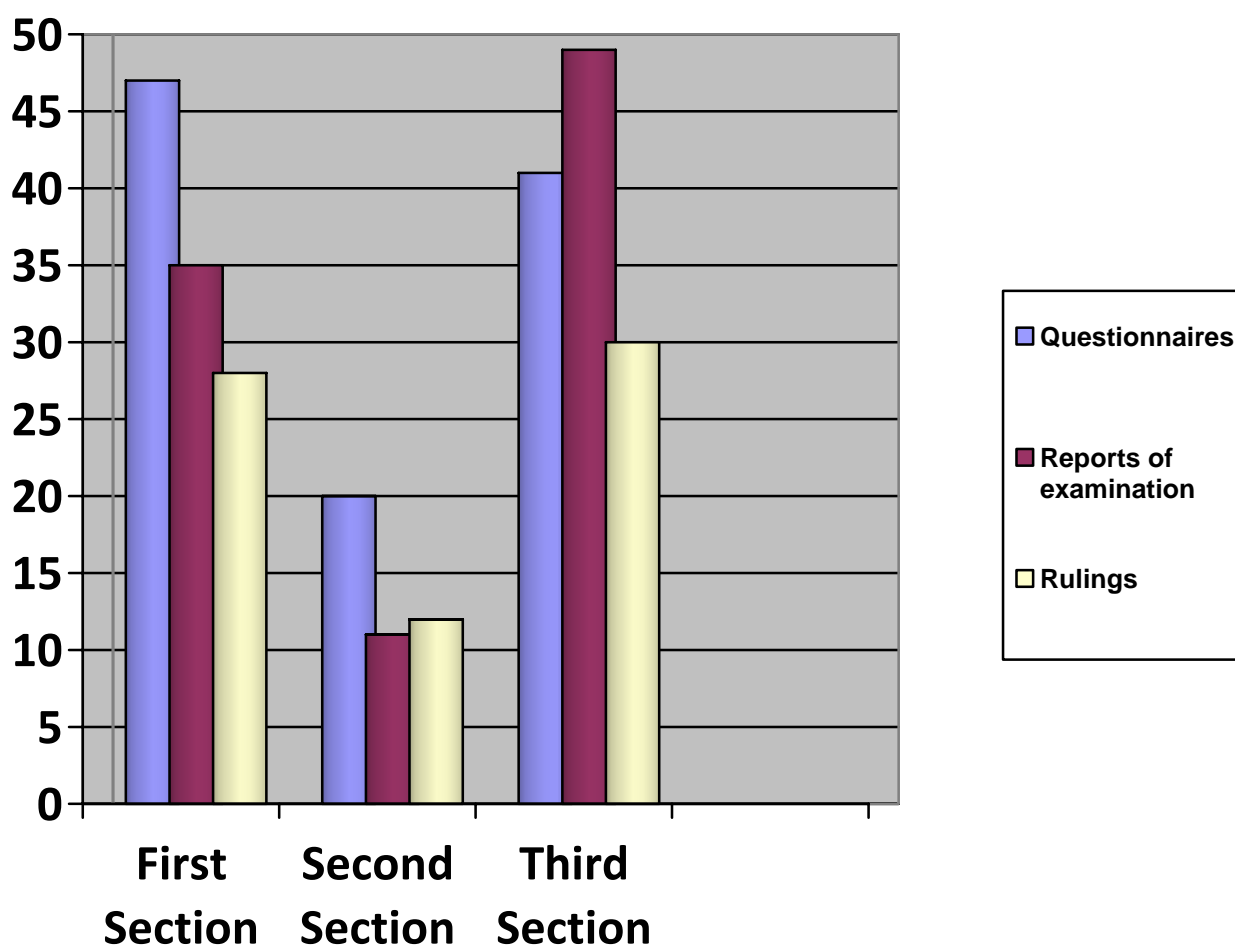
**Table 9. Rulings as at 31 December 2009**

	Year 2007				Year 2008				Year 2009				Grand Total
Divisions	D1	D2	D3	Total	D1	D2	D3	Total	D1	D2	D3	Total	
Interim rulings	5	0	3	8	10	3	10	23	4	4	11	19	50
Final rulings	0	0	0	0	3	0	1	4	4	1	1	6	10
Ruling imposing fines	1	0	1	2	1	2	2	5	0	2	0	2	9
Ruling declaring de facto management	0	0	0	0	3	0	0	3	3	0	1	4	7

Total	6	0	4	10	17	5	13	35	11	7	13	31	76
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The graph below summarizes all of the examination decisions and rulings of judicial control of the Bench as at 31 December 2009.

**Graph No. 5. Situation of examination of accounts**



### 3. Typology of irregularities

Management accounts whose examination has culminated in a final ruling include:

- For State public accountants, the management accounts of the 2004 financial year for the Ebolowa, Buea, Garoua Provincial Treasuries, as well as that of the 2005 financial year for the Nkongsamba Provincial Treasury;
- For Council Revenue Collectors, the management accounts for the 2004 financial year for Ndop Rural Council;

- For accounting officers, the management account of the Cereals Board.

In all, the final rulings rendered in 2009 confirmed the irregularities from which the following typology can be drawn:

- Absence of or inadequate supporting documents;
- Non respect of the regulations governing public contracts;
- Non payment in full discharge;
- Non conforming supporting documents (lack of date, statutory endorsement);
- Undue payment;
- Non exercise by the accountant of controls provided by regulations;
- Absence of assiduity in the regularization of deficits of subordinate accountants;
- Making available funds.

Beyond this typology, six final rulings rendered in 2009 have two categories of decisions:

- Future orders which concern thirty five (35) irregularities;
- And debits resulting from seven (7) irregularities.

## **SECTION 2. CONTROL OF ACCOUNTS OF ENTERPRISES NOT SUBJECT TO THE RULES OF PUBLIC ACCOUNTING SYSTEM**

In the Audit Bench the Fourth Division is the session which has jurisdiction to rule on the accounts of enterprises not subject to the rules of public accounting system. These are enterprises of the public and semi-public sector over which the Bench has jurisdiction in compliance with the provisions of sections 2 and 8 of Law No. 2003/005 of 21 April 2003.

These structures are generally limited companies with capital owned wholly by the State or semi-public companies.

Enterprises non subject to public accounting system all apply the accounting system established according to the standards of the OHADA Uniform Act. They therefore produce annual financial statements under the responsibility of the policy and management organs. These annual financial reports must be verified and certified by an auditor and approved by the general assembly of shareholders or any organ in lieu thereof within a deadline of six months from the date of closure of the financial year, (article 72 of the OHADA Uniform Act). The financial statements thus

“examined” are forwarded to the Audit Bench by the General Manager of the enterprise.

## **I. Production of accounts**

### **1. Scope of competence of the Audit Bench**

In matters of control of accounts of enterprises not subject to public accounting system, the Audit Bench draws its powers essentially from the provisions of section 8 of Law No. 2003/005 of 21 April 2003.

Two types of situations emerge from this section:

- The first one concerns enterprises which more or less are in the category of public and semi-public enterprises and which are identified in this section as corporate persons in which the State and its sub-structures are the only or majority shareholders, have all or separately the decision-making power or minority vote capable of blocking a motion;
- Or exploit a public service or State monopoly.

Control is already effective in this category of enterprises whose number was 55 up till 2007, increased to 67 in 2008 and then 75 in 2009, in accordance with the lists communicated by the Minister of Finance.

The table in annex 3 gives the distribution by category of enterprises in this situation.

The second situation is that of moral persons who benefit or receive obligatory stoppages, direct or indirect financial assistance from the State. The problem that arises here is the identification of these moral persons which can only take place with the help of the Ministry in charge of Finance. This problem is already on the agenda of the dialogue platform between the Ministry of Finance and the Audit Bench.

Thus, it is only the first category that is currently in a situation for examination of the situation of the following accountants.

### **2. Situation of the production of accounts**

The table below gives the situation of the production of accounts of public and semi-public enterprises as at 31 December 2009. This situation is assessed in relation to a referential of enterprises constructed on the basis of a list regularly communicated by the Minister in charge of Finance to the jurisdiction.

Thus, for each financial year from 2004 to 2007, 55 accounts were expected as against 67 for the 2008 financial year.



**Table 10: Production of accounts of public and semi-public enterprises  
as at 31/12/2009**

Accounts	Number of accounts produced				Total accounts produced as at 31.12.2009	Accounts expected	% of production of accounts
	2006	2007	2008	2009			
2004 FY	22	15	02	05	44	55	80
2005 FY	8	21	04	07	40	55	72.72
2006 FY		10	12	07	29	55	52.72
2007 FY			18	08	26	55	47.27
2008 FY				18	18	67	26.86
Total of accounts produced	30	46	36	45	157	287	54.70

As at 31 December 2009, the number of accounts of public and semi-public enterprises forwarded to the Audit Bench was 157 out of a total of 287 expected, that is a proportion of 54.70%.

This percentage indicates an upward trend as at 31 December which does not really reflect the whole truth about the production of accounts of public and semi-public enterprises. In effect, when the rate of effective production of accounts of each financial year is considered individually<sup>5</sup>, this production reveals a net downward trend as at 31 December 2009. As of this date, the following accounts were produced at the Audit Bench:

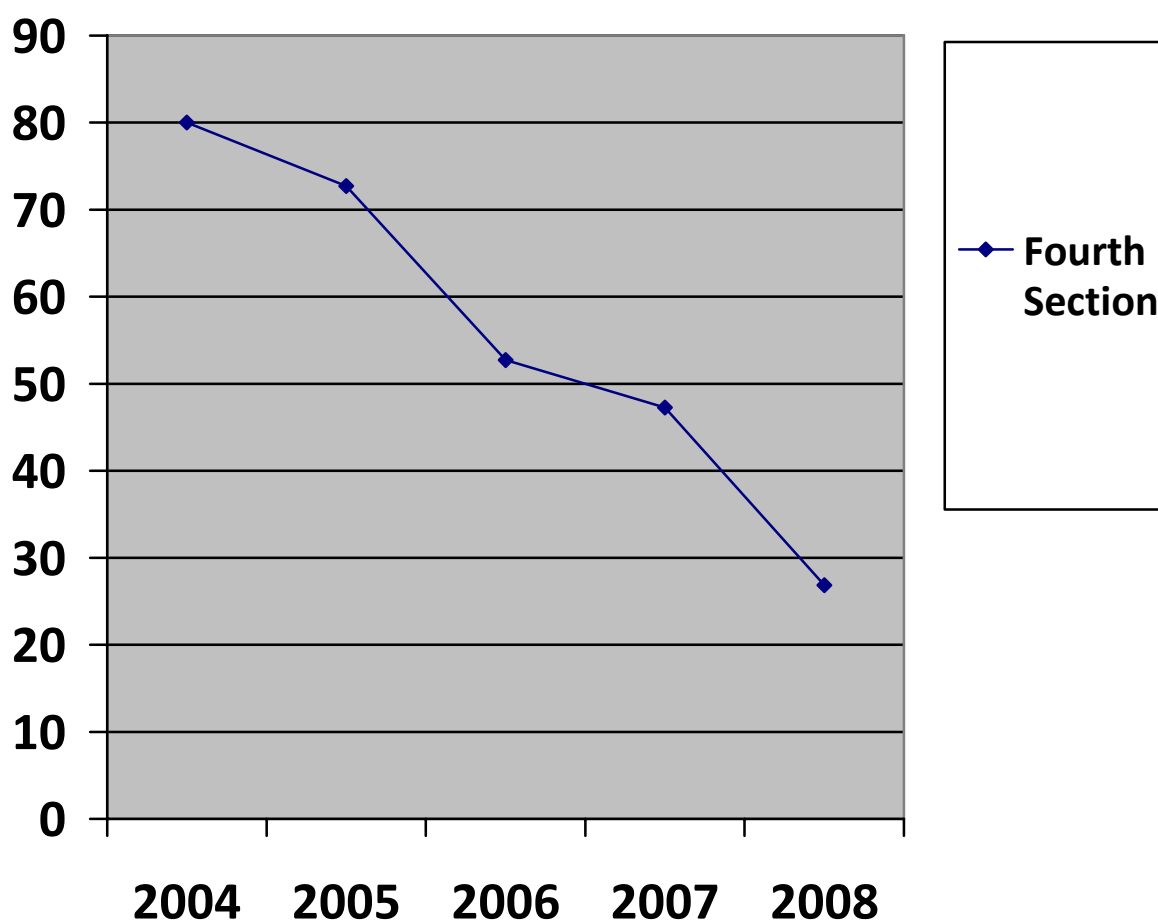
- 80% of 2004 accounts ;
- 72.72 % of 2005 accounts;
- 52.72% of 2006 accounts;
- 47.27% of 2007 accounts,
- 26.86% of 2008 accounts.

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<sup>5</sup> See annex 1

This downward trend is more remarkable in the following graph.

Graph No.6. Evolution of the production of accounts of enterprises of public and semi-public sector



The General Managers of these public and semi-public enterprises should therefore make extra efforts to improve on the production of their accounts, a public order obligation which contributes towards good governance.

On his part the Minister in charge of Finance, responsible for supervision, should draw the attention of the officials concerned of the obligation of forwarding accounts to the Bench.

## **II. Examination decisions of accounts**

Concerning the control of accounts of public and semi-public enterprises, the examination decisions taken by the judicial officer acting as rapporteur include *inter alia*:

- Questionnaires whose aim is to complete information on the accounts controlled through a series of interrogations;
- Report which closes the examination includes observations and facts pertaining to the non respect or violation of norms, settlements or general principles noted by the Judicial Officer acting as rapporteur during control. This report is forwarded to the Legal Department for its submissions prior to its examination in session.

In 2009, examination opened on three new structures notably the National Hydrocarbons Corporation (SNH) and the Cameroon Radio and Television Corporation (CRTV) with regard to the accounts of the 2004 to 2007 financial years and the Animal Development and Production Corporation (SODEPA) with regard to the 2004 and 2006 financial years led to three questionnaires being addressed to the said structures.

During the same period, the examination of accounts of 2004, 2005 and 2006 of the Autonomous Sinking Fund (CAA) having been the subject of a questionnaire in 2008 continued with the drawing of an examination report.

The following table recapitulates the examination decisions of accounts of public and semi-public enterprises not subject to public accounting system as at 31 December 2009.

**Table 11. Evolution of examination decisions as at 31.12.09**

Examination decisions	Years			
	2007	2008	2009	Total
Questionnaires	20	04	03	27
Examination reports	01	04	01	06

At the end of its meeting the session draws up an observation report worthy of interest which is communicated to the structures concerned.

### **III. Observation reports**

Observation reports include all reasoned observations in fact and in law concerning all types of irregularities or all types of inadequacies noticed in an account.

In the procedure of control of accounts of enterprises not subject to public accounting system, the Audit Bench draws up two types of observation reports:

- Interim observation reports: it is transmitted to the officials of the enterprise under examination to enable them make known their reaction to the

observation on the said accounts. There can be several Interim Observation Reports. This is the case where the deliberating session is called upon to once again make a pronouncement on the examination drawn up following the examination of the responses received by the Judicial Officer acting as rapporteur. This practice is characteristic of the procedure in which both parties are heard;

- Final Observation Report: the deliberating session draws in a definitive manner its observations after examination of the responses received. It enters them in a report called Final Observation Report.

Within the framework of its control activities of 2009, the Bench produced five (5) interim observation reports and one (1) final observation report.

The interim observation reports concern the Cameroon Debt Recovery Corporation (SRC), the Waza Camp and SOPECAM with regard to the 2004 and 2005 financial years, AYABA Hotel and the Autonomous Sinking Fund for the 2004, 2005 and 2006 financial years.

As for the final observation reports, they had to do with the accounts of 2004 and 2005 of the SRC, an extract of which is included in chapter 4 of this annual report.

### **SECTION 3. SPECIFIC CONTROLS**

The non judicial activities of the Audit Bench extended to include specific controls which will grow in importance in the control of public management.

These specific controls which are either provided by the law or inspired by practices of financial jurisdictions, all culminate in the drawing up of reports which generally fulfill the conditions of the principle of accusatory procedure.

#### **I. Reports on State accounts**

In application of section 39(d) of Law No. 2006/016 of 29 December 2006 on the organization and functioning of the Supreme Court *“the Supreme Court shall be competent to ... draw up and publish annual reports on State accounts to be submitted to the Head of State”*.

In the 2009 financial year, this report had to do with the audit of State accounts for the 2005, 2006 and 2007 financial years<sup>6</sup> made up of the management accounts of thirteen financial constituencies. Even though, the audit generally covered income and expenditure operations, particular stress was laid on four modules namely, mission allowances, public contracts, expenditures through imprests and disbursements of funds, accounting deficits and debits.

