



Republic of Cameroon
Peace - Work - Fatherland

**Audit Bench
of the Supreme Court**

**Annual Report
2013**

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of the Supreme Court

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Missions of the Audit Bench

The Audit Bench of the Supreme Court of Cameroon shall be competent to :

- (1) 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) Declare and check de facto accounting ;**

Section 7 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.

- (3) Give its opinion on any matter referred to it in connection with the control and verification of accounts ;**

Section 10 of Law No. 2003/005 of 21 April 2003 referred to above.

- (4) Give its opinion on Settlement Bills submitted to the National Assembly ;**

Section 39 (c) of Law No. 2006/016 of 29 December 2006 to lay down the organization and functioning of the Supreme Court ; sections 125 (3) and 126 (3 & 4) of Decree No. 2013/160 of 15 May 2013 on the General Regulations of Public Accounting.

- (5) Draw up and publish annual reports on State accounts to be submitted to the Head of State ;**

Section 39 (d) of Law No. 2006/016 of 29 December 2006 referred to above.

- (6) 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 referred to above.

This report was prepared by the Programming and Public Report Committee under the coordination of Mr. FOU DA AMOMBO, Master of the Supreme Court. The Committee includes among others Messrs THEUMOUBE Philippe, DJOKO André, MIKONE Martin Bienvenu, YEBGA MATIP, EZO'O BIZEME, Masters of the Supreme Court, Madam NJOWIR Mary YIBEALA spouse JIFON and Mr. HAMAN Dieudonné, Division Registrars.

Mr. EBENE Daniel, Advocate General was Adviser to the Committee.

The proofreading of this report was done by a committee presided over by Mr. ATEBA OMBALA Marc, President of the Audit Bench and made up of Messrs MOUTCHIA George AMBE, MBENOUN Théodore, Madam FOFUNG Justine NABUM spouse WACKA, Division Presidents, Messrs MANGA MOUKOURI, KAMENI Pierre, DITOPE LINDOUME, FOU DA AMOMBO, Coordinator of the Programming and Public Report Committee, FOU DA NKODO Achille, NDONGO ETAME David, MIKONE Martin Bienvenu, NDJOM NACK Elie, ALIMA Jean Claude, YEBGA MATIP, OUMAROU ABDOU, Masters of the Supreme Court, Madam NJOWIR Mary YIBEALA spouse JIFON, Division Registrar and Madam NGWESE Mercy EPOLE, Audit Assistant.

Mr. NDJODO Luc, Senior Advocate General represented the Procureur General at the Supreme Court.

ALIMA ONOMO Rachelle and MOKOSA Joseph WASE, Audit Assistants, performed secretarial duties.

The final report was adopted by the full Chamber on 10 December 2014.

RULING

In accordance with the provisions of Order No. 26/CDC/CSC of 19 October 2010 signed by the President of the Audit Bench to determine matters which the various Divisions of the jurisdiction shall examine, the Audit Bench, deliberating in Chambers, adopted this report drawn pursuant to section 3 of Law No. 2003/005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court.

The following were present :

- **Mr. ATEBA OMBALA Marc, Président of the Audit Bench ;**
- **Messrs. MOUTCHIA George AMBE, MBENOUN Théodore, Mrs FOFUNG Justine NABUM spouse WACKA, SIMOTCHUINTE Lucienne spouse SIMO BOBDA, Division Presidents ;**
- **Messrs. MANGA MOUKOURI Isaac, HAKAPOKA Narcisse, KAMENI Pierre, DITOPE LINDOUME, FOU DA AMOMBO, NGAN Evaristus AZEH, FOU DA NKODO Achille, THEUMOUBE Philippe, DJOKO André, MIKONE Martin Bienvenu, NDJOM NACK Elie, ALIMA Jean Claude, YEBGA MATIP, EZO'O BIZEME, OUMAROU ABDOU, Masters of the Supreme Court.**

The following were also present and participated in the discussions without taking part in the deliberations :

- **Mr. NDJODO Luc, Senior Advocate General at the Supreme Court, Messrs TENGEN Pius WERENGOH and EBENE Daniel, Advocates General at the said Court ;**

Madam NJOWIR Mary YIBELA spouse JIFON, Division Registrar, sitting in for the Registrar-in-Chief, took the minutes.

Done at the Audit Bench of the Supreme Court this 10th day of December 2014.

«Parva sed apta mihi»¹

The Audit Bench of the Supreme Court is this year publishing its eighth annual report. This report renders account of its activities during the 2013 financial year.

Among the missions devolving on the high financial jurisdiction, mention is made for the first time of that of certifying that “*Government accounts must be regular, genuine and give a true image of its patrimony and financial standing*” in order to give its opinion and draw up a certification report on the General Accounts of the State, pursuant to the provisions of section 60 of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State and articles 125 and 126 of Decree No. 2013/160 of 15 May 2013 on General Regulations of Public Accountant.

Concomitantly for the first time, acts of certification including the certification report of the General Account of the State for the 2012 financial year are included in this report. It is obvious that the report was drawn up in an experimental manner to have an essentially pedagogic nature and encourage a production of the General Account of the State in conformity with the legal prescriptions but the fact remains that it a major evolution.

Through the effect of Law No. 2007/006 of 26 December 2007 referred to above and its decree of application No. 2013/160 of 15 May 2013, the scope of competence of the Audit Bench is extending beyond that conferred on her by the combined provisions of articles 2, 3, 7 and 10 of Law No. 2003/005 of 21 April 2003 relating to the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court, to wit :

- control and rule on accounts of public and semi-public enterprises ;
- give its opinion of settlement bills presented to Parliament ;
- prepare and publish the annual report on State accounts submitted to the President of the Republic ;

¹ “Modest, but it suits me”.

- give its opinion on any issue related to the control and judgment of accounts.

The modernization of public accounts is taking shape in our country: the finance law has become both an instrument for the description of resources and expenditure of the State and a group of programmes supporting in the accomplishment of the objectives of economic, social and cultural development. This new management will be based on three new dimensional accounting principles: budgetary accounting and general accounting which existed already but applied in an imperfect manner and cost accounting for a change to a culture of performance and two new principles which add to the classic rules: genuineness of accounts and transparency which guarantee sound information on the preparation, execution and control of the State budget.

It should be observed that even though Decree No. 2013/160 of 15 May 2013 referred to above provides in its article 128 that *“the full application of rules and procedures ensuing from the principle of rights and duties as well as accrual accounting governing general accounting, the implementation of cost accounting and the report of the accounts jurisdiction on certification are part of the provisions whose gradual application will be deferred up till the end of a timeline of six (6) years”* the Minister of Finance is committed and at the end of 2013 produced a General Account of the State for the 2012 financial year on an experimental basis. The Audit Bench followed suit and produced its first certification report. Indeed, these learning steps in the preparation of the General Account of the State and the practice of certification are an ambitious undertaking.

I hereby extend my encouragement both to the Minister of Finance for his commitment in the modernization of public finance and the Audit Bench for its contribution in instituting a new financial governance in the country.

Under the constant action of the Cameroonian lawmaker, the high financial jurisdiction has witnessed its mission evolve from the judgment of accounts of public accountants to assistance to public authorities through advisory opinions, opinions on settlement bills presented to Parliament and henceforth the certification report on the General Account of the State, through administrative control of the management accounts of public and semi-public enterprises. In fact, this is modern financial jurisdiction that is getting a foothold in Cameroon.

This should arouse the interest of the public to read the 2013 Annual Report which I highly recommend.

Alexis DIPANDA MOUELLE
Chief Justice of the Supreme Court

Introduction



Pursuant to the provisions of Law No. 2003/005 of 21 April 2003 to lay down its jurisdiction, organization and functioning, the Audit Bench of the Supreme Court has since 2006 produced annual reports of its activities.

The report of the 2013 financial year distinguishes itself from the previous ones in that it renders account of the activities of the financial jurisdiction marked by the extension of the ambit of its jurisdiction to the certification of public accounts. It has four parts.

The first part on the *“activities of management of the Audit Bench in 2013”* gives a report of the situation of resources it has to perform its duties and an inventory of activities carried out within the context of building the capacities of staff of the Bench. .

The second part draws up a balance sheet of the *“execution of missions of the Audit Bench”*. It indicates the descriptive data and statistics of judicial control and activities of extra-judicial control such as administrative control, assistance and counsel to public authorities.

Part three is a collection of *“rulings taken”* by the jurisdiction in 2013, especially judgments, reports, observation reports and opinions.

Lastly, *“recommendations”* constitute the fourth part which includes previous recommendations which have been implemented, those that have not been accomplished and those resulting from the work done during the 2013 financial year.

Part One



MANAGEMENT ACTIVITIES OF THE AUDIT BENCH IN 2013

CHAPTER 1. RESOURCES FOR FUNCTIONING OF THE AUDIT BENCH IN 2013

The Audit Bench had in 2013 included human, financial, material resources and buildings that it used in its functioning in 2013.

Section 1. Human resources

The human resources of the Audit Bench² experienced an immense increase in 2012. The number rose from ninety-five (95) in 2011 to one hundred and seventy eight (178) in 2012, immediately solving the several problems posed regarding the deployment of audit assistants to the financial jurisdiction.

The staff strength that fell slightly dropped as at 31 December 2013 to one hundred and seventy five (175) includes legal and judicial officers, Audit assistants, registry staff and support staff.

Sub-section 1. Legal and Judicial Officers

The Audit Bench has twenty-four (24) Legal and Judicial Officers including twenty-one (21) of the seat and three (3) at the Legal Department.

The seat includes the President of the Bench, four (4) Division Presidents and sixteen (16) Masters of the Supreme Court and the Legal Department has one (1) Senior Advocate General and two (2) Advocates General.

One can distinguish :

- one (01) first group super scale Legal and Judicial Officer ;
- five (05) second group super scale Legal and Judicial Officers ;
- eighteen (18) fourth scale Legal and Judicial Officers.

² See summary table at annexure 1

Sub-section 2. Audit Assistants

These are senior contract staff who received internal training and were assigned to the task of Audit Assistants. By 31 December 2013, there were fifty-six (56) of them against fifty-seven (57) in 2012 following the appointment of one of them in a different structure. They represent 86% of this category of staff.

Sub-section 3. Registry staff

By 31 December 2013, this staff numbered twenty-three (23) including :

- two (02) Senior Court Registry Administrators (category A2) ;
- five (05) Court Registry Administrators (category A1) ;
- five (05) Senior Court Registrars (category B2) ;
- three (03) Court Registrars (category B1) ;
- eight (08) Assistant Court Registrars (category C).

Nine (09) of them assist the sitting magistrates in the performance of the task of control and thus reinforce the number of Audit Assistants made up mostly of senior contract employees.

Sub-section 4. Support staff

A. Technical staff

They are twelve (12) in number including :

- two (02) Information Technologists ;
- nine (09) archivists ;
- one (01) journalist.

B. Administrative and security staff

This category is composed of State employees performing tasks of secretary (19,) drivers (23) and security staff (9) from various security corps: gendarmerie, police, penitentiary administration. The number of drivers dropped from 25 to 23 between 2012 and 2013 following one

departure and one death.

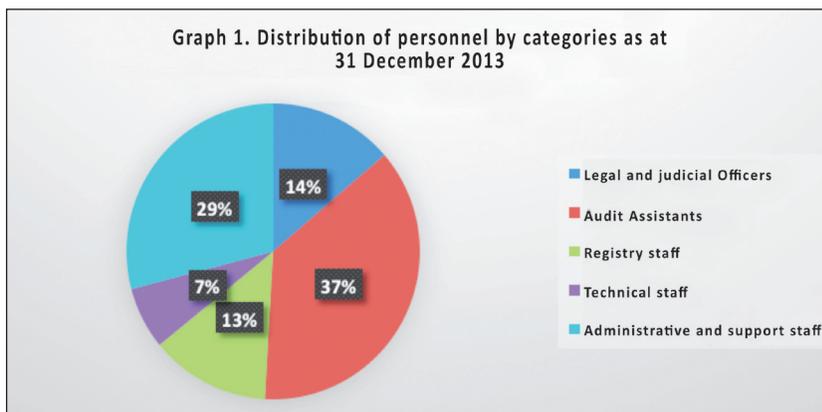
Sub-section 5. Evolution of the staff situation at the Audit Bench by 31 December 2013

The human resources of the Audit Bench witnessed the following evolution by 31 December 2013.

Table 1. Summary of staff situation by 31 December 2013

	2010		2011		2012		2013	
	No. ³	%	No.	%	No.	%	No.	%
Legal and Judicial Officers (Seat and Legal Department)	25	25.8	23	24.2	24	13.5	24	13.7
Audit Assistants					66	37	65	37.2
Registry Staff	15	15.4	15	15.8	23	13	23	13.2
Technical Staff	12	12.4	11	11.5	12	6.7	12	6.8
Administrative and support staff	45	46.4	46	48.5	53	29.8	51	29.1
Total	97	100	95	100	178	100	175	100

The statistical data summarized above gives the human resources of the Audit Bench in 2013 in the following graph configuration.



³ N°.: Number

Section 2. Financial and material resources

To finance its activities the Audit Bench used its annual budgetary allocations and sometimes benefitted from one-off support from the Ministry of Finance. Financing from partners added to these resources and this served especially in the acquisition of vehicles.

Sub-section 1. Budgetary allocation of the Audit Bench in 2013

Law No. 2012/014 of 21 December 2012 on the finance law of the Republic of Cameroon for the 2013 financial year provided for the Audit Bench expenditure authorizations of 761 168 912 CFA F except for expenditure on personnel. These authorizations are distributed as follows: 555 800 000 CFA F for functioning and 205 368 912 CFA F for investment.

By 31 December 2013, the rate of execution of the budget of the Audit Bench stood at 82.50%, that is, 628 574 801 CFA F in nominal value. The following table recapitulates the comparative data of the execution of the budget of the Bench by 31 December 2013.

Table 2. Budgetary expenditure of the Audit Bench as at 31 December 2013

<i>In thousands of CFA F</i>		2010	2011	2012	2013
Operating expenditure	Forecasts	1 038 673	786 000	761 169	555 800
	Actuals	771 079	495 878	714 871	518 810
	Rate of execution (%)	74.23	6.08	93.92	93.30
Investment expenditure	Forecasts	-	-	205 000	205 369
	Actuals	-	-	93 670	109 765
	Rate of execution(%)	-	-	45.70	53.40
Total expenditure	Forecasts	1 038 673	786 000	966 169	761 169
	Actuals	771 079	495 878	808 541	628 575
	Rate of execution (%)	74,23	63,08	83.68	82.50

Sources: MINFI / DGB; MINEPAT / DPIP

In terms of commitments made by type of expenditure by end of 2013, the use of the recurrent budget stood at 518 810 000 CFA F, which corresponds to a rate of 93.30%. This rate, a drop of more than half a percentage point compared to the previous financial year, hardly veils the trend of a drop in the operating budget allocated to the jurisdiction since 2010. As indicated in the table above, this drop stands at 205 369 000 CF, that is, 26.9%. It should be noted that in four years the recurrent budgetary allocation of the Bench dropped by close to 50% from 1 038 673 000 CFA F in 2010 to 555 800 000 CFA F in 2013.

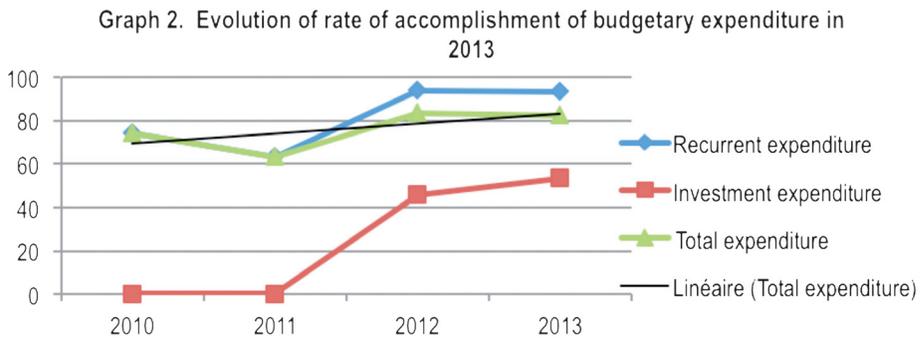
This downward trend of the Bench's resources does not enable her perform the new missions resulting from the full entry into force of the Fiscal Regime of the State which calls for recourse to external expertise.

The one-off budgetary support granted by the Ministry of Finance to carry out certain activities, an act which is highly appreciated, not being a sustainable solution, the financial jurisdiction continues to plead for an increase in these resources in relation to the needs of the public service of the supreme control of public finance.

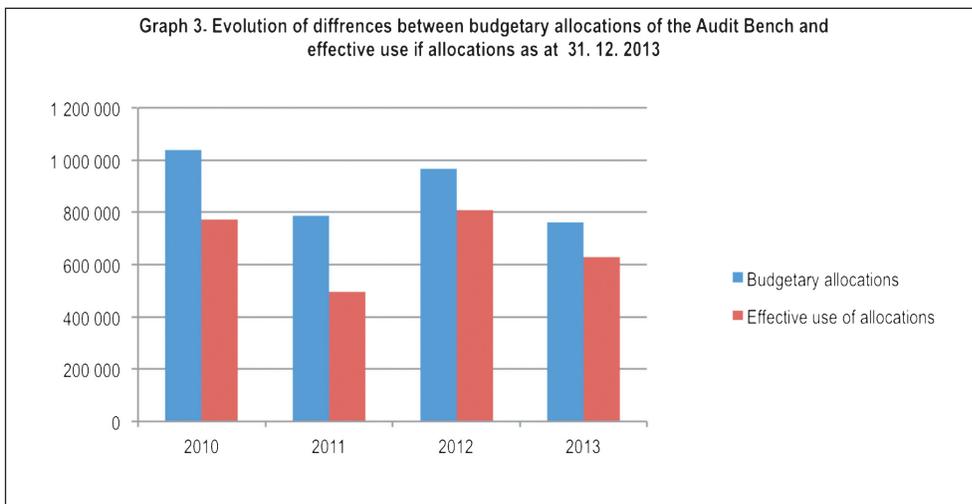
As for investment allocation, its use remains low compared to 2012

both in relative and absolute terms. The delay in studies regarding the construction of a building to house the Archives Centre is the main cause of the low use of investment credits.

Graph No. 2 below confirms this trend described above of the budgetary allocations of the Audit Bench.



Graph No. 3 highlights the gaps between the budgetary allocations of the Audit Bench and the effective use of the allocations during the past four years.



Sub-section 2. External funding

External funding from which the Audit Bench benefitted in 2013 concerns the implementation of the Support Programme for Reform of Public Finance (PARFIP), “*component 3, citizen control and external control.*”

During this year this funding stood at 97 387 000 CFA F and was used for the following activities :

- acquisition of four (4) vehicles for spot checks ;
- information day between the Audit Bench and representatives of civil society and media correspondents ;
- validation and appropriation workshop of the applied Code of Ethics ;
- validation and appropriation workshop of the revised draft of Law No. 2003/005 of 21 April 2003 relating to the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court.

Sub-section 3. Fixed assets

A. Buildings

The availability of comfortable working space is a pressing concern in the Audit Bench.

The cramped nature of the existing premises with regard to the current staff strength justified the approach made towards State structures for the allocation of a site at the administrative centre for the construction of the head office building of the Audit Bench and the launching of preliminary operations in view of the construction of the building to house the Archive Centre in Nkooza. Architectural and technical studies of this construction project whose call for tenders was declared unsuccessful in 2012 was relaunched in 2013 and the corresponding financing provided for in the 2014 budget.

Meanwhile, a hangar has been built to increase the stocking capacity of accounts and documents.

B. Vehicles

By 31 December 2013, the vehicle pool of the Audit Bench included

service vehicles for the judges most of which had reached the age of decommissioning and a liaison pick-up for the transport of accounts between the Seat and the Archives Centre of the Bench.

These vehicles whose maintenance is becoming costly were hardly used in 2013 for control missions within the country as a result of the provision of four (4) vehicles worth 76 000 000 CFA F financed by the European Union mentioned above.

Moreover, the vehicle pool of the jurisdiction increased through the acquisition of a service vehicle for the President of the Audit Bench.

C. Office furnishing and equipment

In 2010, the office equipment of the Audit Bench was renewed by 70%. Despite the means allocated for its maintenance, depreciation of this material increased as a result of the heavy work load. This was especially true in 2013 for photocopiers whose contribution in the judicial and extra-judicial activities was decisive. There is therefore the urgent need to envisage the acquisition of new equipment.

With regard to office equipment and furniture, 2013 was marked by an investment of 41 500 000 CFA F in the purchase of office furniture especially for the newly recruited young civil servants, about fifty of whom were posted to the Audit Bench in 2012.

CHAPTER 2. ACTIVITIES OF MANAGEMENT AND CAPACITY BUILDING

In 2013, building the capacities of staff of the Audit Bench relied on two key levers : internal workshops and international cooperation.

Section 1. Internal workshops

Sub-section 1. Preparation of the Code of Ethics for financial jurisdictions

The Audit Bench, sitting in Chambers on 8 August 2013, adopted the draft *“Code of Ethics applied to financial jurisdictions in Cameroon.”*

The redacting of this Code received contributions from several sources to wit :

- a) Support from public authorities ;
- b) Involvement of the entire staff of the Audit Bench (Legal and Judicial Officers, Audit Assistants, Registry Staff, support staff) ;
- c) The participation in proceedings by Legal and Judicial Officers from other Benches of the Supreme Court, the Ministry of Justice, the National School of Administration and Magistracy, representatives of the Cameroon Bar Council and the National Order of Chartered Accountants ;
- d) Support of the European Union within the framework of the Support Programme for the Reform of Public Finance (PARFIP) which ensured the support of experts sent by the Ministry of Justice and the President of the « *Cour des Comptes* » of France.

This Code was drafted in accordance with the Constitution, laws and regulations of the Republic and in respect of INTOSAI⁴ standards in matters of the Code of Ethics of public sector auditors.

⁴ International Organization of Supreme Audit Institutions

It means for staff concerned, the execution of control missions with respect to the Constitution, the laws and regulations of the Republic. The rules and principles which they may require to answer before the College of Ethics are independence, objectivity, integrity, competence, diligence, confidentiality and the duty of reserve.

Sub-section 2. Validation and appropriation workshop of the draft review of Law No. 2003/005 of 21 April 2003

The validation and appropriation workshop of the preliminary draft of the review of Law No. 2003/005 of 21 April 2003 relating to the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court, that held in Yaounde from 17 to 20 of June 2013 benefitted from funding by the European Union within the context of activities of Programme No. 1 of the Support Programme to the Reform of Public Finance (PARFIP). Its objectives recalled by the President of the Audit bench at the opening of the workshop can be summarized as follows :

Note the errors, incoherencies, ambiguities and other shortcomings of Law No. 2003/005 of 21 April 2003 ;

Include in the law all provisions which enable the Cameroon financial jurisdiction to be not only in compliance with CEMAC Guidelines but also integrate new jurisdictions which are granted to her by Laws Nos. 2006/016 of 29 December 2006 relating to the organization and functioning of the Supreme Court and 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State.

The following took part in that workshop :

- Supreme Court Justices and of the Chancellery,
- officials of the Ministry of Finance and the Ministry of the Economy, Planning and Regional Development,
- representatives of Bar Council, National Order of Chartered Accountants and the National Order of Sherriff Bailiffs,
- representatives of the Cameroon Employers Association (GICAM)

In the wake of the above stated aims, consensus was reached on some suggestions for the revision of Law No. 2003/005 of 21 April 2003 referred to above in respect of :

- the jurisdiction or scope of competence of the Cameroon financial jurisdiction ;
- its organization and functioning ;
- the proceedings.

A. Jurisdiction

Concerning the jurisdiction, participants at the workshops distinguished between the competences to conserve or those to be added to the Audit Bench and those which would only be performed by the jurisdiction within the context of an Accounts Court.

Thus, the following would be integrated into the competences of the Audit Bench :

- control of management of public sector enterprises non subject to public accounting ;
- control of performance of public policies and administrations within the framework of the opinion given on the Settlement Bills presented to Parliament and the certification report rendered on the General Account of the State pursuant to Law No. 2007/006 of 26 December 2007 and its decree of application No. 2013/160 of 15 May 2013 on the General Regulations on Public Accounting ;
- controls at international level and scopes such as the control and audit of the accounts of international organizations which would submit themselves to it or projects and programmes financed by these organizations ;
- the evaluation of other supreme audit institutions at their request in return for the evaluation to which the Audit Bench would submit itself by another supreme audit institution.

The exclusive competences of the Accounts Court would include :

- sanction for mismanagement which will include the establishment of a Budget and Finance Disciplinary Bench ;
- control of funding granted by the State to political parties ;
- supervision, coordination and inspection of lower accounts courts ;
- reception and control of declaration of property and assets provided for by the Constitution⁵.

⁵ Section 66 of Law No.96/06 of 18 January 1996 to amend the Constitution of 02 June 1972.

B. Organization and functioning

Be it the Audit Bench or an Accounts Court, the workshop remained in favour of judicial-type financial jurisdiction made up of a Seat, a Legal Department and a Registry. In case of institution of an Accounts Court, a Secretariat General placed under the authority of the President of the Court will head the Registry and all the administrative services. .

Among the sessions of the Court, it would be appropriate to focus on the sectoral criterion for their constitution which could, if necessary, be expanded by the President of the Accounts Court and to include the General Assembly, the solemn hearing and the establishment of committees and other divisions.

C. Proceedings

Participants decided on the evolution of certain procedural rules in force on several points :

- taking of the oath by public accountants before the financial jurisdiction ;
- issues of the judicial control of accounts :
 - the possibility of extending the responsibility of the incumbent accountant in the production of the management account of his predecessor and the automatic designation for the production of the accounts of the defaulting accountant ;
 - insourcing of the rules laid down by article 77 of CEMAC Guideline No. 01/11-UEAC-190-CM-22 of 19 December 2011 relating to finance laws with regard to the condemnation of the accountant in case of irregularities or shortfalls of funds at a fixed amount by taking account of the amount of the damage suffered and circumstances of the offence and a fine in the double limit of the amount referred to above and one year's salary of the accountant concerned ;
 - the acquisitive prescription of irregularities and shortcomings noticed at the end of the fifth year from the production of the account to the financial jurisdiction ;
 - the possible cessation of proceedings in case of restitution before the judgment of the substance of the case.

The principle of double ruling would remain applicable in the proceedings of de facto management just like that of double report in management control.

Section 2. International cooperation

In 2013, the Audit Bench maintained its international cooperation activities both with financial jurisdictions whose experience can constitute a source of inspiration and within groupings of Supreme Audit Institutions, such as the Association of Supreme Audit Institutions having French in common (AISCCUF) as a permanent observer member.

During the year under review, two missions were sent to Libreville in Gabon and Rabat in Morocco.

Sub-section 1. Study and exchange mission at the *Cour des Comptes* in Gabon

From 4 to 11 June 2013 a delegation of the Audit Bench of Cameroon made up of Legal and Judicial Officers and Registrars went on a study and exchange mission to the *Cour des Comptes* of Gabon with the main objective being to get inspiration from the example of an African financial jurisdiction having full powers and with several years of experience in the control and judgment of accounts and the control of management.

During this mission, exchanges were especially on the presentation of the « *Cour des Comptes* » of Gabon through :

- its services : the seat with its seven benches, the legal department, the registry, support services ;
- its judicial and extra-judicial missions ;
- procedure for declaration and sanction of de facto management ;
- prosecution of obstacles to the action of the Court ;
- budgetary control and management of a ministry.

In addition, the Cameroonian Legal and Judicial Officers were invited by their Gabonese colleagues to attend a public hearing of the Fourth Bench. .

The lessons drawn from this mission by the delegation of the Audit

Bench are several: judgment of accounts of public accountants, de facto management, control of authorizing officers and sanction of mismanagement and obstacles to the actions of the financial jurisdiction, control or audit of performance, monitoring of the execution of decisions.

Gabon's Accounts Court exercises full jurisdiction over matters generally assigned to financial jurisdictions. The obstruction procedure appeared to the Cameroonian delegation as useful education in terms of its impact and its speed. It helps break down the resistance that the financial jurisdiction faces in the conduct of its duties because of those who impede the conduct of the proceedings by not deferring to its orders and other requests.

Sub-section 2. Mission of the Audit Bench in Rabat, Morocco

This mission had two interrelated aspects.

A. Participation in the Conference of Heads of Supreme Audit Institutions of AISCCUF

The Conference of Heads of Supreme Audit Institutions organized by the Association of Supreme Audit Institutions having in common with the use of French (AISCCUF) was held in Rabat, Morocco from 7 to 8 November 2013 on "***Evaluation of performance in Francophone SAI: convergences and specificities.***"

The basic question posed at the conference was whether the Performance Measurement Framework of ISC (PMF/SAI) a project carried out by the Working Group of INTOSAI on the Value and Benefits of SAIs (WGVA) for the Anglo-Saxon SAI which are traditionally non-judicial, was applicable to Accounts Courts of essentially judicial SAI which are mainly grouped in AISCCUF.

To address the issue, three round tables were organized :

"How SAIs evaluate their performance in terms of their mandate"

"How SAIs evaluate their performance under applicable professional standards"

"How do SAIs render account of their activities, their management,

the impact of their work.”

At the end of the Conference, the finding was that the measurement framework for the performance of SAI (PMF/SAI) which does not exclude the existence of other methods of performance measurement allows for an overall diagnosis the situation of any SAI and is useful for Francophone SAIs...

B. Participation in the training seminar on the Performance Measurement Framework of Supreme Audit Institutions (PMF/SAI)

This training seminar had two components namely the training of participants in the performance evaluation of an SAI from the PMF/SAI and training of trainers in performance evaluation.

In the first part of the training, the seven domains of “*stabilized version*” of the PMF/SAIs adopted at INCOSAI⁶ 2013 in Beijing were presented to participants:

- Domain A, reports ;
- Domain B, the independence and legal framework of SAI ;
- Domain C, the strategy of SAI ;
- Domain D, methodology and audit standards (main activity of SAI) ;
- Domain E, management and support structures ;
- Domain F, human resources and leadership ;
- Domain G, communication and management of stakeholders.

Training in the assessment of the performance of SAIs based on the PMF/SAIs consisted, among others of :

- understanding the value of an assessment and how the reports can be used either by the relevant SAI or by external stakeholders ;
- understanding the strengths and weaknesses of the PMF/SAIs ;
- applying the principles and methodology of the PMF/SAIs in planning and conducting an evaluation according to the PMF/SAIs, and as part of a report ;

⁶ International Conference of Supreme Audit Institutions

- defining a process of making an assessment under the PMF/SAs, taking into account the objective of the evaluation and of the national context.

The second phase of the training was to create a pool of trainers in PMF/SAs for deployment within the INTOSAI community until the adoption of the final version at the XXII INCOSAI in 2016 in the United Arab Emirates States.

It was more a question of pedagogy; the stated objective was to provide participants with the basic skills that enable them to successfully fulfill the role of facilitator in the context of the training of adults.

For the Audit Bench, the work in Rabat, both the AISCCUF Conference and the Training on PMF/SAs were the opportunity to situate themselves with other SAs, beyond its status in different organizations of Supreme Audit Institutions.

To this effect, notwithstanding the well-known shortcomings of its legislative framework, the Bench realized it performs normally, like its peers, its mandate and regularly reports on its work.

What remains is to further publicize within it the culture of international best practices, including ISSAs and the choice of the PMF/SAs which seems to be the required way for SAs seeking to establish themselves as an institution at the service of the citizen.

Part Two



EXECUTION OF MISSIONS OF THE AUDIT BENCH IN 2013

CHAPTER 1 : JUDICIAL CONTROLS

Section 1. Control and judgment of accounts of public accountants in the various Divisions of the Audit Bench

In addition to the activity carried out within the framework of joint sessions, the scope of judicial control of the Audit Bench covers the management accounts of the principal accountants of the treasury placed at the head of the thirteen (13) financial districts of the State, Municipal Revenue Collectors and Accounting Officers of Administrative Public Establishments.

Judicial control implies the production of accounts.

Sub-section 1. Production of management accounts in 2013

According to the terms of section 26(2) of Law No. 2003/005 of 21 April 2003 referred to above, *“Accounts produced by certified accountants, finalized and examined in accordance with the instruments in force, shall be submitted to adjudication to the Audit Bench within 3 (three) months following the closing of the financial year.”*

Pursuant to section 62(3) of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State *“Revenue and expenditure may be recorded in the books during a period complementary to the financial year whose time limit shall be 28 February of the year, according to conditions specified by regulation”.*

Section 75 of the same law provides : *“This law shall apply to the corporate bodies governed by public law: State Public Establishments and Local and Regional Authorities, subject to their specificities.”*

Section 31(2) of Law No. 2009/011 of 10 July 2009 relating to the Financial regime of Regional and Local Authorities indicates *“However, a complementary period running from 1 to 31 January of the following year shall be granted to Regional and Local Authorities for the settlement of current operations at the close of the financial year.”*

Article 26 of Decree No. 2013/160 15 May 2013 relating to the General

Regulations governing Public Accounting on its part provides that “ *State accounts and management accounts of principal accountants shall be produced at the Audit Bench latest three (3) months after the end of the complementary period following that to which they refer*” .

By Ordinance No. 2012/002 of 30 November 2012, the President of the Republic extended by one month the complementary period fixed by section 62(3) of the law of 26 December 2007 referred to above.

By taking into account a complementary period of two months, the Audit Bench maintained 31 May 2013 as the deadline for the deposit of State accounts, accounts of State Public Establishments and Regional and Local Authorities at the Registry of the financial jurisdiction.

A. Situation of the production of management accounts at the Audit Bench in 2013

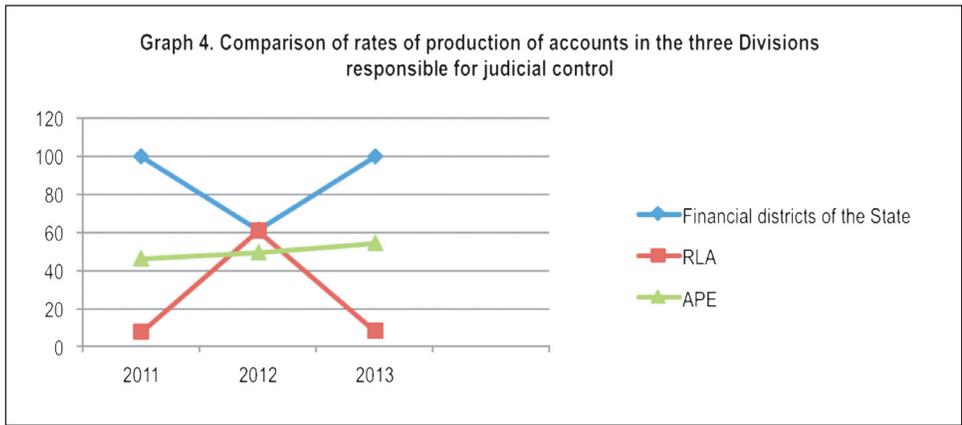
The following table gives information on the annual production of accounts of public accountants of the State, Regional and Local Authorities and Administrative Public Establishments. However, note should be taken that these are management accounts of 2012 whose production deadline was fixed for 31 May 2013.

Table 3. Annual production of management accounts

Item		2011	2012	2013
Public accountants of the State	Accounts produced	13	08	13
	Accounts expected	13	13	13
	Accounts produced/ Accounts expected (%)	100	61,53	100
Municipal Revenue Collectors of RLA	Accounts produced	29	228	31
	Accounts expected	374	374	374
	Accounts produced/ Accounts expected (%)	7,75	60,9	8,28
Accounting Officers of APE	Accounts produced	45	48	53
	Accounts expected	97	97	97
	Accounts produced/ Accounts expected (%)	46,4	49,5	54,6

Since 2011, the rate of production of accounts of APE has been improving. In 2013, more than half of the accounts expected were produced at the Audit Bench thus raising the rate to 54.6%.

On the other hand, the improvement trend of the production of management accounts of Municipal Revenue Collectors observed in 2012 was not consolidated. The rendering of accounts in this sector dropped back to a rate below 10% in 2013.



Sub-section 2. The judgment of management accounts in 2013

A. Examination of accounts

The table below gives information on the examination of management accounts of State public accountants, Regional and Local Authorities (RLA) and Administrative Public Establishments (APE) by 31 December 2013.

Table 4. Examination of management accounts of public accountants by 31 December 2013

Item			2011	2012	2013
Public accountants of the State	Examination reports	In view of fine			
		In view of ruling	11	8	33
	Sub - total 1		11	8	33
Council Revenue Collectors of RLA	Examination reports	In view of fine	228	124	58
		In view of ruling	22	42	136
	Sub - total 2		250	166	194
Accounting Officers of APE	Examination reports	In view of fine		2	
		In view of ruling	22	16	39
	Sub - total 3		22	18	39
Total (1+2+3)			283	192	266

The statistical data indicate that in 2013, the examination of accounts gave rise to 266 examination reports including 33 for the First Division, 194 for the Second Division and 39 for the Third Division. That represents an increase of 38.54% of the number of reports produced in 2012 during which the number of established reports dropped by 32 %.

B. Judgments of the Audit Bench in 2013

In 2013, the judgments rendered in ordinary hearing in the Divisions stood at 178 including 137 interim rulings and 41 final rulings. Compared to 2012, the production of rulings witnessed a drop of 31.9%. The table below gives an evolution of rulings given by the sessions during the past three years.

Table 5. Rulings rendered in ordinary session hearings by 31 December 2013

Description		2011	2012	2013	
Public accountants of the State	Interim rulings	of fine	-	-	-
		of injunction	2	10	25
	Final rulings	of debits	5	1	1
		of fine	-	-	-
		of discharge	-	-	1
	Sub - total 1		7	11	27
Council Revenue Collectors of RLA	Interim rulings	of fine	99	127	5
		of injunction	22	48	84
	Final rulings	of debits	4	13	4
		of fine	61	32	7
		of discharge	-	7	19
	Sub - total 2		186	227	119
Accounting Officers of APE	Interim rulings	of fine	-	2	1
		of injunction	6	7	22
	Final rulings	of debits	6	5	5
		of fine	5	2	-
		of discharge	-	2	3
		De facto management			1
Sub - total 3		17	18	32	
Total (1+2+3)		210	256	178	

Sub-section 3. Judgment of accounts in joint sessions

In 2013, the Audit Bench received three (3) files essentially for judicial review of judgments of the Bench. This figure represents a reduction from the previous three years during which the average number of cases received was thirteen (13).

Similarly, the increased activity of joint sessions, notable in 2012, has somewhat slowed. The number of final judgments by 31 December 2013 was ten (10).

However it should be noted that *“this session is mainly responsible for legal remedies against final judgments passed within its jurisdiction and cases referred to it either by order of the Chief Justice or by ruling of a Division and in addition, if applicable, files sent to the Audit Bench by the Supreme State Audit Services (CONSUPE) or the National Anti-Corruption Commission (CONAC).”*⁷

Out of the ten (10) final judgments rendered by the session, four (4) relate to judicial review against the judgments of the Audit Bench, none of which was deemed admissible by the jurisdiction. This means that the call by the Chief Justice of the Supreme Court in the foreword of the 2012 Annual Report, of the principles governing the remedies available against the final judgment of the Audit Bench has not yet produced the result expected from the users of the financial jurisdiction.

Six (6) other decisions of the joint sessions of 2013 concern essentially those files forwarded by the Supreme State Audit Services (CONSUPE) to the Audit Bench for competence were :

- either discharge judgments of former Municipal Revenue Collectors or Sub Treasurers or other litigants justifying the repayment to the Treasury of the sums for which they were indebted;
- or rulings for debits.

Two judgments of the joint sessions are part of the case law of the Audit Bench published in Part II of this Annual Report.

⁷ Extract from the foreword to the 2012 Annual Report

Section 2. Irregularities detected during the judgment of accounts of public accountants in 2013 and the financial volume involved

Sub-section 1. Irregularities noted during judgments of accounts of public accountants in 2013

Irregularities noted on the accounts in figures and on supporting documents as shown in the table below :

Table 6. The various irregularities noted in the judgments rendered in 2013

1. Irregularities detected in the examination of the nature of account

- absence of accounts of liquid assets ;
- absence of expenditure accounts of inactive assets ;
- infidelity in the sequencing of balances ;
- absence of general ledger ;
- absence of minutes of cash balance as at 31 December ;
- absence of a statement of execution of revenue and expenditure ;
- absence income statement and balance sheet ;
- discrepancies between the figures entered in the management and administrative accounts ;
- discrepancies between the figures entered in the trial balance, the administrative account and statement of execution of revenue and expenditure ;
- absence of a statement of banking concordance and its annexes.

2. Irregularities detected in the examination of supporting documents

- wrong budget heads ;
- absence of deliberation of the Council session and the authorization of the supervisory authority concerning the additional budget ;
- making funds available ;
- inadequate supporting documents ;
- absence of expenditure account of disbursed funds ;
- absence of full discharge ;
- absence of justifications of payments into the NSIF ;
- unbudgeted support to authorities ;
- absence of receipts of payment SONEL and SNEC bills ;
- absence of payment vouchers and certification of work done ;
- payment without legal basis ;
- violation of the principle of specialization of credits ;
- violation of regulations governing mission allowances ;
- absence of authorization for disbursement of funds ;
- absence of signed statement of payments in cash ;
- irregular appointment of Municipal Revenue Collector by the Governor ;
- payment in cash for expenditure above 100 000 CFA F ;
- undue payments of allowances, fuel and other bonuses to officials of the Ministry of Finance in service in APE in violation of the regulations in force ;
- cash deficits that are not recovered.

Sub-section 2. The financial volume of accounts that received final judgments in 2013

A. Financial weight of accounts judged by the Audit Bench in 2013

This financial weight is assessed based on the achievements of budget revenue and expenditure of structures whose accounts resulted in a final judgment in 2013. The choice of this criterion based on budgetary revenue and expenditure as described in the trial balance of accounts is justified in that they are the subject on which the risk of irregularities are the most numerous.

Thus, for the forty-one (41) final judgments⁸ in ordinary hearings in Divisions in 2013, the financial weight based on the aforementioned criterion is shown in the following table.

Table 7. Financial volume of judged accounts in 2013 by Division (In CFA F)

Division	Budgetary revenue collected	Effected budgetary expenditure ⁹	Observations
First Division	379 875 681 501	14 379 074 000	
Second Division Section	8 423 039 438	7 707 953 176	
Third Division	47 423 030 371	41 052 065 488	
Total	435 721 751 310	63 139 092 664	

Sources: Balances of management accounts

⁸ See list in annexure 2

⁹ Expenditure managed by the accountant

B. Financial incidence of irregularities detected in final judgments of the Audit bench in 2013 : fines and debits

Out of 51 final judgments rendered by all the sessions of the Audit Bench in 2013 there are :

- eleven (11) for debit ;
- seven (7) condemned to pay a fine ;
- three (03) judgments by joint sessions confirming a debit charge, a fine and a discharge following payment into the public Treasury of the amount by which the accountants concerned are indebted.

The following table presents the financial incidence of the judgments evaluated based on the debits and fines on public accountants in 2013.

**Table 8. Debits and fines pronounced by final rulings in 2013
(amount in CFA F)**

Serial No.	Judgment number	Account judged	Nature of decision	Amount		Cancellation (Discharge)
				Debit	Fine	
First Division	26/CSC/CDC/S1 of 17.12.13	Central Treasury of Littoral (Douala) 2006 FY	01 debit	1 180 091		
	27/CSC/CDC/S1 of 17.12.13	Central Treasury Littoral – North, (Nkongsamba) 2006 FY	Discharge			5 232 296
Total 1				1 180 091		5 232 296
Second Division	06/D of 17. 01 .13	Mbouda Council, 2004 FY	03 debits	2 770 000		
	21/D of 24.04.13	Nanga Eboko Council, 2004 FY	01 debit	33 092 800		
	23/D of 29.05.13	Bafoussam Rural Council, 2004 FY	02 debits	220 000		
	25/D of 29.05.13	Lafe Rural Council, 2005 FY	01 debit	876 000		
	22/D of 24.06.13	Urban Council of Douala V, 2007 FY	01 fine		864 000	
	45/D of 26.06.13	Bagangte Council, Ex. 2004	01 fine		420 000	
	46/D of 26.06.13	Bagangte Council, 2005 FY	01 fine		420 000	
	47/D of 26.06.13	Bagangte Council, 2007 FY	01 fine		300 000	
	48/D of 26.06.13	Bagangte Council, 2008 FY	01 fine		240 000	
49/D of 26.06.13	Ebolowa Urban Council, 2007 FY	01 fine		468 000		

	50/D of 26.06.13	Ebolowa City Council. 2008 FY	01 fine		324 000	
Total 2				36 958 800	3 036 000	
Third Division	03/AD/ S3/13 of 06 .02.13	Maritime Fishing Development Fund, 2004 / 2005 FY	04 debits	7 796 034		
	15/AD/ S3/13 of 04 .09.13	ARSEL, 2006/2007 FY	05 debits	14 861 780		
	22/AD/ S3/13 of 27 .11.13	ARMP , 2006/2007 FY	05 debits	250 439 052		
	27/AD/ S3/13 of 27 .11.13	University of Douala, . 2006- 2008 FY	08 debits	127 506 278		
	29/AD/ S3/13 of 27 .11.13	HGY , 2006- 2008	03 debits	3 395 000		
Total 3				403 998 144		
Joint Divisions	04/D/CSC/ CDC/SR of 12.09.13	MINESEC affair C/ E. E & R.M.J	01 debit	1 125 350		
			01 discharge ¹⁰			5 396 035
	05/AD/ CSC/CDC/ SR of 12.09.13	Appeal under review M. A .L. Council Revenue Collector of Yaounde VII, . 2008 FY	Inadmissible, Fine confirmed		340 000	
08/D/CSC/ CDC/SR of 12.09.12	Affair of Mbalmayo District Hospital C/A.O.J. & N.A.J.	01 discharge				124 000
Total 4				1 125 350	340 000	5 520 035
Total (1+2+3+4)				443 262 385	3 376 000	10 752 331

¹⁰ Discharge after payment into the Treasury of the amount in question

It is clear from this table that the final rulings made by the Audit Bench in 2013 led to the payment into the Treasury of the sum of 10,752,331 CFA F. The rulings also pronounced debits due of 443,262,385 CFA F and convictions for fines for a total of 3,376,000 CFA F.

CHAPTER 2. EXTRA - JUDICIAL MISSIONS

Extra-judicial missions of the Audit Bench include the control of accounts of public and semi-public enterprises (PSPE) and assistance and counsel to public authorities.

Section 1. Administrative controls

Single Sub-section. Control of accounts of public and semi-public enterprises (PSPE)

The extra-judicial control by the Audit Bench is performed within a delimited perimeter including public, semi-public enterprises, enterprises governed by private law benefitting from State monopoly or concession of a public service. These are enterprises not subjected to the rules of public accounting. By 31 December 2013, the Audit Bench had sixty-seven (67) in its books.

A. Production of accounts

The accounts of PSPE are made up of financial statements which, according to article 8 of the Uniform Act on the organization and harmonization of accounting of enterprises, Party-States to the Treaty on the Harmonization of Business Law in Africa (OHADA) include the balance sheet, the income statement, the financial table of revenue and expenditure as well as the attached statement.

PSPE are bound to transmit their financial statements to the Audit Bench not later than three (3) months after their approval.

Within the framework of enterprises of the OHADA space and in accordance with the provisions of section 54 of Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing Administrative Public Establishments, public and semi-public enterprises, these financial statements which are submitted for approval by the shareholders or partners within six (6) months from the date of closure of the financial year¹¹, must be produced at the jurisdiction not later than 30 September of the year following that to which they refer.

¹¹ Article 72 of the OHADA Uniform Act.; section 54 of Law No. 99/016 of 22/12/1999.

B. Situation of the production of accounts of Public and Semi-Public Enterprises (PSPE) in 2013

Table 9. Production of financial statements as at 31 December 2013

Description	2011	2012	2013
Accounts produced	12	12	29
Accounts expected	67	63	62
Accounts produced / Accounts expected (%)	17,9	19	46,77

C. Controls performed in 2013

In 2013, the Fourth Division of the Audit Bench adopted five (5) interim observation reports and six (6) final observation reports as indicated in the table below.

Table 10. Situation of observation reports of the Audit Bench as at 31 December 2013

N°	Structures	Financial years	Share capital
I. Interim observation reports			
01	CIMENTERIES DU CAMEROUN (CIMENCAM)	2004	5 600 000 000
02	AYABA HOTEL	2006-2008	4 034 939 404
03	CAMEROON REAL ESTATE CORPORATION (SIC)	2004-2005	1 000 000 000
04	HYDROCARBONS ANALYSIS-CONTROL CORPORATION S.A (HYDRAC)	2004-2005	1 306 580 000
05	URBAN AND RURAL LANDS DEVELOPMENT AUTHORITY (MAETUR)	2004-2005	200 000 000

II. Final observation reports			
01	LIVESTOCK DEVELOPMENT AND EXPLOITATION CORPORATION (SODEPA)	2004-2005	375 000 000
02	SOCIETE D'EXPANSION ET DE MODERNISATION DE LA RIZICULTURE DE YAGOUA (SEMRY)	2004-2007	4 580 000 000
03	CAMEROON TELECOMMUNICATIONS (CAMTEL)	2004	50 000 000 000
04	CAMEROON DEVELOPMENT CORPORATION (CDC)	2004-2005	15 626 329 479
05	SOCIETE DES GRANDS HOTELS DU CAMEROUN (SGHC-(MONT FEBE) HOTEL)	2004-2007	962 720 000
06	CAMEROON PETROLEUM DEPOT CORPORATION (SCDP)	2004-2005	3 500 000 000

It should be noted that the final observation reports concern three (3) enterprises of the agro-industry sector (SODEPA, SEMRY, CDC) and three (3) or service provision (CAMTEL, SGHC, SCDP). These six enterprises represent by 31 December 2013 in terms of capitalization an amount of 75 billion CFA F.

D. Observations made by the Audit Bench at the end of controls in 2013

The six (6) final observation reports of 2013 indicate the following observations regarding :

- on the one hand, difficulties in harmonizing the statutory provisions of the enterprises concerned with the regulations in force, absence of management organs to guarantee good governance of the enterprise (general assembly, auditors) ;
- on the other hand, the outdated nature of this regulation expressing a disharmony between the legal and statutory provisions in force and the current managerial exigencies, granting of benefits to managers in violation of the current legal provisions ;

- lastly, functional or organizational shortcomings inducing poor performances, non respect of the Public Contracts Code, payment of expenditure without supporting documents whose discharge nature is uncertain, lack of genuineness of the financial statements sometimes leading to the payment of bonuses on the basis of inexact results and hence the distribution of nonexistent dividends.

Most of these observations were also noted during controls in previous years.

Section 2. Missions of assistance and counsel of the Audit Bench

Missions of assistance and counsel of the Audit Bench to public authorities concern on the one hand, exchange, dialogue and consultation activities and opinions and reports on the other hand.

In this regard in 2013, the work of the platform of dialogue between the Ministry of Finance and the financial jurisdiction, the fora organized with the Houses of Parliament or with the media and civil society, the 2012 annual report, the opinion on the Settlement Bill and the certification report on the General Account of the State of the 2012 financial year, the certification of revenue reporting forms by extractive sector structures and public entities for the 2009, 2010 and 2011 all fall into this context.

Sub-section 1. Permanent Consultation Framework between the Audit Bench and the Ministry of Finance

1.1. Work of the Framework in 2013

The Audit Bench/MINFI Platform of Dialogue¹² had three quarterly meetings in 2013, a year marked by the full entry into force of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State and the signature of Decree No. 2013/160 of 15 May 2013 relating to the General Regulations on Public Accounting.

¹² It was set up by Decision No. 00101897/MINFI of 29 July 2008. This decision was subsequently amended and supplemented by Decision No.000001987/MINFI of 23 March 2009

These two instruments brought about important changes in the budgetary and accounting management of the State. They were the context for work of one of the quarterly sessions of the Framework. The topics of the other sessions concerned :

- the commitment of the personal and financial responsibility of secondary accountants and revenue collectors ;
- the accounting of transactions of revenue offices and cash advance ;
- the rigorous application of Law No. 73/07 of 07 December 1973 relating to the preferential claim of the Treasury to safeguard public funds, constitution of securities and guarantee on the property of authorizing officers of the budget of the State, Regional and Local Authorities and managers of Administrative Public Establishments and Public and Semi-public Enterprises ;
- accounting of rebates on computerized taxes.

1.2. Resolutions and recommendations of the Framework

In addition to its contribution to the review of the draft decree on the General Regulation on Public Accounting and on Administrative Control which were signed during the 2013 financial year, the results of the Permanent Framework can be summarized in the resolutions and recommendations, the most significant of which concern the safeguards of public funds and reliability of performance data of budgetary expenditure such as :

- review of Law No. 73/07 of 7 December 1973 on the preferential claims of the Treasury to safeguard public funds in the light of section 66 of the Constitution ;
- continuing the streamlining of the balance of Treasury accounts for the transition to accrual accounting ;
- the clearance of outstanding collections on computerized taxes according to the standards in force ;
- identification of the real estate and financial assets of the State ;
- the clearance of provisional allocation accounts before the end of each financial year.

Sub-section 2. Exchange fora with Parliament

In 2013, the Audit Bench held three Exchange Fora with the Finance and Budget Committees of Parliament. .

2.1. Exchange forum with the Finance and Budget Committee of the National Assembly

This forum was organized on 25 November 2013 with the traditional participation of other structures promoting governance such as the National Agency for Financial Investigation (ANIF) and the National Anti-Corruption Commission (CONAC) on the one hand and representatives of the Ministry of Finance, the European Union, on the other hand.

The two topics concerned :

- *“Control of public finance in Cameroon in the light of the CEMAC Guidelines of 19 December 2011” ;*
- *“the point of exchanges between the Finance and Budget Committee of the National Assembly and the Audit Bench of the Supreme Court”.*

While the second topic was within the context of a balance sheet of the first eight fora organized by the two institutions during the 2009-2012 period, the first gave a panoramic view of external and internal control of public finance in Cameroon.

The discussions which followed dwelled notably on the efficacy of controls, the multiplicity of control organs, the effective setting up of the Accounts Court and the take-off of activities of the Regional Accounts Court and the future of the Budget and Accounts Disciplinary Board.

Some recommendations that resulted from this forum related to :

- the urgent need for the full implementation of the CEMAC Guidelines of 19 December 2011 for the Harmonized Framework for the Management of Public Finance ;
- the establishment of a monitoring committee of the recommendations of the fora at the level of the National Assembly ;
- the effectiveness of the discussion of budgetary orientation provided for in the Fiscal Regime of the State.

2.2. Exchange fora with the Finance and Budget Committee of the Senate

On 17 July and 28 November 2013, the Audit Bench and the Senate held two exchange fora in which the Supreme State Audit Services, ANIF, CONAC and the Ministry of Finance took part.

For the forum of 17 July 2013, the first of its kind with this institution, the only presentation had as topic *“External control of public finance in the light of the Fiscal Regime of the State and CEMAC Guidelines”*.

In the light of legal provisions, this presentation reviewed the missions of the Audit Bench and the interactions between its mandate and the new missions of Parliament in view of the Fiscal Regime of the State and the CEMAC Guidelines.

The exchange forum of 28 November 2013 had two topics to wit:

- *“Presentation of the 2011 Annual Report”;*
- *“Summary of recommendations of exchange fora between the Finance and Budget Committees of the National Assembly and the Senate and the Audit Bench of the Supreme Court from 2009 to 2013.”*

The recommendations made at the end of these presentations can be summarized as follows :

- the establishment of joint monitoring committee of the recommendations ;
- increase of the budget of the Audit Bench in relation to its increased missions ;
- constitution of a data bank on financial information of Regional and Local Authorities which is not sufficiently furnished by finance laws ;
- building the capacities of Senators, members of the Finance and Budget Committee on issues linked to the reform of public finance and control of execution of the finance law.

Sub-section 3. Opinions and reports

3.1. 2012 Annual Report

The Audit Bench shall 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 accountants¹³.

Pursuant to these provisions, the financial jurisdiction in 2013 produced the 2012 Annual Report, one of the features of which is the enumeration of recommendations in a section devoted to this effect focusing on improving the rendering of public accounts made in previous annual reports and whose implementation had not started.

Another feature of this annual report is the sensitization of individuals on the admissibility conditions of the appeal for review against the final judgment of the Audit Bench

This sensitization became necessary in view of the increasing number of requests for revision of judgments declared inadmissible by the jurisdiction as reflected in the decisions taken by the Audit Bench sitting in joint sessions.

As for the 2011 Annual Report, it was forwarded to the President of the Republic, the President of the National Assembly and the President of the Senate by letters Nos. 29/028/CAB/PCDC/CSC, 31/028/CAB/PCDC/CSC and 30/028/CAB/PCDC/CSC of 9 July 2013.

3.2. Opinion on the Settlement Bill and the certification report of the General Account of the State for the 2012 financial year

3.2.1. Competence of the Audit Bench

Section 39 (c) of Law No. 2006/016 of 29 December 2006 to lay down the organization and functioning of the Supreme Court provides that [the Audit Bench] *shall be competent to give opinion on Settlement Bills submitted to the National Assembly*

Decree No. 2013/160 du 15 May 2013 referred to above states :

Article 124. *“At the end of each year, the Minister of Finance shall produce the result of the execution of the budget which traces the implementation of parliamentary authorizations by the government in the Settlement Law.”*

¹³ 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 of Cameroon.

Article 125.- *“(1)” At the end of each year, the Minister in charge of Finance shall submit to accounts judge the General Account of the State “.*

(3) The accounts jurisdiction shall certify that the financial statements are accurate and present a fair image of the financial position of the State.

Article 126.- *“(3) The General Account of the State shall be produced by the Minister in charge of Finance to the accounts judge, in support of the Settlement Bill that is communicated to it annually. “*

(4) Upon consideration of the Settlement Bill and administrative accounts of principal authorizing officers, the accounts judge shall give his opinion on accounts and issue a certification report on the General Account of the State.

(5) The opinion and the report shall be forwarded to Parliament.”

3.2.2. Opinion and certification report

In exercising this dual competence, the Audit Bench issued Opinion No. 004/2013/CSC/CDC of 19 November 2013 on the Settlement Bill of the 2012 financial year. Similarly, on an *“experimental basis”*¹⁴, the court prepared Certification Report No. 004/2013/CDC/CSC of 18 December 2013 on the General Account of the State for the same financial year.

The observations of the Audit bench from the certification report as well as those arising from the opinion are presented in part four of this annual report.

In accordance with Article 126(5) mentioned above, the opinion and the report were sent to Parliament.

¹⁴ According to Decree No. 2013/160, the provisions relating to the Certification Report of the General Account of the State shall be applied gradually up to a deadline of six (6) years

3.3. Certification of revenue reporting forms from the extractive sector of administrative structures and public entities

One of Cameroon's admission conditionalities to the compliant country status in accordance with the Extractive Industries Transparency Initiative (EITI) was that the reporting forms of extractive industry revenue for 2009, 2010 and 2011 of administrative structures and public entities are certified by an independent auditor.

3.3.1. Referral to the Audit Bench

The EITI recommended referral to the Audit Bench, the only public entity authorized to certify the figures of the Administration.

The Minister of Finance, Chairman of the EITI Committee, seized the President of the Audit Bench by letters No. 00005981/MINFI/ITIE/ST/C of 12 December 2012 and No. 268/MINFI/ITIE/ST/C 1 July 2013 for the purposes of this certification but recalled that *"the intervention of the Audit Bench is the only one able to allow our country to fulfil the Requirement 13¹⁵, which will contribute significantly to the satisfactory completion of the conciliation in question on which Cameroon depends to a large extent in achieving the status of compliant country."*

3.3.2. Competence of the Audit Bench

This certification exercise was conducted by the Audit Bench by basing its jurisdiction particularly on the provisions of section 41 of the Constitution and section 10 of Law No. 2003/005 of 21 April 2003 relating to the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court.

According to section 41 of the Constitution, *"the Audit Bench shall be competent to control and rule on public accounts and those of public and semi-public enterprises."*

Under section 10 of the Law of 21 April 2003, *"The Audit Bench shall give its opinion on any matter referred to it in connection with the control and verification of accounts."*

By these prerogatives, the Audit Bench is competent to certify the reporting forms of government revenue and entities whose accounts it controls.

¹⁵ The Government must ensure that the disclosures are based on audited accounts in accordance with international standards

3.3.3. Certification

Certification of revenue reporting forms was conducted in accordance with internationally accepted auditing principles and standards. Thus, despite some identified shortcomings of form, the Audit Bench issued Acts of Certification Nos. 001/2013/CDC/CSC of 16 January 2013 and 003/2013/CDC/ CSC of 3 July 2013 on the revenue reporting forms in the extractive sector and government entities in the 2009, 2010 and 2011 financial years.

These Acts were forwarded to the Minister of Finance by letters Nos. 08/CAB/PCDC/CSC of 17 January 2013 and 28/152/CAB/PCDC/CSC 3 July 2013, thus opening the way for Cameroon's admission into the status of compliant country.¹⁶

Sub-section 4. Information day with civil society representatives and media correspondents

The Audit Bench of the Supreme Court and civil society representatives and media organizations held an information day on 16 May 2013 in Yaounde.

During the meeting, participants discussed two topics.

4.1. Control of public finance of Cameroon in the light of the CEMAC Guidelines of 19 December 2011

Through this topic, a brief review was made of recent developments in the public finance management framework characterized by :

- Firstly, the change in public finance legislation of Cameroon from Ordinance No. 62/OF/4 of 7 February 1962 to Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State with the major innovation being the notion of "*programme budget*" and,
- Secondly, the imminent internalization of the legal framework for public financial activities of CEMAC member States, adopted by the Council of Ministers on 19 December 2011.

Representatives of civil society organizations and media correspondents were enlightened on the methods, procedures and specificities :

¹⁶ This status is effective since the EITI General Assembly that held on 17 October 2013 in Abidjan, Côte d'Ivoire

- External control of public finances by the Senate and the National Assembly (parliamentary control) by the financial judge (judicial review) and possibly by the Constitutional Council (review of the constitutionality of finance laws);
- Internal control of public finances also referred to as administrative control exercised mainly by government and administrative bodies.

2.2. The social responsibility of the Audit Bench as a supreme audit institution without the title, its independence at the service of the citizen.”

This second topic shows the social responsibility of the Audit Bench as consubstantial with its jurisdiction, organization and functioning as established by Law No. 2003/005 of 21 April 2003 referred to above.

This legal framework gives the Audit Bench all the means and tools to exercise, independently, control of the proper use of public finances. She also reports to the society, that is to say to the citizens in various ways:

- Publishing an annual report and its public presentation ;
- The organization of information fora and sensitization seminars ;
- The production and publication of brochures, TV and radio documentaries ;
- Facilitating access to the work of the Bench by publication on its website.

Part Three



RULINGS OF THE AUDIT BENCH IN 2013

CHAPTER 1. JUDGMENTS

Section 1. Judgments for fines

Sub-section 1. Judgment No.22/D of 24 april 2013

Urban Council of DOUALA V - Municipal Revenue Collector – Delay in the production of accounts - fine

On 24 June 2010, the Audit Bench of the Supreme Court rendered Interim Ruling No. 56/P/S2 whose provision is conceived as follows *“condemns **Mr. E.B. E.** to pay the sum of 288 000 CFA F as fine for late submission of accounts for the 2007 financial year”*. .

Whereas this judgment was notified on 23 August 2010 and that the accountant did not react to this first judgment, the Audit Bench transformed it into a final ruling.

By taking into account the time between the first ruling, the Audit Bench by Judgment No. 22/D of 24 April 2013 set the amount of the fine at 864 000 CFA F.

Sub-section 2. Judgments Nos. 47/D and 48/D of 26 June 2013

Bangante Council - Municipal Revenue Collector - Delay in the production of accounts - Fines

The Revenue Collector of the Bangante Council was provisionally sentenced to pay a fine for lateness in the production of the management accounts for the 2007 and 2008 financial years. He did not react to any of these judgments notwithstanding the notification made to him.

The Audit Bench in its ordinary hearing sessions of the Second Division of 24 April and 26 June 2013, confirmed the two judgments by taking a final ruling and sentencing the Municipal Revenue Collector to pay the sum of 300 000 CFA F as fine for the non production of the management account of the 2007 financial year. The fine of 240 000 CFA F was imposed on him for the same reasons with regard to the management account for the 2008 financial year.

Sub-section 3. Judgment No. 50/D of 26 June 2013

Ebolowa City Council - Municipal Revenue Collector - Delay in the production of accounts - Fine

On 26 June 2010, the Audit Bench of the Supreme Court rendered interim ruling No. 142/P/S2 by which it sentenced **Mr N.F.**, Municipal Revenue Collector for the Ebolowa City Council, to pay the sum of 144 000

CFA F for lateness in the production of the management account of the Council for the 2008 financial year.

The Audit Bench did not receive any reaction from the accountant following the notification served to him successively on 13 September 2010 and 30 June 2013.

Accordingly, the Audit Bench transformed the interim ruling into a final ruling and sentenced **Mr. N. F.** to pay the sum of 324 000 CFA F as fine for failing to produce the accounts of the Ebolowa City Council for the 2008 financial year.

Section 2. Discharge judgments

Sub-section 1. Judgment No. 27/CSC/CDC/S1 of 17 December 2013

Management account of the financial district of Littoral-North (Nkongsamba) 2006 financial year

THE AUDIT BENCH OF THE SUPREME COURT

Sitting in its First Division responsible for the control and ruling on accounts of accountants of the State, in its regular hearing hall located at the Winston Churchill avenue in Yaounde,

Rendered at a public hearing, in accordance with the law, on the management account of the financial district of Littoral North for the 2006 financial year,

The final judgment in the following terms :

THE AUDIT BENCH

NATURE OF ACCOUNT

Whereas the nature of account closed at the end of the 2006 financial year balanced in debit and credit at the sum of 9 267 544 272 CFA F, that the balance of inactive assets stood at 374 000 CFA F for fiscal stamps and at 53 199 000 CFA F for windscreen licences and that the balances are closed as in the account at the close of the financial year and must be brought forward to the 2007 financial year as follows :

Class of account	Debit	Credit
2	1 095 196 115	
3	5 985 136 481	
4	327 590 675	
5		7 452 872 625
6	1 859 626 001	
7		1 814 671 647
Total	9 267 544 272	9 267 544 272

CONTROL ON FIGURES AND DOCUMENTS

RESERVATIONS

Reservation No. 1 On the inexactitude in the carry-forward of balances

Whereas the accountant is blamed for not faithfully carrying forward balances of some accounts of the closing balance of the 2005 financial year to the opening balance of the 2006 financial year and particularly the balances of accounts 470407 105, 404 906 and 412 ;

That in response, the accountant explained that with regard to the account 470407105, after verification and control, an additional entry of 297 274 CFA F was transcribed to adjust the account balance at the balance of the state of development ;

He added that in the case of the account 404906, it shows a credit balance of 103,393,176 CFA F in compliance with various attached statements ;

Finally, he explained that the account 412 shows a zero balance in the trial balance for the 2006 financial year ;

That the balance extract attached to his reply confirms the explanations given and leads to the withdrawal of this reservation.

Reservation No. 2 on the discrepancy between data in the balance and that in the statements prepared by the accountants.

Whereas this reservation was issued in expectation of the correction of the anomalies linked to this discrepancy ;

That in response to this reservation, the accountant indicated having made the various corrections while specifying that the switch-over at the level of the various balances helped to redress the various anomalies raised ;

That he has attached the new balances for the 2005 and 2006 financial years concerned with the said corrections ;

Accordingly, this reservation should be lifted.

Reservation No. 3 relating to the credit balance on account 560 000 105 at the level of the centralizer

Whereas for the reason that the bank account of the accountant indicated a debit balance of 8 518 731 F CFA in the balance while the bank centralizer of the station showed a negative balance of -92 937 088 CFA F, a reservation was issued in expectation for measures to be taken to regularize this negative balance ;

Whereas in response, the accountant explained that the debit balance of 8 518 731 CFA F that appeared on the trial balance of the accounts effectively corresponds to the credit balance in his bank statement in his account in BEAC at 29/12/2006 ;

That he also notes that the negative balance of - 92 937 088 CFA F at the bank centralizer is explained by the fact that this summary document only traces transactions carried out during the 2006 financial year without taking into account of the opening balance which showed a debit balance of 101 455 819 CFA F ;

Whereas the reconciliation of these figures renders this explanation convincing and leads to the reservation being withdrawn.

Reservation No. 4 on the non accounting of revenue

Whereas for reasons that the sum of 101 455 819 CFA F was not entered in the bank deposit receipt booklet of the accounting station, a reservation was issued for the correction of the situation ;

Whereas in response, the accountant declared that the bank revenue of 101 455 819 CFA F represents the closing balance of the 2005 financial year in account 560 000105 and that this amount is automatically carried forward to the opening balance of the 2006 financial year, without it being necessary to make another entry than those that had contributed in making the said balance in 2005.;

Whereas a satisfactory answer was given, the reservation is hereby lifted.

Reservation No. 5 on the poor presentation of bank reconciliation statement

Whereas for the reason that the rejection in reconciliation of cheques of an amount of 2 407 500 CFA F, a reservation had been issued to allow for the re-establishment of the situation;

Whereas in his explanations, the accountant indicated that these were cheques rejected at the Dibombari Sub-Treasury;

Whereas considering this kind of circumstance, especially the identification of the veritable person responsible for this irregularity who happens to be the Sub-Treasurer of Dibombari, the said reservation should be transformed into injunction for the future.

Reservation No. 6 on the account for advances of the Melong and Ebone Sub-Treasuries

Whereas this reservation was made in view of the regularization of the situation of accounts in advance of these two accounting stations ;

Whereas in reaction, the accountant produced treasury payment receipts No. 17615001 of 25/03/013 from the Sub-Treasurer of Melong, No.17607111 of 25/04/013 from the Sub-Treasurer of Ebone of the respective amounts of 120 353 CFA F and 15 800 CFA F ;

Whereas these payments into the public treasury correct the situation, the reservation is thus lifted on the management account.

Reservation No. 7 on the deficit in the Revenue Collection Office of Yabassi

Whereas for reason of a deficit of 21 189 413 CFA F at the Revenue Collection Office of Yabassi, a reservation was made in expectation of measures to regularize the situation ;

Whereas in response the accountant indicated that the deficit was regularized during the accounting period of 21/06/09 to 30/09/09 ;

That he produced a supporting document, in addition to the statement of account 470 557 310 (deposit of the Yabassi Rural Council) ;

That he has thus provided evidence of the regularization of the situation, the reservation is lifted.

Reservation No. 8 on the production of certain documents of management accounts on documents

Whereas in reaction to this reservation, the accountant produced:

- the reconstituted reports of the Sub-Treasuries of Bare Bakem, Mombo, Dibombari, Nkondjock, Loum, Mbanga and Yingui ;
- the reports of reintegration of fiscal stamps and windscreen licences by 31/12/06 ;
- his oath-taking documents ;
- documents attesting to the payment of interests on securities.

Whereas production of these documents has met the condition for lifting the reservation ;

It is hereby lifted.

INJUNCTIONS

Injunctions for repayment Nos. 1, 2 and 3 of the Interim ruling No. 11/ CSC/CDC/S1 of 14/08/2012

Whereas injunctions Nos. 1, 2 and 3 of Interim Ruling No. 11/CSC/ CDC/S1 of 14/08/2012 invited **Mr. N. J.**, to provide within two months of notification of the said ruling, evidence of payment into the public Treasury of the total sum of 5 232 296 francs ;

That this sum was broken down as follows :

- 2 000 000 CFA F resulting from the irregularity of falsification of

- payment vouchers by the Sub-Treasurer of Nkondjock ;
- 1 819 500 F CFA representing mission allowances paid without legal basis ;
 - 1 312 796 CFA F relating to the increase in the number of mission days ;

Whereas in response to these injunctions Mr. **N. J.** submitted Treasury receipt No. H1842811 of 03/06/2013 of an amount of 5 232 296 CFA F issued in his name ;

Whereas the receipt is the material certification of payment into the public Treasury of the sum in question, the accountant has met the conditions for lifting the three (3) injunctions.

Accordingly, the injunctions are lifted ;

FOR THESE REASONS

RULING IN PUBLIC, INTER PARTES AND TAKING A FINAL RULING

HEREBY DECIDES AS FOLLOWS :

Article 1.- It is notified to **Mr. N. J.** that the nature of the account closed at the end of the 2006 financial year balanced in debit and credit stands at 9 267 544 272 CFA F, the balance of the inactive assets stands at nil and that the balances are ruled as in the closing accounts of the financial year;

Article 2.- it is ordered that :

- 03 injunctions be lifted ;
- 07 reservations be lifted ;
- 01 reservation be transformed as an injunction for the future ;

Article 3.- **M.r N. J.** is consequently discharged of his management of the Littoral North, Nkongsamba financial district for the 2006 financial year.