The method the Bench used in the preparation of this report was guided by section 60 of Law No. 2007/006 of 26 December 2007 on the Fiscal regime of the State, which states that *“State accounts must be regular, sincere and give a true image of its assets and financial situation”*. Thus, based on its verifications and analysis of the

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<sup>6</sup> Except for the management account of the Nkongsamba Provincial Treasurer for the 2007 financial year

accounts of the State for the 2005, 2006 and 2007 financial years, the Bench thinks that even though they are an improvement on those of 2004 in form and in substance, they cannot be considered regular and sincere nor do they give a true image of the assets and financial situation of the State.

In effect:

**1. On the regularity of State accounts for the 2005, 2006 and 2007 financial years**

The Bench noted that the recurrent default in the production of general documents of management accounts and the known absence or insufficiency of numerous supporting documents do not guarantee their regularity.

**2. On the sincerity of State accounts for the 2005, 2006 and 2007 financial years**

The Bench notes that the sincerity of the accounts produced by public accountants for the 2005 to 2007 financial years were once again weakened by the same reasons which in 2008 did not enable the jurisdiction to attest to the sincerity of the State accounts for the 2004 financial year. They include:

- Anomalies in carrying forward balances;
- Discrepancy between the annual general balances of accounts and the reports of cash balance established on 31 December of the current financial year;
- Existence of abnormal balances;
- Absence of statements of third party balances and defaults in the accounting of commitments.

For these reasons the Bench cannot consider the State accounts for the 2005, 2006 and 2007 financial years as being sincere.

**3. On the true image of the assets and financial situation of the State**

The Audit Bench noted the following lacunae in the State accounts of the 2005, 2006 and 2007 financial years:

- Absence in all the management accounts of bills collectible on notices of collection orders, and mechanized taxes, income clearance vouchers;
- Absence of statement of account of inactive securities (fiscal stamps, windscreen licenses and toll gate tickets);
- Default in data on stores accounting and the State assets.

Consequently, it cannot attest that these accounts reflect a true image of the patrimony and financial situation of the State.

It should be specified that, this 2009 report concerns only the accounts of the State budget. The report on State accounts will gradually be called to reflect all of the State's financial activities. Thus, it will eventually include all the data of accounts of public administrative establishments, regional and local authorities, public and semi-public enterprises. Reflection on the best approach for the capture of important data of accounts of these State structures is underway.

## **II. Opinion on the Settlement Bill**

Law No. 2006/016 of 29 December 2006 gives the Audit Bench competence to formulate its opinion on the Settlement Bills tabled before Parliament. It is a classical duty performed by financial jurisdiction.

For this duty to be performed efficiently the Audit Bench has put a capacity building programme in place consisting on the one hand of a personnel training workshop on the preparation of the opinion on the Settlement Law and on the other hand information missions to other financial jurisdictions.

In 2009, the Bench was ready to issue its opinion on the Settlement Law of the 2008 financial year. It could not be so because, the Minister of Finance did not forward the said bill to the jurisdiction.

## **III. Thematic controls**

During 2008 the Audit Bench started its first thematic control which concerned *“the application of Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing public establishments and enterprises of the public and semi-public sectors and the OHADA Uniform Acts”*.

This control which ended in 2009 did not deviate from the fundamental principles of any control procedure. Not only were different correspondences exchanged between the entities of the control perimeter and the Bench but equally an interim observation report was sent to all these entities individually to enable them exercise the right of response to observations concerning them. This justified the fact that the final observation reports debated by the full Bench on 10 December 2009 equally includes the responses of the entities that reached the jurisdiction within the set deadlines.

As for the report itself, it established that the instruments setting up public and semi-public enterprises, their articles of association and their possible amendments, the functioning of their management and control organs, the keeping and organization of their accounts are not always in compliance with the statutory provisions in force.

This disrespect of the statutory provisions is more by public enterprises than by semi-public enterprises.

These facts led the Bench to include in the report recommendations, some of which concern:

- Tidying up the old articles of association;

- Effective release of share capital under the conditions laid down by the law;
- Conforming designation of the management organs and the exercise of their mandates within the limits set by the law;
- Production and publication of accounting and financial information, proof of transparency.

Generally, the Audit Bench stated the urgency of a revision of Law No. 99/016 of 22 December 1999 to better adapt it to current changes.

#### **IV. Data bank centre**

By Order No. 05/CDC/CSC of 15 December 2009 the President of the Fourth Division designated a working group charged with setting up a data bank centre in which all the Divisions of the Audit Bench are represented by at least one Legal and Judicial Officer.

At least four objectives are assigned to this data bank centre

There is firstly, a scheduling objective. Considering the work load, it is sometimes difficult to envisage an annual control of all accounts. The data bank centre thus helps in the scheduling of control of accounts of enterprises whose signals indicate situations of risk.

Secondly, the data bank centre is a financial analysis tool. Its primary aim is to ensure the financial analysis of an enterprise or sector.

The third objective of the data bank centre is to ensure the execution of horizontal (sector) or vertical (single enterprise) controls. In fact, financial analysis proceeds from the control of accounts which can lead to a report generally called a financial audit report.

Lastly, this too will enable the Bench to have, at any moment and for precise periods, information of the financial volumes of organs subject to its control.

The work group which has as mission to conduct its mission to the end, that is to say, the installation and realization of the first financial analysis, during 2009 did the preparatory work, defined the technical tasks and material needs.

In any case, the data bank centre of the Audit Bench which will deliver its first analysis in 2011 and its use will spread gradually.

In effect, the bank is supposed to serve as support to analysis within the framework of report on State accounts. And one of the strategic orientations of the Bench is surely that, this report be presented in a single document of the analysis of the situation of all accounts of the State, namely the execution accounts of the State budget, accounts of regional and local authorities, accounts of public administrative establishments and the accounts of public and semi-public enterprises.

## **SECTION 4. WORK OF THE LEGAL DEPARTMENT IN THE CONTROL OF ACCOUNTS**

The Legal Department of the Supreme Court performs its duty of public prosecutor at the Audit Bench where it is represented by a Senior Advocate General and two Advocates General.

The Legal Department intervenes through its submissions and summings-up rendered on the examination reports of the judicial officer acting as rapporteur, to be presented to the session for deliberation in view of giving the interim or final rulings or the establishment of interim or final observation reports.

It also makes oral pronouncements during audiences.

### **I. Submissions of the Legal Department on examination reports**

In 2009, the Legal Department rendered eighty-two (82) submissions on reports in view of interim and final rulings and six (6) other submissions in view of interim and final observation reports.

As at 31 December 2009, the Legal Department rendered eighty-eight (88) submissions in the Divisions of the Bench according to the table below.

**Table 12. Evolution of submissions rendered by the Legal Department on reports by Judicial Officers acting as rapporteur**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Total</b>
First Division	10	11	14	35
Second Division	-	5	6	11
Third Division	3	25	8	36
Fourth Division	0	0	6	6
<b>Total</b>	<b>13</b>	<b>41</b>	<b>34</b>	<b>88</b>

### **II. Submissions by the Legal Department during audiences**

The Legal Department made submissions on all files that were on the roll during 2009. In effect, since no audience could take place in the absence of the persecutor's office, its members took part in all those that were programmed by the Divisions of the Bench. Even though the procedure is written, the Advocates General spoke and made oral submissions. These submissions consisted essentially of ensuring legal security of all the acts and decisions of the Bench. Thus it made pronouncements both on the regularity of procedures and the multiple follow-ups to controls.

Generally, the Legal Department took part in 2009 in twelve audiences in which forty-three (43) matters were on roll.



## PART THREE: SOME CONTROLS OF YEAR 2009

The Audit Bench has made innovations in the 2009 annual report. In effect, extracts of some of the most important rulings and observation reports notified by the Bench to the parties and being of interest to financial jurisdiction jurisprudence under construction in our country are included.

Thus, from 2009 decisions reflecting the variety and scope of missions of the Bench will be published, the goal being pedagogic. These extracts could remind, specify or complete the positions of the Bench. In addition, they will examine new themes illustrating modifications that occur in the jurisdiction or procedures of the financial jurisdiction, the occurrence of new concerns in control.

In the insertions that follow, each extract or summary of the ruling is followed by a brief explanatory statement which facilitates understanding of the decisions rendered. These decisions, a veritable data bank, could constitute a source of inspiration for judges, accountants or other persons interested in this issue.

For this first experience, the choice fell on a ruling from each Division of the Audit Bench in charge of judicial control and a final observation report on the control of the account of a public enterprise.

Lastly, it should be noted that for these first controls, the option taken by the Bench was to privilege the pedagogic approach by reserving the application of more severe sanctions to future controls. Hence, injunctions meant for the future.

## **CHAPTER 1. CONTROL OF THE MANAGEMENT ACCOUNT OF A STATE PUBLIC ACCOUNTANT: ACCOUNT OF THE SOUTH FINANCIAL CONSTITUENCY**

The South financial constituency is one of the thirteen constituencies of the State. It has thirty (30) secondary accounting stations spread over four divisions.

The management account of this constituency for 2004 drawn by the Ebolowa Provincial Treasurer was in the control programme for 2006. This account was submitted to the Registry of the Bench on 3 August 2006 by the Provincial Treasurer, principal accountant responsible for the management of this financial constituency for 2004.

The examination of the account culminated in 2009 in Ruling No. 01/CSC/CDC/S1 of 14 May 2009 making the principal accountant responsible for a debit of nine hundred and thirty six thousand five hundred (936,500) CFA francs and constituting a secondary accountant by transfer of responsibility, in debit towards the Treasury of the sum of nine hundred and ninety nine thousand four hundred and seven one (999,471) CFA francs.

The judgement session having ruled on this account, took note of the balances and set the account item, on the one hand and took into consideration the explanations of the accountant on the orders that were addressed to him on 15 May 2008, on the other hand.

### **I. Account item**

The account item was set at eighteen billion two hundred and ninety million eight hundred and eleven thousand four hundred and thirty three (18,290,811,433) CFA francs and the established balance brought forward to the 2005 financial year.

### **II. Lifting orders**

The orders served to the accountant in the interim ruling and which the Bench finally lifted were on:

1. The failure to take into account (in entries) by the accountant of Biwong Bane of the sum of three hundred thousand (300,000) CFA francs corresponding to the transfer of funds to his station by the Provincial Treasurer;
2. The non justification of the balance of the account "bank cheques rejected during clearance". The accountant is blamed for not taking the necessary measures to regularize these cheques with an amount of two hundred and forty seven thousand eighty nine (247,089) CFA francs;
3. The failure to regularize a deficit. The personal and financial responsibility of the Provincial Treasurer was committed for nine hundred and ninety nine thousand four hundred and seventy one (999,471) CFA francs corresponding to a cash deficit by the secondary accountant, M,D,A, former sub-treasurer of

Akom II because the principal accountant did not seem to take any measures to regularize the deficit;

4. The failure to produce certain statements. They include the reconciliation statement of the postal current account at 31/12/2004, the reconciliation statement of current bank account of the Kribi Revenue Collection Office, statements of evolution of the third party account balances including provisional appropriation, the list of items of bills collectible as at 31/12/2004 on the rolls of mechanized taxes, recovery order notices, the recovery notices, customs-duties clearance vouchers, reports of cash in hand or monthly internal control as at 31/12/2004 of the Kribi Revenue Collection Office;
5. The non justification of a difference of two hundred and seventy seven thousand five hundred (277,500) CFA francs between the centralizer and the total cash available at the Ma'an sub-treasury established in the internal control report of 31/12/2004.

The judgement session lifted the orders on pay back of the corresponding sums described above, the accountant having produced in the audience sufficient and convincing justifications, namely:

- Receipts of payment into the public treasury (order No. 1);
- Reconciliation statement of bank account (order No. 2);
- Proofs of measures taken: correspondences addressed to the Director General of the Treasury and Financial Cooperation proposing prior deduction from the security of the secondary accountant (order No.3);
- Production of certain statements (order No. 4);
- Final balance of accounts which proves the regularization of the cash difference (order No. 5).

### **III. Constitution of debit balances**

The constitution of debit balances resulted on the one hand from the non regularization of a deficit, the responsibility of which was incumbent on the secondary accountant and the payment of mission allowances calculated on an erroneous base on the other hand.

Taking a final ruling on this point the Bench took the following decision:

*"Whereas, by Order No. 3 of the ruling of 15 May 2008, Mr. M. JC was enjoined to produce within sixty (60) days from the date of notification of the ruling, proof of payment to the public treasury of the sum of nine hundred and ninety nine thousand four hundred and seventy one (999,471) CFA francs or any other defense justification because the accountant did not undertake any measure to obtain the regularization of the deficit of the amount of nine hundred and ninety nine thousand four hundred and seventy one (999,471) CFA francs brought against Mr. D.A, former sub-treasurer of Akom II now retired.*

*Whereas to justify himself the accountant submitted proof of the measures he took with his superiors to clear this deficit in his entries, notably by producing at the hearing the correspondence of 3 February 2009 addressed to the Director General of the Treasury and International Cooperation relating to the regularization of the deficit of Mr. D.A, correspondence in which he proposes pre-deduction from the security of the latter who is retired;*

*Whereas this justification was sufficient to release Mr. M. JC of this responsibility;*

*Hence this responsibility is incumbent on Mr. D.A by virtue of the provisions of section 51(2) of Law No. 2003/005 of 21 April 2003.*

*Consequently, the order pronounced in the ruling of 15 May 2008 against Mr. M. JC is lifted.*

*Mr. D.A is indebted to the public Treasury of the sum of nine hundred and ninety nine thousand four hundred and seventy one (999,471) CFA francs.*

*Whereas, by ruling of 15 May 2008 Mr. M. JC was enjoined to produce within a deadline of sixty (60) days from the date of notification of the ruling, proof of payment into the public treasury the sum of nine hundred and thirty six thousand five hundred (936,500) CFA francs, or any justification to prove that the mission allowances paid are either tainted with calculation errors or simply undue, which generated an overpayment of the sum of nine hundred and thirty six thousand five hundred (936,500) CFA francs.*

*Whereas, in his explanations the accountant indicates that the various shortcomings noticed in the count of the number of mission days and the fixing of the daily rate of mission allowances applied to beneficiaries were not detected at the level of the accounting stations because it is up to the finance controls to verify the regularity of the expenditure before the transmission of the files to the accounting stations which must carry out their controls; that, they were not done at his level on the payment vouchers in the attached treasury stations because of lack of personnel, controls being limited to usual verifications of the names of beneficiaries, signatures, dates, etc;*

*Whereas, according to the terms of section 48(1) of Law No. 2003/005 of 21 April 2003 “The public accountant shall be presumed personally and financially liable for making the controls provided for by the laws and regulations”, that these controls shall be verifying the regularity of expenditure;*

*That the accountant is wrong to impute the responsibility for the irregularities raised on the financial controller and attached heads of treasury stations;*

*That, he should be considered in debit to the public Treasury;*

*In consequence whereof Mr. M. J C is hereby constituted in debit to the public Treasury of the sum of nine hundred and thirty six thousand five hundred (936,500) CFA francs.*

This decision equally led the Audit Bench to suspend the discharge of the accountant on his management of the 2004 financial year.

According to the high jurisdiction, the result is as follows:

The Provincial Treasurer having furnished to the audience proofs of measures taken to regularize the deficit noticed in the books of the Ma'an sub-treasurer, he was discharged of the responsibility. The amount of the prejudice, that is nine hundred and ninety nine thousand four hundred and seventy one (999,471) CFA francs was put at the charge of the sub-treasurer. This transfer of responsibility is in fact the application of section 571 (2) of the law of 21 April 2003 which states that "*However, the authority responsible for making a decision on his liability may apply one of the reasons listed in this law and impute by the same instrument all or part of the financial liability of the accountant on the secondary, accountants, imprest holders or de facto accountants*"

The Bench constituted Mr. M. J C, Provincial Treasurer of the South financial constituency in debit for his management of the 2004 financial year for an amount of nine hundred and thirty six thousand five hundred (936,500) CFA francs. This sum, corresponding to the payment of mission allowances, the inexactitude in the calculation of the number of mission days and the daily rate applied to the beneficiaries was established by the jurisdiction.

The explanations by the accountant tending to impute the responsibility of the verification of exactitude of the elements mentioned above on the finance control and subordinate accountants did not convince the Bench.

In effect, according to section 48(1) of the law of 21 April 2003 "*The public accountant shall be presumed personally and financially liable for making the controls provided for by the laws and regulations...*" He is therefore under the obligation to carry out verifications of the supporting documents, among others, of the exactitude of the calculations for clearance of expenditure which he pays or accepts without reservation in his entries.