Article 4.- This Judgment shall be notified to the accountant concerned, to the incumbent accountant and the Minister in charge of Finance (DGTCFM).

Sub-section 2. Judgment No. 04/D/CSC/CDC/SR of 12 September 2013

Matter : MINESEC versus Messrs E. E. and R. M.J

The Audit Bench of the Supreme Court of Cameroon, sitting in a joint sessions in its ordinary hearing hall at its head office located on Winston Churchill Avenue in Yaounde delivered the final judgment at a public hearing in the case against **Messrs EA and RM J**, in the following terms:

After deliberating in accordance with the law and in the absence of the Advocate General; heard MIKONE Martin Bienvenu, Master of the Supreme Court, judge rapporteur in his observations and the Advocate General in his submissions ;

whereas by Judgment No. 05/AD/P/CSC/CDC/SR 30 August 2013, the Audit Bench issued two (02) injunctions respectively to EE and RM J ;

Injunction against Mr E. E.

Whereas on the expenditure account on the payment statement No.7/ MINESEC/CAB undated, signed by MINESEC of 2,630,852 CFA F as packing costs and handling of examination material signed out by **Mr. E. E**, which amounted to 2,715,000 CFA F, he was enjoined to provide proof of payment of the sum of 2,715,000 CFA F into the Treasury or any other evidence in his defense ;

Whereas this decision was notified to the aforementioned on 29 November 2012 in the incoming mail service of the Cameroon Baccalaureat Examination Board ;

That in reaction, his counsel **Barrister E.E.T**, submitted a copy of his undated records at the Bench on 14 January 2013 in which he argued:

That the signing out by the staff in connection with the payment statement No. 07/MINESEC concerned reveal rather that it was the sum of 2,630,832 CFA F which was managed in four (04) categories. 1). the sum of 1 440 000 CFA F signed out by the emissaries at the level of the Department of Examinations and Certification for packing of examination material signed out by senior staff amounting to the sum of 500 000 CFA F and the costs of handling and conveying of documents to the regions amounting to 940 000 CFA F signed out by emissaries ;

2). 1 100 000 CFA F transport costs of examination material distributed to the heads of Provincial Delegations, as listed in the table below :

Serial No.		Reception		Date of statement of DEC payment or bill	Amount in CFA F
		Date	Provinces		
01	F. C., Service Head DEC	15/05/05	NGAOUNDERE	12/05/05	75 000
02	A. P, Provincial Delegate	16/05/05	YAOUNDE	16/05/05	210 000
03	M.A, Head of SEC	12/05/05	BERTOUA	10/05/05	115 000
04	Mme D.F, Head SECC/EN	14/05/05	MAROUA	12/05/05	70 000
05	Z. E.J F., Head SECC	15/05/05	DOUALA	10/05/05	90 000
06	M. S, Head SECC	14/05/05	GAROUA	12/05/05	40 000
07	F. C. S., Head SEEC	12/05/05	BAMENDA	12/05/05	160 000
08	Mrs. B. V., Head SECC	12/05/05	BAFOUSSAM	10/05/05	80 000
09	L. K.	31/05/05	EBOLOWA		150 000
10	N. N. D., Head SECC		BUEA		110 000
TOTAL					1 100 000

3). 65 000 CFA F for dispatch of money to correspondents in the regions and

4). 25 352 CFA F for taxi fare for various errands ;

That the justifications required can only be on the sum of 2 630 832 CFA F which served in covering the expenses for packaging, handling

and conveyance of examination material, expenditure which his client justified ;

That accordingly he should be discharged of paying the said sum into the Public Treasury ;

Whereas Ordinance No. 62/OF of 07 February 1962 referred to above provides :

Article 129.- “Imprest administrators shall be dispensed of producing to the payers the supporting documents of certain material expenditure defined by an order of the Minister in charge of Finance and whose amount shall not exceed 5 000 CFA F. The expenditure of such sums shall be justified by a summary statement endorsed by the Service Head...”

Article 130.- “Intermediate imprest agents and intermediate revenue agents shall financially be liable for management ...”

Article 246.- “Accountants who make payments must ensure that the vouchers are receipted to the rightful claimants

6°- When it concerns collective payments, the individual receipts can be replaced by duly certified sign-out statements”;

That Circular No. 003/MINFI of 03 January 2005 on instructions relating to the execution and control of execution of the Budget of the State and subsidized bodies for the 2005 financial year specified that “any expenditure equal to or above 10 000 CFA F should be subject of a receipt or a statement of sums due...” ;

Whereas it is established that the expenditure forming the subject of the undated payment statement No. 7/MINESEC/CAB referred to above stands at 2 630 832 CFA F, and not 2 715 500 CFA F as wrongly indicated in Judgment No. 05/AD/P/CSC/CDC/SR of 30 August 2012 as a result of the double entry of the sum of 110 000 CFA F destined to **N. N.** of Buea;

Whereas the evidence indicates that out of the expenditure of an amount of 2 630 832 CFA F, **Mr. E.E.** provided justification of the payment of:

- 1 400 000 CFA F to emissaries,
- 40 000 CFA F as costs for conveyance of examination material to the Centre Provincial Delegation ;
- 65 000 CFA F as fees for dispatch of money to the provinces ;

That on the contrary the other expenditure heads remain without

probative justification especially ;

- 1 100 000 CFA F destined to officials of sub-centres in the ten regions without being signed out on payment received slip ;
- 25 352 CFA F of taxi fares paid without the statement of sums due as required ;

Accordingly, he has justified the expenditure of the sum of 1 440 000 CFA F but he held in debit of the sum of 1 125 350 CFA F ;

Injunction against Mr. R. M. J.

Whereas with regard to the sums of a total amount of 41 098 000 CFA F paid to Mr. R. M. J., that several differences less were noted, notably:

- 386 956 CFA F out of the sum of 4 994 000 CFA F subject of Decision No. 105/06/MINESEC/CAB of 20 March 2006 (2006 examination session) gave rise to 4 607 245 CFA F of justified expenditure;
- 352 700 CFA F resulting from a double entry of 84 000 CFA F and 268 700 CFA F of unjustified expenditure of a total amount of 13 354 000 CFA F ;
- 4 696 500 CFA F out of the sums of 8 000 000 and 5 000 000 CFA F subject of Decisions Nos. 2007 and 345/6/MINESEC of 25 April and 12 June 2006 ;
- 20 000 CFA F difference between the sum of 9 750 000 CFA F paid in accordance with Decision No.284/06/MINESEC/CAB of 29 May 2006 and the 9 730 000 CFA F of justified expenditure ;

That R. M. J. was enjoined to provide evidence of payment into the Public Treasury of the sums of 386 755 CFA F, 352 780 CFA F, 4 626 500 CFA F and 20 000 CFA F ;

Whereas reacting to the notification of the judgment served to him on 14 December 2012 through his counsel Barrister **M. M**, Member of the Cameroon Bar Council, **Mr. R.M.J.** forwarded to the Audit Bench receipts Nos. 16822 407, 16822 408, 16822 409 and 16822 410 for payments of the sums of 20 000 CFA F, 4 626 500 CFA F, 386 755 CFA F et 352 780 CFA F into the Public Treasury ;

That he has met the conditions for lifting the injunctions addressed to him ;

He is hereby discharged of his management.;

FOR THESE REASONS,

Taking a final ruling,

Hereby decides as follows :

Article 1.-

- grants **E. E.** the expenditure of an amount of 1 440 000 CFA F ;
- holds him in debit of the sum of 1 125 350 CFA F towards MINESEC.

Article 2.-

Takes note that **R. M. J.** has paid into the Public Treasury the sums of:

- 386 755 CFA F,
- 4 626 500 CFA F,
- 352 780 CFA F and
- 20 000 CFA F,

That is a total of 5 396 035 CFA F.

He is accordingly discharged of his management.

Article 3.-

This judgment shall be notified to :

- the aforementioned ;
- the Minister of Secondary Education and
- the Minister of Finance.

Sub-section 3. Judgment No. 07/D/CSC/CDC/SR of 12 September 2013

Matter : Limbe City Council versus A. A. N. and M. J. E., former Municipal Revenue Collectors, 2004 and 2008 financial years

The Audit Bench of the Supreme Court of Cameroon, sitting in a joint sessions in its ordinary hearing hall at its head office located on Winston Churchill Avenue in Yaounde delivered the final judgment at a public hearing in the case against **A. A. N. and M. J. E.**, respectively former Municipal Revenue Collectors of the Limbe Urban Council and

Municipal Revenue Collector of the Limbe City Council in the following terms :

After deliberating in accordance with the law and in the absence of the Advocate General and the other parties; heard the THEUMOUBE Philippe, Master of the Supreme Court, judge rapporteur in his observations and the Advocate General in his submissions

Whereas by letter No. 00192/L/PR/CONSUPE/SG/SP-CDBF of 29 February 2012, the Minister Delegate at the Presidency of the Republic in charge of the Supreme State Audit Services, transmitted to the Audit Bench the report of the control mission report to the LIMBE City Council for the 2002-2008 financial years involving **M.J.E** the Municipal Revenue Collector for a prejudice of 7 500 000 CFA F;

That the Limbe Urban Council and the MEDIA PLUS Company on 13 May 2002 signed an agreement by which the said company was authorized to collect on behalf of the urban Council advertizing tax for a period of three years (3) renewable ;

That article 3 of this agreement provided that MEDIA plus was to pay to the Urban Council an annual sum of 15 million CFA francs, that is 3 750 000 F CFA francs per quarter and that the nonpayment of this quarterly fee was, after fourteen (14) days of the deadline, subject to a penalty of 1% of the amount up till the date of payment ;

That this agreement was renewed up till 2008 ;

That the payments for 2004 and 2008 financial years were to be made on 1 March, 30 June, 30 September and 31 December ;

That during this period, the duties of Municipal Revenue Collector were successively performed by **A.A. N. and M. J. E. ;**

That the former was appointed Municipal Revenue Collector of the Limbe Urban Council by Order No.0147/a/MINAT/MINEFI of 09 May 1995 ;

And that he was replaced by **M. J.E** following the signing of the joint order No. 297/MINAT/MINEFI of 18 September 2006, which establishes that **Mr. A. A. N.** is responsible for the management of the 2004 financial year and **M.J. E.** for that of the 2008 financial year ;

That for the 2004 financial year, the annual fee of 15 000 000 CFA francs was paid by cheque on the budget head 71 31 10, but with delays of 80 days for the first installment, 61 days for the second installment, 30 days for the third installment and 41 days for the fourth installment which

should have brought in penalties of 3 000 000, 2 587 500, 1 125 000 CFA francs, that is a total of 8 250 000 CFA F lost income ;

That for the 2008 financial year, the sum of 11 250 000 paid out of the 15 000 000 CFA F expected with a lateness of 195 days for the second installment which should have brought in penalties of 7 575 000 CFA F for the first installment and 7 312 500 CFA F for the second installment thus causing a loss in income of 14 887 500 CFA F ;

Whereas in accordance with section 48 of Law No. 2003/005 of 21 April 2003 referred to above,

(1) The public accountant shall be presumed personally and financially liable for..... collecting revenue and paying regularly justified expense...

(2) The accountant shall not be liable or may be discharged of this liability, irrespective of a surplus or an accounting deficiency, where:

- he produces proof to the effect that he took all reasonable steps to ensure the collection of revenue...

Whereas the collection of revenue commits the liability of the accountant only if this revenue meets the conditions provided for by law and relate to taken-over vouchers that are ready to be executed.

That in effect, it results from the joint provisions of articles 58, 66, 202, and 203 of Ordinance No. 62/OF/04 of 07 February 1962 referred to above ;

That generally, revenue operations take place in three stages :

- the establishment of revenue which is the legal decision creating the claim (law, regulation, contract...);
- clearance of this claim and issuance of the corresponding collection order and
- collection by the Accounting Officer of the amount of the claim;

That specifically, sundry and possible revenue are collected based on a payment order issued by the authorizing officer, notified to the debtor by the authority which issues the order through a notice indicating the amount and origin of the revenue to be paid before it is forwarded to the accountant for collection ;

But considering that the payment of penalties for lateness falls into the category of sundry and possible revenue whose collection by the public accountant follows the procedure described above ;

That in this case, one of the Municipal Revenue Collectors concerned, **M.J. E.** holds that he was not aware of such a payment order ;

That nothing establishes the contrary ;

That it follows that in the absence of the payment order, disputed claims are not enforceable and that their non recovery cannot commit the liability of the aforementioned ;

That they should be given a discharge of their management.

FOR THESE REASONS

Taking a final ruling,

Hereby decides as follows :

Article 1.-

Discharge is granted to **Messrs A. A. N. and M. J. E.** for their management;

Article 2.-

This judgment shall be notified to :

- the aforementioned ;
- the Government Delegate to the Limbe City Council ;
- the Minister of Finance and
- the Minister of Territorial Administration and Decentralization.

Section 3. Judgments for debits

Sub-section 1. Judgment No. 15/AD/S3/13 of 4 September 2013

APE.- Absence of payment in full discharge; Payment of undue benefits; Payment of undue severance pay ; Payment of undue expenditure without connection to the structure - Debit.

Two accounting officers who worked successively in an Administrative Public Establishment had made payments which the Audit Bench considers irregular. These irregularities were the subject of injunctions issued through a first judgment, Judgment No. 02/AP/S3 of 25 April 2012.

The Audit Bench through this second judgment confirms injunctions for the future, places the two accountants in debit for the amounts corresponding to the irregularities established in their respective management, that is, 210 000 CFA F and 14 651 780 CFA F and suspends their clearance.

Sub-section 2. Judgment No. 22/AD/S3/13 of 27 November 2013

APE.-Absence of justifications of payment of VAT to the Public Treasury; Payment of benefits and bonuses to staff as well as sundry supports to natural and corporate persons without legal basis; Payment of undue benefits to MINFI officials; Benefits in kind to the Chairman of the Board; Debit.

The Audit Bench found that the payment of Value Added Tax (VAT) deducted at source by the Accounting Officer of the APE was not supported by receipts issued by the tax collector. Moreover, the high financial jurisdiction holds that :

- Payments without legal basis of the benefits and bonuses paid to various staff and various support for the benefit of natural or corporate persons were carried out by the said Accounting Officer;
- Allowances were paid to MINFI officials in service in APE in

violation of MINFI circular on implementation of the State budget and subsidized organizations which prescribes that the said officials not being on secondment, they cannot claim any remuneration in the structure concerned;

- Undue benefits in kind were paid to the Chairman of the Board of the APE.

The Audit Bench, by that judgment, dismissed the pleas and constituted the said Accounting Officer in debit vis-à-vis the APE for a total of 250,439,052 CFA francs.

CHAPTER 2. OBSERVATION REPORTS

This second chapter is devoted to insertions with extracts or summaries of three of the six final observation reports prepared by the Fourth Division of the Audit Bench in 2013.

The first section concerns the control of accounts for the 2004 and 2005 financial years of the Animal Development and Exploitation Corporation (SODEPA), an undertaking which is in the agro-industrial sector. The second and third sections concern the control of the accounts of service sector enterprises which are the Cameroon Grand Hotels Corporation (*Société des Grands Hôtels, Mont Febe Hotel*) for the 2004 to 2007 financial years and the Cameroon Petroleum Products Depot (SCDP) for the 2004 and 2005 financial years.

Section 1. Report No. 01/ROD/S4 of 18 July 2013 on the accounts of the Animal Development and Exploitation Corporation (SODEPA), 2004 and 2005 financial years

The Audit Bench, sitting on 18 July 2013 in ordinary session of the Fourth Division responsible for the control of accounts of public and semi-public enterprises in accordance with section 23 of Law No. 2003/005 of 21 April 2003 relating to the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court, finalized the observations contained in report No. 01/ROD/S4 of 18 July 2013 relating to the accounts of the Animal Development and Exploitation Corporation (SODEPA) for the 2004 and 2005 financial years. .

These observations concern the organization and functioning of SODEPA on the one hand and on the accounts of the period under review on the other hand. They are summarized hereunder.

I. OBSERVATIONS ON THE ORGANIZATION AND FUNCTIONING OF SODEPA

1.1. STATUS

A.-Compliance of status

The Directorate General of SODEPA transmitted to the Audit Bench a copy of its articles of association made compliant with the OHADA Uniform

Acts and especially with regard to commercial companies and Economic Interest Groups, as well as with Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing Administrative Public Establishments, public and semi-public enterprises.

However, a certain number of documents were not submitted attesting to the validity of the said articles. These include especially:

- Decree to approve the articles: section 24(1) of Law No. 99/016 ;
- Compliance with registration procedures, publication and registration in the Trade and personal Property Register (RCCM): art. 29 and 263 the Uniform Act, and section 28 of Law No. 99/016;
- Minutes of adoption and approval by the Board of Directors and the General Assembly: section. 33(1) of Law No. 99/016.

In reaction to these observations and with regard to compliance with the procedures for registration, publication and registration, the Directorate General of SODEPA held that these were *recent prescriptions whose implementation was ongoing*.

In view of the provisions of the law of 1999 and the OHADA Uniform Acts on commercial companies and Economic Interest Groups in force since the early 2000s, such a response was not satisfactory.

In addition, for the approval of the articles by the corporate bodies and the Presidency of the Republic, the claims by SODEPA that: *“the draft articles were transmitted to the Prime Minister for promulgation. No reaction has been received up to date. The only valid indications having remained are the signatures of the Director General and the Board of Directors of the time. This pending the availability of SODEPA articles legally endorsed by the competent authority”*, does not allow for lifting the related observation by the Bench.

B. - Purpose of SODEPA

Article 6 of the articles provides that the purpose of SODEPA is:

- The acquisition, creation, administration, operation and development of all livestock enterprises, production of animal feed for livestock production and processing of animal products including slaughterhouses, cold storage and packaging workshops ;
- Trade in raw animal or processed products and their by-products;
- The performance of any commercial or industrial operations related

to the purposes specified by way of creation of new companies, contribution, merger and association or otherwise;

- Leasing, purchase of all buildings, grounds, creating all industrial and commercial establishments or any companies also related to the aforementioned purposes;
- And generally all commercial, industrial, financial, securities and property, related directly or indirectly to the above purpose or to any similar, related or complementary purposes that can facilitate their realization or development.

C. – Share capital

▪ Distribution and release of capital contribution

The share capital of SODEPA amounted to 375 million francs, divided into 37 500 shares of 10 000 francs each, held up to 250 million shares or 66.66% by the Cameroon government and 125 million or 33.34 % by the National Investment Corporation (SNI).

Half of the State's participation is in kind (125 million) and the other half in cash contributions (125 million francs). It follows, therefore, according to the provisions of section 2(5) of Law No. 99/016 that SODEPA is a publicly owned company subject to the control of the Audit Bench (sections. 2 and 8 Law No. 2003/005 of 21/04/2003 relating to the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court).

Regarding the effective contribution of at least 3/4 of the shares in cash by public shareholders (the State and SNI), the Directorate General of SODEPA gives the following answer :

"Article 7 of the articles which traces the various contributions shows that the Republic of Cameroon has made 125 million CFA francs in exchange for 12,500 shares and the National Investment Corporation has provided 125 million CFA francs in exchange for 12 500 shares."

However, we note that nothing has been submitted to the Bench as proof of these contributions, nor even as materialization of shares paid and transferred to the Minister in charge of Finance, the State of Cameroon, in principle holding 25,000 shares equivalent to a contribution of the amount of 250 million CFA francs in accordance with section 6(2) of law No. 99/016 of 22 December 1999 that *"shares of public capital corporations and semi-public corporations belonging to the State are held on behalf of the State by the Minister in charge of Finance."*

▪ Change in equity

An examination of the financial statements of SODEPA for the 2004 and 2005 financial years shows the following distribution of the equity.

Table of distribution of equity of SODEPA: 2003/2005 financial years

Items	2003	2004	2005
Capital	1 915 619 380	1 915 619 380	1 915 619 380
Capital and retained earnings			
Carry forward	-1 879 263 839	-2 366 226 264	-2 143 520 210
Net operating result	-486 962 425	222 706 054	49316 944
Equity before investment subsidy	-450 606 884	-227 900 830	-178 583 886
Investment subsidy	730 174 559	559 851 376	440 811 393
Equity after investment subsidy	279 567 675	331 950 376	262 227 507

The Directorate General of SODEPA specified that the amount of 1 915 619 380 CFA F entered in the column "Capital" "is a sum of two distinct heads :

- *Share capital* = 375 000 000
- *Endowment fund* = 1 540 619 380

In the financial statements, this is just a problem of presentation and not a modification or change in the share capital.

In the absence of investment subsidy, the table shows deterioration in net position, although this degradation tends to diminish. This situation would have been the alert trigger by the auditor, requiring the statutory bodies of SODEPA to take appropriate remedial measures prescribed in

such circumstances by law, in particular sections 12 and 80 of the 1999 law above and articles 153 and 664-668 of the OHADA Uniform Act on the law of commercial companies and Economic Interest Groups.

In any case, the intervention of the investment subsidy and the existence of the Endowment Fund somewhat mitigates the risks inherent in such a situation. Faced with this situation, the Directorate General SODEPA opines that :

“The economic recession of the 90s had sent SODEPA into severe difficulties caused among others by the withdrawal of State subsidies. The sluggish economy led the government of Cameroon to develop a recovery process after noting the deteriorating situation of corporations. The performance contract that was signed between the government of Cameroon and SODEPA had as aim to help this corporation out of difficulties and begin the road to growth. The objective was to enable the corporation to regain its financial equilibrium.

An evaluation report of the performance contract was produced; it noted shortcomings in the execution of the said contract including the delay in the release of funds by the State which lasted over nearly 7 years instead of 3 as planned.”

Despite these explanations, the evolution of the SODEPA situation remains alarming and justifies the implementation of appropriate remedial measures.

1.2.- STATUTORY BODIES

Article 24 of the Articles of Association of SODEPA, in this case, provides that SODEPA management bodies are :

- The General Assembly ;
- The Board of Directors ;
- Directorate General .

This provision is in all respects consistent with that of section 29 of Law No. 99/016.

A.- GENERAL ASSEMBLY

Under section 25(1) of the articles, “the General Assembly of SODEPA is composed as follows :

- The Chairman of the Board of SODEPA ;
 - A representative of the Ministry of Finance ;
 - A representative of the Ministry of Livestock and Animal Industries ;
 - A representative of the Ministry of Public Investment and Regional Development ;
 - A representative of the National Investment Corporation »

This composition is in accordance with Law No. 99/016.

On the functioning of the General Assembly, the Directorate General of SODEPA submitted a document dated 28 July 2010 and entitled "GENERAL ASSEMBLY MEETING: Minutes and resolutions." It is clear from this document that SODEPA on 28 July 2010 held a General Assembly meeting chaired by **Dr AS**, Board Chair of SODEPA and Minister in charge of technical supervision. In this regard, SODEPA wrote:

"For the years 2002 to 2008, the SODEPA General Meeting was not held. Therefore, considering the delays and various obstacles encountered, the Corporation obtained an order on 27 July 2010 from the judge of the Court of First Instance to the effect of organizing the holding of the General Meeting.

It should be noted that Dr. AS General Manager from 1999 to 2004 was subsequently appointed Minister of Livestock, Fisheries and Animal Industries. This function conferred on him the responsibility of chairmanship of the General Assembly and allowed him to preside over the General Meeting to approve the accounts for the financial year for which he was GM. The non-promulgation of the articles of association to date has not allowed SODEPA get in line with the 99/016 law as we pointed out above, these articles of association have been forwarded to the competent authority for promulgation."

For the Audit Bench, the result is that the holding of the General Meeting of SODEPA does not comply with the law:

- In terms of selecting its chairperson : Section 30(2) provides that *"the representative of the Minister in charge of Finance shall act as chairman of the General Meeting"*
- In terms of holding regular sessions : only one session held to approve the accounts for the years 2002 to 2008.

Furthermore, the Bench notes that **Dr. AS**, by chairing the General Meeting which approved the 2004 accounts, a period during which he served as GM of SODEPA, acted as both judge and party, besides the incompatibility by which the law is supposed to bar him from.

B.- BOARD OF DIRECTORS

The statutory provisions of SODEPA regarding the composition of its Board of Directors comply with the law of 1999. However, the exploitation of the minutes of 45th and 46th sessions of 24 June 2004 and the 47th and 48th sessions of 20 December 2005 can help in the observation among other things that :

- the absence of a staff representative elected to the Board of Directors constitutes a violation of section 28 of the articles of association and 36(1) of the law of 1999 ;
- The Chairmanship of the Board of Directors is held by a person holding office as minister, in this case the Minister of Livestock, Fisheries and Animal Industries, the Minister exercising technical supervision of SODEPA; which constitutes a flagrant violation of section 21(1) of Law No. 99/016, which states: *“The position of board chairman of an administrative public establishment, public corporation and semi-public corporation shall be incompatible with that of a member of government ... ”*

Reacting to a question by the Bench on this issue, the Directorate General of SODEPA replied that: *“Since the creation of SODEPA, the chairmanship of the Board of Directors is ensured by the minister of technical supervision that is the Minister of Livestock, Fisheries and Animal Industries; this provision is in effect to this day.”*

It then took note of this observation on the violation of section 21 of Law No. 99/016 on incompatibilities and pledged to seize urgently the competent authority.

Regarding the remuneration of members of the Board of Directors, the Audit Bench notes that Resolution No. 001/R/CA/SODEPA of the Board meeting of 15/12/2006 fixing the rate of monthly allowance of the Board Chair of SODEPA 500 000 CFA F and Board members session allowance at 250 000 CFA F is against the law. This competence is a matter for the general meeting under section 30(3) of the law of 1999. Moreover, no resolution of the General Meeting of SODEPA was submitted to the Bench giving mandate to the Board to address this problem.

C.- THE AUDITOR

Article 53 of the Articles of SODEPA enshrines the auditor as external oversight body. While most of its provisions are consistent with the 1999 law, it has to be noted, however, that Sub-section (2) of this section appears to contradict those of section 11 Sub-section (4) of the law.

While the 1999 law provides that auditors send their report to the General Meeting, according to statutory provisions of SODEPA, the said report is for the Board to whom the auditor reports on the implementation of its mandate.

Similarly the articles of SODEPA, by being limited to just a single auditor, have simply ignored the provisions of article 702 of the OHADA Uniform Act which provides that public companies not publicly calling for savings must appoint an auditor and one alternate.

SODEPA reaction: *“We are committed to observe the terms of the law regarding the mention of the auditor and the number of auditors required for a public corporation”.*

Furthermore, with regard to the appointment and remuneration of External Auditors, the Bench received no document on the appointment, remuneration and professional references of the auditor who certified the financial statements of 2004 and 2005.

At most, the Bench received the following response from SODEPA: *“The auditor who certified the financial statements for 2004 and 2005 was called NDF also owner of Firm N. Chartered Accountant registered with ONECCA under No. 08 ECP; he was appointed at the ordinary General Meeting dated 19 September 2002. His fees were set at 500 000 CFA F exclusive of VAT per year”.*

The Bench takes note and states however that this information is not supported by appropriate documentation.

II.- EXAMINATION OF ACCOUNTS

2.1. - WITH REGARD TO THE FORM

The examination accounts comprise the financial statements for 2004 and 2005 prepared in accordance with the requirements of the OHADA accounting law. They were closed and approved after the deadline by adjustment by the annual General Meeting held on 28 July 2010, that is six and five years respectively after the closure of the financial year. This is not only contrary to the provisions of the 1999 law on the general rules and regulation governing public establishments and public and semi-public enterprises but also those of OHADA in matters of deadlines for approval of accounts by the competent bodies.

These financial statements were certified without reservations on 10 November 2008 by the **Firm N.**, auditor, about which the Directorate General of SODEPA could produce to the Bench the approval documents by CEMAC and ONECCA, in accordance with the regulations in force.

SODEPA reaction: *“The Directorate General of SODEPA noted the delay in closing and approving the financial statements for 2004 and 2005 and took urgent steps to ensure that delays of this nature do not repeat themselves in the future.”*

2.2.- CONCERNING THE REGULARITY OF OPERATIONS

The verification of the financial statements and the documents produced by SODEPA for the period under review calls for general and specific observations.

A.- GENERAL OBSERVATIONS

They include especially :

- The absence of minutes of verification of cash at the end of the financial year ;
- The quality or shortcomings of justifications produced ;
- Transactions forming the subject to undue payments or unrelated to the purpose of the enterprise.
- **The minutes of verification on** 31 December 2004 and 2005 of cash of the Directorate General, slaughterhouses or different ranches were not produced to the Bench. In their absence, it is not possible to confirm the various account balances of cash in the financial statements.

SODEPA reaction *“SODEPA had forwarded the cash journals for the 2004 and 2005 financial years to the Bench. Not having established the actual minutes, these cash journals indicated the closure and verifications at the end of the financial year*

The Bench takes note of the SODEPA response while drawing the attention of the Directorate General on the poor performance of these journals and the non-compliance with accounting standards :

- Numerous erasures and overloading in the recording of transactions;
- Non-systematic use of counting cash in hand at the time of the year-end control ;
- Non carryover of the balance for year 2004 to the opening balance of 2005 (Abattoir Yaounde) ;

- Discordance between the closing balance at the close of 2004 (50 041 CFA F) and the opening balance at the beginning of the 2005 (346 765 CFA F) for Ndokayo etc...

- **Inconclusive quality of documents and inadequate justifications.**

The following operations of the 2004 and 2005 financial years, of a total amount of 9,869,985 CFA F are a sample of those which either are insufficiently substantiated or that produced justifications are inconclusive.

Document	Date	Description	Amount	Observations
2004				
412069D	31/12/04	Various advances	2 269 985	Without proof
4/08/016	31/12/04	Logistical support	100 000	Without proof
4/03/032	24/03/04	Logistical support	195 000	Without proof
4/02/004	04/01/04	Purchase of a cow as gift	250 000	Without proof
411005	16/11/04	Logistical support Residence of GM/ Ramadan	1 100 000 20 000	Without proof or discharge
412010	20/12/04	Logistical support Reception in Residence of GM	350 000 15 000	Without proof or discharge
407009	14/07/04	Logistical support	1 000 000	Absence of justification of use, identification of beneficiary and discharge in full payment
4/1/009	07/02/04	Purchase of cow for recompense	450 000	Non identification of he beneficiary, discharge in full payment and absence of receipt of payment or bill
Sub-total 2004			5 929 985	
2005				
504065	30/04/05	Payment of business licence and taxes	2 690 000	Only the receipt of the business licence, that is 132 720 CFA F was produced. No justification of the difference that is 2 557 280 CFA F
505017	14/05/05	Hiring of vehicle	420 000	Lack of proof of collection by the beneficiary, absence of identification and discharge in full payment
5/4/042	30/04/05	Cash disbursement for Labour Day	830 000	No justification of use, no identification and discharge in full payment of the beneficiaries
Sub-total 2005			3 940 000	
GRAND TOTAL			9 869 985	

▪ **Undue payments or without direct link with the purpose of the enterprise**

The following operations look like undue payments, double payments or payments without direct link with the purpose of the structure during the period under review.

DOCUMENT	DATE	DESCRIPTION	AMOUNT	OBSERVATION
2004				
407056	25/07/04	Mission order of Mr O. N.	150 000	A non SODEPA worker
407002	02/07/04	Purchase of bearings	298 350	Receipt 1353 of 03/07/04
407024	12/07/04	Purchase of bearings	298 350	Receipt 1352 of 08/07/04 Numerous inconsistencies indicate presumption of double payment among others
401017	10/01/04	Purchase of bearings	267 500	Receipt. 3443 of 09/10/04
401021	12/01/05	Purchase of bearings	267 500	Receipt. 3443 of 10/01/04 Same observations as above
4/09/043	30/09/04	Expenditure for election campaign	525 000	No link with purpose of SODEPA ; insufficient justifications
409005	10/09/04	Fight against clandestine slaughtering	400 000	Produce instrument on which payment of indemnities to the concerned is based
410006	19/10/04	Logistical campaign for election campaign	3 000 000	No justification, payment in full discharge from beneficiaries, legal basis of this payment without direct link with purpose of enterprise

408007	12/08/04	Sitting fees CSR	900 000	Produce the legal basis of payment of indemnity to beneficiaries
408014	23/08/04	Logistical support to MINEPIA	2 000 000	Produce the legal basis of payment as well as justifications of expenditure where applicable
405010	25/05/04	Logistical support	500 000	No identification of beneficiary, nor payment in full discharge, nor justifications of payments
403009	12/03/04	Funeral expenses for mother of SODEPA Board Chair	1 997 000	Legal basis of expenditure; absence of discharge in full payment of beneficiary of the sum of 1 000 000 CFA F.
403017	26/03/04	Logistical support	500 000	No identification nor discharge in full payment, legal basis and justification of expenditure
401016	27/01/04	Sitting allowance MINEPIA	225 000	Legal basis of payment of this indemnity
401015	23/01/04	Aid to CERAC Aid to AFFADA	1 000 000 200 000	Absence of identification and discharge in full payment. Legal basis of payment.
Sub-total 1			12 228 700	
2005				
05/12/044	31/12/05	Rents of Board Chair	1 350 000 225 000	Produce the instrument granting benefits
05/12/038	28/12/05	Logistical support to A. A.	513 000	Legal basis of this payment whose link with the enterprise is not obvious

512012	10/12/05	Investments	1 163 000	Expenditure including a bill of 450 000 F for purchase of chairs in head office
512022	16/12/05	Purchase of chairs for SODEPA head office	450 000	Risk of double payment with preceding operation, the receipts being identical
Sub-total 2			3 701 000	
GRAND TOTAL			15 929 700	

B. –SPECIFIC OBSERVATIONS

The examination of the documents at the Bench also made it possible to identify the specific comments below :

▪ For 2004

- The expenditure statement for the Board meeting of 24/06/2004 traces among others the following transactions totalling 1,365,800 CFA F of which proof was not attached:
 - Hotels..... .261 800 ;
 - Lunch at City Hall702 000 ;
 - Vehicle rental402 000.
- On the services provided by the Accounting Firm NG, no information was submitted to the Bench, in particular concerning the selection procedure, the service contract with that firm, as well as the resolution on its appointment and fixing its remuneration.
- The audits revealed payments to SKAIDULA Company for the supply of two saws. The contract file was not submitted to the Bench.
- The Bench also revealed partial payments for advertising space in "Africa Liaison Plus" and "Atouts Economiques", especially. More detailed information was not produced to the Bench for appraisal of procedures, about these operations concerning for example :

- The exact nature and the total cost of the operation ;
- The procedure for the selection of the service providers involved;
- The certification of service rendered.
- A series of partial payments which amounts to 2,338,000 CFA F (documents 410,010 of 26/10/04, 406012 of 15/06/04 and 407012 of 20/07/04 particularly) were made to the "SAAR Insurance Company". It would have been appropriate, for the enlightenment of the Bench, to produce the policy for these payments.

▪ **For 2005**

- Reception of the General Manager

A series of 14 payment vouchers totalling 3,780,000 CFA F indicate cash disbursements for receptions of the General Manager of SODEPA without further proof of expenditure or indications regarding the identification and discharge in full payment by the beneficiary of these funds.

- Logistical support of the GM :

A series of payment vouchers of about 3.6 million F CFA mention disbursements as logistical support to the General Manager of SODEPA without further proof of expenditure of such funds or indications on the identification and discharge in full payment of their beneficiary. This refers to the following vouchers :

- 508046 of 29/08/2005 of 500 000 CFA F;
- 509004 of 04/09/2005 of 500 000 CFA F;
- 5/09/007 of 10/09/2005 of 1 000 000 CFA F;
- 509030 of 18/09/2005 of 500 000 CFA F;
- 511042 of 24/11/2005 of 800 000 CFA F;
- 512010 of 07/12/2005 of 300 000 CFA F.

The Bench questioned the nature and exact content of this expenditure (benefits) as well as their legal basis.

SODEPA reaction: The Directorate General to SODEPA takes note of the shortcomings raised through these observations and promises to do all to remedy these irregularities".

- Mission allowance, feeding and lodging :

The Bench noted that a certain number of payment vouchers related to mission allowance simultaneously include mission allowance, feeding, lodging and others as indicated in the table below :

Document No. and date	Mission allowance	Feeding	Lodging	Transport and travel	Total
5/7/019 of 16/07/2005	100 000			35 000	135 000
5/12/004 of 05/12/ 2005 and 5/12/012 of 10/12/2005	600 000	90 000	378 000	45 000	1 113 000
5/4/012 of 11/04/2005		432 000	818 980	400 000	1 650 980
5/03/020 of 12/03/2005	80 000			63 000	143 000

The Bench also questions the legal basis underlying the combination of these benefits, both for SODEPA staff and MINEPIA officials.

SODEPA reaction: *“SODEPA noted this pertinent observation relating to payments of travel expenses which is current practice since the creation of this organization and is committed to put an end to comply with the legislation on the matter.”*

Pursuant to section 36 of Law No. 2003/005 of 21 April 2003 referred to above, this final report will be sent to the Procureur General of the Supreme Court, the Minister in charge of Finance, the Minister in charge of Livestock, Fisheries and Animal Industries, the Director General of SODEPA and Chairman of the Board of Directors in order to present it at the next Board meeting following the date of notification.

Section 2. Report No. 09/ROD/S4 of 14 November 2013 on the accounts of Société des *Grands Hôtels du Cameroun* (Mont Febe Hotel), 2004 to 2007 financial years

1. REMINDER OF PROCEDURE

The accounts of Société des *Grands Hôtels du Cameroun* (Hotel Mont Febe) for the 2004, 2005, 2006 and 2007 financial years were enrolled in the control programme of the Audit Bench of Supreme Court in 2011 and 2012.

A first examination focused on the documents relating to the permanent file and on the financial statements of the above-mentioned periods.

This examination revealed a number of shortcomings that needed further information leading to a spot check of supporting documents.

Also, an interim observation report was prepared from the exploitation of all components included in the above-mentioned documents. Then, the report was sent to the Directors General respectively following the period concerned :

- **Mr. T. L.**, (2004-2005.) ;

- **Mr. N. P.**, (2005-2007).

Moreover, only **Mr. T.M.L** sent his responses to the Registry of the Audit Bench registered as No. 28 on 21 January 2013.

2. PRESENTATION

2.1. Creation, purpose and share capital

The Société des *Grands Hôtels du Cameroun*, “SGHC” was created on 2 November 1967, in the form of a limited company. It is placed under the technical supervision of the Ministry of Tourism and the financial supervision of the Ministry of Finance.

Under Article 3 of the articles of association, the purpose of SGHC is :

- “*The construction, acquisition and leasing of hotels and accommodation relays, restaurants and tourism establishments and recreation infrastructure;*”

- If there is need, the creation of new companies or equity participation in existing companies through asset contribution, subscription to a capital increase, purchase of securities ;
- And, more generally, all industrial, commercial, financial, securities operations, in any form whatsoever relating directly or indirectly to the corporate purpose or likely to encourage their development”.

Its share capital in the amount of 962.72 million CFA F, is divided into 962,272 shares with a nominal value of 10 000 CFA F each.

2.2. Key figures

The performances under the two above-mentioned General Managers based on the core business, that is to say, a hotel based on the sale of manufactured products and services are summarized by the indicators presented below in millions CFA F with the exception of the workforce.

	2004	04-05	2005	05-06	2006	06-07	2007
Turnover	1 546	-4.90%	1 470	-10%	1 325	28%	1 699
Payroll	408	-0.50%	406	17%	478	-4,60%	456
Net result	-336	-20%	-405	41%	-236	177%	184
Capital assets	-2 536	-17%	-2 742	-9%	-2 978	4%	-2 855
Number of staff	188		172		151		146

2.3. Controls

Statutory audit

Article 26 of the articles of SGHC obliges the ordinary General Meeting to appoint an auditor and an alternate both approved by CEMAC and members of ONECCA for six years.

Mr. C.K II, Chartered Accountant, CEMAC Approval No. EC 15 was appointed auditor.

Shareholder control

Article 29 of the articles of association provides that any shareholder may, two (2) times a year, ask questions to managers of the enterprise, on all matters likely to endanger the continuity of operations. In addition,

one or more shareholders representing at least one fifth of the capital may request the appointment of one or more experts to report on one or more management operations.

Controls of the Audit Bench

In 2011 and 2012, the Audit Bench included SGHC in its programming control of the 2004, 2005, 2006 and 2007 financial years.

3. REVIEW OF THE LEGAL FRAMEWORK

The various instruments governing the operation of the SGHC provide for a Board of Directors and Directorate General as the enterprise's management bodies.

Malfunctions related to the composition of the Board of Directors, the periodicity of General Meetings and the register of the minutes of deliberations and archives have been established.

3.1. Documents presented

Observation

Article 8 of the OHADA Treaty on accounting law requires companies whose capital exceeds 100 million CFA F to produce *"annual financial statements which include the Balance Sheet, Income Statement, Financial Table of Resources and Expenditure and the annexed statement ... and regularly and sincerely describe events, operations, and situations of the financial year to give a fair view of the assets of the financial position and results of the company."*

Article 71 states that *"The administrative or management bodies draw up an inventory and financial statements and establish a management report and a social report, if any ... All these documents are sent to the Auditor forty five days at least before the date of the General Assembly meeting" ..*

The documents presented by the SGHC the Audit Bench include :

- the articles ;
- the list of shareholders and the distribution of capital ;
- unsigned attendance sheet of the Board meeting of 28 June 2008;
- Resolution No. 123 appointing the General Manager ;

- Resolution No. 126 declaring the end of the secondment of **Mr. M. T. L.**;
- DFS prepared by the DAF and not approved by the auditor;
- the execution statements of the investment budget.

The documents presented during the control are incomplete. The following are still missing :

- the financial statements (Balance Sheet, Income Statement, Financial Table of Resources and Expenditure and the annexed statement) certified by the auditor;
- the procedures manual ;
- management reports of the financial years concerned ;
- budgets of the company ;
- the reports of the auditor ;
- the minutes of board meetings.

In response, the SGHC states :

- The absence of financial statements for the 2004 and 2005 financial years is explained by the difficulties encountered by Mont Febe Hotel in the accounting of certain investments;
- low financial resources did not allow the hotel to prepare a comprehensive manual of procedures;
- the inability of the auditors to prepare their report because of the above-mentioned situation concerning the production of financial statements.

The regulatory instruments cited by the Audit Bench emphasize the annual nature of the production of the documents mentioned. The Audit Bench therefore considers that no exception is likely to prevent the company from preparing these annual documents.

3.2. Composition of the Board of Directors

Observation

Article 16 of the Articles of SGHC does not give a formal list of the different members to belong to the Board of Directors even if it describes the conditions to fulfil.

Nevertheless, under section 36 of Law No. 99/016 of 22 December 1999,

“1) The Board of Directors shall be made up of three (3) members at least and twelve (12) at most. It must include one elected representative.

2) The Board members shall be designated by the General Meeting of shareholders for a three-year term renewable once.”

The list of Board members established by the State did not mention the presence of a staff representative. For SGHC, the General Assembly Meeting is the only body empowered to appoint board members.

The Audit Bench maintains that in the absence of a staff representative among the board members, it is appropriate that the General Manager should suggest the inclusion of the appointment of a staff representative on the agenda of the Board of Directors of which he provides secretarial duties.

3.3. Keeping the register of the minutes of the Board

Observation

Article 458 of the OHADA Uniform Acts provides that “The deliberations of the Board are recorded in a special minutes book kept at the head office and initialled by the judge of the competent jurisdiction ... Any addition, deletion or sheet inversion is prohibited.”

The Audit Bench observes that the special minutes book was not presented and initialled by a competent judicial authority. Moreover, we find that the resolutions are unsigned, unnumbered and the register sheets were torn or deleted.

For SGHC, this point falls under the jurisdiction of the Secretary of the Board of Directors.

The Audit Bench considers that this view cannot prosper because the provisions of section 46 (1) of Law No. 99/16 of 22 December 1999 on the general regulations governing administrative public establishments and public and semi-public enterprises state that *“the general management of the corporation shall perform secretarial duties of the Board of Directors.*

3.4. Periodicity of general meetings

Observation

Under section 348 of the OHADA Uniform Acts *“The Ordinary General Assembly Meeting is held within six months of the end of the financial year ...”*

The Audit Bench notes that the Société des Grands Hôtels du Cameroun (SGHC) failed to hold a General Assembly Meeting from 2004 to 2007.

In response, the SGHC mentioned the problems related to the production of financial statements.

The provisions of Article 548 of the Uniform Act also provide that the General Assembly meets at least once a year within six months of the end of the financial year, especially to rule on the summary financial statements.

Article 551 (1) of the Uniform Act provides that “the Extraordinary General Assembly Meeting is also competent to authorize mergers, demergers, transformations and partial asset contributions...”

The Audit Bench maintains that convening one of these two bodies would have helped to decide on the arbitrations in order to put an end to this dysfunction.

3.5. Approval of annual financial statements

Observation

Under Article 137 of the OHADA Uniform Acts, *“At the end of each year, the Board of Directors discloses the summary financial statements in accordance with the Uniform Act organizing and harmonizing accounting”*

The Audit Bench observes that the respective annual summary financial statements were not approved at the end of each year from 2004 to 2007.

In response, the SGHC pleads the absence of elements to account for the work done during the Summit of Heads of State of Africa and France.

For the Audit Bench, a Board of Directors or General Assembly meeting could be convened to resolve this situation, including committing an expert for the purpose of evaluating all the work done.

3.6. Minutes of Board of Directors meetings

Observation

Under section 459 of the OHADA Uniform Acts *“The minutes of the Board of Directors are certified genuine by the chairman and by at least one board member.”*

The Audit Bench notes that the minutes of the Board meetings have not been certified as true.

For SGHC, this falls under the jurisdiction of the Secretary of the Board.

The Audit Bench reiterates that the secretarial duties of Board meetings are performed by the Directorate General. As such, the Directorate General should have taken all necessary measures for the chairman and at least one board member certify the minutes as correct.

4. REVIEW OF MANAGEMENT

4.1. Variation of equity capital

Observation

The provisions of article 664 stipulate *“If, due to losses recorded in the summary financial statements, the Company’s equity falls below half of the share capital, the Board of Directors or the Managing Director, as the case may be, shall within four months following the approval of the accounts showing that loss, convene the Extraordinary General Assembly Meeting to decide on the anticipated dissolution of the company”*

Furthermore, under article 665 *“If the dissolution is not pronounced, the company shall, no later than the end of the second financial year following that in which the losses took place, reduce its capital for an amount of at least equal to the losses that could not be imputed on the reserves if, within that period, equity could not be built up to a value at least equal to half of the share capital.”*

Years	2004	2005	2006	2007
Equity capital / Share capital	-2.40	-2.80	-3.0	-2.96
Observations	Alert	Alert	Alert	Alert

The equity of SGHC, already negative in 2003, continued to decline between 2004 and 2007 from 2,536 to -2,855 million CFA F. So, because negative, they are inevitably less than half of the share capital, the threshold below which dissolution is prescribed.

The Audit Bench finds that the equity capital ratio on the share capital is negative and is lower than 0.5.

To the SGHC, the resumption of the holding of statutory meetings was to allow the implementation of a restructuring plan with balance sheet restructuring elements.

The dissolution having been clearly rejected, the SGHC was normally bound in the two years that followed the closing date of the fiscal deficit to reconstitute its equity until they were up to at least half of the share capital as required by article 372 of the OHADA Uniform Act.

The restructuring having already taken place, this observation is lifted.

4.2. Advances from the State

Observation

Cash advances received from the State in connection with the financing of hotel renovation to prepare for the 32th OAU Summit that held in Yaounde amounted to 833 million CFA F.

The nature of these advances and the conditions attached to them has not been formally defined. These advances are always accounted for in the suspense account of the balance sheet.

So there is need to clarify the nature and the conditions attached to this operation in order to give it an accounting head.

In response, the SGHC noted that as part of renovations to the holding in Yaounde of the Summit of the Organization of African Unity (OAU) in 1996, Mont Febe Hotel actually received from the State the sum of 833,296,047 CFA F, divided into two (02) parts :

- a repayable cash advance of 500 million CFA F, to be considered in the treatment of the file of cross debt between the State and the Mont Febe Hotel (see letter No. 015/ CF/MINEFI/CT3 of 29 March 1996; Document 03) ;
- an amount of 333,296,047 CFA F without any indication.

These amounts were credited into a suspense account, pending discussions to be held with the Minister of Finance on this matter.

As for the first part, an amount of 7 million CFA F had already been reimbursed, the balance of 826 296 047 CFA F should be treated as part of the restructuring of the balance sheet of SGHC.

The Audit Bench takes note of the first part, that is 500 million CFA F justified as a repayable advance. A first instalment was repaid for a total of 7 million CFA F.

However, the Bench notes that no indication was given on the remaining 333,296,047 CFA F.

4.3. Endowment fund

Observation

An amount of 2,020,423,265 CFA F granted by the State of Cameroon to SGHC in previous financial years is presented in endowment funds in equity.

To SGHC, the amount of 2,020,423,265 CFA F corresponds to the instalments honoured by the State of Cameroon to benefit COUTINHO CARO in execution of the construction contract of Mont Febe Hotel in 1967. It was therefore initially recorded as a liability of SGHC vis-à-vis the State. After several letters to the Minister of Finance at the time, it agreed by letter No. 003970/MINFI/B/PEB of 20 January 1981 (see attached copy document No. 04) for delivery this advance of 2,020,423,265 CFA F and its transformation into a non-repayable grant for the benefit of the SNI, on behalf of the SGHC. This probably explains why this «contribution» of the shareholder SNI is placed at this level of the balance sheet.

The Audit Bench takes note of that response.

4.4. Resources of SGHC

The resources of SGHC are constituted as follows :

- Revenue from the sale of finished products ;
- Revenue generated by sold services as indicated in this table.

<i>In millions of CFA F</i>	2004		2005		2006		2007		Average	
Sales of finished products	575	31.2%	492	33.5%	578	43.6%	712	41.9%	589	38%
Sold services	971	68.8%	978	66.5%	747	56.4%	988	58.1%	921	62%
Turnover	1 546	100	1 470	100	1 325	100	1 700	100	1 510	100

Over the four financial years, the «Sold services” on average accounted for 62% of the turnover. After falling between 2004 and 2006 from 971 to 747 million CFA F, a decrease of 23%, sold services increased between 2006 and 2007 from 747 to 988 million CFA F, up by 32%. It appears that the «Sold services” indeed constitute the core business of the SGHC.

4.5. Expenditure of SGHC

Evolution of expenditure stands as follows :

In millions of CFA F	2004	2005	2006	2007
Operating expenses	1 939	1 765	1 726	1 765
Finance costs	234	258	94	103
Corporate income tax	17	16	15	19
Total expenditure	2 189	2 041	1 835	1 886

Operating expenses represent on average 90% of all expenses. From 2004 to 2007, total expenses decreased from 2 189 million CFA F to 1 886 million CFA F, a decrease of 14%, reflecting a decrease in activity of the SGHC.

Payroll expenses

Observation

Personnel costs absorb almost entirely all the wealth generated by the company, especially from 2004 to 2006

In millions of CFA F	2004	2005	2006	2007
Payroll expenses	482	491	546	548
<i>Payroll expenses</i> <i>Added value</i>	98 %	114 %	114 %	64 %
<i>Payroll expenses</i> <i>Operating expenses</i>	25 %	27 %	30 %	31 %
<i>Payroll expenses</i> <i>Turnover</i>	31 %	32 %	41 %	32 %

Despite the decline in activity and that of all the expenditure, despite the downsizing, the payroll grew by 12% in four years, an average annual growth rate of 3% during the period under review.

The responsibility is on the Chairman of the Board of Directors and the General Manager :

- *The Chairman of the Board of Directors* because pursuant to article 22 of the Articles of SGHC, it is the Board that :
 - recruits and dismisses management personnel ;
 - can set up a technical committee to study the matter referred to it for consideration ;
- *The General Manager* who can “recruit, appoint, evaluate and dismiss staff in compliance with regulations in force, by-laws and budget forecasting.

It would be appropriate to establish an ad hoc committee to conduct an audit of staff and to call on the General Manager to take necessary measures to control the wage bill.

In response, SGHC thinks that the hotel class requires her to have incompressible staff at certain job positions, regardless of the level of activity. Moreover, the staff numbers have not increased between 2004 (188) and 2005 (172).

Finally, wages undergo an automatic increase every year, due to seniority (two-point increase each year). Moreover, they can be inflated at the time of dismissal or retirement.

The wage bill seems high, due to the low turnover.

The Audit Bench takes note of the response and the need to rapidly cause the increase in the turnover.

4.6. Financial equilibrium

Observation

The SGHC financial position is as follows :

- A negative working capital ($WC < 0$) ;
- A need for negative working capital ($NWC < 0$) ;
- A need for working capital to be lower than the working capital ($NWC < WC$) and
- Positive net cash ($NC > 0$).

Thus SGHC uses the short-term debt to finance the stable share of its current assets. Nevertheless, it has the resources to fund its operating cycle. This is so because the SGHC has a strong position in the hotel market.

Years	2004	2005	2006	2007
Circulating capital	- 474 170 016	- 710 135 458	- 842 804 268	- 789 502 593
Needs in circulating capital	- 862 921 897	-1 171 348 083	-1 907 964 377	- 1 621 721 804
Cash	388 751 881	461 212 625	1 065 160 109	832 219 211

A negative working capital infallibly reveals a serious situation in the company.

It would be appropriate to take the necessary steps to use less short-term debt to finance the stable share of its current assets, thus making the working capital structurally positive and thereby providing a sufficient safety margin for financing the operating cycle of SGHC.

For SGHC its balance sheet is “structurally unbalanced” and only a restructuring of that balance sheet can help restore the overall balance. This issue should be addressed as part of a restructuring of the balance sheet of SGHC.

Note is taken of this response.

4.7. Profitability

Years	2004	2005	2006	2007
<u>EBE</u> CA	0,006	- 0,04	- 0,08	0,18
<u>Bottom line</u> Equity capital	0,14	0,15	- 0,10	- 0,06
<u>Bottom line</u> <u>Total balance sheet</u>	- 0,12	- 0,15	- 0,11	0,06
Self-financing	-162 304 854	-246 723 227	-106 313 828	306 701 087

The profitability of the SGHC remains very low, although overall it improved in 2007.

The Chairman of the Board of Directors and the Managing Director are requested to take measures to improve the profitability of the company.

To SGHC, Mont Febe Hotel has to be profitable for her to be profitable.

For a hotel to be profitable, it should have an annual occupancy rate of around 70%, at least. Since opening in December 1969, the Mont Febe Hotel has never reached such occupancy, even when it was a monopoly

and managed by international hotel chains: SHERATON, NOVOTEL and SOFITEL.

It is a known fact that it is the organization of major international conferences or seminars that can actually make the hotel sector in Yaounde profitable. In the absence of these events, hotels instead are forced to share the limited available customers.

In 2004-2005, Hotel Mont Febe had a somewhat hybrid market position in Yaounde, ranging from the high-end Hilton Hotel and other low-end hotels. Thus, it took, just a single incident for customers to go either to Hilton or in the low-end hotels.

Yet during the above-mentioned period, technical problems were frequent, making client loyalty almost impossible. It should be recalled that the work done in 1996 had focused on absolutely necessary aspects and that in 2000-2001, the technical aspects had not been taken into account in the work carried out within the framework of the preparation of the Africa and France Heads of State Summit.

Thus the hotel was frequently confronted with :

- Power supply outages by AES Sonel, plunging the hotel into darkness because of a malfunctioning dilapidated low power generator;
- The unavailability of hot water in rooms because of outdated production system and faulty storage tanks (regularly leaky);
- Stoppage of the air conditioning units that have not benefited from professional maintenance for many years and made fragile by power cuts.

That is why we tried to set up an investment fund (at the time of my departure, 400 million CFA F were available and 190 million CFA F expected), and in 2005 undertook significant technical work related directly to customer comfort: electricity, replacing the generator, plumbing and gas network.

These measures have certainly helped to improve the bottom line, negative by 336 million CFA F in 2004 and 405 million CFA F in 2005, only negative by 236 million CFA F in 2006 and positive by 184 million CFA F in 2007.

The Audit Bench notes these clarifications and wants the improved net income to be consolidated over the next financial years.

5. REVIEW OF RESULTS

	2004	2005	2006	2007
Turnover	1 546 917 021	1 470 874	1 325 063 854	1 699 881 559
Purchase of raw materials	280 725 740	260 317 697	254 247 357	314 515 747
Variation of stock of raw materials	7 600 533	-1 722 006	- 5 418 638	-9 950 045
GROSS PROFIT MARGIN RAW MATERIALS	1 258 590 748	1 212 279 175	1 076 235 135	1 395 315 857
Various products and profits	227 032 554	57 402 397	171 096 957	251 906 314
Other purchases	356 236 058	278 338 517	294 285 995	284 305 655
Transport	61 428 275	63 898 123	23 417 350	13 360 828
Personnel expenditure	482 406 658	490 704 754	545 641 133	547 630 374
ADDED VALUE	491 566 131	430 570 332	478 380 094	857 451 146
External services	341 209 986	342 462 120	291 029 935	346 661 683
Taxes	14 398 750	15 002 669	15 396 868	17 671 933
Other expenditure	212 129 308	133 789 641	150 718 024	76 898 638
GROSS OPERATING SURPLUS	9 159 463	-60 134 402	- 67 261 039	309 820 772
Transfer of charge		74 287 154	77 685 844	88 439 154
Provision allocation		17 579 975		
Depreciation				
NET OPERATING INCOME	-100 782 175	-144 626 173	-152 576 384	275 714 738
Financial products	15 370 894	13 343 417	24 948 962	30 210 300
Finance charges	233 853 675	257 990 282	94 153 545	102 740 778
OPERATING RESULTS	-218 482 781	-244 646 865	- 69 204 583	- 72 530 478

HAO products		3 340 968		
HAO expenditure (including tax)	17 016 087	2 868 000	- 80 193	
BOTTOM LINE	-336 040 075	-405 029 184	- 236 337 105	184 155 899

Pursuant to the provisions of section 36 of Law No. 2003/005 of 21 April 2003 referred to above, this final report shall be transmitted to the Procureur General at the Supreme Court, the Director General of *Société des Grands Hôtels du Cameroun* (SGHC, Mont Febe), to the Minister of Finance, the Minister of Tourism, to the Chairman of the Board of the said enterprise.

Section 3. Report No. 10/ROD/S4 of 14 November 2013 on the accounts of the Cameroon Petroleum Depot Corporation (SCDP), 2004 and 2005 financial years.

I – PRESENTATION OF THE CAMEROON PETROLEUM DEPOT CORPORATION

I-1. CREATION, FORM, CAPITAL

The Cameroon Petroleum Depot Corporation, abbreviated SCDP, is a limited company governed by Law No. 99/016 of 29 December 1999 and in accordance with the provisions of UNIFORM ACT relating to the law on commercial companies and economic interest groups of the Organization for the Harmonization of Business Law in Africa (Article 1 and 2 of the Statutes).

It was created by the constituent general meeting of 15 November 1975 with a capital of one hundred million (100,000,000) CFA F. This was later increased to three billion five hundred million (3,500,000,000) CFA as a result of the capital increase carried out by contributions in cash of two billion two hundred and twelve million, eight hundred and ninety thousand (2 212 890 000) CFA F and in-kind contributions valued at one billion one hundred eighty seven million one hundred and ten thousand (1 187 110 000) CFA F.

Its head office is in Douala where it has a building housing the Directorate General (headquarters) and industrial facilities in lieu of deposits in Douala BESSENGUE. Other facilities are located in GAROUA, BAFOUSSAM, BÉLABO and YAOUNDE NSAM-MVOLYE-OLEZOA.

Its main shareholders are grouped into two categories :

- State of Cameroon (SNH, CSPH, SNI, ONPC) : 51 % du capital ;
- Marketers (TOTAL Cameroun, TOTAL Outre Mer, TEXACO Cameroun, TEXACO Overseas, SHELL Cameroun, MOBIL Cameroun) : 49 % du capital.

I.2. PURPOSE AND MAIN ACTIVITIES

Under Article 3 of the Articles of Association, the Cameroon Petroleum Depot Corporation (SCDP) has as purpose all operations directly or indirectly concerning the storage and transportation of liquid or liquefied hydrocarbons upstream of import deposits and refinery facilities of Limbe and all economic, financial, civil, legal or business operations that can be directly or indirectly related to its purpose . Its main activities are :

- storage of petroleum products ;
- gas drumming ;
- staining of kerosene ;
- transport by tank cars.

In this context, it provides the following services :

- reception and unloading of goods ;
- determining the quantities received by ferry and recognized by the Customs ;
- handling, storage and loading of products in tankers in all SCDP depots where the company's products are stored ;
- provision, loading and shipping of tank cars at the request of the company to customers with a special rail branch-off ;
- supply of boats on the docks ;
- coordination of supply of depots and inventory management ;
- the SCDP may, on the request of a contracting party, perform the following additional operations :

- transit operation, fictitious entry into storage, transfer of warehouse, customs clearance ;
- security for products intended for local consumption ;
- analysis of the products outside the depots ;
- transport depending on availability of logistics of products for export ;
- delivery times outside normal hours.

For its activities of storage and transport of hydrocarbons, the SCDP earns a transit fee which was 11.9 CFA F per litre during the period under review.

I-3. ORGANS OF SCDP

They are those provided for by Law No. 99/016 of 22 December 1999 and the Uniform Act relating to Law on Commercial Companies and Economic Interest Groups, to wit :

- **General Assembly Meeting** (article 41 of the Articles of Association);
- **Board of Directors** (article 19 of the Articles of Association) : in 2004 and 2005 this board had eleven members and witnessed the participation of the representative of the Government in the person of the Chairman of the Technical Commission on Privatization and Liquidation ;
- **Directorate General** (article 28): it is headed by a General Manager appointed by the Board of Directors by simple majority of members and dismissed under the same conditions. He is assisted by a Deputy also appointed by the Board and from the other categories of shareholders than that of the General Manager;
- **Auditors** : one substantive auditor and one alternate, members of the National Order of Chartered Accountants of Cameroon (ONECA) and affiliated to UDEAC or CEMAC are appointed by the General Assembly Meeting for six (6) years. The function of auditor for the period under review was performed by the firms E.& Y. and FAA.

II- ACCOUNTS OF SCDP

The accounts of the Cameroon Petroleum Depot Corporation (SCDP) under examination are those of 2004 and 2005 presented in the form of financial statements in accordance with the OHADA Uniform Act mentioned above. SCDP forwarded to the Audit Bench all the financial statements provided for by the law in force, to wit :

- the Balance sheet ;
- the income statement ;
- the table of resources and expenditure ;
- annexed statement.

Getting to know the enterprise during the visit to the scene and review of the financial statements led to the identification of risk areas in the governance of SCDP in 2004 and 2005. A number of observations were made notably :

- fixed assets relating in particular to the extension and modernization of the depot in NSAM Yaounde ;
- the recovery of the corporation's debts ;
- cash accounts ;
- personnel expenditure.

II-1. FIXED ASSETS: project for securing and modernizing the site of the petroleum depot of NSAM

After the tragedy that occurred on 14 February 1998 at the railway branch-off of the NSAM depot where a fire caused by the spreading of fuel from a tank car killed about 250 people who flocked there to fraudulently collect fuel, the development and extension of the deposit decided targeted the following objectives :

- compliance of facilities with international standards of the missions of SCDP ;
- the guarantee of increased safety to surrounding populations through the establishment of loading stations and parking of tankers in a more remote extension zone away from current dwellings ;
- improving productivity and working conditions by making NSAM the hub of SCDP depots in Yaounde.

It was in fact to secure the site and to modernize facilities.

a. Securing the petroleum depot site

The operation was to free an area of almost 75 000 m² around the deposit. To this end, the Government took measures such as :

- the declaration of public interest the area of the security perimeter of the depots of petroleum products of SCDP NSAM ;
- expropriation of natural and corporate persons owners of lands located within the said perimeter and at the same time permit the conclusion of a long lease between the State of Cameroon and SCDP ;
- resettlement of the populations on land developed by MAETUR within the context of that operation in MENDONG ;
- payment of compensation to the tune of one billion three hundred million one hundred forty thousand five hundred and fifty three francs (1 303 140 553) CFA F
- the dismantling of the old SCDP depots in Mvolye and OLEZOA.

b. Funds mobilized

The development and expansion of the SCDP deposit at NSAM mobilized significant funding. The balance sheet for the year 2004 accounted for 9.325 billion CFA F in addition to the 6 billion CFA F raised in the previous year. In 2005, the investments in NSAM were accounted for separately from that of the normal activities of the corporation.

The documents in the second accounting have not been forwarded to the Audit Bench. To the Bench, the use of the resources of the NSAM project, a significant part of which is State subsidies, was not the subject of an agreement between the supervisory authority and the corporation, allowing for better tracking of expenditure linked to this investment.

c. Contracts awarded within the context of the execution of the project

The first call for tenders for the completion of development work was launched on 13 December 1999 AONR (No. 043/SPM/CNM/99-2000).

According to documents filed with the Audit Bench, the tender was subsequently canceled by the public contracts authority at the time

(DGTC) for deficiencies in the preparation of file and then replaced by another contract No. 1802/AO/SPM/CNM/2000-2001 which was awarded to the joint group CAMEROON HOLDING COMPANY (CHC) and INGEROP-LITWIN SA (France), BP 10116 DOUALA Tel./Fax 343 99 27 or 5, rue Chantecoq 92800 Puteaux France.

The contract whose initial amount was 3,953,934,984 CFA F was subject to several additional clauses of 1,003,767,735 CFA F and 2,249,502,920 CFA F, respectively.

Administrative order No. 001/PN/SCDP/AE/07-20 for the execution of the original contract was signed on 18 July 2002 and notified to the contractor on 5 August 2002. Work actually started on 3 March 2003.

Many agreements were concluded in the same period (2002/2003) or later (2004, 2005, 2006) with other service providers.

The Audit Bench questions the reasons for the multitude of stakeholders while everything seemed to show that the studies justified the conclusion of a contract with a joint group CAMEROON HOLDING COMPANY (CHC) and INGEROP-LITWIN SA for the accomplishment of the project delivery objectives.

The Bench thus identified the placing of orders to at least twenty five (25) companies in violation of the Public Contracts Code.

Orders for amounts between 13,787,124 CFA F and 529 980 000 F CFA amounted to 3,345,245,939 CFA F, 32.6% of which were fully paid according to audit reports. For the remaining 67.4%, the Audit Bench did not have reliable information on their settlement and even less so on the actual realization of the corresponding services.

In response to these observations, the General Manager in position in 2004 and 2005 wrote:

"The observation was about the multitude contracts by mutual agreements with a multitude of public works companies at a cost of at least 3.345,245,939 CFA F in addition to the group CHC / INGEROP-LITWIN SA retained after the limited call to tender at the end of contract No. 1802/AO/SPM/2000-2001 of 18 July 2002 for an initial contract of 3.249.502.920 F CFA F respectively.

It is on this observation that reveals the non consideration in detailed account of the genesis of this project (the Nsam disaster of 14 February 1998, the Administrative and Judicial Commission of Enquiry put in place by the Government and the Head of State after this tragedy, the recommendations of the Administrative and Judicial Commission of Enquiry and their implementation, the tasks assigned to the inter-

ministerial committee set up as well as the technical unit for the monitoring of the Nsam project chaired by a representative of Prime Minister, Head of Government), which led the current managers of SCDP and the Audit Bench mission to erroneous observations and assessments in this complex environment with multiple centres of power headed by the Public Contracts Authority, that is the Prime Minister himself.

The reports of all these inter-departmental committees, the monitoring unit headed by the Prime Minister's Office, decisions taken, follow-up of works are essential to the proper understanding of the Nsam project. "

He concludes that "these necessary and preliminary works had absolutely nothing to do with the contract awarded to CHC/INGEROP-LITWIN SA for the modernization component itself".

This response is inadequate because :

- it provides no justification for the difference between the works forming the subject of 25 requests for services and those given to CHC/INGEROP-LITWIN SA ;
- no copy of an agreement or waiver to the rules of public contracts was produced.

Moreover, the conclusion that many works awarded to the companies concerned were prerequisites is not convincing when they were all made after the award to CHC/INGEROP-LITWIN SA for the contract whose call was made in 1999.

II.2. CLIENT DEBTS TO THE ENTERPRISE

Outstanding client debts to SCDP are largely due by marketers whose billing is based primarily on the right of way. They have significant payment delays sometimes justifying the creation of provisions.

In 2004 and 2005, provisions for outstanding debts by marketers are respectively 1,684,361,258 CFA F 1,337,845,653 CFA F, against 419,355,097 CFA F and 597 104 103 CFA F for provisions of other clients.

Non-compliance with contractual deadlines for debt settlement by marketers, default in application of penalties provided for by conventions, the lack of a mature balance of debts are the main causes of the accumulation of unpaid debts to SCDP.

To the Audit Bench, these delays cannot be justified when :

- The sale of petroleum products to consumers is made in cash: there is no credit at the pump ;
- The right of way charged by the SCDP is passed on by marketers to consumers who pay the price at the pump ;
- The SCDP and marketers partners agreed to the payment of the right of way in a maximum of 15 days, any delay being plus interest at the rate of undiscounted overdraft plus 0.5%.

The following reaction of the General Manager to the observation of the Bench does not change its scope.

“For the debts owed by marketers, it should be noted that the major debtors are part of the Board of Directors and the General Assembly Meeting of shareholders of SCDP. So they were fully aware of these debts and settlement decisions were taken immediately during the Board session.

If it concerned independent marketers who were not members of the Board of Directors, delivery to these debtor marketers was immediately stopped to their drivers and supply trucks.

If it concerned marketers who had gone bankrupt such as FIRST OIL, the provision of their debts was needed automatically and all remedies were implemented in order to recover them.

As for the other debts, the relevant debtors were subject to strict monitoring by the Board of Directors and the Auditors and the General Manager was implementing all recommendations duly enacted by the management bodies.

To this effect, we point to the liquidation of the Bank Méridien Biao Cameroon (BMBC) where SCDP lost nearly 450 (four hundred fifty) million CFA francs and which is being recovered through the various reimbursements made by the Debt Recovery Corporation (SRC) and the liquidator of BMBC “.

II.3. CASH ACCOUNTS

a. Inappropriate handling of funds

The cash account of the SCDP recorded in 2004 and 2005 many supplies through cash withdrawals from the bank total of which is around two (2) billion CFA francs. Based on the exploitation of entries in the ledger, the Audit Bench observes that funds that were used by about forty persons

for various purchases and other cash expenditure were kept in several safes scattered in various management services of the Directorate General of the enterprise.

To the former General Manager, they are *agents and officials who benefited from "cash withdrawals from the cashier in the form of mission allowance advances, purchases of small operating or maintenance equipment or for specific ceremonies. This is normal and traceable accounting as justifications are made at the end of operations.*

"All these withdrawal operations were justified or entered on the personal account of staff member for immediate deduction from his salary in case of non-justification of their use (see document No. 2 in annex).

"Once again, we invite the auditors of the Audit Bench to approach the auditors of SCDP for an explanation on mechanisms of monitoring, control, traceability and audit of cash using the computer software SAGE SARI in compliance with OHADA accounting system, to avoid erroneous interpretations.

"It is important not to confuse the staff cost advances for missions and organization of specific ceremonies on one hand, with the advances for the purchase of small operation and maintenance equipment of a unit. Staff mission allowances and advances for ceremonies are regularly granted and justified according to the expenditure procedure.

"The purchase of small operating or maintenance equipment finds its reason in the very high-risk activity of the SCDP. To buy a bolt or a valve to be replaced immediately in an oil depot where the risks of dangerous leaks, fires and explosions are very high, the maintenance agent, with authorization is entitled to collect cash from the cashier to purchase small equipment and plug the leak. It is up to him to provide receipts of purchase and all proofs of the repair. This is true of all daily maintenance operations resulting from multiple incidents and other small unavoidable technical malfunctions.

"As for other non-urgent and non-priority programmable purchases over time, the use of approved suppliers is systematic and especially for stored parts and office equipment and computer consumables."

To the Audit Bench, for so many people to have access to the settlement operations in cash increases the risk of misappropriation of money, especially that the urgency of the expenses and cash vouchers of which a non-exhaustive list follows is questionable: "coffee, preservatives, representation, management, cleaning products, supply of safe to GM, supply (monthly) of flowers to the GM, sponsorship of the cup of Cameroon, entertainment expenses, balance sheet bonus, water supply and electricity, bonus to the anti-fraud commission, visa fees, printing of

T-shirts, making photo albums, purchases of airline ticket, work clothing purchases, reporting expense to journalists, advertizing, production of documentaries, transport fares, World Civil Protection Day, painting, telephone set purchase, refurbishments...

b. Cash control non compliant with procedures

The accounting, administrative and financial manual of SCDP describes the physical inventory process of cash whose purpose is to “reveal without delay a possible credit balance, the existence of such a balance constituting a serious presumption of irregularity”.