## **CHAPTER 2. CONTROL OF THE MANAGEMENT ACCOUNT OF A REGIONAL OR LOCAL AUTHORITY: THE NDOP RURAL COUNCIL**

The management account for 2004 of the Ndop Rural Council was submitted to the Audit Bench and recorded as number 66 at the Registry on 14 July 2006. The receipt in lieu of certificate of production was delivered to the Council Revenue Collector, accountant responsible for the 2004 management of this local authority.

This account was entered in the control programme for 2007. Its examination continued in 2009 and the judgement session meeting on 08 April 2009 took the following ruling, the summary of which is presented below.

## **I. Account item**

Ruling on 8 April 2009 on the management of the Ndop Rural Council during the 2004 financial year, the judgement session of the Second Division set the account item at twenty five million eight hundred and eighty three thousand one hundred and ninety six (25,883,196) CFA francs. This results from the correct balance carried forward from the 2003 financial year on the one hand and on the other hand on the conformity of the balances of the accounts “*cash in hand*” and “*inactive assets*” as at 31 December 2004 with the report of the closure of the said accounts.

The balances established to be carried forward to 2005 are as follow:

- Cash in hand.....208,196 CFA francs
- Inactive assets.....25,675,000 CFA francs

## **II. Orders for the future**

Seven (7) orders for the future were addressed to the Council Revenue Collector for the following reasons:

- **Payment of vouchers without dates**

Verification of the account revealed that payment vouchers of the Ndop Council carried neither dates of issue nor dates of payment which usually go with the statement “*good for payment*”.

To avoid possible risks of violation of the principle of linkage of charges to the financial year concerned, an order was made to the Revenue Collector to henceforth ensure that the vouchers bear their dates of issue and clearance, and that the endorsements for payment are also dated.

- **Support to administrative authorities:**

The Revenue Collector paid the sum of three hundred thousand (300,000) CFA francs to administrative authorities. Except for hand delivered messages and four payment orders relating to these payments, no document was attached to justify the use of this sum.

An order was given to the Council Revenue Collector for insufficiency of supporting documents. In addition, he was enjoined to henceforth pay to administrative authorities only budgetary support within the limit of appropriations voted by the municipal council and approved by the supervisory authority.

- **Payment upon simple recommendation by the Mayor**

From his funds the Council Revenue Collector paid two vouchers of a total of two hundred and ten thousand (210,000) CFA francs, that is one hundred and sixty thousand (160,000) CFA francs to the Senior Divisional Officer for Ngoketunjia and fifty (50,000) CFA francs to the Chief Medical Officer of Ndop upon the simple recommendation by the Mayor.

A payment voucher alone not being able to justify expenditure, he was enjoined to ensure in the future sufficient justification of payments which he is making from his funds.

- **Payment of expenditure committed in violation of public contracts regulations**

The Council Revenue Collector paid an amount of nine million nine hundred and ninety eight thousand two hundred and ninety five (9,998,295) CFA francs in settlement of a bill for the purchase of a vehicle. No tender file showed that this purchase was the subject of a jobbing order, required for any public procurement between 5 and 10 million CFA francs in accordance with the provisions of Decree No. 95/101 of 9 June 1995 on regulations governing public contracts and Decree No. 2001/155 of 30 June 2001 to amend it.

An order was given to the Council Revenue Collector to henceforth ensure that expenditure cleared by the Authorizing Officer and presented for payment are committed within the strict respect of public contracts procedures.

- **Payment upon simple estimates**

The Council Revenue Collector paid out the sum of six hundred thousand (600,000) CFA francs to the Divisional Service Head for Lands for work on marking out the limits of the land occupied by the Ndop Council. These works were authorized by a decision of the Ndop Council and an ad hoc committee set up by the Senior Divisional Officer.

In the absence of a decision by the Mayor authorizing the disbursement of funds, of a final bill for work done or statement of payments, the Council Revenue Collector was enjoined to henceforth ensure a correct and sufficient verification of payments made from his funds.

- **Making available funds**

A sum of thirty thousand (30,000) CFA francs was handed over to the Secretary General of the Council *“to endorse 15 birth, marriage and death registers at the Court”*. No document authorizing this disbursement was presented.

An order was given to the Council Revenue Collector not to accept a council expenditure if it does not include a decision, bill, detailed payment or paysheet.



- **Payment upon simple correspondence**

The Council Revenue Collector paid the sum of five hundred and seventy eight thousand (578,000) CFA francs on the basis of simple correspondences by the Mayor. The Collector was enjoined to henceforth pay out only duly justified expenditure.

### **III. Constitution of debit**

The Bench finally declared the Council Revenue Collector in debit to the Ndop Council of the total sum of four hundred thousand (400,000) CFA francs as a result of two irregularities:

- The Revenue Collector paid to the Mayor the sum of one hundred and fifty thousand (150,000) CFA francs in reimbursement of the cost for the repair of the Council vehicle. The payment voucher for this sum and a correspondence of 7 February 2004 were the only supporting documents for this payment.

The Bench committed the personal and financial responsibility of the Revenue Collector for payment of this sum without probative justifications.

- The Bench took the same decision for the payment to the Mayor of the sum of two hundred and fifty thousand (250,000) CFA francs with only the voucher and without valid reason.

By reason of this debit, the accountant could not be given a discharge himself for the 2004 management of the Ndop Council.

Two types of decisions characterize the ruling rendered on 8 April 2009 by the Audit Bench: orders for the future to the accountant and the debit against him.

Seven (7) irregularities found in the management of the 2004 financial year by the Ndop Council Revenue Collector have a common trait of absence of supporting documents.

The expenditure documents presented at the cash desk of this council were mostly only the payment voucher and correspondences (written recommendations from the Mayor, hand written messages from administrative authorities).

The Revenue Collector equally carried out payment for expenditure committed by the Mayor in violation of public contracts regulations.

The decision by the Bench to enjoin the accountant for the future instead of constituting a debit for the amounts involved is founded on two motivations:

- The irregularities raised did not necessarily cause a financial prejudice to the Council, except for the case of the purchase of a vehicle for which a call for tenders would have permitted the vehicle to be bought under better conditions;

- The Bench opted for tolerance of the irregularities not causing an automatic financial prejudice in the control of the accounts of the 2004 and 2005 financial years. This option emanates from the strategy to create awareness and training of public accountants and other stakeholders in the culture of rendering accounts. This pedagogic phase is at the origin of the mitigating circumstances from which the Council Revenue Collector benefited.

The Bench gave the Revenue Collector a debit of a total amount of four hundred thousand (400,000) CFA francs for two irregularities:

- Payment of one hundred and fifty thousand (150,000) CFA francs for the repair of the council vehicle to the Mayor and not to the supposed mechanic who did the repairs. The one-off nature of this payment is uncertain and doubts still linger as to the certification of the service rendered. These two elements were enough to convince the Bench to commit the personal and financial responsibility of the Revenue Collector for this sum;
- Payment of two hundred and fifty thousand (250,000) CFA francs to the Mayor without any document apart from the payment voucher.

These two payments caused a financial prejudice to the council, contrary to those that led to orders for the future. It is therefore in this light that the Bench constituted the Revenue Collector in debit to the council for an amount of four hundred thousand (400,000) CFA francs.

In consequence of which the accountant was not discharged of his management from 1 January to 31 December 2004.

### **CHAPTER 3. CONTROL OF THE MANAGEMENT ACCOUNT OF A STATE PUBLIC ESTABLISHMENT: THE CEREALS BOARD**

The management account of the Cereals Board of the 2004 financial year submitted to the Audit Bench by the Accounting Officer was registered as No. 1 at the Registry on 27 June 2006.

This account was programmed for control of 2007 accounts and its examination culminated with ruling No. 07/AD/S3/09 rendered on 18 February 2009. The main elements are presented hereunder.

#### **I. Account item**

The account item was set as closed in the management account at two hundred and sixty six million five hundred and fifty six thousand fifty six (266,556,056) CFA francs made up of a bank balance of two hundred and sixty two million five hundred and forty four thousand fifty nine (262,544,059) CFA francs and cash in hand of four million eleven thousand nine hundred and seventy six (4,011,976) CFA francs.

These balances were carried forward to the balance at the start of the 2005 financial year.

#### **II. Constitution of debit**

The Audit Bench found the Accounting Officer in debit of the sum of two million sixty thousand eight hundred (2,060,800) CFA francs to the Cereals Board corresponding to:

- Payment of leave allowance of one million eight hundred (1,000,800) CFA francs to the Director of Administration and Finance and his family on the basis of documents whose probative nature was not established;
- Irregular payment of the sum of one million sixty thousand (1,060,000) CFA francs for mission allowances to persons who do not work for the Cereals Board.

#### **III. Order for the future**

The judgement session noted that the Accounting Officer paid vouchers which did not carry the obligatory annotations such as “*Good for payment*”, “*Paid*”, “*Paid by bank transfer*” which help among others in distinguishing the modes of payment or the vouchers for which the accountant has authorized payment after carrying out the controls.

The Bench enjoined the accountant to ensure apposition in future of all obligatory annotations on justificatory payment documents.

Considering the debit against the Accounting Officer, the Bench suspended his discharge on the 2007 management of the Cereals Board.

According to the Audit Bench, the payment of mission allowances to persons working in the supervisory ministries on the basis of mission orders signed by officials of these ministries without any other document justifying the acceptance by the Cereals Board is clearly irregular.

As for the leave allowance, an examination of the documents produced (Contract of Work, Leave Decision, reasons for travelling) shows that:

- The place where the Director of Administration and Finance and his family were to spend the leave did not correspond with the place of election of domicile in the contract;
- The leave decision presented in support of the accountant's response during examination was not in compliance with that initially attached to the management account;
- The documents justifying effective travel were not probative.

The Bench thus found the Accounting Officer responsible for payments not sufficiently justified for two million sixty thousand eight hundred (2,060,800) CFA francs and in consequence, he was not given a discharge of his 2004 financial year management of the Cereals Board.

## **CHAPTER 4. CONTROL OF THE ACCOUNTS OF PUBLIC AND SEMI-PUBLIC ENTERPRISES: CAMEROON DEBT RECOVERY CORPORATION**

The control of the accounts of public and semi-public enterprises is under the jurisdiction of the Fourth Division. This control culminates in a final observation report that respects the principle of hearing both parties.

The excerpts included in this annual report are a selection of the comments made by the Bench within the framework of the control of accounts for the 2004 and 2005 financial years of the Cameroon Debt Recovery Corporation (SRC). Each observation is followed by an answer given in a box, on the one hand and on the other hand the justification of the maintenance of the said observation by the Bench.

### **Final observation report on the control of the accounts of the Cameroon Debt Recovery Corporation (2004 and 2005 financial years)**

#### **1. REMINDER OF THE PROCEDURE**

The 2004 and 2005 accounts of the SRC were entered on the roll of the control programme of the Audit Bench of the Supreme Court of the 2006 and 2007 financial years respectively.

This control carried out on documents and questionnaires culminated in an interim observation report ruling rendered in a deliberating session of the Bench on 10 December 2008 and addressed to the three General Managers who had managed the corporation over the period under consideration, that is:

- January 2004 to February 2005;
- March to June 2005;
- July to December 2005.

These three addressees forwarded their responses registered in the Registry of the Bench under Nos. 95 of 15 April 2009, 93 of 15 April 2009 and 90 of 8 April 2009.

It should be noted that the first General Manager had reservations regarding the accusatory nature of the procedure. They are recorded as follows:

*"I have the honour to protest against the control method instituted by the Audit Bench, which method is not adversarial in the questionnaires.*

*In effect, questions on responses on which the Audit Bench is based to draw its interim observation report were addressed to SRC and not to the managers concerned.*

*In point 3.2 on page 11 the Audit Bench meanwhile distinguishes successive managements concerning three different managers to whom the questionnaires were to be addressed. It goes without saying that the responses given by a person who is strange to a management decision under control can only be irrelevant and lack conviction."*

On this objection the Audit Bench noted that in application of section 31 of Law No. 2003/005 of 21 April 2003 on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court of Cameroon, the questionnaires were addressed to the General Manager in place at the time of control and it was left to him to call the attention of his predecessors on issues concerning their management.

The current General Manager complied with these legal provisions. In effect, by letter No. DAF/SDC/CSRC/SM/MBC/07/03027 of 1 November 2007 addressed to the first General Manager and included in the control file, extracts of the questionnaire were sent to him for answers. Consequently, his challenge is unfounded.

In this report, the Bench, at the end of the deliberations of 29 December 2009 decided to make the final observations, taking account of the answers of the General Managers concerned with the interim findings which were initially brought to their knowledge, in application of the adversarial procedure.

## **2. CONDITIONS OF CONTROL**

### **Observation No. 1:**

The control was conducted in parts and by dispatch of questionnaires to which the Directorate General has responded.

Control on the documents was to verify all the documents produced. Thus, two questionnaires were addressed to the General Manager of the Cameroon Debt Recovery Corporation (SRC).

The Bench noted that during examination the responses to the questionnaires from SRC were generally done within the set deadlines.

## **3. BACKGROUND**

### **i) Creation and legal evolution of the Debt Recovery Corporation (SRC)**

The SRC was set up by Decree No. 89/1283 of 18 August 1989. The successive amendments of this decree have established the legal evolution of this corporation. From a “*public financial industrial and commercial establishment*” at creation, passing through “*a public financial establishment*” (Decree No. 91/066) the SRC has become a “*public corporation*” by virtue of Decree No. 96/139.

The Cameroon Debt Recovery Corporation is therefore a public financial establishment constituted in the form of a public corporation with all the legal consequences that it entails.

### **ii) Purpose of the Cameroon Debt Recovery Corporation (SRC)**

The purpose of the SRC has evolved in time with its legal structure. In accordance with this evolution (Decree of 24 June 1996), the SRC is principally charged *with “the friendly liquidation of the assets and liabilities of the Société Camerounaise de*

*Banque not taken over by SCB CL and any other public credit institution given to it by the Central African Banking Commission (COBAC), the liquidation of the assets of any financial establishment entrusted to it by the courts and recovery against compensation of bad and/or contentious debts held by public financial institutions upon the request or after approval by the supervisory authority” .*

### **iii) Capital**

#### **Observation No. 2**

The capital of the Cameroon Debt Recovery Corporation subscribed by the State as the single shareholder was initially set at 500 million CFA francs. Up till now it has not been amended either in its amount or in its distribution.

The Bench however noted the absence of material elements:

- Establishing the release of all or part of the capital of the SRC (section 27 of Law No. 99/016 of 22 December 1999 relating to the General Rules and Regulations governing public establishments, public and semi-public sector enterprises);
- Establishing the number of shares that comprise the capital and the value of each share.

#### **Responses to the observation**

##### **The current General Manager:**

*“Despite the difficulties of access to supporting documents which are found in our archives, the capital of five hundred million (500,000,000) CFA francs was totally paid up by the Ministry of Finance. Coverage of running costs of the SRC before it was authorized in January 1991 to operate deductions for remuneration of its operations was largely ensured by funds received to this effect”.*

##### **The first General Manager:**

*The first General Manager gives the following response which includes observations 2 to 7 concerning points 2 (general presentation of the SRC) and 3 (accounts under examination):*

*“The observation concerning the organization of the SRC 2, 3, 4, 5, 6 and 7 even if valid is limited.*

The Bench noted the absence of material elements (release of the capital, number of shares, nominal value of shares, share certificates issued) that could justify the constitution of the capital of the SRC. Absence not meaning inexistence, we understand that the difficulty of access to the documents does not rightly ensure the lifting of the uncertainty on the constitution of the capital of the SRC in the legal forms.

#### iv) Social organs.

#### **Observation No. 3.**

Decree No. 89/1283 of 18 August 1989 to set up the Cameroon Debt Recovery Corporation (SRC) as well as its amendment of 24 June 1996 endowed the SRC with two management organs: the Board of Directors and the Directorate General. Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing public establishments, public and semi-public sector enterprises, provides in section 29 that the management organs of the corporation with public capital are: the General Assembly, the Board of Directors and the Directorate.

For existing public corporations (in 1999), section 1 imposes a deadline of (1) year to conform to the provisions of this law in particular to those relative to the harmonization of the articles of association to the production of financial statements and to the corresponding appointment of management bodies.

The fact is that the SRC is an atypical case of a public corporation without a General Assembly in the landscape of public and semi-public enterprises.