It provides that *“periodically a cash inventory must be performed and the correlation between the amount inventoried and the balance of the audited book should be sought.”*

Documents in lieu of the inventory considered by the jurisdiction do not allow us to say :

- what is the time period concerned by the inventory ;
- what was the cash balance at the beginning of period under review;
- how much was the fund supplied during the period ;
- what is the total amount spent ;
- what is the final balance on the inventory date.

All these documents defined as “inventory” are a simple observation about the state of the cash and indicating coins and notes, advances to certain staff.

The jurisdiction therefore notes that cash controls conducted in 2004 and 2005 did not meet the requirements of the procedures manual. None reaches the conclusion of concordance or an imbalance between the amount of the inventory and the balance of the appropriate accounting book, as prescribed by the company’s procedures manual.

II.4. STAFF EXPENSES

a) Inconsistency of data

Staff expenses in the income statement are 1,883,929,276 CFA F and 2,035,356,210 CFA F in 2004 and 2005 respectively, while Table 19B

(annexed statement) of 2004 indicates a payroll of 1,189,464,186 CFA F with a workforce of 303 employees in 2004 and 1,420,314,253 CFA F for the same workforce.

Remuneration of intermediaries

Account 632430 “remuneration of intermediaries and fees” recorded in 2004 and 2005 a total of 565,551,098 CFA F that is 247 325 879 and 318 225 219 CFA F, respectively.

Elements relating to the method of selection of service providers and agreements signed with them were not submitted to the jurisdiction.

Given the importance of the said remuneration, the Audit Bench asked for the production for each category of service providers, a separate file showing in addition to the above-mentioned items, vouchers for all settlements above 500,000 CFA F, including the statement of fees together with a detailed service performed. This work has not been done. Therefore, the quality of the expenditure cannot be assessed here.

According to former General Manager, *“The ledger of account 632 430 account is sufficiently clear as this account indicates the date of each transaction and the references of the contract documents (invoices or contracts). These documents are classified in the Section of SCDP service provider accounts which will highlight them for careful analysis (see Document No. 10 for illustrative purposes).*

The mission of the Audit Bench considers them important; compared to what standards and ratios?

Is it In consideration of the activities of SCDP and its turnover?”

This reaction of the General Manager to the observation does not enlighten the jurisdiction.

b) Business travel

Account 618110 “business trips” recorded expenses for a total of 271,487,032 CFA F for the two financial years at a rate of 161 005 368 and 110 481 664 F CFA in 2004 and 2005 respectively.

The Bench did not obtain information on the nature of such business trips or communicated supporting documents for travel abroad on the subject of the mission, travel documents, visas and other required approvals. The General Manager said here that *“Accounting documents supporting these amounts are indicative enough to justify these trips; all these documents are classified at the SCDP suppliers accounting section in the Department of Administration and Finance Department (DAF).*

These trips that have been audited by the statutory auditors and supported by their justifications were approved by the Board of Directors and approved by the General Assembly of each financial year.

On our part, we believe it is simply travel costs and mission of SCDP officials and its technical assistants for the implementation and monitoring of major infrastructure projects of the latter (see Document No. 8 for illustrative purposes).

The Auditors have certainly checked the fees or proof were certainly approved by the Board of Directors and approved by the Annual General Assembly Meeting. “

The General Assembly Manager seems to evade the issue because the Audit Bench does not question the work of the auditor. Rather, the problem of the production of receipts for expenses related to “business trips.”

c) Gifts and gratuities

“Gifts and gratuities” account 658200 amounted during the reporting period to 59,781,769 CFA F or CFA F 24,436,539 in 2004 and 35,345,230 CFA F in 2005. The Directorate General has not produced supporting documents to help analyze the expenses of this nature of an amount higher than 100 000 CFA F.

This analysis would have helped to take note of beneficiaries, of the decision authorizing the Director General to grant these gifts and gratuities and have proof of the discharge in full payment.

In response to this observation, the General Manager wrote :

“The gifts and gratuities from SCDP are part of a budget head voted annually by the Board of Directors. This was the case in 2004 and 2005. The head “gifts and gratuities” is ordered by the General Manager of SCDP according to the powers granted to him by the same Board of Directors.

For tax purposes, these gifts and gratuities are taxed in excess of 5% of turnover.

In 2004 and 2005, the combined turnover of the SCDP was nearly 20 billion CFA F; 5% of this amount is 100 million CFA F are far from the amount of 59,781,769 CFA F made in 2004 and 2005.

These gifts and gratuities did not reach the minimum for taxation under the finance law of the Republic of Cameroon. “

To the Bench, despite this explanation of budgetary authorization “gifts and gratuities” in corporate life, transparency requires that the related expenses were actually assigned to the purpose for which they were authorized.

Furthermore, the Bench finds that the wording of a single account “gifts and gratuities” is not relevant for several reasons.

While the donations relate to benefits that are given to people who have done nothing at all for the corporation, gratuities are sums of money given to providers as an incentive or thanks, in addition the price paid.

The OHADA general accounting standards record donations in account “6582”, while tips that do not have a specific account could be based on the circumstances of :

- “6238” Tip (related to salaries) ;
- “6278” Other expenses of public relations ;
- “6328” Other costs (intermediary sub-account).

This mix of gifts and gratuities is not accurate and does not provide sufficient information to those interested in the financial information of the corporation.

By failing to clearly inform the Bench about the destination of the funds in question and therefore the distinction between the part paid in grants and that allocated to tips, the managers of SCDP make understanding difficult in the context in which the gratuities may have been paid, in essence, only to meet a service received.

Regarding donations “Account 6582 OHADA” that fit easily into the social dimension of any business, it is in the interest of good governance that they be classified, with priority given to those made in the interest of the organization. Other donations only generally exhibiting the nature¹⁷ of gifts likely to prejudice the financial balance of the entity.

In this matter, contrary to the opinion of the General Manager of SCDP, the Cameroonian legislator specifies through Article 7.5 of the General Tax Code orientation on priorities of the State. Only these are encouraged and deducted from taxable earnings :

¹⁷ Council of State, Order of 3 May 1968, req. No. 68225, RJCD, part 1, page 145

- within 0.5% of the turnover for the financial year, payments made to research and development organizations and charitable works, philanthropic, educational, sporting, scientific, social and family bodies as long as they are located in Cameroon ;
- the full payments made :
 - to the State or Regional and Local Authorities for the acquisition of antiretrovirals in the treatment of HIV/AIDS;
 - to approved research and development organizations domiciled in Cameroon and operating in the field of agriculture, health and livestock;
 - In the forms and conditions established by order of the Minister of Finance, donations made during natural disasters.

No information meeting these options or any other was communicated to the Bench to clarify her for the control of its choice by SCDP and thereby justify the proper use of the 59,781,769 F CFA recognized under expenditure as “gifts and gratuities” during the period under review.

Pursuant to section 36 of Law No. 2003/005 of 21 April 2003 referred to above, this final observation report will be sent to **Mr J.-B.N.E**, former General Manager of SCDP, to the Procureur General at the Supreme Court, the Minister in charge of Energy, the Chairman of the Board of Directors of SCDP and the Chairman of the General Assembly Meeting of shareholders.

CHAPTER 3. OPINIONS AND CERTIFICATION REPORTS

Section 1. **Opinion No. 004/2013/CSC/CDC of 19 November 2013 on the Settlement Bill of the 2012 financial year.**

The Audit Bench of the Supreme Court sitting on the nineteenth day of November two thousand and thirteen in the ordinary hearing hall in its Head Office Building situated at the Winston Churchill avenue Yaounde in Chambers¹⁸ Issued the following opinion on the 2011 Settlement Bill:

Mindful of Orders No. 24/CDC/CSC of 11 August 2010 by the President of the Audit Bench to set up a Committee to prepare the opinion on the Settlement Bill and 2013/21/CAB/CDC/CSC088 of 3 October 2013 by the President of the Audit Bench to appoint members of the Committee to prepare the opinion on the Settlement Bill for the 2012 financial year and the certification report of the General Accounts of the State ;

Considering letter No. 375/L/MINFI/SG/DGTCFM/DCP/SDRBEC of 11 October 2013 by the Minister of Finance to forward to the Audit Bench for its opinion the Settlement bill of the 2012 financial year received at the Bench on the same day and registered under as No. 713 ;

Considering letter No. CF46/088/CAB/P/PCDC/CSC of 1 November 2013 by the President of the Audit Bench of the Supreme Court transmitting to the Minister of Finance a copy of the interim observation report prepared by the Committee to prepare an opinion on the settlement bill, for possible observations to be returned to the Bench within 24 hours latest ;

Considering the observations of the Minister of Finance transmitted by mail No.4833/546/L/MINFI/SG/DGTCFM/ DT/ACCT of 4 November 2013 received at the Bench on 5 November 2013 and registered under number 770.

¹⁸ "When sitting in chambers, the Audit Bench shall be composed of its President, Division Presidents and Masters. It shall also include the Procureur General of the Supreme Court. (section 25 of Law No. 2003/005 of 21 April 2003) Generally, the Registrar of the Bench takes the minutes.

Considering the final observations of 11 November 2013 by the Committee to prepare the opinion on the Settlement Bill and a report on the certification of the General Accounts of the State transmitted to the President of the Audit Bench by letter of the Coordinator No. 033/CDC/CSC/S1 on 13 November 2013 accompanied by the preliminary draft of the opinion on the settlement bill of the 2012 financial year ;

Mindful of Order No. 2013/22/CAB/PCDC/CSC 088 of 18 November 2013 by the President of the Audit Bench to convene members of the Audit Bench to sit in Chambers on 19 November 2013 at 10.00 hours to examine the request for opinion on the settlement bill for the 2012 financial year ;

The examination of the request for opinion file thus constituted and the settlement bill for the 2011 financial year calls for the following observations regarding the form and substance.

I – ON THE FORM

1.1 Date of transmission of the Settlement Bill to the Audit Bench

Pursuant to the provisions of section 39(c) of Law No. 2006/016 of 29 December 2006 to lay down the organization and functioning of the Supreme Court *“The Audit Bench shall be competent to..... give its opinion on settlement bills submitted to Parliament”*.

With regard to the date of transmission, Law No. 2007/06 of 26 December 2007 relating to the Fiscal Regime of the State provides in its section 21 *“the settlement bill and its appendices must be tabled not later than 30 September of the year following the financial year to which it is related”*..

The result is that the opinion of the Audit Bench accompanied by the settlement bill presented to Parliament and deposited not later than 30 September of the financial year to which it is related.

It ensues that the transmission of the Settlement Bill to the Audit Bench must take place before this date in a way as to give the financial jurisdiction enough time to fulfill its legal mission.

The Settlement Bill for 2012 was received at the Audit Bench on 11 October 2013 and registered under number 713, that is, eleven (11) days after the statutory date for its submission to Parliament. There is a drop in the respect of the timeline for the deposit before Parliament and transmission of the settlement bill at the Audit Bench for its opinion

Table1 illustrates the variation in transmission deadline.

Table 1. Difference between the statutory date of 30 September and the reception dates at the Audit Bench.

Financial year	2009	2010	2011	2012
Date of transmission to the Audit Bench	17 September 2010	24 October 2011	26 September 2012	11 October 2013
Observations	13 days before	24 days after	4 days before	11 days after

Despite the renewed commitment made by the Minister of Finance to make every effort to meet the deadline for transmission of settlement bills one month before 30 September to the Audit Bench as required, it is observed that for the 2009, 2010, 2011 and 2012 financial years the satisfaction of the requirement of timeliness varies every two (2) years between a positive and a negative movement in the lower direction of the reduction of differences. In short, the Ministry of Finance is still far from sending the settlement bill to the Audit Bench before the deadline for tabling in Parliament. It blames the delay on the ongoing computerization, thus to difficulties of data collection, research of accounting completeness and extension of the time of execution of the public investment budget.

But these certainly understandable explanations cannot justify non-compliance with legal requirements.

1.2. Presentation of the Settlement Bill

The form and content of the settlement bill are laid down by sections 20 and 22 of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State :

Section 20 :

(1) *The Settlement Law shall be the law that recognizes the last finance law executed.*

(2) *The Settlement Law shall :*

- 1°) ratify amendments made by decree to advance appropriations made available by the last finance law ;
- 2°) fix the final amount of income and expenditure of the budget concerned as well as the ensuing result ;
- 3°) fix the final amount of resources and cash expenses that contributed to the realization of the financial equilibrium of the corresponding year ;
- 4°) record the disparities in the implementation of programmes on the basis of the targets of corresponding indicators ;
- 5°) account for the profit and loss statement of the financial year based on the resources and expenditures mentioned in section 12 above ;
- 6°) assign the accounting result of the financial year.

(3) Where necessary, the Settlement Law shall :

- 1°) include provisions relating to the information and control of public finance management to Parliament, to State accounting and the regime of the financial responsibility of State employees;
- 2°) adopt the special account balances not carried forward to the next financial year.

Section 22 : The Settlement Law shall be accompanied by:

- 1°) the development of budgetary transactions presented by type, identifying forecasts, collections and outstanding collections, payments and outstanding payments;
- 2°) a statement of expenditure by programme, specifying the initial allocation, amendments made in the course of management, payment authorizations and payment arrears accompanied by explanatory appendices on the use of appropriations and disparities between forecasts and actual ;
- 3°) annual performance reports of State services prepared by principal authorizing officers ;
- 4°) explanatory appendices by annex budget and special account;
- 5°) a statement on the execution of all investment projects to justify the disparities noted during the year under review between forecasts and actual, by government service and by region ;

6°) *the profit and loss statement of the financial year based on the resources and expenditure mentioned in section 12 above.*

In application of these provisions, the Audit Bench received the following documents :

- The transmission letter ;
- The settlement bill for the 2012 financial year (16 pages) accompanied by the related annexure ;
- 1) Differences between the estimates and receipts by nature of revenues ;
- 2) The evolution between the allocations, the take-overs, payments and bills payable ;
- 3) The situation of the issuance of public bonds ;
- 4) The situation of Earmarked Accounts(12) ;
- 5) The general Account of the State on 31 December 2012 ;
- 6) The balance of Treasury accounts on 31 December 2011 ;
- 7) The balance of Treasury accounts on 31 December 2012 ;
- 8) Transition table (balance – settlement law) 2012 financial year ;
- 9) The situation of the external and internal debt ;
- 10) Comparison between the closing balance of 2011 and opening balance of 2012 ;
- 11) Execution of the investment budget by head and by region submitted by 25 October 2013 ;
- 12) Information on the extension of deadlines for commitment of the investment budget and transfer of appropriations during the financial year under review submitted by 25 October 2013.

As in the 2011 financial year, the settlement bill for the 2012 financial year and the related documents were better prepared.

In contrast, the financial jurisdiction has not received the state of development of budgetary operations presented by nature distinguishing forecasts, collections, bill receivable and bills payable.

II – SUBSTANCE ON THE EXECUTION OF THE BUDGET OF THE 2012 FINANCIAL YEAR

2.1 Macro-economic context in which the 2012 budget was executed

2.1.1 International Environment

Besides the serene international context of 2011, the year 2012 was marked by a weakening of the global economy. Several developed countries fell into a deep recession. Thus global growth reached a rate of 2.25% in the second quarter of 2012 before rising to 2.75% in the third quarter of the same year.

Many developed countries were caught in a downward spiral fuelled by high unemployment, weak global demand exacerbated by fiscal austerity, high public debt and a financial system that remained weak. Also, the growth rate in the euro zone was 0.6% in 2011 and then negative about -0.6% in 2012.

In sub-Saharan Africa, there was strong activity: the resource-rich countries and low-income countries benefited from strong domestic demand. Thus, sub-Saharan Africa saw its growth rate reach 5.4% in 2011 and then drop to 4.9% in 2012.

The budget framework of Cameroon for 2012 was therefore carried out in a rather favourable economic context. Also, the economic, financial, social and cultural programme presented by the Prime Minister in November 2011 held the hypotheses contained in Table 2.

Table 2. Projections and real data

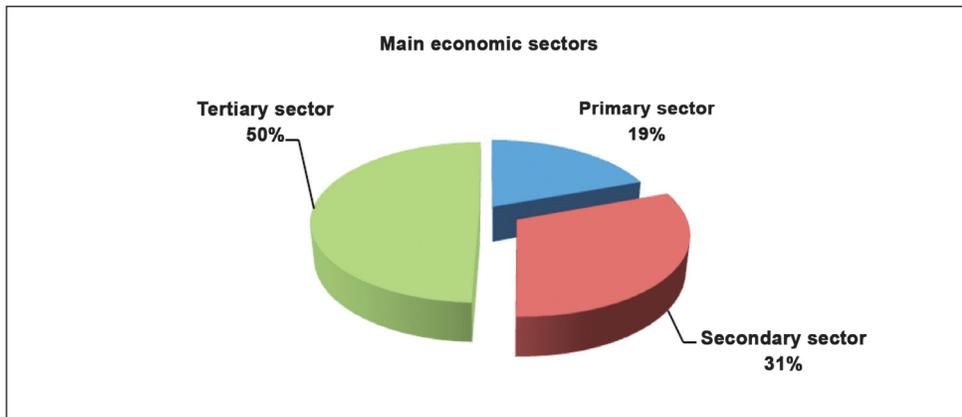
	Projections for 2011	Real data in 2011	Difference	Projections for 2012	Real data in 2012	Difference
Growth rate of real GDP (%)	3,8	4,1	+0,3	5,5	4,6	- 0,9
Rate of inflation (%)	3,0	2,6	-0,4	3,0	2,9	-
Price of barrel (USD)	80	111,22	+31,24	100	111,65	+11,65
Exchange rate of US dollar/CFA F	/	506,12	/	464,70	510,89	+46,19

- Sources of estimates : The economic, financial, social and cultural programme of government for the 2010 and 2011 financial years.
- Sources for actual data: MINFI/DAE, World Economic Outlook March 2011 IMF, World Bank Global commodity-Price prospects, March 2012.

2.1.2. Growth

In Cameroon, the economic recovery that began in the aftermath of the financial crisis of 2008/2009 was consolidated in 2012, reaching a rate of 4.7% against 4.1% in 2011. This effect is due to higher oil production and strong domestic demand driven by the launch of major infrastructure projects.

In 2012, the primary sector contributed 19% of the Gross Domestic Product (GDP) and employed 61.6% of the workforce, growth reached 4% due to strong agricultural activities.



As for the secondary sector, which accounts for 31% of GDP, it contributed 1.1 percentage points to growth, against 0.9 in 2011 due to the expansion of extractive industries and because of the inherent acceleration the building sector.

Finally, as regards the tertiary sector, which accounts for half of GDP (50%) and employs 28.7% of the working population, it contributed 1.8 percent to the GDP growth, against 2.9 percent in 2011, resistant to a sharp drop thanks to the dynamism of the other two sectors.

Concerning the oil industry, after several years of decline, renewed vitality resulting in a production increase was observed. Thus, production

increased from 21.6 million barrels in 2011 to 22,400,000 barrels in 2012, an increase of 3.7%. In addition, in April 2012, the receipts of the State from oil revenue exceeded expectations, that is, 156.03 billion, well above the 128 billion forecasts. The State budget recorded as such at the end of the year, revenues of over 700 billion francs instead of the expected 567 billion francs that is a rate of 123.58%. The hydrocarbons sector remains one of the engines of growth in that it contributes significantly to budget revenues, 25% of the budget.

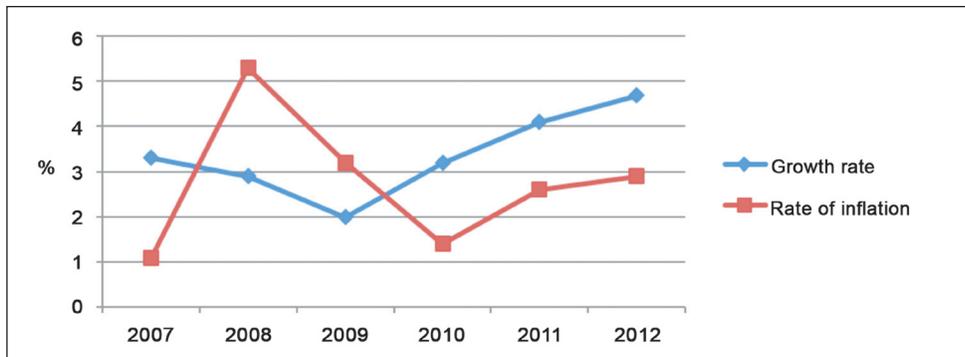
2.1.3. Inflation

Pressure on prices observed in 2011, that is, 2.6%, increased in 2012 reaching 2.9%. This very high level of inflation still remains below the regional convergence criterion set at 3%.

Table 3. Growth rate and rate of inflation

	2007	2008	2009	2010	2011	2012
Rate of growth of GDP in volume (%)	3,3	2,9	2,0	3,2	4,1	4,7
Inflation (%)	1,1	5,3	3,2	1,4	2,6	2,9

Source : MINFI/DAE, World Bank, 2012 ;



2.1.4. Public finance

According to BEAC and the IMF, in 2012, the execution of the budget generated a base deficit (including grants) of 59.6 billion CFA F, that is, -0.4% of GDP from -0.7% in 2011. This development is due to a good orientation of oil revenues (+13%), a dynamic tax collection and a limited increase in current expenditure (+2.6%).

Non-oil revenues accounting for over two-thirds (2/3) of budget revenues, increased from 1,529.5 billion francs in 2011 to 1,648.8 billion francs in 2012, a 7.8% increase. In the same vein, note should be taken of the slowdown in public spending growth of +9.5% in 2011 to +7.1% in 2012.

Finally, the budget deficit (cash basis) declined to 119.7 billion or 0.9% in 2012 against 1.4% in 2011, mainly financed by external resources.

Table 4. Financial transactions of the State of Cameroon

In billions of CFA F	2009	2010	2011	2012
Total revenue	2 266,1	2 153,8	2 294,9	2 489,5
Revenue	2 179,1	2 066,8	2 228,6	2 434,6
Fiscal revenue	2 058,0	985,9	242,8	234,8
Non petroleum fiscal revenue	1 553,7	1 488,9	1 529,5	1 648,8
Petroleum fiscal revenue	504,4	497,0	613,3	693,0
Total expenditure	1 952,3	2 172,8	2 380,6	2 549,2
Current expenditure	1 320,0	1 610,0	1 762,5	1 808,2
Capital expenditure	612,3	486,8	584,0	679,4
Balance (cash base)	295,3	-79,7	-181,9	-119,6

Sources : BEAC, IMF, Economic and financial administrations, 2012 ;

In short, economic growth should be consolidated in 2013 thanks to the continued resumption of oil production. The situation of public finances should be better organized so that it does not deteriorate further in anticipation of the increase in capital expenditure.

2.2 Execution of the 2012 budget

2.2.1. Budget balance

2.2.1.1. Fairness of budgetary entries

According to section 3(1) of Law No. 2007/006 of 26 December 2007 referred to above “the finance law shall present accurately all State revenue and expenditure”.

The fairness of the budget entries of the initial finance law of is assessed taking into account the information available at the time of preparation of the budget bill law and forecasts which may reasonably arise therefrom.

Forecasts of the 2012 finance law were adopted on the basis of macroeconomic indicators.

2.2.1.1.1. Budget balance of the 2012 financial year and evolution since the 2007 financial year

The budget balance, as transcribed in the Settlement Bill represents the difference between the revenue earned (revenue collected) and authorized expenditure.

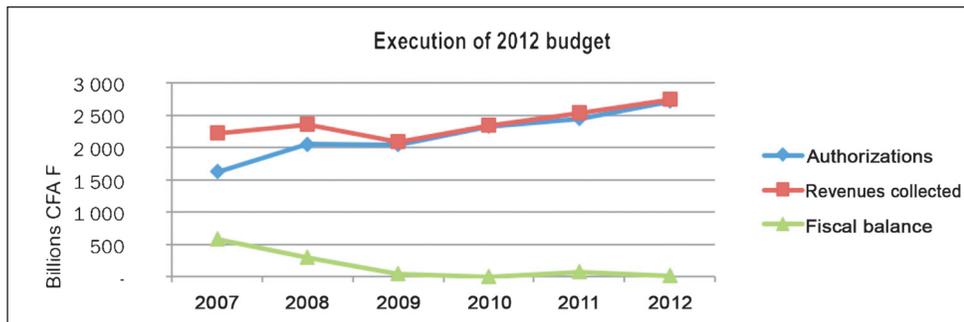
Table 5. Summary of budget balance for 2007 to 2012 financial years

Revenue	Initial revenue	Readjusted revenue	Performance	
2007 Settlement Law	2 251 000 000 000	2 251 000 000 000	2 225 449 831 111	
2008 Settlement Law	2 276 000 000 000	2 482 000 000 000	2 353 990 394 932	
2009 Settlement Law	2 301 400 000 000	2 301 400 000 000	2 093 925 888 514	
2010 Settlement Law	2 570 000 000 000	2 520 600 000 000	2 340 351 834 587	
2011 Settlement Law	2 571 000 000 000	2 571 000 000 000	2 531 754 050 964	
2012 Settlement Bill	2 800 000 000 000	2 800 000 000 000	2 751 116 362 685	
Expenditure	Initial expenditure	Final expenditure	Authorizations	Fiscal balance
2007 Settlement Law	2 251 000 000 000	2 141 011 081 300	1 631 298 865 001	594 150 966 110
2008 Settlement Law	2 276 000 000 000	2 482 000 000 000	2 054 539 861 733	299 450 533 199
2009 Settlement Law	2 301 400 000 000	2 301 400 000 000	2 041 591 207 044	52 334 681 470
2010 Settlement Law	2 570 000 000 000	2 520 600 000 000	2 332 470 662 771	7 881 171 816
2011 Settlement Law	2 571 000 000 000	2 462 302 226 299	2 454 250 747 633	77 503 303 331
2012 Settlement Bill	2 800 000 000 000	2 740 683 030 780	2 724 823 831 702	26 292 530 983

Source : Settlement Bill

The Settlement bill for 2012 revealed a budget balance of 26,292,530,983 CFA. Compared to data from the table above, this balance confirms the downward trend that began in 2008 moving from 594,150,966,110 CFA F in 2007 to 299,450,533,199 CFA F to reach 52,334,681,470 CFA francs in 2009 and 7,891,171 816 CFA F in 2010 before moving to 26,292,530,983 CFA after passing new peak of 77,503,303,331 CFA francs in 2011.

The graph below shows the evolution.



2.2.1.1.2. Overall rate of revenues and expenditure for the 2012 financial year

At the end of 2012 financial year, the overall rate of collection of revenue in relation to the estimates amounts to 98.25% and in expenditure, the rate of authorizations compared to the final allocations is 97.32%.

The evolution of the rate of revenues from 2007 to 2012 (in %) is as follows :

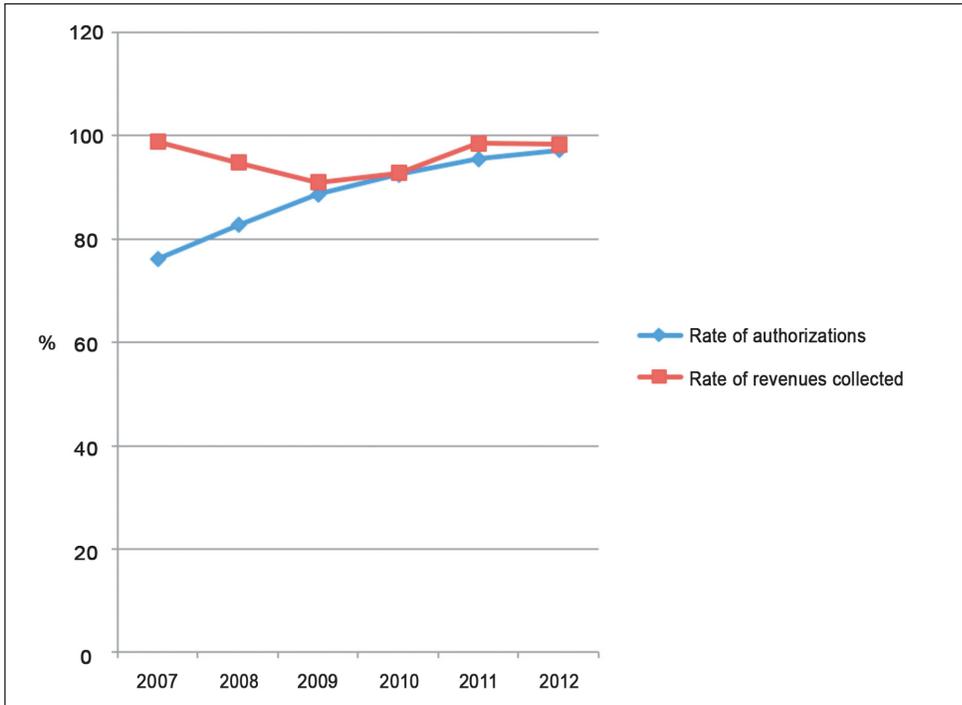
<i>In percentage</i>	2007	2008	2009	2010	2011	2012
Rate of collection of revenue	98,9	94,8	91	92,8	98,5	98,3

The rate of collection or revenue in relation to final allocations decreased slightly in 2012 compared to 2007, 2008, 2009, 2010 and 2011. But it remains at a relatively high level.

The rate of evolution of authorizations in relation to the approved allocations from 2007 to 2012 (in %) is as follows :

<i>In percentage</i>	2007	2008	2009	2010	2011	2012
Rate of authorizations	76,2	82,8	88,7	92,5	95,5	97,3

In expenditure, the rate of authorizations in relation to final allocations is on the regular rise since 2007.



On analysis, the level of the rate of implementation of the 2012 budget is high in both revenue and expenditure and the rate of revenues over the period 2007-2012 is still higher than expenditure. This seems to reflect the proper execution of the 2012 Finance Law.

With regard to the hypotheses of four (04) main economic indicators used to draft the 2012 finance law, their implementation has been uneven. (Table 1). If the inflation rate was almost in line with expectations, the growth rate of the gross domestic product was significantly lower than expected (- 0.9%). Especially, the price of oil and the exchange rate of the U.S. dollar against the CFA were significantly higher than originally provided for. However, the differences do not seem sufficient for a finding of lack of genuineness of the hypotheses that formed the basis of the initial finance law

2.2.1.2. Genuineness of the Settlement Bill

Regarding the Settlement Bill itself, the principle of genuineness also applies and concerns the accuracy of the accounts. Public accountants responsible for keeping and preparing the accounts of the State must ensure that the principles and rules of public accounting and in particular ensuring the accuracy of accounting records and compliance with procedures.

The table in annexure 2 includes only four heads (budget, public investment budget, debt service and grand total).

Annexure 2 to the Settlement Bill does not contain all the information required by section 22 (1) of the Law of 26 December 2007, *“the statement of development of budgetary transactions presented by type, identifying forecasts, collections and outstanding collections, payments and outstanding payments”*

The Ministry of Finance mentioned here the progressive implementation of established rights and stated that the focus was on presentation by economic type and that presentation by nature will only be effective with the computerization and interfacing of the taxation services with those of the Treasury.

This calls for the following reminders :

- 1) Section 22(1) of Law of 2007/006 of 26 December 2007 referred above is applicable since 1 January 2008;
- 2) Notwithstanding the provisions of article 128 of Decree No. 2013/160 laying down general rules governing public accounting, it is assumed that section 63(1) of Law No 2007/006 of 26 December 2007 under which the general accounting of the State is based on the principle of recognition of rights and obligations is applicable from the 2012 financial year pursuant to section 78 of the same law.

It is therefore important that measures be taken at the Ministry of Finance for effective implementation of the provisions of these instruments.

2.2.1.2.1. Modification of approved appropriations

Pursuant to section 53 of Law No. 2007/006 of 26 December 2007, a modification of appropriations occurred during the execution of the budget. Thus, two decrees were issued: namely Decree No. 2012/0308/PM of 16 February 2012 authorizing transfers from Head 15 “Ministry of Basic Education” to Head 25, “Ministry of Secondary Education” and Decree No. 2012/1319/PM of 24 May 2012 authorizing transfers of

appropriations from Heads 65 and 94 to Head 01 “Presidency of the Republic.”

On the other hand, the Order of the Minister of Finance authorizing the transfer of the amount of 3,710,048,230 CFA F from the running budget to the investment budget within Head 12 “General Delegation for National Security” was not submitted to the Audit Bench.

Mention of the current measures taken at the Ministry of the Economy, Planning and Regional Development (MINEPAT) to make available the instruments requested is illusory insofar as transfers of funds within the same head, one section to another, from one programme to another result from a decree of the Minister of Finance in accordance with section 53(2) of the Law No. 2007/006 of 26 December 2007 referred to above. The absence of this instrument affects the accuracy of the financial information. .

2.2.1.2.2. Carry-over of opening balance of the 2012 financial year to the opening balance of the 2011 financial year

All 2011 year-end balances and especially those of provisional charge accounts closed at 31 December 2011, were faithfully carried over as opening balances of the 2012 financial year, except for allocation accounts 35 entitled “new carry over, interim measures” “ and account 39 titled “Equilibrium of opening Balance” that are not covered by specific operations.

Meanwhile, the introduction from 2010 of account 39020 titled “Cancellation of unjustified entries” establishes a practice that undermines the principle of fairness of the accounts of the State prescribed both by Law No. 2007/006 of 26 December 2007 on the Financial Regime of the State and CEMAC Directive No. 01/11-UEAC-190-CM-22 of 19 December 2011 on finance laws which provide:

Section 60 of Law No. 2007/006 of 26 December 2007: “The accounts of the State must be accurate and give a true and fair view of its assets and its financial situation”;

Article 66 : the CEMAC Directive No. 01/11-UEAC-190-CM-22: “public accountants are responsible for keeping the accounts of the State in compliance with the principles and rules of the accounting profession. They ensure especially the fairness of accounting entries and respect of procedures”.

Table 6. Situation of carryover of opening balance of the 2012 financial year of the closing balance of the 2011 financial year

Allocation account and nature of transactions	Balances at the close of the 2011 financial year	Balances in the opening balance of the 2012 financial year	Established difference in plus or minus
3508 Brought forward	SD 222 006 690 371	SD 960 343 808 659	+738 337 118 288
3509 Brought forward	SD 202 526 893 994	SD 1 017 809 605 944	-815 282 711950
3510 Brought forward	SD 4 581 521 178 057	SD 1 184 494 375 586	-3 397 026 802 471
3511 Brought forward	0	SD 1 292 996 498 799	+ 1 292 996 498 799
39000 Difference on the opening balance HIPC/IADM	SC 907 535 374 247	SC 394 128 564 681	-513 406 809 566
39001 Debt stock	SD 659 775 538 222	0	-659 775 538 222
39020 Cancellation of unjustified entries	SC 66 060 406 417	0	-66 060 406 417
39030 Repeat of opening balance HIPC/IADM	SD 71 386 325 786	SD 64 926 432 015	-6 459 893 771
39031 Exceptional repeat BEC HORS PP	SD 14 429 568 084	SD 10 774 721 476	-3 654 846 608
4802011 Revenues to be regularized	SC 1 238 073 204	SC 1 238 073 204	0

4810011 Expenditure to be regularized	SD 14 859 290 376	SD 14 859 290 376	0
481111 Rejection of expenditure 2011	SD 5 804 738	SD 5 804 738	0
48121311 Bonuses of sales of stamps	SD 304 616 055	SD 304 616 055	0
48121411 Loss of exchange -PGT 2011	SD 1 860 471 596	SD 1 860 471 596	0
48121511 Reimbursements of telephone tax on diplomats- PGT 2011	SD 36 755 000	SD 36 755 000	0
48121711 Expenditure to be budgeted-Escrow account	SD 63 408 216	SD 63 408 216	0
48131011 Non urgent court costs	SD 10 971 381 434	SD 10 971 381 434	0
481311 Court costs to be distributed	SD 439 580 084	SD 439 580 084	0
4813111 Urgent Court costs to be shared	SD 20 981 879 076	SD 20 981 879 076	0
4813211 Bonus sales of stamps	SD 691 765 108	SD 691 765 108	0

There is surely a marked improvement in the transfer of closing balances of the 2011 financial year to the 2012 financial year.

But it is necessary to question the relevance of the insertion of account 39020 entitled "Cancellation of unjustified operations" in the closing balance of the 2011 financial year with a credit balance of 66,060,406,417 CFA francs and this especially since it disappears with its opening balance of the 2012 financial year.

The explanation of the Ministry of Finance which links the problem to a computer setup provides no indication of the relevance of the introduction of account 39020 in accounting. The existence of this account violates the principle of justification of the accounts and frequent changes in the trial balance of Treasury accounts is contrary to the principle of the inviolability of balances.

2.1.2.3. Operations charged on provisional in revenue and expenditure accounts during the 2012 financial year and not adjusted before the close of the said year

Some operations charged on provisional revenue and expenditure accounts during the 2012 financial year were not adjusted before the close of that year and in violation of the provisions of the General Instructions on the Accounts of the State and Treasury Instruction No. 003/006I/MINFI/DT/DER 31 December 2003 which specify that operations charged in the provisional heads must receive final heads before the end of the financial year.

In fact, Treasury Instruction No. 003/006I/MINFI/DT/DER 31 December 2003 provides that *"provisional budget accounts must be identified and result in adjustment during the additional day. The additional day covers the period reserved for the adjustment of current operations that do not affect cash accounts (Cash, Bank, CCP) including:*

- *Management of the revenue and expenditure of the closed financial year;*
- *Reception of Statements of Operations to be Transferred (EDOT);*
- *Clearance of the provisional budget accounts, third party accounts, correspondents, councils, rejection ... etc..*

During this period, the above operations backdated to 31 December and 31 January must end on 31 January of the current financial year in the sundry operations ledger (LJOD).

These operations charged on provisional accounts are distributed as follows :

Table 7. Situation of operations charged on provisional accounts in revenues and expenditures during the 2012 financial year and no adjusted before the close of the said financial year

Allocation account	Nature of operations	Balance
4802012	Revenues to be regularized 2012	SC 366 920 114
4810012	Expenditure to be regularized 2012	SD 3 211 180 087
4811112	Rejection of expenditure 2012	SD 2 403 079
48121312	Bonuses on sales of stamps 2012	SD 138 311 781
48121412	Exchange losses-PGT 2012	SD 2 963 340 560
48121512	Reimbursement Tv tax. Diplomats 2012	SD 2 325 000
48121812	Expenditure to be budgeted Road Fund 2012	SD 784 856 299
48122312	Expenditure to be budgeted-fiscal assets 2012	SD 347 709 252
48122512	Expenditure to be budgeted-annual allowance 2012	SD 827 367
48131012	Non urgent court costs 2012	SD 19 828 077 231
48131112	Urgent court costs 2012	SD 31 591 727 474
4813112	Other urgent court costs 2012	SD 399 910 000
4813212	Bonuses sales of stamps 2012	SD 648 428 700
TOTAL		CREDIT BALANCES : 366 920 114 DEBIT BALANCES : 59 919 096 830

For the 2012 financial year, the budget balance, as described in the Settlement Bill transmitted to the Audit Bench is in excess by 26,292,530,983 CFA F. This balance is obtained by the difference between cash (2,751,116,362,685 CFA F) and authorizations (2,724,823,831,702 CFA F).

By taking into account the income and expenditure to be regularized established above and that should normally receive a final head before the end of the financial year, the amounts of receipts and authorizations should have increased respectively by 366,920,114 CFA F and 59,919 096,830 CFA F that is, the total amounts of respective receipts and authorizations of 2,751,483,282,799 CFA F and 2,784,742,928,832 CFA F.

The budgetary balance is therefore in deficit of 33,259,645,732 CFA F.

In total, the above irregularities relating to incorrect accounting treatment of operations charged on provisional accounts affect the fairness of settlement bill presented; undue transfers of expenditure of the financial year to the following financial years artificially reduce the resources and expenses for the year ended and modify the budget balance of this year. The trial balance of accounts for the 2012 financial year shows that this is a cumulative phenomenon that has been observed since 2004. In the table below, these cumulative expenditure to be regularized amounted to 275,728 688,090 CFA F on 31 December 2012.

The Ministry of Finance explained that these costs relate to the need for the operation of certain public services.

While recognizing the merits of the use of provisional accounts imputations, it is to insist on the legal obligation which requires that these expenses be corrected before the end of the year and calls, if necessary, for the use of mechanisms provided for in Part VII of Chapter IV of the Fiscal Regime of the State on the modification of appropriations. The failure in budgeting thus found violates the principle of budget authorization and alters the genuineness of the budget balance.

Table 8. Operations of revenue and expenditure charged on provisional accounts and not regularized from 2004 to 2012

Allocation account	Nature of operations	Balance
4802	Revenues to be regularized	SC 831 500 312
48100	Expenditure to be regularized	SD 138 130 556 610
48111	Rejection of expenditure	SD 2 403 079
481201	Financial costs	SD 186 931 211
481212	Courts costs to be budgeted	SD 19 440 759 235
481213	Bonuses on sales of stamps	SD 2 328 086 131
481214	Exchange losses -PGT	SD 4 835 254 311
481215	Reimbursement Tv tax. Diplomat	SD 42 380 000
481217	Expenditure to be regularized –Escrow account	SD 63 408 216
481218	Expenditure to be regularized- Road Fund	SD 784 856 299
481223	Expenditure to be budgeted-fiscal assets	SD 12 994 115 063
481225	Expenditure to be budgeted-annual allowance	SD 827 367
48131	Court costs	SD 95 123 931 044
48132	Bonuses on sales of stamps	SD 1 795 179 524

Source : Consolidated trial balance of accounts of the 2012 financial year;

From the above table, it appears that in the years 2004 to 2012, operations charged in provisional accounts and not regularized before the end of each year reached a total of 831,500,312 CFA F in revenue and 275,728,688,090 CFA F in expenditure; reflecting an accumulation of expenditure without budgetary provision. The attenuation of the magnitude sought by the Ministry of Finance which reveals that out

of 275 billion CFA F of expenditure, only 59 billion CFA F concern the 2012 financial year cannot cover the fact that there was there a violation of the principle of prior budget authorization and alters the fairness of the financial situation of the State.

2.2.2.2. Collection of revenue

2.2.2.2.1 Distribution of revenue of the Settlement Bill

Section 1 of the Settlement Bill of 2012 transmitted to the Audit Bench states: *“are recorded on the budget of the State for the 2012 financial year, revenue of an amount of **2,751,116,362,685 CFA francs...**”*. This revenue indicates an execution rate of 98.25% and in a summary manner is distributed as follows :

Item	Estimates	Collections	Realization rate (%)
1. Own-source revenue	2 301 000 000 000	2 447 910 337 494	106.38
- Tax revenue	1 626 030 000 000	1 668 598 788 774	102.62
- Other revenue	974 970 000 000	779 311 548 720	115.46
2. Loans and donations	499 000 000 000	303 206 025 191	60.76
Grand total of revenue (Total I + II)	2 800 000 000 000	2 751 116 362 685	98,25

Own-source revenues witnessed a realization rate of 106.38 % including 102.62 % for tax revenues and 115.46 % for other revenues. The lowest rate of realization concerns foreign loans and donations (60.76 %).

2.2.2.2.2. Evolution of revenue from 2010 to 2012

In 2012, State revenue recorded an overall increase in absolute value of 219,362,311,721 CFA F compared to 2011 and 410,764,528,098 CFA F compared to 2010. This increase in revenue is due in large part to the increase in own-source revenue.

Table 9. Evolution of State revenue from 2010 to 2012

Item	2010	2011	2012
1. Own-source revenue	1 948 931 649 386	2 263 850 765 789	2 447 910 337 494
- Tax revenue	1 373 208 963 763	1 545 682 648 440	1 668 598 788 774
- Other revenue	575 722 685 623	718 168 117 349	779 311 548 720
2. Loans and donations	391 420 185 201	267 903 285 175	303 206 025 191
Grand total of revenue (Total I + II)	2 340 351 834 587	2 531 754 050 964	2 751 116 362 685
Rate of execution (%)	92,85	98,47	98,25

Source : Settlement Bills of the 2010, 2011 and 2012 financial years

In general, the rate of collection of revenue in relative value slightly degraded from 98.47% in 2011 to 98.25% in 2012 representing a drop of 0.22%. However, it remains much higher than that of 2010 (5.40%).

2.2.2.3. Evolution by type of revenue in 2012.

Analysis of this evolution helps the classification of collections in three groups :

- Collections greater than estimates ;
- Collections lower than expected (50% threshold) ;
- Nil collection.

1) Collections greater than estimates in 2012

Head	Item	Collection		Rate of collection (%)	
		2011	2012	2011	2012
TAX REVENUE					
721	Income tax on natural persons	147 134 245 550	166 581 152 096	108.35	106.85
723	Tax on profits of non oil companies	214 378 813 339	261 207 013 278	105,09	117.93
731	Tax on specific products and excise tax	182 059 278 045	198 030 317 461	99,32	104.23
733	Tax on the practice of a professional activity	6 184 727 622	6 750 967 793	123,69	105.48
734	Tax on the authorization to use property or carry out activities	97 028 634	73 963 798	1,61	246.55
735	Other taxes on goods and services	8 939 602 736	17 341 167 094	127,71	165.15
736	Import taxes and duties	265 386 034 018	285 834 518 273	103,50	117.39
OTHER REVENUE					
710	Administrative dues and fees	14 668 132 034	15 756 373 686	119,71	128.59
719	Rents from buildings and revenues from lands	2 896 916 387	3 206 700 741	103,46	114.53

741	Revenue from oil sector	646 129 723 841	700 710 344 208	152,03	123.58
771	Fines and pecuniary sentences	1 047 987 310	1 844 153 695	135,75	238.88
LOANS AND DONATIONS					
151	Drawings from direct foreign bilateral loans	0	152 355 586 701	0	221.47

For tax revenue : Income taxes on natural persons and tax on the right to carry out a professional activity respectively show an execution rate of 106.85% and 123.58% in 2012 but these rates of execution compared to 2011 are declining by 1.35% and 18.21%.

The tax on the profits of non-oil companies (117.93%) taxes on specific products and excise duty (104.23%), tax on permission to use goods or perform activities (246.55%) and other taxes on goods and services (165.15%) and imports taxes (117.39%) experienced in 2012 a respective increase of 12.84 %, 4.91%, 244.94%, 37.44% and 13.89%.

With regard to other revenue : Apart from oil sector revenues (123.58%) whose execution rate is lower than in 2011 (152.03%) or a decrease of 28.45%, administrative dues and fees (128.59%), rents of buildings and income from lands (114.53%) and fines and pecuniary sentence (238.88%) experienced an increase of respectively 8.88%, 11.07% and 103.13%.

2) Collections lower than forecasts in 2012 (threshold of 50 %)

Allocation	Item	Collections		Rate (%)	
		2011	2012	2011	2012
TAX REVENUE					
724	Tax on income served to persons domiciled out of Cameroon	42 625 893 015	43 572 337 967	109,30	89.84
728	Taxes on transfers, registrations and transactions	29 950 064 240	25 147 052 601	90, 47	70.84

730	Value Added Tax and Turnover tax	608 303 201 469	624 143 179 068	95,53	95.14
732	Taxes on specific services	1 890 655 189	1 730 896 441	35,36	26.63
737	Export taxes and other foreign trade taxes	8 081 677 755	7 481 474 677	64,65	57.55
738	Stamp duty	30 645 880 124	30 704 748 227	123,57	79.34
OTHER REVENUE					
714	Accessory Sales of goods	111 795 543	75 134 045	141,51	92.57
716	Sales of services	10 564 246 782	13 518 075 836	77,87	99.65
745	Financial products receivable	6 556 455 066	9 788 791 815	38,64	70.45
761	Contributions to retirement funds of civil servant and similar officials	34 740 702 136	34 413 974 694	96,50	95.59
LOANS AND DONATIONS					
150	Drawings from direct foreign multilateral loans	155 819 583 312	94 801 414 842	101,84	83,01
769	Exceptional grants from international cooperation	62 083 701 863	56 049 023 643	59,70	84,92

For tax revenue : In 2012, taxes on income served to persons domiciled out of Cameroon (89.84%), the tax on transfers, registrations and transactions (70.84%), Value Added Taxes and Turnover Tax (95.14%), taxes on specific services (26.63%), export duties and taxes and other taxes on foreign trade (57.55%) and stamp duty (79.34%) are in sharp decline compared to 2011, respectively by 20.06%, 19.63%, 0.39%, 8.73%, 7.10% and 44.23%.

For other revenue: Apart from sales of services (99.65%) and financial income receivable (70.45%) which experienced an increase of 21.78% in 2012 and 31.81%, other income including accessory sales of goods

(92.57%) and contributions to pension funds of civil servants and similar officials (95.59%) recorded decreases of 48.81% and 0.09%.

Loans and grants : Drawings on direct multilateral external loans (83.01%) showed a decrease of 18.83% while the exceptional grants of international cooperation (84.92%) increased by 25.22%.

3) Nil collections in 2012

Allocation	Item	Collections		Rate (%)	
		2011	2012	2011	2012
172	Reimbursement to the State of ceded debt	1 452 158 205	0	44,04	0,00
161	Issuance of Treasury Bonds	0	0	0	0,00

2.1.1.4. Differences between revenue forecasts and collections by type of revenue

Section 22(1) of the law referred to above provides: *“The Settlement Bill shall be accompanied by the development of budgetary operations presented by type, identifying forecasts, collections, payment and bills collectible”*. For the 2012 financial year, these differences are as follows:

Item	Forecasts	Collections	Differences
1. Own-source revenue	2 301 000 000 000	2 447 910 337 494	146 910 337 494
- Tax revenues	1 626 030 000 000	1 668 598 788 774	42 568 788 774
- Other revenue	974 970 000 000	779 311 548 720	104 341 548 720
2. Loans and grants	499 000 000 000	303 206 025 191	-195 793 974 809
Grand total of revenue (Total I + II)	2 800 000 000 000	2 751 116 362 685	-48 883 637 315

On analysis, the difference of less than 48,883,637,315 CFA that emerges between forecasts (2,800,000,000,000) and collection of revenue (2,751,116,362,685) does not include bills collectible but the difference between the estimates and the amounts actually collected. This table is not in conformity with section 22 of law on the Fiscal Regime of the State.

To the Ministry of Finance which agrees, it is difficult at this stage of the implementation of the reform on accrual accounting for these accounts to be consistent with section 22 of the Law No. 2007/006 of 26 December 2007 referred to above; revenues continue to be accounted for on a cash basis and this situation will be better presented after the effective implementation of the accounting reform provided for a maximum period of six (6) years. It must be noted here that under section 78 of the same Law, the General State accounting, based on the principle of recognition of rights and obligations shall apply from the 2012 financial year concerned.

2.1.1.5. Revenue transition table (balance-finance law 2012 financial year)

Concerning loans and grants especially drawings on multilateral and bilateral loans, the amounts below recorded in the finance law are those produced by the CAA and were not accounted for in the balance as illustrated in the following table :

Head	Items	Settlement Law	Balance	Difference	Observations
II- Loans and grants					
150	Drawings on direct multilateral foreign loans	94 801 414 847	0	94 801 414 847	CAA
151	Drawings on direct foreign bilateral loans	132 355 586 701	0	132 355 586 701	CAA

Thus, all the data relating to drawings on direct multilateral external loans (account 150) and on direct bilateral external loans (account 151) are not included in the trial balance.

The Ministry of Finance agrees but emphasizes the important effort made in the direction of the integration of all transactions in the balance of accounts and the difficulties which persist in external funding.

These explanations leave intact the need to centralize in the trial balance of Treasury accounts all transactions relating to the execution of the State budget under the principle of completeness.

2.3. Execution of expenditure

Budgetary expenditure evolved between 2010 and 2012 indicated in table 10 below.

Table 10. Evolution of expenditure from 2010 to 2012

Expenditure	2010	2011	2012
Forecasts	2 520 600 000 000	2 571 000 000 000	2 800 000 000 000
Realizations	2 332 470 662 771	2 454 250 747 633	2 724 823 831 702
Rate of execution (%)	92.5	95.5	97.32

Source : Settlement Bills, 2010, 2011 and 2012 financial years

The budget expenditure execution rate is up sharply from 92.5% in 2010 to 95.5% in 2011 and finally to 97.32% in 2012.

The rate of expenditure recorded in the 2012 settlement bill amounted to 2,724,823,831 702 CFA F, a performance of 97.32% compared to the forecast rate of 2.800 billion CFA F.

This expenditure is listed by head and economic nature (section 2) by head and investment and running (section 3) and finally by sector of activity (section 4).

For the sake of completeness, these expenses will be analyzed in three (03) large masses :

- current operating expenditure and debt service ;
- capital expenditure ;
- budgetary expenditure relating to State guarantee.

And then an analysis will be made on transition table of the balance to the Settlement Bill.

2.2.3.1. Current running expenditure and debt service

Current running expenditures and debt service saw execution rates by head higher than 94.13%.

On the other hand, some heads were executed above 100%. They include :

Head	Item	Rate %
55	Pensions	114,10
56	External foreign debt	114,17
65	Common expenditure	100,76

Section 16 of Law No. 2007/006 of 26 December 2007 referred to above provides :

“(1) Payment appropriations shall be restrictive, subject to the provisions of sections 17 and 28 of this law.

“(2) Expenditure shall be committed or authorized only within the limits of payment appropriations made.”

However, in accordance with section 17(1) of the Fiscal Regime of the State, some expenditure is beyond the principle of limitation of appropriations. These are those concerned with ... *“appropriations relating to State expenditure and debt repayments, civil damages, enforcement of securities granted by the State in case of natural disasters and calamities shall be evaluative”*.

It is therefore necessary to distinguish between the overruns concerning limitative appropriation (pensions and common expenditure) and those concerning evaluative appropriations (debt service).

2.2.3.1.1. Pensions and common expenditure

Pensions (head 55) had an execution rate of 114.10 % (authorizations), that is, an overrun of the regularly authorized appropriation of 17,057,250,915 CFA F.

As for common expenditure (head 65), they had an execution rate of

100.76 % (authorizations), that is an overrun of the regularly authorized appropriation of 2 265 026 410 CFA F.

These limitative appropriations overruns noticed in heads 55 and 65 above are not in compliance with the provisions of section 16(2) above of the Law on the Financial Regime of the State.

Furthermore, the amount of authorizations of appropriations in Head 65 (166,061,148,458 CFA F) is higher than that of commitments (164,006,122,043 CFA F). This is an anomaly imputable on account 61 “consumption of goods and services” that displays an execution rate of 103.91% while the rate of commitments is 99.7% compared to the final allocations.

The Ministry of Finance agrees and notes that there is an abnormality on the one hand in the use of appropriations of Head 5 and on the other hand, a problem of tracking expenditure operations related to information which is not fully computerized.

It is important in this regard that measures be taken to control expenditure information, especially those of Head 65 “common expenditure”

2.3.1.2. Service of public debt

Expenditure relating to service of the public debt (heads 56 and 57) refers to evaluative appropriations and therefore beyond the principle of limitation of appropriations. However, in case of overrun of appropriations, of this nature, “... the Government shall inform Parliament on the reasons for the overrun, implementation outlook for the remainder of the year” pursuant to section 17(2) of the Financial Regime of the State.

Table 11 below summarizes the execution of servicing of the public debt from 2010 to 2012.

Table 11. Servicing of the debt in 2012

Item	Initial allocations	Commitments	Authorizations	Rate (%)
56 - Foreign public debt	88 500 000 000	101 038 000 000	101 038 000 000	114.17
15 - Principal	67 100 000 000	67 100 000 000	62 156 000 000	92.63
64 - Interest	21 400 000 000	38 882 000 000	38 882 000 000	181.60

57- Internal public debt	199 100 000 000	148 576 690 571	148 576 690 571	74.62
16 - Principal	180 900 000 000	124 934 101 184	124 934 101 184	69.06
64 - Interests	18 200 000 000	23 642 589 387	23 612 589 387	129.90
Total debt servicing	287 600 000 000	249 614 690 571	249 614 690 571	86.79

The result for the 2012 financial year is that there was an overrun of use of appropriations generated especially by interests which saw an execution rate of 181.60% and 129.90% respectively for the foreign and domestic debts.

It should be noted that the Settlement Bill contains no elements to indicate that the Government informed Parliament about it.

Of course, as pointed out by the Ministry of Finance, the expenditure on public debt whose overrun is reported above is evaluative; but it is worth recalling the obligation laid down in section 17(2) of Law No. 2007/006 of 26 December 2007 referred to above to inform Parliament immediately of the reasons for the overrun and the outlook for the remainder of the year.

The evolution of forecast debt service from 2010 to 2012 is summarized in Table 12.

Table 12. Evolution of debt service from 2010 to 2012

Item	2010	2011	2012
56- Foreign public debt	87 400 000 000	80 000 000 000	88 500 000 000
Principal	56 800 000 000	55 000 000 000	67 100 000 000
Interests	30 600 000 000	25 000 000 000	21 400 000 000
57- Internal public debt	280 100 000 000	190 000 000 000	199 100 000 000
Principal	272 900 000 000	170 800 000 000	180 900 000 000
Interests	7 200 000 000	20 000 000 000	18 200 000 000
Total debt service	367 500 000 000	270 000 000 000	287 600 000 000

Sources : Settlement Bills, 2010, 2011 and 2012 financial years

It appears that the service of the public debt, after a decline of about 100 billion CFA F in 2011, once again saw a slight increase from 270 billion CFA F in 2011 to 287 billion CFA F in 2012.

2.2.3.2. Capital expenditure

Section 18 of Law No. 2011/020 of 14 December 2011 on the finance law of the Republic of Cameroon for the 2012 financial year fixed the initial allocations for capital expenditure at the sum of 792,200,000,000 CFA F against 656,697,000,000 CFA F and 598,800,550,000 CFA F respectively in 2011 and 2010.

Before analyzing the execution of the 2012 Public Investment Budget, it is necessary to consider the context in which it was executed.

2.2.3.2.1. Context of the execution of the 2012 Public Investment Budget

Three major events marked the execution of the Public Investment Budget for 2012 :

- Decree No. 2011/408 of 9 December 2011 on the organization of the Government ;
- the modification of appropriations ;
- Ordinance No. 2012/002 of 30 November 2012 extending the period of commitment and authorization of the Public Investment expenditure and the additional period for the 2012 financial year.

a) Decree No. 2011/408 of 09 December 2011

The decree on the organization of the Government established the Ministry of Public Contracts and transferred the management of Government Teachers Training Colleges (GTTC) from the Ministry of Basic Education (MINEDUB) to the Ministry of Secondary Education (MINESEC).

b) Modification of authorized appropriations

Decree No. 2011/408 of 9 December 2011 had the effect of causing the modification of appropriations.

Thus, two decrees were signed

- Decree No. 2012/0308/PM of 16 February 2012 authorizing transfers from Head 15 "Ministry of Basic Education" to Head 25, "Ministry of Secondary Education." The transferred amount was

118 640 000 CFA F and relates to investment appropriations for the GTTC;

Decree No. 2012/1319/PM of 24 May 2012 authorizing the transfer of appropriations from Heads 65 "Common Expenses" and 94 "Investment interventions" to Head 01 "Presidency of the Republic." The amount of 11.35 billion CFA F including 10 billion from Head 65 and 1.35 billion was thus transferred from Head 94.

These two decrees were issued in accordance with section 53 (1) of Law No 2007/006 of 26 December 2007 on the Fiscal Regime of the State which provides that "appropriations may be transferred from one head to another by decree of the Prime Minister."

On the other hand, inside Head 12 "General Delegation for National Security," there was a transfer from the running budget to the investment budget in the amount of 3,710,048,230 CFA F. This transfer was not authorized by a decree of the Minister of Finance.

c) Ordinance No. 2012/002 of 30 November 2012

Ordinance No. 2012/002 of 30 November 2012 extends the commitment and authorizing time of public investment expenditure and the additional period for the 2012 financial year as follows: :

- date of termination of commitments: 28 December 2012;
- date of cessation of authorizations: 28 February 2013;
- deadline for the additional period: 29 March 2013.

The extension of these various periods had the effect of improving the execution expenditure on capital and made it difficult to compare with data from previous years.

2.2.3.2.2. Analysis of the execution of the 2012 public investment budget

Modification of approved appropriations increased the final allocations of the investment budget to the sum of 818,875,184,290 CFA F according to the Settlement Bill (Annexure II).

This amount differs from that contained in the initial finance law modified by the decrees of transfer of appropriations and is the same as indicated in the final report of the physical and financial performance of the PIB (795,910, 048, 230 CFA F).

A difference of 22,965,136,060 CFA F emerges between the data of the

public investment budget in the Settlement bill and those of the final report on the physical and financial execution of the PIB.

Moreover, commitments and authorizations amounted respectively to 792,969,199, 260 CFA F and 782,784,991,736 CFA F while payments amounted to 602,730,343, 594 CFA F, indicating bills payable of 180,054, 648,142 CFA F.

Execution of the said expenditure presents various situations :

a) Commitments higher than appropriations

For investments financed by internal and external resources, the rate of execution of certain heads surpassed 100 % :

Head	Item	Rate of commitment (%)
01	Presidency of the Republic	120.03
12	General Delegation for National Security	209.90
22	Economy, Planning and Regional Development	222
36	Public Works	100.72
93	Rehabilitation and Restructuring	100.57

The Ministry of Finance explains overruns of the Presidency of the Republic and the General Delegation Regarding the overrun of 41 billion CFA F, that is, 222% observed at the Ministry of the Economy, Planning and Regional Development, it is justified by external funding related to the construction project of the Kribi deep seaport industrial complex initially budgeted at \$ 4 billion.

These overruns recorded in the commitment of appropriations in heads 22, 36 and 93 were made in violation of the principle of limitation of appropriations as required by section 16 of the Law on the Fiscal Regime of the State, since these additional appropriations were not the subject of advance decrees in accordance with section 54 (1) of the above-mentioned law.

Denials by the Ministry of Finance in this regard do not alter the situation. Table 9 of the final report of physical and financial execution of the budget financed by internal and external resources shows that overruns were observed, among others, in the following heads :

01- Presidency of the Republic: 120.03 % ;

12- General Delegation for National Security: 209.90 % ;

22- Economy, Planning and Regional Development: 222 %.

b) Resources of Debt Relief and Development Contract (C2D)

C2D resources are foreign funding. During the 2012 financial year, the sum of 12,381,000,000 CFA F could not be mobilized by some ministries. They include :

Head	Item	Amount of resources not mobilized
30	MINADER	931 000 000
31	MINEPIA	1 050 000 000
35	MINEFOP	5 000 000 000
38	MINHDU	5 400 000 000
	Total	12 381 000 000

The final report of the physical and financial execution by MINEPAT indicates that these amounts could not be committed because of the lack of maturation of the projects, the lack of mastery of procedures of the French Development Agency (AFD) and the absence of non-objection by some donors.

c) Situation of execution by head, region and project

Section 22(5) of Law No.2007/006 of 26 December 2007 relating to the Fiscal Regime of the State indicates that the Settlement Bill must be accompanied by *“a statement on the execution of all investment projects to justify the disparities noted during the year under review between forecasts and actuals, by government service and by region”*.

The analysis of this document on pages 87 and 88 leads to two observations regarding Head 37 - *“Lands Domains, Surveys and Land Tenure”*

Sub-Head 2-30-01-222-741 *« improvements of land lots »* in the central administration whose estimates stood at 20 million CFA F, had commitments of 800 million CFA F ;

On the other hand, almost all of the other projects of this Ministry in the regions never had any commitment. The report of the final physical and financial execution explains this low level of commitment by the fact that the reservation procedure regarding appropriations on the land reserve project, although prohibited by regulation, was not respected. Accordingly, related confirmations of receivables are being cancelled and will be reissued.

It should be noted here once again, the non-compliance of financial orthodoxy both for sub-head 2-30-01-222-741 "Improvements of State-owned estates" which had a significant overrun without prior appropriation transfer and for the case of cancellation of confirmation certificates because of ignorance of procedures. Because section 53 (2) of Law No. 2007/006 of 26 December 2007 referred to above states that " *appropriations may be transferred within the same head, from one section to another and from one programme to another by order of the Minister of Finance on a recommendation of the authorizing officer*".

2.2.3.3 - Budgetary expenditure relating to guarantee by the State

Section 18 of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State provides :

- "(1) The finance law of the year shall comprise two (2) distinct parts :*
- (3) In Part II, the finance law of the year5°) shall authorize the granting of State guarantees and lay down their regimes."*

Law No. 2011/020 of 14 December 2011 on the finance law of the Republic of Cameroon for the 2012 financial year authorizes the Government to grant during the 2012 financial year *"the guarantee of the State to public establishments and semi-public enterprises exclusively for concessionary loans for a total amount not exceeding 40 billion CFA francs"*.

It must be noted that the Settlement Bill of 2012, which is the law reviewing the last finance law ¹⁹(section 20 of Law No 2007/006 of 26 December 2007), does not render account on the implementation of section twenty-one of the finance law on authorized guarantees up to an amount of forty billion CFA francs, which the Ministry of Finance is committed to correct during the internalization of reform.

Note should be taken.

¹⁹ Section 20 of Law No. 2007/006 of 26 December 2007

2.2.3.4. Reconciliation table of the balance in the Settlement Bill

Daily operations of revenue and expenses are expressed in the accounts. Movements of the said accounts supply the overall balance of the year. Data from the trial balance of accounts are thus used to prepare the Settlement Bill.

The Settlement Bill of 2012 was accompanied by the “Reconciliation table of expenditure (balance - Settlement Law) 2012 financial year, TAB-2” which indicates, for accounts of Class 1, 2 and 6, the amounts of the Settlement Bill, the balance and the difference between the two amounts.

It was noted in this table that the total reconciliation of Class 1 and account 64 show the differences between the amounts recorded in the balance of accounts and those of the Settlement Bill as follows :

Account	Settlement Bill	Balance	Difference
1	187 090 101 184	181 227 101 184	5 863 000 000
64	62 524 589 387	38 619 755 261	23 904 834 126
Total			29 767 834 126

The Minister of Finance explains these differences in the following manner:

For foreign debt, the CAA during the financial year called on the Treasury to make available the amount of the balance of accounts, that is or 71.177 billion CFA F. The difference of 29.681 billion CFA F represents payments made directly by the CAA with its own deposits. In this case, the amount in the settlement bill is the figure produced by the Autonomous Sinking Fund (CAA).

The amount of 38 619 755 261 CFA F in the balance is broken down as follows : interests on internal debt 23 642 589 387 CFA F, external debt 14 884 000 000 and financial costs and bank charges 93 165 874 CFA F.

It should be noted that according to point 530 of the Circular No. 0001/MINFI of 10 January 2012 on instructions for execution, monitoring and control of the execution of the budget for 2012, the CAA plays the role of public accountant in matters of payment of expenditure on external and domestic resources

The explanations by the Ministry of Finance demonstrate that the Public Treasury is not yet the single outlet for encashment of revenue and payment of State expenditure as prescribed by section 68 of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State.

The result is that the two systems of collection of information on payment of State expenditure coexisted in 2012: that of the Public Treasury and that of the Autonomous Sinking Fund. This practice does not allow for centralization of reliable financial information. To put an end to this, according to the Ministry of Finance, there are plans to set up an integrated information system between the Autonomous Sinking Fund and the Treasury.

Note is taken.

2.2.4. Earmarked accounts

According to section 26(1) of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State *“Earmarked accounts shall show, under conditions provided for in a financial law, budgetary transactions financed by special revenues which are by nature directly related to the expenses concerned”* .

And in application of the provisions of section 25 of the same law, Law No. 2011/020 of 14 December 2011 on the finance law for the 2012 financial year, opened twelve (12) earmarked accounts balanced in income and expenditure at the sum of 93 300 000 000 CFA F in chapter 4 and in sections 6 to 16.

These earmarked accounts as well as their allocations are as detailed in the table below :

Table 13. Earmarked accounts

N°	Earmarked account	Amount
1.	Road Fund	55 000 000 000
2.	Earmarked account for the production of secure documents	3 500 000 000
3.	Earmarked Account for the financing of sustainable development in matters of water	500 000 000
4.	Earmarked Account for the development of forestry	2 000 000 000
5.	Earmarked Account for support of tourism	1 000 000 000

6.	Earmarked Account for Cultural Policy	1 000 000 000
7.	Earmarked Account for the Regulation of Public Contracts	8 000 000 000
8.	Earmarked Account for the Development of Telecommunications	10 000 000 000
9.	Royalties paid by autonomous ports to the National Ports Authority	1 500 000 000
10.	Earmarked Account for the modernization of research in State universities	9 600 000 000
11.	Seeds Fund	1 000 000 000
12.	Earmarked Account for the Development of the Postal Sector	200 000 000
TOTAL		93 300 000 000

2.2.4.1. Lack of information

With regard to the formal presentation, the 2012 Settlement Bill has explanatory annexure by earmarked account as noted in Opinion No. 001/2011 of 14 December 2011 and in compliance with the provisions of section 22(4) of the law of 26 December referred to above. .

However, for the 2012 Settlement Bill, the annexure which accompany the Settlement Bill do not contain, for some accounts, the detailed revenue and expenditure in order to help ensure their compliance with the statutory purpose.

Despite this same observation on the 2011 settlement bill, the Ministry of Finance did not implement corrective measures.

Once again, there is a lack of information on the revenue and expenditure on some earmarked accounts, notably :

- The Earmarked Account for the Development of Telecommunications ;
- The Earmarked Account for the Modernization of Research in State Universities ;
- The Seeds Fund.

2.2.4.2. Situation of Earmarked accounts

The table below indicates :

N°	Account title	Revenue estimates	Revenue collection	Rate of execution (%)	Execution of expenditure	Rate of execution (%)
1	Road Fund	55 000 000 000	55 000 000 000	100	2 331 487 949	4.24
2	Production of secure documents	3 500 000 000	3 350 768 111	95.74	3 343 427 978	95.53
3	Funding for the Sustainable water Development	500 000 000	390 738 184	78.15	286 559 231	57.31
4	Forestry Development	2 000 000 000	3 162 007 548	158.10	1 940 420 436	97.02
5	Support to Tourism	1 000 000 000	1 147 437 510	114.7	1 097 131 034	109.71
6	Support to Cultural Policy	1 000 000 000	1 125 647 588	112.56	995 310 174	99.53
7	Regulation of Public Contracts	8 000 000 000	4 198 942 581	52.49	4 004 105 540	50.05
8	Development of Telecommunications	10 000 000 000	11 416 585 649	114,17	2 175 124 601	21.75
9	Royalties paid to National Ports Authority	1 500 000 000	1 837 446 700	122.50	1 683 457 553	112.23
10	Modernization of Research in State Universities	9 600 000 000	9 600 000 000	100	8 123 358 500	84.62
11	Seeds Fund	1 000 000 000	1 723 467 116	172.35	441 010 904	44.10
12	Development of Postal services	200 000 000	200 000 000	100	95 522 856	47.76
	TOTAL	93 300 000 000	93 153 040 987	9.84	26 516 916 756	28.42

This has resulted in a number of findings.

2.2.4.2.1. Exceeding the revenue ceiling

The Finance Law set the ceiling for resources to supply the Earmarked Accounts. However, out of the twelve accounts functioning during the 2012 financial year, six were in excess. These are :

- Forestry development ;
- Support to Tourism Activities ;
- Support to Cultural Policy ;
- Development of Telecommunications ;
- Royalties paid by Autonomous Ports to the National Ports Authority;
- Seeds Fund.

It appears that the ceilings set by the Finance Law have not been met with respect to the above-mentioned Earmarked Accounts.

To the Ministry of Finance, the revenue ceilings are analyzed as limits from the State in the form of budget disbursements and do not take account of own-source resources of Earmarked Accounts; thus, they were not exceeded.

Many of the principles and rules below, however, confirm the observation of the financial jurisdiction :

- 1- Earmarked accounts are exceptions to the principles of budgetary unity and universality (non allocation of revenue) as approved by section 5 of the Law on the Fiscal Regime of the State.
- 2- Pursuant to section 26 of the Law on the Fiscal Regime of the State,
 - “(1) Earmarked accounts shall show, under conditions provided for in a finance law, budgetary transactions financed by special revenues which are by nature directly related to the expenses concerned.*
 - (2) Except otherwise provided for by a finance law, earmarked accounts may not be subsidized from the general budget.*
- 3- The ceiling set by the finance law should be understood as including all revenue for each earmarked

account, including, where appropriate, subsidies from the general budget duly authorized by the finance law;

- 4- “*Own-source resources*” referred to in the response of the Minister of Finance are part of the ceiling. Accordingly, it is necessary to collect all the resources of the finance law by respecting the ceiling fixed for each Earmarked Account.

2.2.4.2.2. Fate of excess revenue

Some Earmarked Accounts had excess revenue such as:

The Earmarked Account for Forestry Development whose ceiling set by the Finance Law for the 2012 financial year was 2 000 000 000 CFA F but for which the total revenue is 3 162 112 698 CFA F. The surplus is 1 162 112 698 CFA F ;

The Earmarked Account for the Development of Telecommunications whose ceiling set by the Finance Law is 10 000 000 000 CFA F but which pulled in 11 416 585 649 CFA F, that is a surplus of 1 416 585 649 CFA F.