It can be stated as a reminder that the deadline for putting in compliance was generally set at eighteen months from the date of promulgation of the law of 22 December 1999 and the production by the SRC of its draft articles of association transmitted to the supervisory authority within the deadlines set for its approval and the return of which is still being awaited does not constitute proof that this corporation is in compliance with the law.

Whatever the case, the most complete legal form of the SRC should be in compliance with Law No. 99/016 of 22 December 1999 with regard especially to its management organs.

#### **B. Response to the observation**

*The only reaction to this point is that of the first General Manager, who while admitting the relevance of the indication referred to above, states that "the General Assembly is a supreme organ whose members are appointed by statutory instrument. Imputing the absence of a General Assembly on the General Manager is excessive; he cannot be blamed since that organ was not even appointed. If on the other hand, the General Assembly members were appointed and the Assembly not convened, this could be blamed on the General Manager. This subtlety is important in assessing the irregularities which the Bench can raise, where need be.*



The Bench did not hold the General Manager personally responsible for the absence of a General Assembly at the Cameroon Debt Recovery Corporation (SRC). It stated as a fact that the SRC did not comply its articles of association with the law which governs it and consequently operates without a body representing the partners.

The General Manager may certainly draw attention but he has no authority in matters of appointing members of the General Assembly. Equally, to consider that the non convening of the General Assembly is the fault of the Director General is showing proof of ignorance of the provisions of section 35 of law No. 99/016 which gives the Chairman of the General Assembly (ordinary general assembly) on the one hand and the Chairman of the Board of Directors or one third (1/3) of board members (extraordinary general assembly) the power to convene this management organ.

#### **v) Organization**

#### **Observation No. 4**

The internal organization of the Cameroon Debt Recovery Corporation is made up of a central structure at the head office in Yaounde and sub-regional office with a high concentration of activities in Douala.

These structures are lodged in professional buildings, assets acquired from the Cameroon Development Bank (CDB) in July 2001 for 544,893,000 CFA francs for the head office building and for 424,702,000 CFA franc for the sub-regional office in Douala.

The net total for these buildings as revealed in the financial statements is 799,915,125 CFA francs (2005).

Not having ownership titles for these buildings up till now, “transfer of ownership still pending” according to the Directorate General, the SRC is not totally free from the exercise of the right of ownership from a possible late creditor of ex-CDB.

The Bench notes to this effect that this represents quite a high risk which justifies constitution of appropriation for reserve.

### **4. ACCOUNTS UNDER EXAMINATION**

#### **i) Accounts of the Debts Recovery Corporation and accounts for liquidations and payment vouchers**

The accounts for examination are those concerning administrative and financial management of the Cameroon Debt Recovery Corporation. There are fifteen (15) liquidation accounts and payment vouchers which trace operations linked to the management of each liquidation or payment voucher consisting mainly of the realization of assets and compensations.

Thus control therefore concerns only accounts of the SRC and does concern itself with accounts of entities only when certain operations out of commission impact on the main accounts of the Cameroon Debt Recovery Corporation.

## **ii) Three successive managements**

The accounts of 2004 and 2005 currently under examination are a result of the management of three General Managers indicated in point 1 of the reminder of the procedure as follows:

- First General Manager: January 2004 to February 2005;
- Second General Manager: March to June 2005;
- Third General Manager: in position at the time of the control: July to December 2005.

## **iii) Form and presentation of accounts**

In principle, these accounts should be presented in the form of financial statements in accordance with the OHADA provisions with regard to financial establishments. In effect, subject to the compliance of these financial statements with the accounting systems of the financial sector on the one hand and the inexistence of a General Assembly on the other hand, the financial statements of the SRC for 2004 and 2005 respected the form and procedures for their approval (certification by the auditor and approval by the Board of Directors).

## **iv) Reliability of accounts**

### **1. Procedures manual**

#### **Observation No. 5**

Apart from the reservation regarding the approval procedure, one can question the degree of reliability of the registration procedures of the daily operations, follow-up of accounting and preparing the annual accounts.

It should therefore be noted that, the Head Office did not put a control mechanism in place. In fact, the SRC does not have a procedures manual, a codification of elementary actions and their sequence in the various departments. This document aptly described as the process of execution of an action to be carried out and identifying the services responsible for this execution, cannot be likened to or replaced by the sectoral accounting system for financial establishments in the Central African Banking Commission (COBAC) zone applied on the SRC, as indicated by the directorate general in its response to questionnaire No. 1.

From a different angle of analysis, this concern was an observation made by the Auditor who, in his report to the Board of Directors on the 2004 accounts wrote *“internal control has inadequacies causing an imperfect auditing of cash operations. The procedures of capture-stoppage by late claimants of closed liquidations, negotiations and conclusions where releases follow, do not have a direct accounting repercussion”*.

This limit in terms of internal control can legitimately raise questions on the reliability and sincerity of the accounts of SRC, the reliability of accounts here referring to concerns linked on the one hand to their preparation for examination and on the other hand on the exactness of the balances.

With regard to its preparation for examination, the Bench notes that despite the absence of a General Assembly, the accounts of the period under review, certified by the auditor and adopted by the Board of Directors fulfill the formal presentation standards of financial statements provided for by OHADA.

However, concerning the second aspect, it should be admitted that several end-of-financial year regularizations resulting in the cancellation of accounting entries, symmetric accounting entries, corrections or even accounting anew in regularization data that had initially been omitted, were likely to cast doubt on the reliability of the balances. This is the case with 61,958,794 CFA francs in commissions for recoveries of 206,529,312 CFA francs, subject of accounting ticket No; 120420 of 31 December 2005 *“Regularization of recovery commissions not billed in accounted cash disbursements for 2005”*

This is also the case with accounting ticket No. 120268 which bore the stamp

Data Processing Unit  
Capture OP1      14 February 2006  
SRC Head Office

which summarizes in regularization various transfers made by Mr. M.S. in settlement of monthly payments of his debts from January to November 2005 for an amount of 1,440,000 CFA francs.

This would mean an insufficient exploitation of bank statements that does not allow for rapid accounting, at least on the date of reception of recoveries.

However appropriate, the a posteriori processing of these operations do not obscure the need for SRC to prepare a procedures manual in the form and requires caution in the assessment of certain balances.

## **Response to the observation**

### **Here is the response of the General Manager at the time of control**

*"The absence of a procedures manual fixing the modalities for execution of operations coupled with those of efficient mechanisms of internal control, explain the numerous regularizations which took place at the end of the financial year. Moreover, these regularizations rightly concerned the major need for the reliability of accounts as soon as the anomalies were highlighted. This applies both to the regularization of commissions (61,958,794) as to the transfers by Mr. M.S (1,440,000 CFA francs).*

*-For the first regularization, they concern commissions not billed monthly during the 2005 financial year because of omissions noted during the annual reconciliation of accounting entries with data in the "cash registers" which were kept manually and on the basis of which the monthly recovery statements were prepared.*

*-On its part, the second regularization results from the non availability of bank statements during the 2005 financial year.*

*Significant effort was made to progressively rationalize the processing of operations in order to correct the inadequacies identified in the procedures and internal control. Thus, the "monthly statements of accounted recoveries" are prepared on the basis of computer extracts of processed operations instead of the cash registers which have been abandoned. The absence of a procedures manual shall soon be filled. It is being drafted. As for the exploitation of bank statements, the reconciliation is henceforth done monthly*

The observations of the Bench are confirmed by the responses of the SRC which has immediately envisaged measures to remedy the inadequacies noted.

## **5. MEANS OF THE CAMEROON DEBT RECOVERY CORPORATION**

### **Observation No. 6**

#### **i) Regulatory means**

For the exercise of its missions the Cameroon Debt Recovery Corporation was endowed with adequate regulatory arsenal. These means were restated and reinforced at each stage of the legal evolution of the SRC.

The problem today, at the regulatory level is that "the instruments which were to define the special privileges of the SRC in matters of recovery" (article 4 of Decree No. 89/1283) do not seem to have been prepared. Ministerial instructions come in, fit and start to compensate by setting the rates for various commissions.

The total uncertainty characterizes the fiscal status granted to the Cameroon Debt Recovery Corporation as well as the deduction of the Value Added Tax (VAT) on commissions.

In 2004 and 2005, the work of the MINEFI/SRC Joint Committee responsible for proposing the fiscal treatment for SRC and its operations had not handed in its results. The resulting fiscal risk was, upon the proposal of the Auditor duly approved by the Board of Directors, covered by provisions to the tune of 1,346,330,346 CFA francs as indicated in the financial statements of the period concerned.

## **ii) Human resources**

In 2004, the SRC had a manpower of 106 permanent staff comprising 67 senior level and 39 middle and low level staff. This number did not change in 2005 even though it is demonstrated hereunder that the payroll increased immensely.

The payroll, after an increase of 11.14% between 2003 and 2004 increased from 568,748,310 CFA francs in 2004 to 689,155,532 CFA francs in 2005, that is an increase of 21.17%.

Those who benefitted in priority from this increase were senior staff whose direct remuneration increased by 20%, while their duty allowances were multiplied by 2.5.

This evolution does not seem to result from a corresponding increase in activity as it was established later, the turnover of ordinary operation activities had a net drop of 383,159,212 CFA francs, that is 20% with commissions on liquidations and payment vouchers which in 2005 represented only 60% of what was realized a year earlier.

These motivations of the senior staff do not seem to have a significant impact on the output of the Cameroon Debt Recovery Corporation during the 2005 financial year. In all, there is a certain inadequacy between the increase in emoluments and evolution of activities.

### **Response to the observation**

*The substantial increase of direct remunerations of the senior staff for 2005 does not result from elements of motivation on behalf of all senior staff but from these two facts:*

- *The increase by the Board of Directors' meeting that held on 25 February 2005 during its 27<sup>th</sup> session of remuneration of the General Manager and Assistant General Manager;*
- *The recruitment of 13 senior staff to reinforce the number of recovery staff, following among others, the taking over by the SRC of the liquidation of BMBC.*

*As for the drop in performance in 2005, this is explained by the wavering induced by the important changes that occurred during the said financial year, especially:*

- *The double change of General Managers in February and then in June 2005;*
- *The consecutive implementation of a new management approach particularly with regard to the management of the portfolio of bills collectible whose assimilation by the personnel could only be gradual.*

The reasons advanced by the SRC to explain the increase in the direct remuneration of senior staff lacks relevance. In fact, the recruitment of 13 senior staff was not clearly indicated in the accounts. In 2005, the SRC employed 115 staff including 72 senior staff. The total staff number thus increased by 9 persons. The senior staff too increased from 67 in 2004 to 72 in 2005, that is an increase of 5 senior staff, quite below the 13 indicated in the SRC response.

As concerns the drop in performance between 2004 and 2005, the Audit Bench only stated the fact. The Cameroon Debt Recovery Corporation has confirmed it by stating the reasons.

### **iii) Distraint Bearers**

#### **Observation No. 7**

Another means at the disposal of the SRC in carrying out its operations of friendly recovery notably, is the resort to the use of sworn agents. These auxiliaries whose number was not given can have a considerable impact on recoveries by reason of their permanent presence on the field and proximity actions which they perform accordingly on debtors.

Meanwhile, a remarkable fact in the 2004 accounts is the dishonesty of one of its auxiliaries who without putting the whole system in jeopardy the risk represented by the use of these agents when control measures on their actions is not effective.

In fact, the funds regularly paid in by Mr. N.M into the hands of a sworn agent to the tune of 4,200,000 CFA francs in settlement of his debts were diverted which according to the SRC justified “from 2005 the putting in place a procedure for issuance and use of receipt booklets” by all recovery agents.

It should moreover be noted that the function of Distraint Bearers, sworn recovery agents, is regulated. Thus they are expressly forbidden to collect by themselves the funds which they are charged with recovering..

The practice seems to be different in SRC. The diversion of 4,200,000 CFA francs is in this case the consequence of a lax application of regulations by the Cameroon Debt Recovery Corporation.

However, without presuming the ineffectiveness of these measures, caution and vigilance should be the watchword, moreso because in the case of dishonesty mentioned, the Bench observed that no measure of safeguard provided by law was effectively used to recover the distracted sums.

*The explanations given to the Audit Bench were truncated. It is worth recalling that the two principles that govern collection in the SRC are:*

- 1. Recovery from debtors is done by a team;*
- 2. Recovery is collectible because it is done by correcting the shortcomings observed in the methods used in banks having granted loans and incapable of collecting them.*

*These two principles guarantee a collection free of irregularities. There is also need to recall that Madam SINA who no longer came to work at SRC because of domestic problems and who intended to travel abroad pretended to be ill when she took upon herself cunningly and alone to ask for payment from Mr. N.M.*

*Mr. N.M should not have paid her this money for at least two reasons:*

- 1. Madam SINA was alone and not in a team as usual.*
- 2. Considering the amount of money, 4,200,000 CFA francs, it should not have been given in cash.*

*It should be borne in mind that liquidation claims are questionable and the case of Madam SINA is very isolated and marginal. Measures have been taken so that its rights cover the distracted sums.*

The preceding explanations do not remove the fact that the sums collected from Mr. N.M by a Distraint Bearer were distracted, thus reflecting the inadequacies of the internal control system.

## **6. ADMINISTRATIVE SITUATION OF MR. B.N, STORES ACCOUNTANT**

### **Observation No. 9**

Mr. B.N, senior contract employee, was appointed acting stores accountant to the Cameroon Debt Recovery Corporation by Service Memorandum No. 00382/MINFI/DCM/SDRHAG of 3 September 2002 by the Director of Stores Accounting of the Ministry of the Economy and Finance. He worked in this capacity during the period under review. The paysheets and statements of reimbursement of medical bills for the 2004 and 2005 financial years show that Mr. B.N was being paid from the budget of the Cameroon Debt Recovery Corporation. The Bench questioned whether there was a breach of contract of the person concerned with the administration and his secondment to the SRC.

Stores accountants, public accountants by positive law, are civil servants of the Ministry in charge of Finance, appointed to certain structures in view of ensuring the control of regularity, compliance and effectiveness of the provision of goods and services. They are therefore not only in principle but also in fact paid by the State budget under the same conditions as the rest of the personnel.

It should consequently be noted that the absorption of the stores accountant into the staff of SRC and payment of the concerned during 24 months of the period under review were contrary to the applicable regulations.

## **Response of the first General Manager**

*The board members admit in sub section 3 that "Stores accountants, public accountants by positive law are civil servants of the Ministry in charge of Finance appointed to certain structures in view of ensuring the control of regularity, compliance and effectiveness of the provision of goods and services. They are therefore not only in principle but also in fact paid by the State budget under the same conditions as the rest of the personnel".*

*Not only does this affirmation have no legal basis but also surprising coming from the Audit Bench.*

*In fact, there is need to note and retain what positive law teaches us and especially article 70 of Decree No.94/199 of 7 October 1994 on the General Rules and Regulations of the State Public Service, the source for the appointment to corporations: secondment is the position of the civil servant who is temporarily placed out of his work position to serve:*

- In a public institution provided for by the Constitution, law or a statutory instrument;*
- Local authorities or public bodies, public or semi-public enterprises;*
- Private national enterprises;*
- Private bodies of general interest or association carrying out general interest mission.*

*Article 79 states unequivocally that:*

- 1. The civil servant on secondment is paid by the body to which he is seconded;*
- 2. His remuneration should be at least equivalent to that of his incremental position in the public service without being lower than the total paid to persons of the organ to which he is seconded performing similar functions, taking into account, where need be, of allowances attached to seniority...*

*Mr. B.N, stores accountant and therefore public accountant appointed to the Cameroon Debt Recovery Corporation by Service Memorandum No. 00382/MINFI/DCM/SDRHAG of 3 September 2002 by the Minister of the Economy and Finance (the Director of Stores Accounting is signing only by delegation) meets the conditions referred to the articles above from all points of view.*

*It is up to the Ministry of Finance which puts its personnel out of his work position to send him to work elsewhere to suspend his salary or to the personnel not frauding by getting the other salary.*

*Equally, in the case of personnel performing delicate services placed at the disposal of public or semi-public bodies, it is peremptory that the personnel that continues to receive the civil service salary must receive from the body using his services a salary complement to be at the same level as the personnel of the body. He also receives bonuses.*

*From the preceding, it is evident that the position of Mr. B.N. contrary to the analysis made in the observation by the Audit Bench is that of a civil servant placed out of work position to serve another employer with an autonomous budget other than the State.*

*The observations made on the widespread use of certain personnel of the public*



*service by organs using their services emanates from the violation of this instrument. The generalization of this manner of deduction should not be the source of law. It is a practice. A seminar was organized by MINFI in 2003 with public and semi-public bodies on this matter in the interest of personnel performing delicate services (see Cameroon Tribune No. 7951/4240 of 14 October 2003.*

The Bench maintains its observation on the basis of the following elements:

1. Decree No. 94/199 of 7 October amended and supplemented by Decree No. 2000/287 of 12 October 2000 on the General Rules and Regulations of the State Public Service excludes from its scope of application “employees governed by the Labour Code” (article 10(1c)).

Mr. B.N., senior contract employee, as stipulated in the Service Memorandum appointing him acting stores accountant to SRC cannot be governed by these rules and regulations. His work relations are governed by Law No. 92/007 to institute the Labour Code.

2. Under this reservation, secondment comes from a regulatory decision taken in the strict respect of the conditions and procedures provided in articles 71 to 74 of Decree No. 94/199. The “secondment” of Mr. B.N. did not therefore respect the said conditions and procedures.
3. In addition, article 71 specifies the decision pronouncing the secondment: it is “an order of the minister of the ministry of origin of the civil servant concerned, after the prior approval of the body to which he is seconded. The Minister of the Public Service and where need be, the Minister using the services are informed.”

The Bench wonders whether if the Cameroon Debt Recovery Corporation (SRC), receiving the seconded official, gave its prior approval and if the Minister of the Public Service was informed.

The file of control of the SRC accounts concerned contains no element of this nature. The Service Memorandum appointing a stores accountant, on an acting basis, should not be considered secondment.

4. The Minister in charge of Finance, the ministry of origin and moreso user of the stores accountants, by rejecting the request for complementary remuneration benefits for stores accountants in service at SRC introduced by letter of the General Manager No. DAF/MJ/JN/0063/DG/06 of 16 January 2007, removed any doubts concerning the decision taken by his collaborator, the Director of Stores Accounting, but also to clarify the situation of officials of the Ministry of Finance appointed to a stores accounting position in public and semi-public enterprises.

The Audit Bench consequently confirms that the payment of any salary to Mr. B.N. stores accountant at SRC from the budget of this enterprise remains irregular.

## 7. PUBLIC PROCUREMENT

Section 4(3) of Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing public establishments, enterprises of the public and semi-public sector states that *“public administrative establishments, public corporations and semi-public corporations in which the State holds more than half of the share capital and voting rights shall be governed by regulations on public contracts, subject to separate instruments laying down waivers thereto.”* And article 3 of the Public Contracts Code (Decree No. 2004/275 of 4 September 2004) states that *“The Public Contracts Code shall apply to any contract financed or co-financed... by the budget of a public establishment or a public or semi-public corporation....”*

At this stage of the report it means verifying the conformity of supplies or services contracts awarded by SRC with the regulations in force.

During the period under review some anomalies were raised including the following:

### i) Contracts awarded without calls to tender

#### **Expenditure on the liquidation of Banque Meridien BIAO (BMBC): purchase of computer equipment and vehicles**

##### **Observation No. 11**

In 2005, SALAM BUSINESS C. received two purchase orders for the supply of the ORACLE software for the sum of 13,826,334 CFA francs and a server for the sum of 6,959,514 CFA francs.

The orders dated 2 September 2005 which benefited from a payment approval of an advance of up to 50% should have followed the jobbing order procedure because even if considered separately, their amounts are beyond the statutory threshold provided to this effect.

Moreover, a “start-off” advance for supplies is 30% and is generally secured at 100% (article 83(3) and (4) of the Public Contracts Code).

During the same period SALAM BUSINESS C. also benefited from the supply of NEC Pentium IV computers for a total sum of 17,297,210 without a call for tenders.

The argument advanced by SRC in this specific case is that *“these are expenditures linked to the liquidation of the Banque Meridien BIAO Cameroun which do not follow the prescriptions of the Public Contracts Code, expenditures on liquidations and vouchers are not in the budget”*.

Based on this principle, the Cameroon Debt Recovery Corporation equally purchased a vehicle from CAMI TOYOTA by purchase voucher for the sum of 169,500,000 CFA francs.

It is obvious here that, the problem is that of the regularity of procedures and transparency which is guaranteed by the call for competition during the commitment of expenditures, whether they are in the budget or not. The reason given by SRC loses its relevance where using *communicating vessels*, the total amount of the expenditure involved is included in the accounts of SRC.

In fact, the “*Entry of reserve for depreciation of claims for the acquisition of various materials using BMBC/CL funds including vehicles, 169,500,000, CFA francs, computer equipment 43,222,736 CFA francs*” that is a total of 212,722,736 CFA francs is entered as credit in account No. 79121 000, thus as revenue and to the credit of account No. 49500000.

This accounting is supposed possibly to be entered as assets of SRC (22530000 transport equipment, 22540000 computer equipment).

This certainly is not a diversion of procedure within the framework of the acquisition of vehicles but accounting techniques which a procedures manual would have revealed.

Looking at the substance, the Bench noted through some cases that the SRC regularly failed to apply the regulations by circumventing the award of contracts through purchase orders under conditions by which it is difficult to establish that they were favourable to SRC.

#### **Response to the observation**

#### **This is the reaction of the General Manager of SRC:**

*Expenditures for the liquidation of BMBC are likened to those of a private enterprise. However, the transfer into the assets of SRC of transport equipment and computer equipment acquired by the liquidation BMBC was not concretized because of the high amount of the related registration and transfer fees. The opportunity of such expenditure not being evident since these equipment are used under the same conditions as those of SRC*

#### **The Bench reaffirms that:**

1. Even private enterprises call for tenders to rationalize and make a return on their investments expenditure, notably.
2. The assets which in law were not transferred with the resulting consequences, payment of registration and transfer fees, was done so in fact. This fact which is no less a violation of the Tax Code does not give a true image of the assets and hence the sincerity of the financial statements of SRC.

### **8. ACTIVITIES OF THE CAMEROON DEBT RECOVERY CORPORATION**

When the State of Cameroon created the Cameroon Debt Recovery Corporation in 1989, it had a double objective: solving an immediate problem: the bankruptcy of one of the main public financial establishments and concomitantly put in place a

sustainable mechanism that will help in facing future bankruptcies which the serious difficulties of the banking sector made unavoidable.

This double objective was apparent in the plan of SRC as stipulated in Decree No. 96/139 and which boils down to two activities: liquidation and recovery of debts.

#### **i) Recovery of debts**

Debt recovery by SRC should be understood as any payment in cash, bank transfer or cheque, payment in kind or compensation which is not the compensation notably of transfer of assets or renting of buildings.

As has been specified in this report, the control was not directly on recoveries but on commissions deducted from the said recoveries which are the budgetary income of SRC.

For the 2004 and 2005 financial years SRC collected 7,227 million CFA francs and 4,696 million CFA francs respectively. The commissions were 1,687 million CFA francs and 969 million CFA francs.

These recoveries were from bad, disputed and contentious debts whose referential is unknown. In fact, the total amount of these debts being undetermined, SRC in an intuitive manner sets a recovery objective at the beginning of each year.

The aspect of the recovery which concerns this report being the commissions was especially an issue of ensuring that they were deducted from all the recoveries at the statutory rate and accounted for in compliance with the accounting system of SRC.

#### **ii) Rate of commissions deducted by SRC**

##### **Observation No. 15**

The rates of commissions deducted by SRC on recoveries were revalued by resolution No. 4 by the SRC Board of Directors meeting of 7 June 1996, held in Yaounde. In the absence of any indication, it was the rates set by the said resolution which meanwhile were approved by the Minister in charge of Finance, supervisory authority, which should apply to SRC operations during the 2004 and 2005 financial years.

The setting of prices for the transfer buildings and investments of cash from liquidations was during this period done at rates higher than 30% instead of 20%.

In effect, ***“an extension of the scope of application to all entities at the rate of 30% which was applied to liquidation scissions and payment vouchers in the latest rates set by MINFI on 17 March 1997”*** is not based on deliberations by the Board of Directors, even more so on a statutory decision or instruction from the supervisory authority.

Not having therefore been confirmed by the supervisory and safe to justify this difference in rates otherwise, SRC should “reverse” to the liquidation and payment voucher accounts for 2004 and 2005, the surplus commissions on the realizations of

the assets of 35,117 CFA francs and interests on cash investments of 20,708,094 CFA francs.

Moreover, the Audit Bench notes on the one hand that the commissions on the transfer of assets in 2005, entered into the management account was 72,000,000 CFA francs including 500,000 CFA francs deducted on the sales of assets of the ex-BCD-L and 1,500,000 CFA francs on those of SGBC/State; on the other hand, the rate of realization of the immovable assets produced by SRC during the examination indicates two sales of assets of the BICIC-STATE convention No. 3 of 7,630,000 CFA francs and 2,190,000 CFA francs including an appropriate accounting of corresponding commissions of 2,946,000 CFA francs at the rate of 30% would have established the balance of account 7291 "commission on the sales of immovable assets" at 74,946,000 CFA francs. The accounting of these commissions could not be isolated in the financial statements.

## **Responses to observations**

### **Two reactions to this point were registered**

#### **For the current SRC General Manager**

*The deduction rate of 30% is found in the draft convention on the terms of recovery, management and representation between the State and SRC which was drafted by the Closure Committee in charge closing liquidations (SCB, CBD, CAMBANK, PARISBAS and BIAO) set up by the Minister of Finance at the end of his mission in 2001.*

*In fact, the various provisions of the said convention had been approved by the Minister of Finance and the Board of Directors had taken note of it, hence the application by SRC of this rate of 30% since the 2000/2001 financial year.*

*It should be noted that all the accounts and financial statements of SRC since that date have been certified by the auditor (who had been a member of the Closure Committee referred to above) and adopted by the Board of Directors.*

*It was clear to all the stakeholders that this rate was in reality **"an extension of the scope of application to all entities at the rate of 30% which was applied to liquidation scissions and payment vouchers in the latest rates set by MINFI on 17 March 1997"**, the residual portfolios of closed liquidations (that had in fact become vouchers) representing more than 70% of the portfolio managed by SRC.*

*This consensual position was finally validated on 22 August 2008, with the signature by the Minister of Finance of the convention on the recovery warrant, management and representation...*

#### **As for the first General Manager**

*The closure of liquidations led to liquidation queues characterized by the depletion of the resources and a special difficulty or even hardship of its exploitation.*

*Any recovery expert then knows that the more difficult the recovery the more costly it becomes. The State of Cameroon then decided that the representation convention to be granted to SRC should be signed at the earliest because the State had to receive these liquidation queues and recover itself on its own account.*

*The State then required the services and expertise of SRC to carry out this recovery in its stead and to pay itself a rate of 30%.*

*And that a representation convention was to be jointly signed.*

*The Audit Bench admits without reservation that SRC should have continued to recover on behalf of the State after closure of liquidations and without any written decision but it refuses that SRC should pay itself 30% without written decision.*

*Neither the auditor nor the Board of Directors or even the supervisory authority questioned the deduction of 30%.*

*The Bench itself admits the atypical nature of SRC, certain facts of which supplement the regulation but voluntarily omits to state that letters and verbal instructions as in this case supplemented a legal arsenal that was essentially dynamic, given the specificity of the purpose of the corporation.*

*It is not specious to add that representation a convention was finally signed by the Minister of Finance including the clause regarding the deduction of commissions at 30%.*

*It is clear from the foregoing that no written instrument underlay the instruction to recover on behalf of the State and the attendant commission of 30%. This was based on instructions given by the supervisory authority and immediately executed.*

On the rates of deduction charged by SRC, the Audit Bench noted two points:

- The absence of a legal basis for deducting 30% commission on the sales of real estates and the cash investments of liquidations. In effect, the SRC producing the "Convention granting the power of recovery, management and representation" signed on 22 August 2008 with the Minister of Finance representing the Republic of Cameroon gives the Bench proof that the commissions deducted prior to the signing of the convention, that is in 2004 and 2005 were not in any way based on any clear rules;
- The erroneous accounting of "commissions on sales of assets" (account 7291) of the BICIC-STATE No. 3 of 7,630,000 CFA francs and 2,190,000 CFA francs deducted up to the sum of 2,946,000 CFA francs in 2005. For this second part, the Bench confirms that the balance of account "7291 Commissions on sales of real estates" was 74,976,000 CFA francs in 2005 and not 72,000,000 CFA francs if the accounting of the said commissions at the rate of 30% had been exhaustive. This balance, as it features in the financial statements affects their sincerity in 2005.

### **iii) Recovery bonuses**

#### **Observation No. 16**

In 2003 SRC paid out recovery bonuses worth 110,000,000 CFA francs. The same amount was entered in the accounts in 2004 and 2005. For the three successive financial years the annual collections were respectively 6,086.63 million CFA francs, 7,464 million CFA francs and 4,951.5 CFA francs.

By resolution No. 3 of the 16<sup>th</sup> Board of Directors meeting on 7 June 1996, it set the recovery bonuses at:

- 5% of effective recoveries if the quarterly collection is 3,600,000,000 CFA francs;
- 2.5% of effective recoveries if the quarterly collection is equal to or above 1,800,000,000 CFA francs.\*

On an annual basis, it appears only the financial year that ended on 31 December 2004 gave entitlement to a bonus of deduction of 2.5% on recoveries. Consequently, even if it is essentially legal as the SRC management claims (it is an encouragement bonus provided for by the law) the recovery bonus was carefully controlled by the Board of Directors in the resolution referred to above.

In the absence of any legal instrument amending the ceiling mentioned above and not questioning the payment of this bonus, the Bench notes that minimum annual recovery giving entitlement to the payment of the said bonus having been attained only in 2004, the payment of the recovery bonus of 110,000,000 CFA francs in 2003 and 2005 was irregular.

## **Responses to the observation**

### **There were two reactions to this observation**

#### **The first General Manager**

*The Audit Bench presents the first paragraph of the resolution and curiously does not mention the last paragraph.*

*A re-reading of the last paragraph of this resolution of the 16<sup>th</sup> Board of Directors meeting creating the recovery bonus justifies the decisions of the Board which grant the bonus in 2004.*

*In fact, the terms of this resolution are as follows: "However, it shall be specified that the recovery amounts mentioned above can be revised downwards in the case where they cannot be attained in order to render benefit of the bonus compatible with the realities of recovery".*

*This provision which attenuates the rigid conditions for the granting of the bonus founded on decided and static amounts helps the Board to make a sovereign assessment:*

- *The efforts made during the financial year under consideration;*
- *The recovery difficulties faced in relation to the dwindling resources to exploit to grant a bonus based on hardship considering the amounts effectively recovered.*

*That is to say, as the Bench effectively observed, the recovery bonus remains carefully controlled by the Board of Directors:*

- *it is discussed by the Board considering the results of the financial year during accounts sessions;*
- *It is decided in its mandate by the Board (it is therefore not automatic);*
- *The management pays it if and only if the Board voted it and the amount it decided.*

*The accounting documents on the payment of the bonus do not reflect these stages which originate the granting of this bonus which the management is only responsible for payment and not the decision to grant it.*

*It is therefore difficult to imagine that a bonus granted by the competent statutory organ suddenly becomes irregular.*

*Equally, the financial years during which recoveries surpassed by far 3,600,000,000 CFA francs and 1,800,000,000 CFA francs per quarter never gave rise to the payment of the 5% or 2.5% as stipulated in the resolution.*

*The Audit Bench is therefore free to observe that the assets to be realized at the opening of a liquidation diminish as they are realized because of depletion, the residual assets being difficult to realize, requiring more efforts and means with regard to the least solvent debtors or more organized in their insolvency sometimes out of litigation born out of files of amounts to be recovered.*



*The national Collective Agreement of banks and other financial establishments (SRC) reveals a range of bonuses whose details would have disclosed a higher amount to be paid to employees if the Board had not put all in a recovery bonus “package”. From a different level, the reality of recovery problems involves risks which the recovery personnel face: death threats and hatred.*

*This is an opportunity to recall that banks that paid loans behind which SRC is running, had well organized litigation services but could not recover from their own clients and classified them as bad, compromised debts up till their own dissolutions.*

*Attached is the full resolution granting the recovery bonus to personnel (see annex No. 2)*

### **The current General Manager**

*It should be noted that all the provisions of the resolution granting the recovery bonus (doc. No. 9) have never really been scrupulously applied.*

*In effect, despite the quarterly periodicity, payment of this bonus was always annual and generally by far lower amounts.*

*As for recovery bonuses for the 2003 and 2005 financial years for which you consider the payment irregular, even though the related resolutions of the Board of Directors do not expressly make reference, these bonuses were granted in accordance with the last paragraph of resolution No. 3 mentioned above which states “however, it is specified that the recovery amounts referred to above can be revised downwards in the case where they cannot be attained in order to render benefit of the bonus compatible with the realities of recovery”.*

The SRC may be conceded the second paragraph of the resolution mentioned above to justify the payment of bonuses in 2003 and 2005 notwithstanding the non attainment of the set thresholds.