No indication is given on the fate of surplus revenue from these Earmarked Accounts against the ceilings set by the Finance Law; the Ministry of Finance thinks that there is no violation of the law on this issue.

These excess collections seem to stem more from the confusion between the concept of ceiling of an Earmarked Account and the amount of the subsidy. Accordingly, referring to annexure 4 of the fate of the surplus revenue made in favour of the Road Fund paid into the single treasury account for the financing of the State budget, it appears that the surplus recorded in resources of most Earmarked Accounts have been transferred into the general budget in accordance with section 26 (3) of the Law on the Fiscal Regime of the State.

2.2.4.2.3. Grant of subsidies

The finance law of 2012 contains no table showing the subsidies granted by the State in respect of the supply of Earmarked Accounts or other bodies.

It shows that, contrary to the provisions of 26 (2) of Law on the Fiscal Regime of the State, subsidies from the general budget of the State were allocated to certain earmarked accounts such as for forestry development, support to tourism, support for cultural policy, regulation of public contracts, the royalties paid by autonomous ports to the National Ports Authority, the modernization of research in State universities, the seed

Fund and the development of the postal sector.

Although some texts creating Earmarked Accounts include grants among their resources, they can only be authorized under section 26 (2) referred to above by a budget law, which is not the case for the earmarked accounts mentioned above.

2.2.4.2.4. Differences

Significant differences are observed between the rates of collection of revenue and expenditure.

Thus, as regards the Road Fund, there are a rate of collection of revenue of 100% and 4.24% for expenses. Similarly, as regards the Earmarked Account for the Development of Telecommunications, we note a rate of collection of 114.17% against 21.75% of expenditure.

It is necessary to note the low execution rate of expenditure of Earmarked Accounts and consider the merits of systematic renewal, year after year, of allocated ceilings without carryover of balances that have not been used. While recognizing the relevance of this analysis, the Ministry of Finance announced reforms in this sector to better manage the Earmarked Accounts.

2.2.4.2.5. Payment of salaries and sundry allowances

Section 32(1) of the Fiscal Regime of the State states: *“It shall be forbidden to charge directly to a special account any expenditure resulting from payment of wages, salaries, allowances and sundry entitlements.”*

It is clear that in violation of this provision, salaries and various allowances were paid by revenue in most Earmarked Accounts.

Although the Ministry of Finance thinks otherwise, it must be remembered that Earmarked Accounts are only budgetary allocations, lodged in ministries or public institutions. Also, their status and management should not be confused with that of the said entities.

2.2.4.2.6. General balance of Earmarked Accounts

Out of a total initial allocation of 93.3 billion CFA F for the twelve Earmarked Accounts for the 2012 financial year, revenues were collected in the amount of 93,153,040,987 CFA while expenditure was made for a total of 26,516,916,756 CFA francs, that is, a surplus of 66,636,124,231 CFA F. It was not integrated into the overall result for the year in accordance with section 32 (3) of the Fiscal Regime of the State.

The obligation to render account and the principle of transparency are, however, necessary in the presentation of the balances of Earmarked Accounts, the related appropriations being governed by the same rules as those applicable to the general budget.

As a result, the balance of each Earmarked Account should be deferred to the following year and the results recorded in each category of accounts should be included in the general result of the year.

Ultimately, for the 2012 financial year, the budget balance, as described in the Settlement Bill transmitted to the Audit Bench is in excess by 26,292,530,983 CFA F. This balance is obtained by the difference between cash (2 751 116 362 685 CFA F) and authorizations (2,724,823,831,702 CFA F).

But taking into account the income and expenditure to be regularized found above and which should normally receive a final charge before the end of the year, the amounts of revenue and authorizations should have increased respectively by 366,920,114 CFA F and 59,919,096,830 CFA F total amounts of revenue and respective authorizations of 2,751,483,282,799 CFA F and 2,784,742,928,832 CFA F.

The budget balance would therefore be in deficit of 33,259,645,732 CFA F.

Moreover, taking into account balances of Earmarked Accounts that had as revenue 93,153,040,987 CFA F and expenditure 26,516,916,756 CFA, there is a surplus of 66,636,124,231 CFA F.

This results in an overall surplus balance of 33,376,478,499 CFA within the meaning of section 32 of the Law on the Fiscal Regime of the State

Balance of the general budget presented by the Ministry of Finance :	+ 26 292 530 983 CFA F
Balance of the general budget after integration of provisional imputation accounts :	- 33 259 645 732 CFA F
Total balance after integration of Earmarked Accounts :	+ 33 376 478 499 CFA F.

CONCLUSION

The consideration of the Settlement Bill for the 2012 financial year allowed the financial jurisdiction to notice significant shortcomings in the process of its preparation and presentation to Parliament with regard to both the form and the substance.

On the form

Pursuant to the provisions of sections 20 and 22 of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State, the Settlement Bill contains references and documents required by law, except for the state of development of budgetary operations presented by nature distinguishing projections and collections. There is also lack of information on certain transfers of appropriations within heads.

Consistency of effort required to meet the deadline of submission of the settlement bill to the Audit Bench for opinion is also the point at which the results are mixed.

On the substance

As in 2011, the execution of the Finance Law of the 2012 financial year remains satisfactory. It is characterized by a collection rate of 98.25% in revenue, a slight decrease compared to the 2011 financial year which was 98.47% and expenditure execution rate of 97.32% an increase compared to the 2011 financial year.

The irregularities show that the information system needs to be improved. Thus, the excess budget balance of 26,292,530,983 CFA registered in the Settlement Bill should be reduced to a deficit of 33,259,645,732 CFA after integration of balances of provisional charge accounts and then to a surplus of 33,376,478,499 CFA F after integration of the balance of Earmarked Accounts.

Measures that could lead to bridge the information gap in the detail of certain Earmarked Accounts, announced by the Ministry of Finance, if effectively taken, would likely contribute to the reliability of financial information of the State.

Notwithstanding the shortcomings of form and substance identified above, the Audit Bench of the Supreme Court is of the opinion that the Settlement Bill for the 2012 financial year could be adopted.

Section 2. Certification Report No. 004/2013/CDC/CSC of 18 December 2013 of General Account of the State for the 2012 financial year²⁰

In compliance with the terms of section 60 of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State, *“State accounts must be regular, genuine and give a true image of its patrimony and financial situation.”*

The general account of the State features among these accounts, which according to section 63 of the law referred to above, describes the operations of the general accounting of the State.

Articles 125 and 126 of Decree No. 2013/160 of 15 May 2013 relating to the general regulations governing public accounting indicate that the Minister in charge of Finance shall submit to the accounts jurisdiction the general accounts of the State in support of the Settlement Bill which is communicated to it annually. The jurisdiction gives an opinion on the Settlement Bill and produces a certification report on the general accounts of the State.

“Certification is a written and reasoned opinion which is formulated by an independent body, under its own responsibility, on the accounts of an entity. It consists in collecting the elements necessary for the obtention of reasonable assurance on the compliance of financial statements, in all their important aspects, with a series of rules and principles.”²¹

It follows that the Audit Bench has as mission to ensure that the account submitted for certification is in compliance with the legal and regulatory provisions and that the financial statements are regular, genuine and give a true image of the financial situation of the State.

The certification issued by the Bench aims at clarifying Parliament in charge of controlling the execution of the finance law. It is also forwarded to the Government and to a larger extent to all users of financial statements.

By so doing, the Bench is performing its mission of assistance to Parliament and the Government in the control of execution of the finance law.

²⁰ Cf. annexe No.3, Reaction of MINEPAT of 09 June 2014 addressed to MINFI and copied to the President of the Audit Bench

²¹ Cour des Comptes (France), Report on the certification of the accounts of the State, 2009 financial year, Documentation française, Paris, 2010

The law relating to the fiscal regime of the State wanted the State to endow itself with tools that will enable her to assess its financial situation and patrimony, know its costs and better assess its bottom line in order to improve on budget management and performance of its public policies. Certification of accounts by an external auditor such as the Audit Bench of the Supreme Court is one of these instruments.

Audit methodology

The Audit Bench carried out its audit within the ambit of the provisions of Law No. 2003/005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court and of Law No. 2006/016 of 29 December 2006 to fix the organization and functioning of the Supreme Court and by referring to generally recognized international standards in issues of audit of public finance, notably ISSAI standards.

Three fundamental principles govern the organization and activity of the Audit Bench both with regard to the execution of its controls and enquiries and with regard to the drafting of its public reports or opinions: independence, opposition and collegiality.

Institutional independence of the financial jurisdiction guarantees that all controls carried out and the conclusions reached are in total freedom of appreciation.

Contradiction implies that all facts and assessments resulting from a control, an enquiry or audits as well as all the ensuing observations and recommendations are systematically submitted to officials of the structures or bodies concerned. They can only be made final after consideration of the responses received.

Collegiality intervenes to conclude the main stages of the control and publication procedures.

This equally applies to the Act of certification of State accounts.

With regard to standards, those that are applied partially or fully here concern :

ISSAI 1200 "Agreement on the objectives of the audit mission": this standard is applicable in the sense that Decree No. 2013/160 of 15 May 2013 above provides that :

" Article 125.- (3) "The accounts jurisdiction shall certify that the financial statements are regular, sincere and give a true image of the

financial situation of the State”.

« **Article 126.-** (3) The general account of the State shall be produced by the Ministry in charge of Finance to the accounts judge in support of the Settlement Law which is forwarded to him annually.”

“(4) Based on the Settlement Bill and administrative accounts of principal authorizing officers, the judge shall issue an opinion and a certification report on the general accounts of the State”.

“(5) ... The opinion and report shall be forwarded to Parliament.”

- ISSAI 1250: **“Consideration of Laws and Regulations in an Audit of Financial Statements”**: The Bench takes into consideration all the regulatory and legal instruments governing State accounting, the preparation of general accounts of the State which describes the operations and certification of the said account by the accounts judge. Lastly, the laws giving jurisdiction to the Audit Bench and CEMAC Directives were taken into consideration ;
- ISSAI 1300 **“Planning an Audit of Financial Statements and distribution of tasks”**;
- ISSAI 1520: **‘Analytical Procedures’** ;
- ISSAI 1510: **“Opening balances”**: opening balances are systematically examined in order to ensure the exact transfer of balances from the accounts of one financial year to another both at the level of the trial balance as well as that of financial statements;
- ISSAI 1710: **“ Comparative information- Corresponding figures and Comparative financial Statements”**: the production of data of the 2011 financial year carried forward in the general accounts of the State for the 2012 ensured comparative analysis from one financial year to another.
- ISSAI 1700: **“Report” Forming an opinion and reporting on financial statements**: an interim certification report is produced and submitted for opposition by the Minister of Finance. The final report is forwarded to Parliament as provided for by the decree referred to above.

It should be noted that within the framework of the certification of the General Account of the State for the 2012 financial year, the Audit Bench could not apply certain important standards in matters of audit. They notably include :

- ISSAI 1500 : *“Audit evidence”*: the verification on documents could not be carried out because of the reduced deadlines of the certification mission this year. The Bench could not therefore collect conclusive elements on observations made on the financial statements especially;
- ISSAI 1505: *“External confirmations”* : uncertainties on the account *“Participation Certificates”* for example could not be dispelled in the absence of information ;
- ISSAI 300 : Operations were correctly committed, cleared, paid and registered: that paid expenditure operations and registered correspond to those which were normally the subject of taking over in compliance with the principle of the establishment of obligations and that revenue operations registered are those that have been cleared.
- ISSAI 1530 : *“Audit sampling “* was not performed for lack of time and preliminary exchange between the Ministry of Finance and the Audit Bench

Certification is an annual mission necessitating continuous dialogue with the administration. This approach was not possible within the framework of the mission of this year for several reasons:

- context of the first financial year concerned with certification;
- application of patrimonial accounting yet to be completed;
- *“experimental”* character of the general account of the State;
- non-respect of deadlines for the production of the general account of the State; its late submission does not give the jurisdiction enough time to carry out verifications on documents, to establish and forward the certification report within the deadlines in compliance with the parliamentary calendar;
- absence of preliminary work by the Audit Bench during the execution of the budget corresponding to the general account of the State concerned with the certification;
- limited material and financial resources.

Certification of the general account of the State for the 2012 financial year by the Audit Bench considered within the context of the methodology calls for observations with regard to the form and the substance.

I- ON THE FORM

1.1. Jurisdiction of the Audit Bench to certify the General Account of the State of the 2012 financial year

According to article 126 of Decree No. 2013/160 of 15 May 2013 supra,

“(4) Based on the Settlement Bill and the administrative accounts of principal authorizing officers, the accounts judge shall give an opinion and issue a certification report on the general account of the State”.

« (5) ...the opinion and report shall be forwarded to Parliament”.

It should nonetheless be noted in article 128 of this decree that the gradual application of some provisions shall be deferred to the end of the sixth year concerning especially :

- The full application of rules and procedures resulting from the principle of establishment of rights and obligations as well as patrimonial accounting governing general accounting ;
- The report of the financial jurisdiction on the certification of accounts.

These provisions which are in accordance with article 111 of the CEMAC Directive No. 02/11-UEAC-190-CM-22 relating to the General Rules on public accounting give the impression that certification cannot be done on the general accounts of the State for the 2012 financial year.

Section 63 of the Fiscal Regime of the State states that: *“State financial accounting shall be based on the principle of the establishment of rights and obligations in accordance with the general accounting plan...It shall be described in the general State account”.* In compliance with section 78 of the same text, these provisions are applicable from the 2012 financial year. .

Thus, if the general account of the State for the 2012 financial year is due, its certification as well as that of the subsequent submitted accounts up till six years from the 2013 financial year, must take account of the level of appropriation and application» *of rules and procedures resulting from the principle of establishment of rights and obligations as well as patrimonial accounting governing general accounting”.*

Based on this reservation, the Audit Bench can henceforth perform its mission of certification of the general account of the State for the 2012 financial year. This certification is done here within the context of a

constructive measure of accompanying the gradual implementation of the reform of accounting and public finance.

1.2. Transmission deadlines of the General Account of the State

By correspondence No. 000375/L/MINFI/SG/DGTCFM/DCP/SDRBEC of 11 October 2013, the Minister of Finance transmitted to the President of the Audit Bench for opinion the Settlement Bill for the 2012 financial year. This bill was accompanied by the General Account of the State in accordance with the provisions of article 126(3) of the decree of 15 May 2013 according to which *“the General State account shall be produced by the Minister in charge of Finance to the accounts judge in support of the Settlement Bill which is transmitted to him annually.”*

These provisions indicate that the deadlines for the transmission of the General Account of the State to the financial jurisdiction are linked to those for the production of the Settlement Bill.

According to section 21 of the Fiscal Regime of the State *“The Settlement Bill and its appendices must be tabled not later than 30 September of the year following the financial year to which it is related”*.

Moreover, *“State accounts... shall be produced at the Audit Bench not later than three (3) months after the end of the supplementary period of the financial year ...”*²², *“whose time-limit shall be 28 February of the year”*²³.

It follows that the Settlement Bill and the General Account of the State which accompanies it must be transmitted to the Audit Bench respectively for opinion and certification between 1st June and 30th September of the financial year following that to which they are prepared.

Surely, for the financial year under review, the supplementary period was extended to 29 March 2013 in accordance with Ordinance No. 2012/002 of 30 November 2012. But the fact remains that the provisions referred to above were not respected, notably the Bench was seized by mail of 11 October 2013, registered the same day under number 713.

Even though the subject of the transmission letter of the Settlement Bill for the 2012 financial year from the Minister of Finance was not explicit, this letter tantamount to the seizing of the Bench with regard to the certification of the general accounts of the State for the 2012 financial year. This referral was done beyond the statutory deadline.

²² Article 26 of Decree No. 2013/160 of 15 May 2013 supra.

²³ Section 62(3) of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State.

The Ministry of Finance takes note of this observation and observes that this delay can be explained by at least two reasons:

- *The extension of the supplementary period of the 2012 financial year by one month by Ordinance No. 2012/002 of 30 November 2012. This situation had as inevitable consequence the extension of the deadlines for the production of the general account of the State.*
- *The work of redressing and integration of the accounting of certain accounting stations especially those abroad in view of guaranteeing the production of more reliable and complete accounts.*

The Audit Bench takes into consideration the reasons raised and urges that in future the general account of the State be transmitted on time.

1.3. Content of the General Account of the State for the 2012 financial year

Decree No. 2013/160 of 15 May 2013 supra provides in its article 125 that *“the general account of the State shall include the trial balance of the State and the financial statements especially the balance sheet, the income statement, the cash flow table and the annexed statement.”*

Article 126 (2) of the same decree thus supplements these provisions:

“The general State account shall include :

- *the account balance ;*
- *the balance sheet ;*
- *income statement ;*
- *summary statement of budgetary execution for revenue ;*
- *summary statement of budgetary execution for expenditures ;*
- *statement of accounts of correspondents ;*
- *cash flow table.”*

Examination of the composition of the documents accompanying the Settlement Bill for the 2012 financial year transmitted by the Minister of Finance on 11 October 2013 relates essentially to:

- The general balance of accounts for the 2012 financial year :

- Appendices to the Settlement Bill for the 2012 financial year including *Annex V General State account* as at 31 December 2012. After a brief reminder of the legal provisions, this account successively presents the balance sheet, income statement and the cash flow table. These financial statements are followed by explanatory statements in lieu of appended statement;
- Summary statements of budgetary execution in income and expenditure appear in the explanatory statements and are equally the subject of articles 1 to 5 of the Settlement Bill.

The general account of the State of the 2012 financial year as submitted by the Minister of Finance to the jurisdiction for certification in support of the Settlement Bill is in compliance with the regulatory provisions which govern it.

The Ministry of Finance has taken note.

II. ON THE SUBSTANCE

According to article 125(3) of the decree of 15 May 2013 supra, “*the accounts jurisdiction shall certify that the financial statements are regular, genuine and give a true image of the financial situation of the State*”. For this to take place, the Audit Bench verifies that the principles which govern the preparation of the said statements are respected.

2.1. Carry forward of the trial balance of accounts to the 2012 financial year

Examination of the trial balance of accounts of the 2012 financial year reveals that opening balances do not always correspond to closing balances of the 2011 financial year. This is especially the case with balances of tangible fixed assets and class 3 accounts.

- (1) In the tangible fixed assets accounts, the non carry forward of closing balances from the 2011 financial year in the opening balance of 2012 was noticed. The following table illustrates this situation :

(2)

Accounts	Tangible fixed assets	Closing Balance of 2011	Opening balance of 2012
		Debit opening balance	Debit opening balance
20	Tangible fixed assets	40 060 251 846	0
21	Building plots	854 454 000	0
22	Buildings, Equipment and movable assets	300 782 698 209	0
23	Real counterpart expenditure	44 357 415 353	0
26	Shares	14 649 102 134	0
27	Non distributed investment expenditure	40 000 000	0
28	Capital transfers	104 293 612 483	0
	Total	505 037 534 025	0

The non carry forward into opening balances of closed account balances of movable assets of the trial balance of the 2011 financial year led to the lowering of the value of the said movable assets as at 31 December 2012 of an amount equal to 505 037 534 025 CFA F.

According to the Ministry of Finance, the current accounting referential (that of cash accounting) did not provide the follow-up of capital assets over time especially through depreciation accounting and that of provision which alone ensures the carry forward from year to year of the net accounting value of the said capital assets.

In the absence of such a referential, brought forward as required by the Bench would not have any accounting relevance. It is therefore preferable that we wait for the integration of the accounting referential in the patrimonial accounting which is currently being finalized in the positive accounting to demand the carry forward of capital assets from the Ministry of Finance.

The Audit Bench admits the gradual nature of the application of

patrimonial accounting as provided for in the CEMAC Directive, the law on the financial regime of the State and the decree on the general accounting of the State. It is recommendable that follow-up be ensured in the process.

Class 3 accounts indicate a closing debit balance of the 2011 financial year of 109 587 874 680 FCFA. The accumulated balance of the same accounts indicates credit in the opening balance of an amount of 21 116 325 166 CFA F, resulting from the difference between the amounts in the opening debit balance of 4 552 978 248 559 CFA F and opening credit balance of 4 574 094 573 725 CFA F.

This inconsistency is justified by the non respect of the faithful transmission of balances from 2011 to 2012, notably for accounts as indicated in the following table :

Accounts and items	Balance 2011		Balance 2012		Observations
	Debit balance	Credit balance	Debit opening balance	Credit	
35 New carry forward (Transitional measures)	882 685 762 422		4 455 644 288 988		Inaccurate carry forward
390000 Difference on the opening balance		907 535 374 247		3 941 286 564 681	Inaccurate carry forward
39001 Debt stock	659 775 538 222		0		Not carried forward
39020 Cancellations of unjustified entries		66 060 406 417		0	Not carried forward
39030/39031 Repeat of opening balance	85 815 893 870		75 701 203 491		Inaccurate carry forward

Generally, examination of the various columns in the balance of the 2012 financial year indicates that the columns of cumulated Debit and cumulated Credit show only the amounts featuring in the column of Debit movement and Credit Movement, without considering the amounts in the opening Debit balance and Opening Credit Balance. This is non respect of the arithmetical logic of the establishment of the trial balance of accounts which is based on the determination of cumulated movements through the sum of opening balances and movements during the period.

The arithmetical logic of the establishment of the trial balance of accounts is not respected even though this seems not to affect the closing balance, that is, the new balance.

According to the Ministry of Finance, the logic of the construction of the Cameroonian account balance does not include opening balance operations in the cumulated debit and cumulated credit. The said balances are taken into account at the level of the calculation of the balance of the nature of account. While debit and credit movements and the cumulated debit and credit are only devoted to operations linked to the current year, as for the additional entry, they are related to operations of previous financial years.

This is a choice for which we have opted and which is mostly applied in several countries subjected to public accounting regime.

The Audit Bench takes note of this choice which does not alter the determination of balances.

2.2. Carry forward of the trial balance of financial statement of the 2012 financial year

According to article 112(3) of decree No. 2013/160 of 15 May 2013 supra, *“rules applicable to general State accounting are based on internationally recognized accounting principles. They must ensure the production of a general account of the State which includes the trial balance of accounts and financial statements ...”*

The trial balance of accounts is an exhaustive and obligatory summary statement established from all the accounts and each of them highlighting the total amounts of debits and credits and the balance which can be in debit, in credit or nil. From the balances of the accounts it also helps at the end of the financial year, to establish the income statement and the balance sheet and to verify for example if the total of debit balances of items on the balance sheet minus the total of credit balances is equal to the result which is also equal to the difference between the credit and debit balances of the income and expenditure accounts.

1. Brought forwards into the balance sheet

Examination of the general account of the State for 2012 reveals inconsistencies in the brought forward of certain balances in the balance sheet. This omission is more pronounced in the balance sheet of the 2011 financial year as shown in the table of inconsistencies of the brought forwards of the balances in the balance sheet of the 2011 financial year below :

Account	Item	Balance 2011	Amount in the balance sheet 2011
20	Tangible fixed assets	40 060 251 846	270 922 911 786
21	Lands	854 454 000	23 716 513 175
22	Other tangible fixed assets	300 782 698 209	1 848 304 372 693
23	Fixed tangible assets on counterpart funds	44 357 415 353	210 459 584 509
26	Participation certificates	14 649 102 134	111 395 722 892
27	Non distributed fixed tangible assets	40 000 000	42 842 455 983
28	Capital transfer	104 293 612 483	459 631 122 813

The non respect of relations which exist between balances of the trial balance of accounts and those of the balance sheet led to incorrect entries in the accounts of fixed tangible assets of the balance sheet at 31 December 2011.

The Ministry of Finance takes note of this observation made by the Audit Bench. This situation is nevertheless explained by the fact that the balance only retraces operations of the year without repeat in the opening balance at the level of Class 2 accounts.

As for the balance sheet, all the fixed assets acquired since 2003 were integrated into it in a desire for inclusion in the patrimony and this in an extra accounting manner. In this dynamic, it should be indicated that these fixed assets are not entered in the balance sheet at their net accounting value. They shall then be the subject of reprocessing immediately upon entry into force of the new accounting referential of the State.

The Audit Bench subscribes to the “desire for inclusion in the patrimony” by the Ministry of Finance. This desire was supposed equally to lead, as in 2011, to the integration in the 2012 balance sheet and in an extra accounting manner, assets acquired from 2003 to 2011.

2. Brought forwards into the income statement

The balance of State expenditure as accounted in the trial balance of the 2012 financial year stands at 1 777 784 695 771 CFA F and that of revenues stands at 2 503 959 361 137 CFA F. This shows a surplus of 726 174 665 366 CFA F as featured in the income statement and brought forward in the assets of the balance sheet in the column “result of the financial year”.

In 2011 the cumulated balances of income and expenditure differ from those registered in the income statement. In the trial balance, the balance of expenditure is 1 690 644 609 448 CFA F and in the income statement it is 1 690 260 244 260 CFA F.

For income, these balances are respectively 2 326 386 457 409 CFA F and 2 324 481 656 402 CFA F.

This situation induces a result for the financial year as calculated in the income statement lower by 1 520 415 819 CFA F to that determined by the balance of the trial balance of accounts

The Audit Bench notes accounting differences between income and expenditure in the trial balance accounts with those of the same accounts in the income statement having reduced the result of the financial year by 1 502 415 819 CFA F.

The Ministry of Finance takes note of this observation made by the Audit Bench. A computer application in an Excel table was put in place from the beginning of this financial year to guarantee an automatic production of annual financial statements. It will bring the differences noted by the Bench to a negligible proportion.

The Audit Bench takes note of the commitments by the Ministry of Finance to take measures for the suppression of differences.

3. Non-respect of accounting principles

Three accounting principles were not respected :

- the principle of justification

- the principle of exhaustiveness
- the principle of double entry

a) Principle of justification

The Audit Bench notes the presence of account 39020 titled “cancellation of unjustified operations” in the 2011 closing balance with a credit balance of 66 060 406 417 CFA F which disappears in the 2012 opening balance. The title of this account betrays the non conclusive nature of the accounting in which it is found.

According to the Ministry of Finance, even though not apparent in the column of the 2012 opening balance, the amount of 66 060 406 417 CFA F is included in the total of accounts 39 which is found in the forwarded balance. Moreover, the Ministry of Finance having undertaken to justify all the accounts in the general accounting, indispensable prerequisite for the changeover to patrimonial accounting envisaged for 1 January 2014, account 39020 was created to guarantee coherence, at the end of the physical inventory work, between balances of the general accounting and the documents effectively found in the accounting stations.

The existence and use of account 39020 find their relevance in the fact that on 1 January 2014, only justified accounts shall be the subject of changeover into the patrimonial accounting system.

If the Audit Bench subscribes to the concern of the Ministry of Finance to switch to the patrimonial accounting system only justified accounts from 1 January 2014, it nevertheless wonders about the relevance of “unjustified operations” in public accounting.

b) Principle of exhaustiveness

All the data relating to drawings from direct external multilateral loans (account 150) for an amount of 94 801 414 847 CFA F and direct external bilateral loans (account 151) for an amount of 132 355 586 701 CFA F does not feature in the trial balance of accounts.

This equally applies to the surplus balance of Special Appropriation Accounts, that is, 66 636 124 231 CFA F which should be included in the general budget result in accordance with section 32(3) of the Financial Regime of the State.

According to the Ministry of Finance, the data relating to drawings on loans are below the line data which escape the perimeter of the single Treasury account. They are followed up by the Autonomous Sinking Fund (CAA) and included in an extra accounting manner. .

Concerning the surplus of 66 636 124 631 CFA F in Special Appropriation Accounts, it is the subject of inclusion not in the general accounting which culminates in the production of the annual State account but rather in the budgetary accounting and included in the calculation of the balance of the Settlement Law. This requirement shall be taken into account in the future application of the new accounting referential of the State which is being finalized.

To the Audit Bench, no encashment or disbursement operation of the State should escape the perimeter of the single Treasury account in accordance with the provisions of section 68 of Law No. 2007/006 of 26 December 2007 relating to the Financial Regime of the State.

With regard to the surplus in the Earmarked Accounts, the explanations of the Ministry of Finance are in agreement with those of the Audit Bench.

c) Principle of double entry

Account 39 000 titled "Difference on the opening balance" which is also transacted during the period, is the expression of the non respect of the principle of double entry which concerned 907 535 374 247 CFA F in 2011 and 394 128 564 681 CFA F in 2012.

According to the Ministry of Finance, the existence of account 39000 is justified by the failure to bring forward all closing balances at the end of the year. These especially include class 2 accounts, certain balances of class 5 accounts and the failure to determine the accounting result through a difference between expenditure (class 6) and revenue (class 7) accounts.

The failure to bring forward these accounts will thus creates disequilibrium in the opening balance of financial year N+1 which is logically made up in account 39000. This is a situation which is imputable on the current cash accounting system. The patrimonial accounting system whose implementation is envisaged in the coming years will help remedy this situation.

To the Audit Bench, this explanation by the Ministry of Finance is within the logic of the gradual implementation of patrimonial accounting.

4. Equity capital

Article 26 of CEMAC Directive No. 03/11-UEAC-195-LM-22 of 19 December 2011 relating to the Chart of Accounts of the State provides that: *"the table of the net worth or balance sheet presents the assets and liabilities of the State. It distinctly shows....in the liabilities: financial*

liabilities, non financial liabilities (excluding cash), provisions for risks and charges, overdrafts and liability adjustment accounts". To this effect, Volume I of the Didactic Guide to the said Chart recalls that the format of the table of the net situation or balance sheet is a specificity that takes into account the fact that the State does not have equity capital.

Consideration of the elements in the liabilities of the Balance Sheet of the State on 31 December 2012 shows equity capital of an amount of 1 342 739 864 816 CFA F in 2012 and 946 824 303 665 CFA F in 2011, distributed between the reserves and the result of the financial year.

The result of the financial year is the brought forward of the balance of revenue over expenditure as accounted for in the income statement. In 2012, the brought forward is accurate and relates to the balance of 726 174 665 366 CFA F. On the other hand, the surplus of the revenues over expenditure accounted in the trial balance is 635 741 847 961 CFA F while in the balance sheet the amount of 616 565 199 450 CFA F is brought forward.

Moreover, the amount of the equity capital in the balance sheet is misleading. In fact, the Reserves account in 2012 must include unused reserves of the 2011 financial year and the income of the same financial year, that is, 946 824 303 665 CFA F. This takes the "equity capital" in 2012 to the sum of 1 672 998 969 031 CFA F. All that is left is to add the reserves of the 2011 financial year, the income of previous financial years waiting to be posted and brought forward again in the income of the current financial year.

Upon examination of interrelations between the balance and financial statement, the Audit Bench notes a lot of uncertainties with regard to the reliability of the registered data.

The Ministry of Finance takes note of this observation..

5. Treatment of fixed assets in the 2012 financial year

The Audit Bench notes that the basic design of the balance sheet was not respected. Indeed, it presents the financial situation of an entity at a given date and in this case as at 31 December 2012.

Contrary to the 2011 balance sheet, that of 2012 rather presents only acquired elements and entries into the patrimony of the State. All the acquisitions of the period from 2003 to 2011 which are found in the appended statement and notably in the table of fixed tangible assets deserved to be included in the 2012 balance sheet, in compliance with the approach of the gradual mastery of the fixed tangible assets of the State chosen by the Ministry of Finance within the framework of the

implementation of patrimonial accounting.

On the basis of the said table of tangible assets, this patrimony is thus 147 306 103 756 CFA F.

This inadequacy of taking a fraction of housing stock into consideration under the control of the Ministry of Finance invalidates the data at the top of the assets balance sheet.

The Ministry of Finance takes note of this observation.

6. Adjustment account

Another shortcoming of the balance sheet of the State as at 31 December 2012 is the use of *Adjustment account*. If the *Assets Adjustment* account provided for by the State Chart of Accounts is well furnished with indications of elements of circulating assets, such as *expenditure to be adjusted, court fees, Rejection of expenditure, Bonuses for the sale of stamps ...*the other *Adjustment account* featuring in the assets under Treasury assets giving an amount of 2 195 629 234 880 CFA F does not reveal its content. An examination of the various balances of the trial balance of accounts as at 31 December 2012 does not justify this amount in the assets in the balance sheet.

Inclusion of the second Adjustment Account in the balance sheet of the State as at 31 December 2012 further destroys the quality of this financial statement.

The Ministry of Finance takes note of this observation.

7. Uncertainty on the balance sheet equilibrium

The lack of comprehensive data of accounting of fixed tangible assets of the State, the lack of information on depreciation of the State's fixed tangible assets and provisions, the inclusion of accounts whose justification is not proved, give an inexact representation of the assets in the balance sheet as at 31 December 2012 and calls to question the principle of its equilibrium.

According to the Ministry of Finance the new accounting referential which organizes fixed tangible assets accounting and provisions is not yet applicable. Its future application will ensure improvement in the balance sheet of the State's assets.

The Audit Bench agrees.

8. Participation certificates

In compliance with the provisions of article 17 of CEMAC Directive on the Chart of Accounts of the State, *“the general accounting of the State shall respect the principle of intangibility of the opening balance: the detailed opening balance of a financial year must correspond exactly with the detailed closing balance of the preceding financial year”*.

By 31 December 2012, participation certificates of the State stood at 35 910 380 864 CFA F, as against 111 395 722 892 CFA F one year earlier. In fact, this drop is artificial in the sense that, as the Bench has indicated, data of fixed tangible assets previous to 2012 and those related to these financial fixed assets were not brought forward in the 2012 balance sheet, in violation of the principle stated in article 12 referred to above.

Moreover, the income results of the State indicates dividends for shares of an amount of 4 679 915 369 CFA F in 2011 and 8 540 371 349 CFA F in 2012, that is an increase of 82%. This contradicts the situation of the portfolio of shares which itself dropped by more than 68.4%.

The Audit Bench notes an inconsistency between the value of the State’s shares and the amount of the dividends produced, especially during the 2012 financial year.

The Ministry of Finance takes note of this observation and gives the assurance that this situation shall be remedied with the future application of the referential on patrimonial accounting undergoing finalization

Note is therefore taken,

9. Accounts of Treasury Assets and Treasury Liabilities

Examination of Treasury accounts featuring in the balance sheet revealed differences. In 2011, the difference between the balance of these accounts in the trial balance and that posted in the 2011 financial year is respectively 28 018 523 CFA F and 38 175 334 CFA F for accounts 56 *Liquid assets in banks* and 57 *Cash*. For Treasury accounts assets, the balance of account 450 *Financial services to public administrations* highlights a difference of 137 924 989 CFA F between the amount brought forward in the balance and that entered in the balance sheet.

The discrepancies noticed in the accounts of liquid assets as presented in the trial balance and the balance sheet expresses a yet imperfect mastery of links between these two documents.

According to the Ministry of Finance, the cash flow table is prepared on the basis of class 4 payment accounts and not taking-over accounts of

classes 1, 2 and 6 as indicated by the Audit Bench.

The Audit Bench maintains its observation which has to do with the trustworthy brought forward of balances in the trial balance in the balance sheet. The cash flow table is not concerned.

10. The balance sheet and cash flow table

Examination of the cash flow table in the light of certain items in the balance sheet reveals that cash linked to investments is negative by 489 764 651 606 CFA F, that is to say equivalent to the sum spent for the acquisition of fixed tangible assets, transfers being nil.

Meanwhile, the trial balance and the balance sheet of the 2012 financial year both indicate that the main fixed assets accounts (accounts 20, 21, 22, 23, 26, 28) were transacted in the debit, expressing an increase of fixed tangible assets of 736 044 200 622 CFA F. The additional financing of 246 279 549 016 CFA F still has to be justified.

Furthermore, examination of this table revealed that the equilibrium of the cash flow table contains a discrepancy highlighted by the equation of Treasury Variation (V). This equation is expressed by the following equation: $V = I+II+III+IV=VII-VI$.²⁴

The left hand side of this equation gives a total 25 973 134 975 CFA F and the right hand side a total of 29 441 011 801 CFA F, that is a difference of 3 467 876 826 CFA F.

Determination of the central variable of the cash flow table, that is the Treasury Variation which stands here at 25 973 134 975 CFA F not having been justified, the interpretation made in the appendices is questionable.

According to the Ministry of Finance, the treasury variation is verified at the level of class 5 treasury accounts at the beginning of the period and the same accounts at the end of the period. It does indeed ensure getting the amount found in the cash flow table.

The Audit Bench shares the analysis made by the Ministry of Finance on the principle of the determination of treasury variation.