But what is striking, in the two responses above is that the SRC responses remain guarded with regard to the authorization of the Board of Directors for these payments. In effect, it can be read “*even though the related resolutions of the Board of Directors do not expressly make reference, these bonuses were granted in accordance with the last paragraph of resolution No. 3*”.

For the first General Manager: “*That is to say, as the Bench effectively observed, the recovery bonus remains carefully controlled by the Board of Directors:*

- *It is discussed by the Board considering the results of the financial year during accounts sessions;*
- *It is decided in its mandate by the Board (it is therefore not automatic);*
- *The management pays it if and only if the Board voted it and the amount it decided.*

In view of the foregoing, there are no Board of Directors resolutions that expressly authorized the payment of recovery bonus of 110,000,000 CFA francs in 2003 and 2005. Since these resolutions were not produced, the Bench considers that the said payments remain irregular

## **9. DESCRIPTION OF EXPENDITURE**

### **i) Purchase of gifts for board members**

By payment order No. 0023962 of 29 December 2005, the sum of 4,500,000 CFA francs was disbursed for “purchase of gifts for SRC Board members”. As justificatory document for this expenditure, a payment statement including some cash payment receipts were produced.

Even though the operation was accounted for in the appropriate expense account 64512000 Board and committee expenses, its description creates expectations in matters of supporting documents which are not met.

At the risk of drawing conclusions about posting errors, the description of the operation must be in compliance with the use destined for funds of the said operation, that is gifts. The Bench also wants to know if such gifts are provided for by the regulations.

#### **Response to the observation**

##### **Correspondence of the current General Manager of SRC furnishing the following reaction**

The allocation was destined for the purchase of end-of-year gifts. But following objections received from Board members at the last minute regarding the nature of gifts and faced with the difficulty of making personalized purchases, they finally preferred taking their gifts in cash.

The Bench observed that the posting does not correspond to the description of the expenditure. It did not dwell on the type of privileges granted to Board members. The response of SRC is therefore not satisfactory.

### **ii) Mission allowances for drivers of Board members**

#### **Observation No. 20**

During the 26<sup>th</sup> Board of Directors meeting that held in Douala on 5 March 2004, nine mission warrants were prepared on behalf of drivers of members of the Board of Directors of SRC, which drivers are not personnel of the structure. Mission allowances worth 105,000 CFA francs were paid to each of the drivers, giving a total of 945,000 CFA francs.

The rules and regulations governing the personnel stipulate in chapter VII(2b) that mission allowances are paid to a worker on mission within Cameroon at the request

of management. In other words, the worker must be a staff of SRC to benefit from payment of mission allowances under the conditions laid down by statutory provisions.

The Bench considers that a better qualification of the fees paid to these drivers and a different payment procedure other than the use of mission warrants will likely give better clarity to these expenses.

It wonders whether charging these expenses on mission allowances does not give a distorted image of the balance of this account.

### **Response to the observation**

#### **The following reaction came from the first General Manager**

*The Audit Bench, citing chapter 6(2b) of the rules and regulations concludes that one must be a member of staff of SRC to benefit from mission allowances under the conditions fixed by statutory provisions.*

*This is the opportunity to recall that rules and regulations are not the sole basis of mission warrants in an enterprise. Special instruments govern this type of expenditure. As a reminder, there are provisions relating to mission allowances for Board members without them being salaried personnel of the enterprise.*

*Other instruments out of the enterprises often determine the conditions under which a person who has no connection with the corporation can be paid mission allowances (decree organizing services of the Supreme State Audit).*

*Lastly, the Board of Directors, body statutorily competent to create budget heads approved that the structure of running expenditure of the Board of Directors include the mission allowances of drivers of Board members who travel with their vehicles to avoid the exorbitant rates of hiring vehicles with drivers. The general established legal notion of Board of Directors expenses being “taking charge”, a vague notion which permits procedures adapted to committees and commissions because simple and fluid for the management of an enterprise recognized as atypical by the Audit Bench.*

*The Board itself thinks that it is better to avoid the costly acquisition of plane tickets and hiring of vehicles with drivers for them.*

*We insist in believing that this solution does not adversely affect the interest of the corporation.*

The response here attempts to show that the “taking charge” of drivers of Board of Directors through the establishment of mission warrants and payment of corresponding costs is the least costly formula and that “*this solution does not adversely affect the interests of the corporation*”.

To this effect, it should be noted that, the Bench made no assessment whether the formula of mission warrants was costly or not. It simply noted the provisions of the rules and regulations of SRC personnel which in chapter VII (2b) reserves the payment of mission allowances only to SRC personnel.

To the Audit Bench it is more a question of disqualifying the term “mission allowances” to replace it with another which avoids confusing the SRC driver on mission and the drivers of Board members who accompany them to a Board meeting convened out of the head office.

## **10. OTHER ASPECTS OF CONTROL OF THE ACCOUNTS OF THE CAMEROON DEBTS RECOVERY CORPORATION**

### **i) Defining recovery objectives**

The programme of activities of the Cameroon Debt Recovery Corporation for the 2004 and 2005 financial years lacks information on the residual assets of liquidations and mandates. For example, the recovery objectives for liquidation are fixed in relation to the residual or potential lode of the debts in question. It therefore becomes difficult to assess objectively the performance of these recoveries.

### **ii) Payments in cash**

In addition to payments made in cash to personnel, the Cameroon Debt Recovery Corporation used payments in cash to pay for a number of services. Not only service providers who operate at the limit of the informal and thus do not justify the operation of a bank account benefitted from these payments, but other structures such as CAMTEL, AES-SONEL, SNEC and MTN also got paid in cash.

Considering the amounts generally paid, the use of payment through the bank is fully justified.

### **iii) Cash investments**

Cash generated from liquidation operations resulted in investments on fixed term deposits. SRC seemed to use exclusively the Banque Internationale du Cameroun pour l'Épargne et le Crédit (BICEC) for these investments. The Audit Bench wonders if this use of BICEC did not prevent SRC from taking advantages of the best investment possibilities.

In fact, in 2004 only for the liquidation of Bank of Credit and Commerce Cameroon (BCCC) the volume of investments in BICEC was about 20 billion CFA francs and the interest generated was about 112 million CFA francs for an average duration of the fixed term deposits of two months. These investments could therefore benefit from average remunerations of 3.5% annually at the time when there was not much talk about excess cash in the banks.

In 2005, the fall in the level of recoveries in relation to 2004 was not favourable for investments. Only about 30 million CFA francs of interest was recorded for the same BCCC liquidation.

#### **iv) Financial analysis**

At first glance, the financial statements of SRC for the 2004-2005 period suggest a drastically deteriorated financial situation. A notable structural imbalance, even if it tends to diminish, reflects a deficit to cover the liability by circulating assets of 1,036 million CFA francs and 348 million CFA francs respectively in 2004 and 2005. This trend is confirmed by the operating data below.

#### **v) Operating result**

The close of the 2005 financial year gave a net result of 10,241,000 CFA francs, that is a drastic fall of 90% in relation to the previous financial year and 93% in relation to 2003. The ordinary activities already showed this evolution.

In effect, even though the proceeds of the operation of ordinary activities reflecting only a slight fall of 6.6% experienced counter-performance at the level of the main product: commissions on recoveries. These commissions which stood at 93% of these proceeds in 2003 and 94% in 2004 fell from 1,698 million CFA francs to 1,065 million CFA francs in 2005, that is a fall of 37%.

#### **vi) Added value**

With regard to the added value, one notices that it almost stabilized between 2003 and 2004 (931 million and 942 million) before dropping to 697 million CFA francs in 2005.

This change bore the seeds of an accentuated weakening of the financial situation of the corporation and it can be stated that SRC perhaps avoided difficulties in the payment of salaries in 2005, the added value reaching these levels this year.

#### **vii) Operating cost and capacity of total self financing**

The operating costs were negative over these two years. This theoretically means that SRC did not have operating costs in 2004 and 2005. At the same period its total self financing capacity dropped to 7,581,000 CFA francs in 2005; 373,665,000 CFA francs one year earlier.

## PART FOUR: RECOMMENDATIONS

The Audit Bench of the Supreme Court each year in its annual report makes recommendations which it considers necessary to improve the preparation for examination of management accounts of public accountants or the quality and reliability of financial and accounting information of public and semi-public enterprises.

The annual report is also a vector for proposal of certain reforms likely to consolidate good governance and transparency in public management.

In 2009, the activities of the Audit Bench and mainly those related to controls helped in pointing out a number of irregularities and dysfunctions in structures subject to control by this jurisdiction.

Certain types of irregularities and dysfunctions were already noted in the preceding reports and recommendations to remedy them formulated, some of which had effect while others did not culminate in the reforms or calls to order proposed. This can be explained by the fact that these certainly are structural reforms whose implementation cannot be done at the very short term, like the recommendations relating to the legal framework of public establishments and public and semi-public enterprises.

Part four of this report presents in turn, a statement of some follow-ups of previous recommendations, previous recommendations that have not been followed and in this case repeated and lastly new recommendations.

## **CHAPTER 1. OUTCOME OF PREVIOUS RECOMMENDATIONS**

The outcomes of the previous recommendations are analyzed here in two sections: firstly the outcome of the first recommendations of the 2006 reports and then those of subsequent reports.

### **SECTION 1. OUTCOME OF THE 2006 REPORT**

It was in 2006 that the Audit Bench effectively commenced the control of management accounts and those of public and semi-public sectors. The difficulties encountered in this exercise had to do notably with the non respect of legal and statutory instruments, the absence or the caducity of certain sectoral accounting systems and the inadequate professional qualifications of the personnel committed to the preparation and production of accounts.

It was in this light that the Audit Bench recommended an improvement of the legal and statutory framework as well as the building the capacities of the human resources.

Moreover, without renouncing the summary procedure which is prevalent in financial jurisdictions, the Audit Bench recommended the creation of a dialogue platform with the Ministry of Finance in view of ameliorating the keeping and presentation of accounts.

This recommendation was followed. The Dialogue Platform each year holds one meeting per quarter since 2008 under the conditions laid down in Decision No. 001897/MINFI/CAB of 29 July 2008.

Other recommendations of the 2006 Report that had an effect concern:

- Building the capacities of accountants. Provincial seminars for Council Revenue Collectors were organized in 2007 in collaboration with the Ministry of Territorial Administration and Decentralization and the Ministry of Finance. The same experience was repeated in 2009 for Mayors. All of these seminars were aimed at the mastery by these regional and local authorities personnel of the accounting and budgetary framework of regional and local authorities and the management of the said authorities;
- Putting in place a sectoral accounting system for public establishments. The budgetary and accounting nomenclature of public administrative establishments was fixed by Decree No. 2008/0446/PM of 13 March 2008 signed by the Prime Minister;
- Preparing and forwarding to the accountant the administrative account which is one of the general documents of the management account. The new fiscal regime(Law No. 2007/006 of 26 December 2006 to lay down the fiscal regime of the State), has confirmed the obligation of the Authorizing Officer to prepare an annual administrative account that s obligatorily attached to management account sent to the Audit Bench.



## SECTION 2. OUTCOMES OF RECOMMENDATIONS OF 2007 AND 2008

The 2007 and 2008 reports highlighted the same anomalies in management accounts. The report on State accounts for the 2005, 2006 and 2007 financial years highlighted the same anomalies.

The recommendations formulated on the anomalies raised had to do:

- The return to orthodox management of inactive assets;
- The rigorous follow-up of bills collectible, principally in Customs Duties and Tax Revenue Collection Offices;
- The keeping of State accounts;
- The respect of regulations relating to the disbursement of funds impress;
- The discipline of accountants.

Letter No. 04691/MINFI/SG of 2 November 2009 reproduced hereunder is the reply of the Minister of Finance to the Report on State Accounts. Within the logic of the accusatory procedure, this response shows the importance public authorities attach to the recommendations made by the Audit Bench and their desire to follow up.

Yaounde, 2 November 2009

No. 4691/MINFI/SG  
Ref: LN°071/CDC/CSC of 24/09/09

*THE MINISTER*

The President of the Audit Bench  
of the Supreme Court

Subject: 2009 Report on State accounts

Mr. President,

As a follow up to your letter mentioned in the reference above, I have the honour to let you know that generally I take very seriously the irregularities raised and the pertinent recommendations formulated by your august Bench in view of improving the rendering of State accounts.

Specifically, an analysis of the 2009 report helps in envisaging the adoption of measures aimed at implementing the recommendations, especially:

I. In Income

Concerning the bills collectible, I intend to sign a memorandum to remind all public accountants of the requirement to take charge of all amounts due noted. In the same vein, appropriate measures shall be taken to reinforce the authority of principal Treasury accountants over all secondary accountants, including Customs Duties, Tax and Land Revenue Collectors in the strict respect of the decree to organize the Ministry of Finance. I also envisage reactivating the commission on admission as inactive assets in view of removing securities judged irrecoverable from the stock of bills collectible.

Equally, in order to ensure respect of the principle of the separation of powers between the Authorizing Officer and Accountant, measures will be taken to transfer the management of inactive assets and stamping machines to a committee placed under the supervision of the Director General of the Treasury and Financial and Monetary Cooperation.

## 11- In expenditure

### *1. Faithful carry forward of balances*

In this regard, it should be noted that the situation mentioned is especially imputable on the instability of the CADRE computer application used for the processing of Treasury operations. Its new version which is under experimentation since 2008 should help remedy this situation through an automatic carry forward of balances at the beginning of the new financial year.

### *2. Settlement of deficits in accounting entries*

After taking note of the related recommendation, I have given instructions that all cases of this nature be counted and regularized. You will be given an account of the result of this work at the right moment. I however have to state that the data available at the Ministry of Finance does not correspond with the figures in your report. Moreover, the deficits noted are sometimes caused by the insecurity prevailing in certain localities of the country where accounting stations are the main targets.

### *3. Payment of non assigned expenditure*

Since the reform of accounting, only salary pay vouchers were still transferable up till 2008. It will also be useful to have examples in view of enabling the appropriate measures to be taken to put a closure to it.

### *4. Disbursements*

While recognizing the relevance of the observations made in this respect, I nonetheless have to state the difficulty of avoiding this procedure for certain types of expenditures. However, within the framework of putting in place a new financial regime, it is envisaged to replace this procedure by the system of imprest fund for a better follow-up.

## 5. *Cash advances*

On this issue, I intend to remind all accountants of the statutory ban on granting cash advances to depositors. A point shall be made on all third-party accounts whose accounts are abnormally in debit in view of the settlement. It should be noted that, this situation is amplified by certain expenditures essentially made through cash advances, such as court fees. Studies are underway in view of their inclusion fully in the budget.

### III-Concerning movement of funds between accountants

It should be stressed that on this issue that the differences noticed are mostly from budgetary charge errors. Settlement missions recently sent to the field have ensured a sensitive reduction in the figures advanced. More efforts will be made in order to resolve this problem once and for all.

### IV-Concerning the 2004 recommendations

#### 1. *Special Treasury accounts*

Except I have not understood it well, special accounts such as defined by the 1962 Ordinance no longer exist in the nomenclature of the Treasury. All accounts having a special character like Special Appropriation Accounts are followed up by Accounting Officers who produce a management account in compliance with the regulations in force.

#### 2. *Oath and security by accountants*

On this subject, I have asked all the Directors General to see to it that all senior officers of Revenue Collection Offices take the oath under the conditions laid down by the regulations in force before their appointments. Moreover, the Directorate General of the Treasury and Financial and Monetary Cooperation will ensure the respect of the requirement of providing security by public accountants.

Moreover, I have given instructions that the Audit Bench be closely associated in the work of the steering committee for public finance reforms. Equally, all measures will be taken in view of seeking the opinion of the Audit Bench on the Settlement Bill before its transmission to the National Assembly.

While restating my concern about improving accounting discipline and the quality of financial information of the State, accept my highest regards.

(Signed) **ESSIMI MENYE**

It should be noted that certain recommendations mentioned here are repeated in this report because the Audit Bench thinks that at this stage it is not the effective implementation of the said recommendations but more of preparatory measures.

## CHAPTER 2. RENEWED RECOMMENDATIONS

### SECTION 1. RECOMMENDATIONS OF 2007

#### I. Keeping and producing State management accounts

**Recommendation 07-6:** relating to respect of the provisions on the administrative control of accounting stations as at 31 December of each year in order to know the balances of all financial accounts as well as the situation of the State portfolio.

**Recommendation 07-7:** relating to the application of auxiliary accounting of the State on income (CADRE). This will ensure the creation of an interface between revenue collection services (taxation, customs...) and the Treasury in order to know at any moment the amount taken care of, recoveries as well as bills collectible.

**Recommendation 07-11:** relating to the keeping of accounts of principal accountants of the Treasury on:

1. The automatic admission as valueless amounts that appear in various balances of accounts as mechanized taxes whose rolls go back more than 25 years;
2. The auditing by order of the Minister of Finance of debits and other deficits featuring in balances of accounts;
3. The gradual reduction of all amounts made up of cheques unpaid during clearance, either by proceeding to their effective recovery or by their transformation as deficit to be imputed on accountants who endorsed them;
4. The preparation of a general account of the finance administration by the Minister of Finance. This will bring together all the budgetary operations of all principal accountants of the Treasury and will help in assessing the state of execution of the budget of the State and to rule easily on the draft Settlement Bill;
5. The need to start a reflection in the Ministry of Finance aimed at significantly reducing the number of constituent documents of a bundle of justificatory expenditure documents in order to facilitate and render more efficient the controls of the public accountant without jeopardizing the principles of regularity and sincerity of public expenditure.

#### II. Management accounts of Council Revenue Collectors and Accounting Officers

**Recommendation 07-8:** relating to the short-term computerization of the accounts of Council Revenue Collectors

**Recommendation 07-12:** relating to the preparation for examination management accounts of accounting officers and Council Revenue Collectors of this category of certified public accountants by the structures provided to this effect.

### **III. Application of Law No. 99/016 of 22 December on the general rules and regulations governing public establishments and enterprises of public and semi-public sector**

**Recommendation 07-3:** relating to the application of the provisions of section 112(1) and (2) of the aforementioned law by public establishments and public and semi-public enterprises according to which:

- 1) Existing public establishments, public and semi public enterprises must comply with the provisions of this law, within one (1) year starting from the date of its enactment;
- 2) At the expiry of this time-limit, ad hoc representatives shall be appointed by decision of the Minister in charge of Finance to the enterprises which have not complied with the provisions of this law for a period of not more than six (6) months for the specific purposes of updating their articles of association, producing financial statements and setting up the appropriate governing bodies.

**Recommendation 07-4:** relating to the respect of duration of mandate of the various management organs of public establishments and public and semi-public enterprises on the one hand and incompatibilities concerning these organs provided by the said law on the other hand

**Recommendation 07-10:** relating to the drafting of the instruments of application of the aforementioned law.

### **IV. Discipline of accountants**

**Recommendation 07-13:** relating to the taking of oath and the deposit of security by public accountants within a reasonable deadline, at the initiative of the Minister in charge of Finance on the one hand and the attachment of the related instruments to the general documents of their management accounts on the other hand.

### **V. Activities of the Audit Bench**

**Recommendation 07-9:** relating to the activities of the Audit Bench

The Audit Bench recommends:

- 1) Putting at the disposal by the Minister in charge of Finance support staff who are assistant auditors (category A and B staff of the Public Service).

- 2) Continuous building of the operational capacity of the Audit Bench to enable it, just like other supreme institutions for the control of public finance, to extend its scope of control to include the control of management.

## **SECTION 2. RECOMMENDATIONS OF 2008**

### **I. Keeping and producing State management accounts**

**Recommendation 08-1:** relating to the management of inactive assets

The Audit Bench has noted during various controls on account items that the majority of management accounts of principal accountants of the Treasury do not contain all the information on the management of the portfolio of State accountants.

The financial jurisdiction recommends that the stock of fiscal stamps, windscreen licenses and toll gate tickets ordered and received by the Directorate General of Taxes must be accounted for in the account of State assets (Directorate General of the Treasury and Financial and Monetary Cooperation) for a proper follow-up and a account statement of these assets of the portfolio be prepared at the end of the financial year and attached to the management account of the competent principal accountant.

### **II. Application of Law No. 99/016 of 22 December on the general rules and regulations governing public establishments and enterprises of public and semi-public sector**

**Recommendation 08-4:** relating to the duties of representatives of financial and technical supervisory authorities in the deliberative organs of public establishments and public and semi-public enterprises to ensure the respect of laws and regulations of the Republic during decision taking and resolutions within the said organs.

### **III. Application of Sections 8 of Law No. 2003/005 of 21 April 2003 and 39 of Law No. 2006/016 of 29 December 2006**

**Recommendation 08-2:** relating to the transmission at the behest of the Minister of Finance accounts or corporate and natural persons performing official functions or corporate persons invested with a specific mission and in this respect receiving national or international assistance (section 8 of law No. 2003/005).

**Recommendation 08-3:** relating to the transmission to the Audit Bench for its opinion the Settlement Bill tabled before Parliament in application of the provisions of section 39(c) of Law No. 2006/016 of 29 December 2006 on the organization and functioning of the Supreme Court.

## CHAPTER 3. NEW RECOMMENDATIONS

Here they include recommendations resulting from observations done either after judicial controls or within the framework of the administrative activities of the Bench during 2009.

Some of these recommendations really appear new and others concern irregularities and dysfunctions noted during controls of previous years.

For 2009 the Bench formulates the following recommendations.

### SECTION 1. RESPECT OF RULES OF PUBLIC ACCOUNTING SYSTEM

**Recommendation 09-1:** relating to the respect of the principle of annual nature of the budget

An examination of accounts reveals a good number of operations executed out of the budget execution period. Thus, purchase orders not paid in the previous years are paid during the next financial year.

The Audit Bench consequently recommends the respect of the principle of the annual character of the budget.

**Recommendation 09-2:** relating to the automatic carry forward of balances

An examination of 2009 management accounts revealed recurrent differences between the balances at the closure of the financial year and the balances at the beginning of the next financial year which is contrary to the principle of continuity of annual balances.

The Audit Bench recommends that balances at the end of the financial year be entered in an identical manner in the following financial year in order to respect the principle of the intangibility of accounting entries and that the possible adjustments be perfectly justified and assumed by the accountant.

**Recommendation 09-3:** relating to the recovery of revenues of Tax Collectors and Customs Collectors

Controls of 2009 as well as those of previous years revealed the absence of supporting documents of management of the revenue of tax Revenue Collectors and Customs duties Collectors in the management accounts of their attached principal accountants.

The Audit Bench recommends that Regional Treasurers require of Tax Revenue Collectors and Customs Duties Collectors the production of the statements of bills collectible which shall be attached to their management accounts.

## **SECTION 2. SUPPORTING DOCUMENTS OF MANAGEMENT ACCOUNTS**

**Recommendation 09-4:** relating to supporting documents of expenditure operations of regional and local authorities and public administrative establishments

Various controls have revealed that public accountants of these structures made authorized payments without sufficient or probative supporting documents.

The Audit Bench consequently recommends that accountants ensure the respect of the statutory composition of the packet of expenditure documents which are presented for payments.

**Recommendation 09-5:** relating to the classification of supporting documents of management accounts

The Audit Bench recommends that justificatory expenditure documents be classified by economic nature in order to facilitate reconciliation with the general annual balance.

**Recommendation 09-6:** relating to justification of expenses of funds made available

The Audit Bench realized that making available funds done in the form of disbursement to a cashier or direct beneficiary which is an exceptional procedure of execution of the budget tends to be generalized. It may likely encourage irregular expenditures and misappropriation of public funds.

The Audit Bench also recommends that making available funds remain an exception and that the cashiers forward to the attached accountant within a deadline set by the decision making available the funds, an account statement indicating the use supported by justificatory expenditure documents.

## **SECTION 3. DEFICITS AND MOVEMENTS OF FUNDS**

**Recommendation 09-7:** relating to the clearance of accounting deficits

Controls by the Audit Bench have shown that general balances have deficits which persist in basic accounting postings after administrative debit decisions were taken against authors of deficits and payment vouchers issued by the Directorate General of the Budget to ensure the clearance of the said deficits.

The Audit Bench recommends that measures be taken at the level of the Ministry of Finance to ensure putting at the disposal of accountants payment vouchers provided by debit decisions in view of clearing the deficits in the entries once authors of the said deficits were given administrative debit balances on the one hand and to effectively execute the pre-deductions on the salaries of the concerned on the other hand.



**Recommendation 09-8:** relating to the follow-up of movement of funds between accountants

The Audit Bench noted discrepancies between funds transferred and funds received among accountants for the same period in general balances.

The Bench also recommends the rigorous follow-up of movement of funds between accountants and that the statement of correspondence accompanied by notice of movements of funds be systematically established between the ACCT and principal accountants to avoid differences.

## **SECTION 4. RESPECT OF THE PUBLIC CONTRACTS CODE**

**Recommendation 09-9:** relating to the respect of rules governing public procurement

Controls by the Audit Bench revealed the violation of certain rules of the Public Contracts Code, notably the call to tender, the non respect of the ceilings for awards or the payment of start-off advances above the ceiling of 30% provided by regulations.

The Audit Bench recommends the respect of the provisions relating to the award of public contracts and the rejection of all expenditure committed in violation of the said provisions.

## **SECTION 5. STATUS AND ADVANTAGES GRANTED PERSONNEL OF THE MINISTRY OF FINANCE APPOINTED IN PUBLIC ADMINISTRATIVE ESTABLISHMENTS AND PUBLIC AND SEMI- PUBLIC ENTERPRISES**

The control of the accounts of public establishments and public and semi-public enterprises revealed that stores accountants, finance controllers and accounting officers appointed in these structures benefit from certain advantages paid from their budgets even though they are paid by the budget of the State.

The Audit Bench recommends that the Ministry of Finance on the one hand and that of the Ministry of the Public Service and Administrative Reform on the other hand, clearly define the status and advantages due the category of persons appointed to public administrative establishments and public and semi-public enterprises.

## CONCLUSION

The control and judgement of accounts is based on legal framework made up of a series of instruments, notably Law No. 2003/005 on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court of Cameroon and Law No. 2006/016 on the organization and functioning of the Supreme Court.

The new fiscal regime of the State established by Law No. 2007/006 of 26 December 2007 has opened new ways for a profound renovation of judicial and administrative controls performed by the jurisdiction, by introducing the notion of performance.

In effect, the Settlement Bill tabled before parliament of which “annual reports on performance of administrations...” is one of the main elements, requires the opinion of the accounts jurisdiction.

This opinion provided for by law cannot be done without examining the performances of administrations of which the commonly accepted measure is based on the “3E”.<sup>7</sup>

The perception of control of regularity limited only to legal conformity of identified decisions or processes should now be extended, within the jurisdiction, to the verification of the conformity of results obtained in relation to the objectives fixed on the one hand and the means used on the other hand.

The Audit Bench has already taken measures against the challenges of the exercise of such powers. In 2009, it reevaluated and implemented capacity building programme, which internally, are training in administrative controls and audit techniques of financial statements according to the accounting system of the Organization for the Harmonization of Business Law in Africa (OHADA); in foreign financial jurisdictions, information missions on the control techniques on the execution of budgets and the formulation of opinions on Settlement Bills.

This capacity building justifies the need by the Audit Bench to be in a better position to accomplish its missions: contribute to the respect of the regularity and reliability of the management of public accounts on the one hand and the performance of public management on the other hand.

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<sup>7</sup> Economy, Efficiency, Effectiveness

## ANNEXURES

**Annexure 1. Table of evolution of the production of accounts of State public accountants, Council Revenue Collectors and Accounting Officers as at 31.12.09**

Description	Number of accounts produced in				Total of accounts produced as at 31.12.09	Accounts expected	Percentage of production of accounts
	2006	2007	2008	2009			
First Division							
2004 FY	12	-	-	01	13	13	100
2005 FY	13	-	-	-	13	13	100
2006 FY		09	04	-	13	13	100
2007 FY			11	01	12	12	92.30
2008 FY				13	13	13	100
Total First Division (1)	25	09	15	15	64	65	98.46
Second Division							
2004 FY	12	15	48	08	83	339	24.48
2005 FY	07	14	35	10	66	339	19.46
2006 FY		02	28	21	51	339	15.04
2007 FY			25	33	58	362	16.02
2008 FY				33	33	377	08.75
Total Second Division (2)	19	31	136	105	291	1756	16.57
Third Division							
2004 FY	46	03	01	02	52	76	68.42
2005 FY	40	02	05	03	50	76	65.78
2006 FY		30	13	06	49	76	64.47
2007 FY			36	14	50	89	56.17
2008 FY				44	44	97	45.36
Total Third Division (3)	86	35	55	69	245	414	59.17
Grand total 1+2+3	130	75	206	189	600	2 235	26.84

**Annexure 2. Structures under judicial competence of the Audit Bench for which questionnaires, reports and submissions of the Legal Department were prepared in 2007, 2008, and 2009.**

Divisions	Questionnaires	Reports of examination	Submissions of the Legal Department
<b>Year 2007</b>			
<b>First Division</b>			
	South Regional Treasury (2004 FY)	Center Regional Treasury (2004 FY)	Center Regional Treasury (2004 FY)
	North Littoral Regional Treasury (2004 FY)	North Littoral Regional Treasury (2004 FY)	North Littoral Regional Treasury (2004 FY)
	North Littoral Regional Treasury (2004 FY)	North Littoral Regional Treasury (2005 FY)	North Littoral Regional Treasury (2005 FY)
	North Littoral Regional Treasury (2005 FY)	South West Regional Treasury (2004 FY)	South West Regional Treasury (2004 FY)
	Adamawa Regional Treasury (2004 FY)	South Regional Treasury (2004 FY)	South Regional Treasury (2004 FY)
	East Regional Treasury (2004 FY)	Adamawa Regional Treasury (2004 FY)	Adamawa Regional Treasury (2004 FY)
	South West Regional Treasury (2004 FY)	East Regional Treasury (2004 FY)	East Regional Treasury (2004 FY)
	Littoral Regional Treasury (2004 FY)	Paymaster General Office (2004 FY)	Paymaster General Office Trésor (2004 FY)
	Adamawa Regional Treasury (2005 FY)	Littoral Regional Treasury (2004 FY)	Littoral Regional Treasury (2004 FY)
	Far North Regional Treasury (2004 FY)		
	North Regional Treasury (2004 FY)		
	North West Regional Treasury (2004 FY)		
	West Regional Treasury (2004 FY)		
<b>Second Division</b>			
	Batibo Council (2004 & 2005 FY)	Ndop Council (2004 FY)	-
<b>Third Division</b>			
	Institute for Geological and Mining Research (2004 FY)	Cereals Board (2004 FY)	National Institute of Youth and Sports (2004 & 2005 FY)
	National Institute of Cartography (2005FY)	North Planning and Study for Development Authority (2004 FY)	Special Forests Development Fund (2004 FY)
	Institute for Geological and Mining Research (2005 FY)	National Institute of Youth and Sports (2004 & 2005 FY)	Cereals Board (2004 FY)
	University of N'Gaoundere (2004 FY)	University of Dschang (2004 FY)	
	Hydrocarbons Price Stabilization Fund (2004 FY)	National Institute of Cartography (2004 FY)	
	University of Ngaoundere (2004 FY)	Public Contracts Regulatory Agency (2004 & 2005 FY)	
	University of Dschang (2004 FY)	Hydrocarbons Price Stabilization Fund (2004 FY)	
	Chamber of Agriculture (2004 & 2005 FY)	Chamber of Agriculture (2004 & 2005 FY)	
	Public Contracts Regulatory Agency (2004 & 2005 FY)	University of N'Gaoundere (2004 FY)	
	University Teaching Hospital Center (2004 & 2005 FY)	Technical Committee of Rehabilitation (2004 & 2005 FY)	
	South West Development Authority (2004 & 2005 FY)	Special Forests Development Fund (2004 FY)	
	University Teaching Hospital Center (2004 & 2005 FY)		
	South West Development Authority (2004 & 2005 FY)		
	Maritime Fishing Development Fund (2004 FY)		
	Technical Committee of Rehabilitation		

	(2004 & 2005 FY)		
	Technical Committee for the Follow-up of Economic Programmes (2004 FY)		
	Institute of Agricultural Research for Development (2004 & 2005 FY)		
	South West Development Authority (2004 & 2005 FY)		
	Maritime Fishing Development Fund (2005 FY)		
<b>Year 2008</b>			
<b>First Division</b>			
	North West Regional Treasury (2005 FY)	Far North Regional Treasury (2004 FY)	Far North Regional Treasury (2004 FY)
	South Regional Treasury (2005 FY)	Adamawa Regional Treasury (2005 FY)	Adamawa Regional Treasury (2005 FY)
	North Regional Treasury (2005 FY)	North Littoral Regional Treasury (2004 FY)	North Littoral Regional Treasury (2004 FY)
	Paymaster General Office (2004 FY)	Centre Regional Treasury (2004 FY)	Centre Regional Treasury (2004 FY)
	Adamawa Regional Treasury (2004 FY)	North Littoral Regional Treasury (2005 FY)	North Littoral Regional Treasury (2005 FY)
	Paymaster General Office, Special HIPC Accounts (2004 FY)	North West Regional Treasury (2004 FY)	North West Regional Treasury (2004 FY)
	South Regional Treasury (2005 FY)	South Regional Treasury (2005 FY)	South Regional Treasury (2005 FY)
	West Regional Treasury (2004 FY)	North Regional Treasury (2004 FY)	Paymaster General Office (2004 FY)
	South West Regional Treasury (2005 FY)	South Regional Treasury (2004 FY)	North Regional Treasury (2004 FY)
	Littoral Regional Treasury (2005 FY)	South West Regional Treasury (2004 FY)	South Regional Treasury (2004 FY)
	East Regional Treasury (2005 FY)	South West Regional Treasury (2005 FY)	South West Regional Treasury (2004 FY)
	Far North Regional Treasury (2005 FY)		South West Regional Treasury (2005 FY)
	Littoral Regional Treasury (2005 FY)		
	Centre Regional Treasury (2005 FY)		
	East Regional Treasury (2005 FY)		
<b>Second Division</b>			
	Bafoussam City Council (2004 FY)	Batibo Council (2004 & 2005 F Y)	Ndop Council (2004 FY)
	Buea Council (2004 FY)	Tiko Council (2004 FY)	Batibo Council (2004 & 2005 FY)
	Tiko Council (2004 FY)	Ndop Council (2004 FY)	Tiko Council (2004 FY)
	Bafoussam City Council (2004 FY)	Buea Council (2004 FY)	
	Mokolo Council (2004 FY)		
	Mokolo Council (2005 FY)		
	Yagoua Council (2004 FY)		
	Bafoussam City Council (2005 FY)		
	Bafoussam City Council (2006 FY)		
	Jakiri Council (2004 & 2005 FY)		
<b>Third Division</b>			
	Telecommunications Regulatory Board (2004 & 2005 FY)	Institute for Geological and Mining Research (2004 & 2005 FY)	Chamber of Agriculture (2004 & 2005 FY)
	National Agency for Financial Investigation (2006 FY)	National Census and Population Studies Bureau (2004 & 2005 FY)	Public Contracts Regulatory Agency (2004 & 2005 FY)
	Technical Committee for the Follow-up of	General Hospital of Yaounde	University of Dschang

	Economic Programmes (2005 FY)	(2004 FY)	(2004 FY)
	Local Materials Development Authority (2004 & 2005 FY)	National Agency for Financial Investigation (2006 FY)	North Planning and Study for Development Authority (2004 & 2005 FY)
	National Cocoa and Coffee Board (2004 FY)	University teaching Hospital Center (2004 & 2005 FY)	National Ports Authority (2004 & 2005 FY)
	Institute for Medical and Medecinal Plant Research (2004 & 2005 FY)	Chamber of Agriculture (2004 & 2005 FY)	National Agency for Financial Investigation (2006 FY)
	National Cocoa and Coffee Board (2005 FY)	Public Contracts Regulatory Agency (2004 & 2005 FY)	Institute of Agricultural Research for Development (2004 & 2005 FY)
	Special Wildlife Protection Fund (2004 & 2005 FY)	Cereals Board (2004 FY)	National Institute of Cartography
	National Ports Authority (2004 & 2005 FY)	South West Development Authority (2004 & 2005 FY)	Special Forests Development Fund (2004 FY)
	Mandara Mountains Development Authority (2004, 2005 & 2006 FY)	Institute of Agricultural Research for Development (2004 & 2005 FY)	University of Dschang (2004 FY)
	Congres Hall 2005 & 2006 FY)	Institute for Medical and Medecinal Plant Research (2004 & 2005 FY)	Institute for Geological and Mining Research (2004 & 2005 FY)
	General Hospital of Yaounde (2004 FY)	University of Dschang (2004 FY)	
	University of Yaounde (2004 & 2005 FY)	Telecommunications Regulatory Board (2004 & 2005 FY)	
	General Certificate of Education Board (2004 & 2005 FY)	Mandara Mountains Development Authority (2004, 2005 & 2006 FY)	
		National Ports Authority (2004 & 2005 FY)	
		National Cocoa and Coffee Board (2004 & 2005 FY)	
		Special Wildlife Protection Fund (2004 & 2005 FY)	
		Technical Committee for the Follow-up of Economic Programmes (2004 FY)	
		Maritime Fishing Development Fund (2005 FY)	
		General Hospital of Yaounde (2004 FY)	
		Congress Hall (Ex. 2005 & 2006)	

### Year 2009

First Division			
	North West Regional Treasury (2005 FY)	Paymaster General Office (2004 FY)	Paymaster General Office (2004 FY)
	West Regional Treasury (2005 FY)	West Regional Treasury (2004 FY)	West Regional Treasury (2004 FY)
	Central Accounting Office of the Treasury (2004 FY)	Adamawa Regional Treasury (2004 FY)	Adamawa Regional Treasury (2004 FY)
	Affaire C/ FOU DA François	Far North Regional Treasury (2004 FY)	Far North Regional Treasury (2005 FY)
	South Regional Treasury (2006 FY)	Littoral Regional Treasury (2004 FY)	Littoral Regional Treasury (2005 FY)
	South Regional Treasury (2007 FY)	North Regional Treasury (2005 FY)	North Littoral Regional Treasury (2005 FY)
	North West Regional Treasury (2006 FY)	East Regional Treasury (2005 FY)	South Regional Treasury (2005 FY)
	North West Regional Treasury (2007 FY)	Littoral Regional Treasury (2005 FY)	Centre Regional Treasury (2004 FY)
	Littoral Regional Treasury (2006 FY)	North Littoral Regional Treasury (2005 FY)	
	Far North Regional Treasury (2006 & 2007 FY)	East Regional Treasury (2004 FY)	
	West Regional Treasury (2006 FY)	South Regional Treasury (2005 FY)	
	West Regional Treasury (2007 FY)	North West Regional Treasury (2004 FY)	
	East Regional Treasury (2006 & 2007 FY)	Far North Regional Treasury (2005 FY)	
	Affaire C/ ROULY MBILA Jean	Centre Regional Treasury (2004 FY)	
	Affaire C/EFFALA ESSOMBA		
	Affaire C/ BOYOMO Donatien		
	Central Accounting Office of the Treasury (2005 FY)		
	Affaire C/ NGO'O Roland Claude		



<b>Second Division</b>			
	Ndu Council (2005 FY)	Bafoussam City Council (2004 FY)	Ndop Council (2004 FY)
	Sa'a Council (2004 FY)	Douala City Council (2004 FY)	Babadjou Council (2004 & 2005 FY)
	Fundong Council (2004 & 2005 FY)	Ndu Council (2004 FY)	Buea Council (2004 FY)
	Santa Council (2004 FY)	Ndu Council (2005 FY)	Wum Council (2004 & 2005 FY)
	Goulfey Council (2004 FY)	Babadjou Council (2004 & 2005 FY)	Bafoussam City Council (2004 FY)
	Kongso Council (2004 & 2005 FY)	Wum Council (2004 & 2005 FY)	
	Biwong Bulu Council (2007 FY)		
	Yaounde City Council (2004 FY)		
	Nanga Eboko Council (2004 FY)		
<b>Third Division</b>			
	Special Council Support Fund for Mutual Assistance (2006 FY)	Special Council Support Fund for Mutual Assistance (2006 FY)	National Cocoa and Coffee Board (2004 & 2005 FY)
	Technical Committee for Privatization and Liquidation (2004 & 2005 FY)	National Ports Authority (2004 FY)	Special Forests Development Fund (2004 FY)
	National Social Insurance Fund (2004 & 2005 FY)	Provincial Committee for the Prevention of Drought (2004 & 2005 FY)	Congress Hall (2005 & 2006 FY)
	National Centre of Education (2004 & 2005 FY)	National Agency for Financial Investigation (2006 FY)	
	Livestock Development Fund for the North West (2004 & 2005 FY)	University Teaching Hospital Center (2004 & 2005 FY)	
	Earmarked Account for the Development of Tourism (2004, 2005 & 2006 FY)	General Hospital of Yaounde (2004 & 2005 FY)	
		Chamber of Agriculture (2004 & 2005 FY)	
		National Institute of Cartography (2005 FY)	
		General Certificate of Education Board (Ex. 2004 & 2005)	
		South West Development Authority (Ex. 2004 & 2005)	
		Institute for Medical and Medicinal Plant Research (2004 & 2005 FY)	
		National Centre of Education (2004 & 2005 FY)	
		National Ports Authority (2005 FY)	
		Technical Committee for the Follow-up of Economic Programmes (2004 & 2005 FY)	
		National Cocoa and Coffee Board (2004 & 2005 FY)	

**Annexure 3.** Distribution by category of enterprises of public and semi-public sector which accounts are to be submitted to the control of the Audit Bench as at 31 December 2009

**A. PUBLIC CORPORATIONS**

Raison sociale	Capital (en M FCFA)	
1. <b>ANAFOR</b> (Agence Nationale d'Appui au Développement Forestier)	500	
2. <b>AYABA HOTEL</b>		
3. <b>CAMPOST</b> (Cameroon Postal Services)		
4. <b>CAMTEL</b> (Cameroon Telecommunications)		
5. <b>CAMWATER</b> (Cameroon Water Utilities Corporation)	6 500	
6. <b>C.D.C</b> (Cameroon Development Corporation)	15 626	
7. <b>C.F.C.</b> (Crédit Foncier du Cameroun)	6 000	
8. <b>C H Ltd</b> (Cameroon Hotels Limited / Parliamentary Flats Hotels)		
9. <b>C.N.I.C</b> (Chantier Naval et Industriel du Cameroun)	15 000	
10. <b>C.R.T.V</b> (Cameroon Radio & Television)	2 300	
11. <b>E D C</b> (Electricity Development Corporation)		
12. <b>I.N</b> (IMPRIMERIE NATIONALE)	450	
13. <b>KPDC</b> (Kribi Power Development Corporation)	13 640	
14. <b>LABOGENIE</b> (Laboratoire National du Génie Civil)	3 500	
15. <b>LANAVET</b> (Laboratoire National Vétérinaire)	500	
16. <b>MAETUR</b> (Mission d'Aménagement et d'Etudes des Terrains Urbains et ruraux)	200	
17. <b>MAGZI</b> (Mission d'Aménagement et de Gestion des Zones Industrielles)	135	
18. <b>MATGENIE</b> (Parc National de Matériel de Génie Civil)	3 886	
19. <b>P.A.D</b> (Port Autonome de Douala)		
20. <b>P.A.L</b> (Port Autonome de Limbe)		
21. <b>P.A.K</b> (Port Autonome de Kribi)		
22. <b>P. C</b> (Palais des Congrès)		
23. <b>SEMRY</b> (Société d'Exploitation et de Modernisation de la Riziculture de Yagoua)	4 580	
24. <b>SGHC HOTEL MONT FEBE</b> (Société des Grands Hôtels du Cameroun)	962	
25. <b>SHE / HOTEL MANSA</b> (Société Hôtelière de l'Est)	225	
26. <b>S.I.C</b> (Société Immobilière du Cameroun)	1 000	
27. <b>S.N.H.</b> (Société Nationale des Hydrocarbures)	7 000	
28. <b>S.N.I</b> (Société Nationale d'Investissement)	22 000	
29. <b>SOECAO</b> (Société de Développement de la Cacao culture)	425	
30. <b>SODEPA</b> (Société de Développement d'Exploitation des Productions Animales)	375	
31. <b>SOHLI / HOTEL SAWA</b> (Société Hôtelière du Littoral)	1 000	
32. <b>SOPECAM</b> (Société de Presse et d'Edition du Cameroun)	832	
33. <b>S.R.C</b> (Société de Recouvrement des Créances du Cameroun)	500	
34. <b>UNVDA</b> (Upper Noun Valley Development Authority)	1 380	
35. <b>UTAVA</b> (Unité de Traitements Agricoles par Voie Aérienne)		

## B. SEMI-PUBLIC CORPORATIONS

Raison sociale	Capital En M FCFA	%Participation	
		Publique	Privée
1. <b>A.D.C</b> (Aéroports du Cameroun)	177	63,00	37,00
2. <b>AES SONEL</b>	43 904	44,00	56,00
3. <b>ALUBASSA</b>	185	17,26	82,74
4. <b>ALUCAM</b> (Compagnie Camerounaise d'Aluminium)	17 338	46,68	53,32
5. <b>BICEC</b> (Banque Internationale du Cameroun pour l'Epargne et le Crédit)	3 000	15,00	85,00
6. <b>CAMRAIL</b> (Cameroon Railways Corporation)	11 304	10,00	90,00
7. <b>CAMSHIP</b> (Cameroon Shipping Lines)	200	23,71	76,19
8. <b>CAMTAINER</b> (Cameroon Containers)	636	63,00	37,00
9. <b>CA SCB Cameroun</b> (Crédit Agricole Société Commerciale de Banques Cameroun)	6 000	35,00	65,00
10. <b>CHANAS Assurances</b>	2 300	20,00	80,00
11. <b>HILTON HOTEL</b> (CHC/Cameroon Hotels Corporation)	10 000	95,64	4,36
12. <b>CIC</b> (Cameroon Shipping Lines Investment Corporation)	86	21,07	78,93
13. <b>CICAM</b> (Cotonnière Industrielle du Cameroun)	1 568	30,30	69,70
14. <b>CIMENCAM</b> (Cimenteries du Cameroun)	5 600	43,07	56,93
15. <b>CPE</b> (Cameroon Publi Expansion)		66,00	
16. <b>COTCO</b> (Cameroon Oil Transportation Company)	67 US	5,17	94,83
17. <b>D.S.X</b> (Douala Stock Exchange)	1 800	23,00	77,00
18. <b>ECAM PLACAGES</b> (Compagnie Industrielle d'Exploitation des Bois du Cameroun)	2 760	35,00	65,00
19. <b>HEVECAM (Hévéas du Cameroun)</b>	15 748	10,00	90,00
20. <b>HYDRAC</b> (Hydrocarbures-Analyse-Contrôle)	1 306	97,09	2,81
21. <b>MAISCAM</b> (Société Camerounaise de Maïserie)	3 2250	30,00	70,00
22. <b>PAMOL</b> (Plantations PAMOL)	1 874	84,10	15,90
23. <b>PECTEN Cameroon Company</b>		20,00	80,00
24. <b>PERENCO Cameroon</b>		20,00	80,00
25. <b>SABC</b> (Société Anonyme des Brasseries)	11 083	10,00	90,00
26. <b>SAFACAM</b> (Société Africaine Forestière et Agricole du Cameroun)	2 070	31,16	68,84
27. <b>S.A.T.C</b> (Société d'Applications Techniques du Cameroun)	100	25,00	75,00
28. <b>S.C.D.P</b> (Société Camerounaise des Dépôts Pétroliers)	3 500	51,00	49,00
29. <b>S.E.M.C</b> (Société des Eaux Minérales du Cameroun)	460	37,48	62,52
30. <b>SGBC</b> (Société Générale des Banques au Cameroun)	6 250	25,60	74,40

<b>31. SHNC / BENOUE, MIZAO, TRANSCAM</b> (Société Hôtelière du Nord Cameroun)	2 414	84,07	15,93
<b>32. SIC – CACAOS</b> (Société Industrielle des Cacaos)	1 147	15,03	84,97
<b>33. SOCAPALM</b> (Société Camerounaise de Palmeraies)	12 629	27,00	73,00
<b>34. SOCATRAL</b> (société camerounaise de Transformation de l'Aluminium)	750	25,02	74,98
<b>35. SOCAVER</b> (Société Camerounaise de Verrerie)	1 910	20,16	79,84
<b>36. SODECOTON</b> (Société de Développement du Coton)	4 529	59,00	41,00
<b>37. SONARA</b> (Société Nationale de Raffinage)	17 800	92,00	8,00
<b>38. SOSUCAM</b> (Société sucrière du Cameroun)	13 925	21,49	78,51
<b>39. TOTAL Exploration and Production Cameroun</b>	1 637	40,00	60,00
<b>40. TRADEX</b> (Société de Trading et d'Exportation de Pétrole Brut et de Produits Pétroliers)	2 000	44,00	56,00

Sources : MINFI / Technical Committee for Rehabilitation

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