24 (I) : Net cash flows linked to the activity ;
 (II) : Net cash flow linked to investment operations;
 (III) : Net cash flows linked to financing operations;
 (IV) : Net cash flows of non broken down operations;
 (V) : Treasury variation;
 (VI) : Cash at the start of the period;
 (VII) : cash at the end of the period ;

Meanwhile, the equation ($V = I+II+III+IV=VII-VI$) brought forward on the cash flow table remains unverified.

Conclusion on the certification of the General Account of of the 2012 financial year

Certification deadlines, dependent on deadlines for the production of the general account to the Bench could not enable it to perform all the audit tasks in accordance with international standards on the matter.

From a different level, patrimonial accounting which is the referential of the production of the general State account is not yet applicable in all its important aspects such as an inventory of the elements of the patrimony and their evaluation, constitution of depreciation and provisions of certain items of assets. Equally, the instruction by the Minister of Finance fixing its terms and conditions as provided for by article 121(2) of Decree No. 2013/160 of 15 May 2013 on the General Rules governing Public Accounting has not been issued.

For all these reasons, the certification of the general account of the State of the 2012 financial year, prepared on “an experimental basis”, as admitted by the Minister of Finance, must be put in perspective. It is essentially pedagogic and cannot have an incidence on the opinion of the Audit Bench on the Settlement Bill of the 2012 financial year.

Thus, the Audit Bench considers :

- That the production of the general account of the State for the financial year that closed on 31 December 2012 to the Audit Bench as prescribed by article 126 of Decree No. 2013/160 of 15 May 2013 on the General Rules governing general accounting is in progress in the implementation of general accounting ;
- That this implementation is part of the process of preparation of financial statements in compliance with generally admitted accounting rules and principles in order to correct the shortcomings indicated by the Audit Bench and admitted by the Minister of Finance ;
- That, however, and in the mean time, in application of article 82 of the CEMAC Directive relating to finance laws, the Audit Bench will continue “to give its assessment on the compliance of the general State account with the management accounts of principal public accountants and the administrative accounts of principal authorizing officers”;

Section 3. Act of certification No. 001/2013/CDC/CSC of 16 January 2013 relating to the certification of reporting forms of revenue of the extractive sector for the 2009 and 2010 financial years of public structures and entities

The Audit Bench of the Supreme Court of Cameroon sitting in chambers in its session of Wednesday 16 January 2013 at 17.00 hours in its ordinary hearing hall situated in its Head Office in Yaounde adopted the Act of Certification No. 001/2013/CDC/CSC of 16 January 2013 of reporting forms of revenue from the extractive sector for the 2009 and 2010 financial years of public structures and entities. The extracts hereunder centre around six points.

1. REFERRAL FROM THE MINISTER OF FINANCE

By letter No. 5981/MINFI/ITIE/ST/C of 12 December 2012 received and registered at the Audit Bench of the Supreme Court on the same day under number 703, the Minister of Finance seised the President of the Audit Bench in these terms:

“Dear Mr. President,

Within the framework of the preparation of the conciliation referred to above, the EITI Committee on 28 November 2012 organized at the DJEUGA Palace Hotel in Yaounde a training workshop on the use of the reporting form which was the subject.

Considering the important role which your institution plays in the reliability of the data of public sector entities participating in the said conciliation, the Committee was happy with the remarkable participation of your Bench, the sole entity capable of certifying the figures of the administration.

After the workshop, the Conciliator on 30 November 2012 launched the data collection phase by forwarding to all the stakeholders the reporting forms as updated after the consideration of the relevant observations by participants during the aforementioned workshop.

The deadline for return of the duly-filled forms is set at Wednesday 12 December 2012. The certified reports are to reach him not later than 28 December 2012. You will then have about two (2) weeks to certify the reporting forms of the following entities :

- *The Directorate General of Taxes ;*
- *The Directorate General of Customs ;*
- *The Directorate General of the Treasury, Financial and Monetary Cooperation ;*
- *The National Hydrocarbons Corporation.*

Each of these structures will forward their duly-filled forms signed by the Manager as from 12 December 2012.

With regard to the financial years for which the Audit Bench has already given an opinion on the public accounts of the period and whose respective settlement laws have been voted, for the certification referred to above, the Audit Bench is expected to produce a letter of confirmation that the audit of the accounts of the entities mentioned was performed pursuant to international standards (or generally admitted standards in Cameroon if these are convergent with international standards) which should be indicated.

It should be noted that the Settlement Laws for the 2009 and 2010 financial years shall equally be forwarded to the Conciliator.

In any case, this intervention by the Audit Bench is the only one capable of ensuring our country complying with Requirement 13 ("The government is required to ensure that government reports are based on accounts audited to international standards), which will make an important contribution in the satisfactory accomplishment of the conciliation in question, on which Cameroon depends in a significant manner for the attainment of the status of compliant country.

I remain available for any supplementary information you may require and thank you in advance for your diligent support.

Yours sincerely.

Signed : the Minister of Finance

2. JURISDICTION OF THE BENCH

The competence of the Audit Bench is founded on the Constitution, Law No.2006/016 of 29 December 2006 on the organization and functioning of the Supreme Court and Law No. 2003/005 of 21 April 2003 on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court.

In effect, with regard to the instruments mentioned above, the Audit Bench is competent to :

- *control and rule on public accounts, as well as on those of public and semi-public enterprises (section 41 of the Constitution) ;*
- *(c) give its opinion on Settlement Bills presented before Parliament;*
- *(d) draft and publish the annual report on the accounts of the State submitted to the President of the Republic (section 39 of Law No. 2006/016 of 29 December 2006 referred to above) ;*
- *give its opinion on any issue relating to the control and ruling on accounts where it is seized (section 10 of Law No. 2003/005 of 21 April 2003 supra).*

In addition, in accordance with section 33(1) of Law No. 2003/005 of 21 April 2003 supra, *"After examining the answers of the accountants and the complementary conclusions of the rapporteur, the Audit Bench shall give a final ruling on the accounts. The ruling on the accounts shall comprise two parts :*

- a) The first part shall certify the nature of the accounts and any corrections shall be indicated ;*
- b) The second part shall determine the regularity of the accounts, an accounting surplus or an accounting deficiency and where applicable indicate the respective periods when the operations were effectively carried out."*

In view of all these prerogatives, the Bench is competent to certify the reporting forms of revenue from the extractive sector of public establishments and entities whose accounts it controls.

3. EXAMINATION OF THE REQUEST FOR CERTIFICATION

By Order No. 2012/14/CDC/CSC/152 of 12 December 2012, the President of the Audit Bench appointed Masters of the Supreme Court as rapporteurs to examine the request for certification of accounts of the

extractive sector.

The team of rapporteurs carried out the mission in accordance with legal and regulatory instruments in force in Cameroon and international standards generally recognized in matters of the audit of public finance, notably the International Standards of Supreme Audit Institutions (ISSAI).

Thus :

- Letter No. 005981 of 12 December 2012 from the Minister of Finance specifying the terms of the mission in conformity with ISSAI standard 1210 relating to agreement on the terms of the audit missions.
- The team of rapporteurs obtained information both on the knowledge of EITI and on the instruments which govern the various revenue concerned with the certification and proceeded in accordance with ISSAI standard 1250 on the taking into account of laws and regulations in an audit and ISSAI standard 1230 on the documentation of an audit.
- The team leader of the rapporteurs carried out the planning and distribution of tasks among the rapporteurs as prescribed by ISSAI standard 1300.
- The mission verified the calculations of revenue entered in the detailed payments for the 2009 and 2010 financial years.
- The team compared the figures entered in the reporting forms with those on the attached annexure (details of payments and in some cases, revenue payment statements prepared either by the entity concerned with the reporting form or by the intermediate revenue collector).
- The comparison also concerned details of payments furnished by the various structures (DGI, DGD, SNH and others) with those produced by the Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM).
- Figures in the reporting forms of DGTCFM, DGI and DGD were compared with data in the trial balance of accounts of 2009 and 2010 which served in the preparation of the Settlement Laws of the said financial years.
- Numerous telephone and electronic communications were carried out by the mission team with the various officials of the services concerned who had prepared the reporting forms, which is in conformity with ISSAI 1260 and 1265 standards.

It should be noted that the mission did not carry out circularization, that is, external confirmation of information which is the job of the Conciliator. ISSAI 1505 standard was therefore not applied.

In order to enable the financial jurisdiction meet the deadline, the President, by letter No. 265/152/CDC/CSC of 14 December 2012, informed the Minister of Finance that the Audit Bench expected the reporting forms from his services (Directorate General of Taxes, Directorate General of Customs, Directorate General of the Treasury, Directorate General of Financial and Monetary Cooperation, National Hydrocarbons Corporation) which forms did not reach the Bench on that day.

At the end of the examination, a certification report of the reporting forms of revenue of certain public entities was drawn up and transmitted to the President of the Audit Bench by letter of 11 January 2013 who immediately convened by Orders No. 2013/02/CDC/CSC of 14 January 2013 and No. 2013/02/CDC/CSC of 16 January 2013 members of the Audit Bench to sit in chambers in order to adopt the certification report and respond to the request of the Minister of Finance.

4. OBSERVATIONS ON THE REPORTING FORMS OF REVENUE FROM THE EXTRACTIVE SECTOR FOR THE 2011 FINANCIAL YEAR OF PUBLIC STRUCTURES AND ENTITIES PUBLIQUES

4.1. Admissibility of the request from the Minister of Finance and deadlines

In his capacity as Chairperson of Extractive Industries Transparency Initiative (EITI) the Minister of Finance seised the Audit Bench in order to certify the reporting forms of certain public entities for the 2009 and 2010 financial years. In this capacity, the request is admissible.

The certification mission was carried out from 12 to 28 December 2012. In this regard, the reporting forms of revenue signed by officials of structures concerned were supposed to reach the financial jurisdiction from 12 December 2012.

The reporting forms from the various structures reached the Audit Bench on the following dates :

Serial No.	Structures	Date of submission of forms	Observations
01	Directorate General of Taxes	20/12/2012 and 15/01/2013	-
02	Directorate General of Customs	27/12/2012 and 16/01/2013	-
03	Directorate General of the Treasury Financial and Monetary Cooperation (DGTCFM)	26 and 28/12/2012	-26/12/2012 for the reporting form of SNH ; -28/10/2012 for the reporting forms of C&K MINING, CIMENCAM, GEOVIC RAZEL and other mining companies
04	National Hydrocarbons Corporation (SNH)	-	Not forwarded
05	Department of Mines (DGM)	28/12/2012	Not announced by the Minister of Finance

The first forms were transmitted to the Audit Bench eight (8) days before the scheduled end of the mission. Others reached on the same date scheduled for the end of the mission, that is, 28 December 2012. Finally, the last forms reached the financial jurisdiction on 15 and 16 January 2013.

One of the entities concerned, the National Hydrocarbons Corporation, did not forward its reporting forms. Under these conditions, the financial jurisdiction could not carry out its mission within the set time.

4.2. Reporting forms of the Directorate General of Taxes (DGI)

The Directorate General of Taxes submitted forty (40) reporting forms of revenues paid by petroleum and non petroleum companies during the 2009 and 2010 financial years according to the following table:

Serial No.	Petroleum Companies	Total amount reported in 2009 financial year	Total amount reported in 2010 financial year
1	YANG CHANG LOGONE	142 385 500	93 546
2	MOBIL PRODUCING CAMEROUN	15 691 979 473	11 276 205 849
3	GLENCORE	5 790 917	681 340 629
4	PERENCO RIO DEL REY	96 159 595 829	32 675 212 815
5	ADDAX PETROLEUM CAMEROUN LTD	1 921 814 983	38 536 790 738
6	PERENCO OIL & GAZ CAMEROUN	103 494 243	723 758 747
7	RODEO DEVELOPMENT	15 220 319	554 944 444
8	PERENCO CAMEROUN	6 301 899 662	4 862 159 499
9	MURPHY	NEANT	NEANT
10	KOSMOS ENERGY	17 560 213	76 023 359
11	NOBLE ENERGY CAMEROUN	266 951 984	472 913 132
12	EUROIL LIMITED	8 317 025	11 078 011
13	ADAX PETROLEUM COMPANY	80 280 750 960	38 536 790 738
14	COTCO	12 073 153 025	13 011 129 374
15	SNH	15 826 825 443	6 523 046 583
	TOTAL	228 815 739 576	147 941 487 464

Serial No.	Mining Companies	Total amount reported in the 2009 financial year	Total amount reported in the 2010 financial year
1	CIMENCAM	67 183 496	124 253 819
2	GEOVIC	75 476 821	72 375 066
3	C&K MINING	9 569 260	25 073 746
4	RAZEL	48 288 037	70 171 960
5	OTHER EXTRACTIVE COMPANIES	84 104 871	195 445 818
	TOTAL	284 622 485	487 320 409

The revenue concerned with these reporting forms are the following :

- Company tax ;
- Special Income Tax (TSR) ;
- Transit fees of pipeline ;
- Contribution to the NEF ;
- Contribution to CFC (Employer's share) ;
- Surface area tax ;
- Fixed taxes (including tax on the new award or renewal of licence);
- Extraction tax ;
- Ad Valorem Tax ;
- Tax adjustments/fines and penalties.

The examination of these reporting forms calls for some observations.

a) Reporting forms of DGI/COTCO

The table below gives a summary of the revenue report of COTCO.

Item	2009 financial year	2010 financial year
Company tax	1 581 118 366	4 807 652 957
Special Income Tax (TSR)	1 937 196 123	2 589 707 909
Pipeline transit fee	8 344 167 828	5 397 333 574
NEF contribution	84 268 317	84 282 703
CFC contribution (employer's share)	126 402 391	132 152 231
Total	12 073 153 025	13 011 129 374

Two types of revenue hold our attention here : the transit fees and the special income tax.

The pipeline transit fee indicates the same amount on the reporting form of the Directorate General of the Taxes and the trial balance of Treasury accounts in 2009 (account 7412), that is 8 344 167 828 CFA francs.

On the other hand, in 2010, the amount of the pipeline transit fee on the reporting form of the DGI is 5 397 333 574 CFA francs against 9 080 111 855 CFA francs in the trial balance of accounts, that is a difference of 3 682 778 281 CFA francs.

This can be explained by the fact that the transit fees of COTCO reported by the DGI in 2010 concern only the period running from January to July 2010.

This difference of 3 682 778 281 CFA francs was collected by the Directorate General of Customs in August 2010 which took over from the Directorate General of Taxes in August 2010 to the amount of 3 573 186 017 CFA francs, leaving a difference of 109 592 264 CFA francs, that is 1.2 % of the figure in the trial balance of Treasury accounts.

In 2009, the reporting form and details of payments of COTCO submitted by the Directorate General of Taxes indicate an amount of 1 937 196 123

CFA francs for the Special Income Tax (TSR) against 1 944 520 625 CFA francs for the details of payments of the said tax furnished by COTCO itself giving a difference of 7 324 502 CFA francs, that is 0.377 % of the amount reported in 2009. This arbitration is the job of the conciliator.

b) DGI reporting forms of other petroleum and mining companies

For these companies, the entire revenue was paid into the public Treasury which does not allow for a comparison by type of revenue and by entity between the figures on the forms and the data in the trial balance of accounts.

Moreover, inconsistencies were noted between the data on the reporting forms and the details of payments.

Hence :

- For C&K MINING, in 2010 the amount of the taxes entered on the reporting form stood at 5 050 000 CFA francs while it is 5 250 000 CFA francs in the statement of detailed payments, that is a difference of 200 000 CFA francs.
- For ADDAX PETROLEUM CAMEROON LIMITED, the surface area tax is reduced in the statement of detailed payments by 243 CFA francs in 2010.
- For GLENCORE, in 2010 the amount of the contribution to the Housing Loans Fund (CFC) (Employer's share) is 495 373 CFA francs on the reporting form while it is 536 374 CFA francs on the statement of detailed payments, that is a difference of 41 001 CFA francs.

The reporting forms of MURPHY-STERLING do not have any figures in 2009 and 2010.

To the Audit Bench and notwithstanding the observations raised above, the forty (40) revenue reporting forms of the Directorate General of Taxes (DGI) for the 2009 and 2010 financial years are regular and genuine.

4.3. Reporting forms of the Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM)

The DGTCFM presented twelve (12) reporting forms for companies for the 2009 and 2010 financial years. These are : SNH, C&K MINING, CIMENCAM, GEOVIC, RAZEL and "other extractive companies".

The reporting forms for GEOVIC and RAZEL are nil because they do not

have any figures in 2009 and 2010.

The amounts on the reporting forms of CIMENCAM in 2009 (1 500 000 CFA francs), in 2010 (3 500 000 CFA francs) and « other extractive companies » 113 479 506 CFA francs and 129 915 128 CFA francs in 2009 and 2010 respectively are consistent with the detailed statements submitted.

In 2009, Value Added Taxes feature in the reporting form of C&K MINING for an amount of 7 650 270 CFA francs, while it stands at 7 450 270 CFA francs in the detailed payments. The surface area tax shows an amount of 200 000 CFA francs in the form while it is 400 000 CFA francs in the detailed payments.

Lastly, comparison of the data in the form of the DGTCFM with those of the trial balance of Treasury accounts titled “SNH royalties” reveals a difference of 2 087 500 000 CFA francs in 2009 and 835 000 000 CFA francs in 2010.:

These differences representing the dividends paid by SNH to the State do not put into question the consistency of the data on the SNH revenue reporting forms with the detailed payments nor with those of the data of the trial balance of Treasury accounts and Settlement Laws of the two financial years.

To the Audit Bench and notwithstanding the observations raised above, the data of the twelve (12) revenue reporting forms of the Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM) for the 2009 and 2010 financial years (SNH, C&K MINING, CIMENCAM, GEOVIC, RAZEL and “other extractive companies”) are regular and genuine.

4.4 Reporting forms of the Directorate General of Customs (DGD).

Serial No.	STRUCTURE	2009	2010
1	PERENCO RIO DEL REY	2 693 068 359	2 943 397 260
2	PECTEN CAMEROON COMPANY	645 855 410	344 461 257
3	PERENCO OIL & GAZ CAMER	13 033 052	25 936 478
4	PERENCO CAMEROUN	427 232 683	342 177 615
5	NATIONAL HYDROCARBONS CORPORATION	8 571 604	6 509 187
6	TOTAL CAMEROUN	1 503 220 264	1 924 972 419
7	ADDAX PETROLUM CAM LTD	7 336 499	149 231
8	RODEO DEVELOPMENT LTD	3 684 386	11 736 922
9	NOBLE ENERGY CAM LTD (EDCUK)	5099 00	2 135 833
10	STE EUROIL LTD	3 096 714	13 863 486
11	LIBYA OIL CAMEROUN SA	437 242 301	315 012 070
12	STE GLENCORE EXPLORATION	350 000	4 311 033
13	CAMEROON OIL TRANSPORT CO	2 134 496 798	4 567 507 538
14	GEOVIC CAMEROON SA	884 599	27 699 630
15	CIMENCAM	14 055 719 124	12 593 900 354
16	C & K MINING INCORPORATED	9 414 124	9 277 755
17	RAZEL CAMEROUN	782 664 819	2 784 948 588
18	YAN CHANG LOGONE DEVELOPMENT C.	0	244 011
19	STE KOSMOS ENERGY CAM.H.C	1 065 799	1 857 634
20	MPCI	0	0
21	MURPHY CANM (STERLING CAM LTD)	0	0

	S/TOTAL	22 727 446 435	25 920 098 301
22	OTHER EXTRACTIVE COMPANIES	13 629 798 769	14 612 564 027
	TOTAL	36 357 245 204	40 532 662 328

The Audit Bench received forty-four (44) reporting forms including twenty-two (22) for 2009 and twenty-two (22) for 2010 from the Directorate General of Customs. Among them there are five (5) nil reports that is three (3) for 2009 (YAN CHANG LOGONE DEVELOPMENT, MPC I, MURPHY CANM (STERLING CAM LTD) and two (2) in 2010 (MPC I, MURPHY CANM (STERLING CAM LTD)).

For each reporting form, the Audit Bench verified the totals, the coherence between the figures on the forms and the details which are provided in the payment receipts and amounts by transaction. These verifications were done per year and per form.

The totals of reported customs revenue featuring in the trial balance of accounts were compared with those of the Settlement Laws of 2009 and 2010 financial years.

Regarding petroleum revenues, the total reported for 2009 stands at 22 727 446 435 CFA francs. This amount is lower and close to the customs duties on petroleum which stands at 23 561 148 826 CFA francs in the trial balance of accounts for this financial year.

Equally, the total reported for 2010 stands at 25 920 098 301 CFA francs, a lower amount than the customs duty on petroleum (account 7363) which stands at 26 292 242 037 CFA francs in the trial balance of Treasury accounts on 31 December 2010.

As for revenues from other extractive companies, they were paid in full into the Public Treasury and could not be compared with the data in the trial balance in 2009 and 2010.

The Audit Bench notes coherence between the amounts in the reporting forms and the details which moreover provide greater details.

Moreover, comparison between the data in the reporting forms and that of the trial balance and Settlement Laws of the financial years concerned does not reveal any incoherence. Nevertheless, it should be noted that except for the case of SNH and COTCO, the nomenclature of State accounts does not necessarily coincide with the content of the revenue reporting forms.

In all, to the Audit Bench, notwithstanding the observations raised

above, the data of the forty-four (44) reporting forms of the Directorate General of Customs for the 2009 and 2010 financial years are regular and genuine.

4.5. Reporting forms of the Department of Mines and Geology (DMG)

The reporting forms submitted by the Department of Mines and Geology carry only inspection fees. The proceeds of the various taxes collected by intermediate revenue collectors and paid into the Treasury do not consequently feature in the reporting forms of the DMG. They are inadequate and redundant as compared to the reports of the Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM).

Lastly, the reporting forms of this administrative structure are not mentioned in the request for certification by the Minister of Finance. They cannot count in the certification process.

5. CONCLUSION

The partial and late submission of revenue reporting forms of the extractive sector for 2009 and 2010 financial years did not enable the Audit Bench to execute its mission of certification within the deadline set by the request of the Minister of Finance. An effort must be made to respect this important condition on the form. Nevertheless, the request of the Minister of Finance is admissible.

On the merits, considering the regulations and principles in force and subject to the observations made above, the financial jurisdiction hereby certifies that the data of the forty (40) revenue reporting forms of the Directorate General of Taxes, the twelve (12) reporting forms of the Directorate General of the Treasury and Financial and Monetary Cooperation and the forty-four (44) of the Directorate General of Customs for the 2009 and 2010 financial years are regular and genuine.

Section 4. Act of certification No. 003/2013/CDC/CSC of 03 July 2013 relating to the reporting forms of revenue in the extractive sector of the 2011 financial year of public structures and entities

The Audit Bench of the Supreme Court of Cameroon sitting in chambers in its session of Wednesday 3 July 2013 at 3 p.m. in its normal hearing hall located at its Head Office in YAOUNDE, adopted the Act of Certification of reporting forms of revenue from the extractive sector for 2011 financial year of public structures and entities, the extracts of which are presented in this annual report.

1. REFERRAL BY THE MINISTER OF FINANCE

By letter No. 268/MINFI/ITIE/ST/C of 01 July 2013 received and registered at the Audit Bench of the Supreme Court on the same day under number 277, the Minister of Finance seised the President of the said jurisdiction in the following terms :

Dear Mr. President,

Within the framework of the preparation of the conciliation referred to above, the EITI Committee on 13 June 2013 organized at the DJEUGA Palace Hotel in Yaounde a training workshop on the use of the reporting form. The facilitator of this workshop was the firm MOORE STEPHENS, conciliator for the 2011 financial year.

Considering the important role which your institution plays in the reliability of the declarations of public establishments which form part of the conciliation perimeter referred to above, the Committee was happy with the participation of your Bench in the aforementioned workshop.

Following this workshop, the conciliator immediately launched the data collection phase by transmitting the jointly-approved reporting form to all stakeholders. The duly signed and certified forms of all entities of the conciliation perimeter must reach the Conciliator not later than 03 July 2013

In this regard, each of the following structures were instructed to directly forward their reporting form duly filled and signed by the head of the structure for certification :

- *The Directorate General of Taxes ;*

- *The Directorate General of Customs ;*
- *The Directorate General of the Treasury, Financial and Monetary Cooperation.*

As you know, the Bench is especially expected to produce a letter confirming that the audit of accounts of the structures mentioned above was carried out in compliance with international standards or with standards generally admitted in Cameroon if the said standards are convergent with international standards and this must be specified.

It should also be indicated that the Settlement Law of the 2011 financial year will be forwarded to the Conciliator.

My wish is that for the conciliation of the 2009 and 2010 financial year the intervention of the Audit Bench helps our country to fulfill Requirement 13 of the EITI Rules which stipulates that "The government is required to take steps to ensure that data submitted are audited to international standards". Indeed, it is a pre-condition for the satisfactory execution of this mission. Yet, just like the preceding one, the conciliation under consideration is on the critical path to the second and ultimate validation of Cameroon which takes off on 1 July 2013.

Lastly, I have to draw your attention to the fact that more than the preceding one, the ongoing conciliation is subject to especially strong constraints of time, the non respect of which would put the second validation of our country in peril.

Whatever the case, I know I can count on the professionalism of the institution you head and your diligent support for which I thank you in advance.

Yours sincerely/-

The Minister of Finance

2. COMPETENCE OF THE AUDIT BENCH

The competence of the Audit Bench is founded on the Constitution, laws No. 2003/005 of 21 April 2003 and No.2006/016 of 29 December 2006 respectively fixing the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court and the organization and functioning of the Supreme Court.

In effect, with regard to the instruments mentioned above, the Audit Bench is competent to :

- control and rule on public accounts, as well as on those of public

and semi-public enterprises (section 41 of the Constitution) ;

(c) give its opinion on Settlement Bills presented before Parliament ;

(d) draft and publish the annual report on the accounts of the State submitted to the President of the Republic (section 39 of Law No. 2006/016 of 29 December 2006 referred to above);

give its opinion on any issue relating to the control and ruling on accounts where it is seised (section 10 of Law No. 2003/005 of 21 April 2003 supra).

In addition, in accordance with section 33(1) of Law No. 2003/005 of 21 April 2003 supra, "After examining the answers of the accountants and the complementary conclusions of the rapporteur, the Audit Bench shall give a final ruling on the accounts. The ruling on the accounts shall comprise two parts :

- a) The first part shall certify the nature of the accounts and any corrections shall be indicated ;
- b) The second part shall determine the regularity of the accounts, an accounting surplus or an accounting deficiency and where applicable indicate the respective periods when the operations were effectively carried out."

In view of all these prerogatives, the Bench is competent to certify the reporting forms of revenues from the extractive sector of public establishments and entities whose accounts it controls.

3. EXAMINATION OF THE REVENUE REPORTING FORMS OF THE EXTRACTIVE SECTOR

By Order No. 2013/16/CAB/PCDC/CSC 152 of 1 July 2013, the President of the Audit Bench designated Masters of the Supreme Court as rapporteurs to carry out the examination of the file for the certification of the accounts of the extractive sector for the 2011 financial year.

This examination done essentially on documents that were transmitted with the revenue reporting forms and information collected directly from the entities concerned by resorting, if need be, information and communicating technologies resulted in a certification report examined in a session of the chambers that met on Wednesday 3 July 2013.

With regard to the methodology and measures taken, the mission was carried out according to generally recognized international standards in

matters of the audit of public finance notably the International Standards of Supreme Audit Institutions (ISSAI).

Thus :

- the letter from the Minister of Finances No. 268/MINFI/ITIE/ST/C of 01 July 2013 specifying the terms of the mission is in compliance with ISSAI 1210 standard relating to the agreement on the terms of audit missions ;
- the team of rapporteurs collected documents both on EITI procedures and on the various revenues concerned with the certification, in accordance with ISSAI 1250 standards on the consideration of legislative and regulatory instruments in an audit and ISSAI 1230 on audit documentation ;
- the team leader then prepared the scheduling and distributed tasks among the rapporteurs as prescribed by ISSAI 1300 standard ;
- the mission carried out an arithmetical verification of amounts of the revenues entered on the reporting forms ;
- the mission verified that for any amount entered on the reporting forms, there is a detailed statement of payments, references of receipts of payments or transfer orders into the Public Treasury account ;
- the mission compared the details of the payments furnished by the various establishments (DGI, DGD) with those produced by the Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM) ;
- lastly, the figures in the reporting forms of the DGTCFM, the DGI and the DGD were compared with the trial balance of the 2011 financial year which served in the preparation of the Settlement Law of the financial year, the draft on which the Audit Bench issued Opinion No. 001/2012/CSC/CDC of 13 November 2012.

Several telephone and electronic correspondences were exchanged between the mission team and the various officials of the establishments concerned with the preparation of the reporting forms and this in compliance with ISSAI 1260 and 1265 standards.

It should be indicated that the mission did not carry out external confirmation of the information which is within the remit of the conciliator. Consequently, ISSAI 1505 standard was not applied.

Finally, the control of the quality of the mission report was performed by

the Council of the Chambers, Session for Certification of the financial jurisdiction.

4. OBSERVATIONS ON THE REPORTING FORMS OF REVENUE FROM THE EXTRACTIVE SECTOR OF ADMINISTRATIVE STRUCTURES AND PUBLIC ENTITIES FOR THE 2011 FINANCIAL YEAR

4.1. Admissibility of the request by the Minister of Finance and deadlines

In his capacity as Chairperson of Extractive Industries Transparency Initiative (EITI) the Minister of Finance seised the Audit Bench in view of the certification of the reporting forms of certain public entities for the 2011 financial year. In this capacity, the request is admissible.

With regard to the deadlines, the certification mission was carried out from 20 June to 3 July. In this regard, the reporting forms of revenues from the various structures were supposed to reach the financial jurisdiction not later than 20 June 2013.

The said forms were transmitted to the Audit Bench at the following dates :

Serial No.	Structures	Date of submission of forms	Observations
01	Directorate General of Taxes	27 June and 1st July 2013	
02	Directorate General of Customs	27 June and 3 July 2013	
03	Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM)	28 June and 1st July 2013	
04	Department of Mines and Geology (DMG)	02 July 2013	
05	National Hydrocarbons Corporation(SNH)		Forms not transmitted

4.2. On the Reporting forms of the Directorate General of Taxes (DGI)

The Directorate General of Taxes presented twenty-one (21) reporting forms of revenues paid during the 2011 financial year including fifteen (15) by petroleum companies and six (6) by mining companies.

a) Declaration of revenues by petroleum companies

The amount of the revenues paid by oil companies as indicated in the reporting forms stands at 122 670 139 270 CFA F including 690 753 942 CFA F sub-national (payments made to FEICOM and Councils). Two of these forms, those of Mobil Producing Cameroon and of Murphy Sterling indicate zero amounts of revenues reported.

Detailed examination of payments attached to reporting forms indicate the absence of references receipts or payment orders for a total of 6 032 694 843 that is 4.91% including sub-national transfers which appear in the revenue reporting forms of COTCO, SNH and EUROIL Limited.

The following tables depict, by company, payment whose references have not been entered on the statements.

Summary table of payments without receipt reference by petroleum company

Serial No.	Enterprise	Total amounts of reportings 2011 financial year	Amounts without receipts	
			Amounts	Percentage
1	YANG CHANG LOGONE	152 228	74 794	49.10
2	MOBIL PRODUCING CAMEROON			0
3	GLENCORE	66 718 663	5 599 464	8.39
4	PERENCO RIO DEL REY	44 631 810 010	1 689 780 606	3.78
5	ADDAX PETROLUM CAMEROON LTD	523 614 746	12 996 357	2.48
6	PERENCO OIL & GAZ CAMEROUN	1 266 996 419	522 579 589	41.24
7	RODEO DEVELOPPMENT	439 701 594	124 697 605	28.35
8	PERENCO CAMEROUN	15 859 180 105	436 116 352	
9	MURPHY /STERLING			0
10	KOSMOS ENERGY	66 931 496	16 088 995	24.03
11	NOBLE ENERGY CAMEROUN	172 212 275	34 979 742	20.31
12	EUROIL LIMITED	78 352 346	30 535 889-	37.39
13	ADAX PETROLEUM COMPANY	44 132 946 609	575 716 510	1.30
14	COTCO	6 771 490 386	929 346 147	13.04
15	SNH	7 969 278 451	1 654 182 793	19.92
	TOTAL	122 670 139 270	6 032 694 843	4.9

This table reveals that the revenues of 6 032 694 843 CFA F are not indicated by receipts.

Officials of the Directorate General of Taxes (DGI) confirm the existence of these receipts which were manually done in January and February 2011 which made the constitution more difficult. The insistence of the

team of rapporteurs working at the DGI enabled her to gradually find these payment receipts for an amount of 5 788 145 668 CFA F. This discovery thus took the amount of revenues not backed by receipts to the sum 63 149 175 CFA F, that is 0.051% of the amount of the reporting of revenues paid by petroleum companies. This percentage is below the margin of error retained by the EITI Follow-up Committee.

b) Reporting of revenues from mining companies

The DGI produced six (06) reportings of revenues by mining companies including one with a nil return, that of "Quarry Enterprises". The total amount of the return stands at 407 108 639 CFA F including 2 045 729 CFA F of sub-national transfers.

As in the case of oil companies, the Audit Bench noted that payment details attached to certain statements of mining revenues are not backed by reference receipts of payment. They represent, based on verified reports, a total of 102 080 017 CFA F, that is 25.07% of the total returns of the six entities within the conciliation perimeter.

The following table is an illustration.

Summary table of payments without receipt reference by mining company

No.	Enterprises	Amount of reporting	Payment without payment receipt reference	
			Amount	Percentage
1	CIMENCAM	118 441 055	0	0
2	GEOVIC	101 579 005	0	0
3	C & K MINING	26 498 550	26 498 550	100,00
4	RAZEL	100 956 872	15 948 310	16,57
5	OTHER ENTERPRISES	59 633 157	59 633 157	100,00
6	QUARRY ENTERPRISES	0	0	0
	Total	407 108 639	102 080 017	25.07

It should be noted that certain revenues paid in by mining companies are collected by intermediate revenue collectors attached to the Ministry in charge of mines and paid directly into the Public Treasury. The presence of these revenues in the reporting forms of the DGI can be explained only by the fact that they are collected within the framework of the Programme for the Security of Mining Revenues managed by this Ministry. The DGI which is simply informed by the intermediate revenue collectors does not carry out the related entry. This explains the absence of receipts on the detailed payments of these revenues.

It is also advisable that in the future each structure reports what it effectively collected.

4.3. Reporting forms of the Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM)

The Directorate General of the Treasury, Financial and Monetary Cooperation produced eight (8) reporting forms for a total amount of 541 887 730 101 CFA F relating to :

- oil royalties paid by SNH (1) ;
- Revenues paid by C& K Mining, CIMENCAM, GEOVIC, and RAZEL, enterprises retained by the conciliator (4) ;
- Revenues collected by intermediate revenue collectors of mines from artisanal miners, other mining and quarry enterprises retained within the conciliation perimeter (3).

Enterprises	Amount of payments	Payment without receipt reference	
		Amount	Percentage
SNH	541 570 486 898	0	0
C& K Mining	27 974 840	0	0
CIMENCAM	1 000 000	0	0
GEOVIC	62 500 000	0	0
RAZEL	6 657 720	0	0
Artisans	36 638 041	1 016 278	2.77
Quarry companies	45 849 588	1 579 340	3.4
Other mining enterprises	136 623 014	1 951 692	1.42
Total	541 887 730 101	4 547 310	0

The Audit Bench notes that of the revenues paid into the Public Treasury by enterprises in the conciliation perimeter, only rare payments from these enterprises whose volume of reporting hardly represents 0.4 per 1000 of the total amount are not backed by receipt numbers or other justifications.

4.4. Reporting Forms of the Directorate General of Customs (DGD)

The Audit Bench received twenty (20) reporting forms from the Directorate General of Customs for a total amount of **44 832 580 301 CFA F**. Among these forms were two (2) nil reports including that from KOSMOS Energy Cam. HC and MURPHY CAMEROON NTEM Oil LTD.

Summary table of reporting of revenue paid into the Directorate General of Customs 2011

Serial No.	STRUCTURE	2011	Sub-national transfers	OBS.
1	PERENCO RIO DEL REY	2 269 782 878		
2	PECTEN CAMEROON COMPANY	428 458 219		
3	PERENCO OIL & GAZ CAMER	59 883 627		
4	PERENCO CAMEROUN	501 669 356		
5	STE NAT DES HYDROCARBURES	144 580 853		
6	ADDAX PETROLUM CAM LTD	2 267 137		
7	RODEO DEVELOPMENT LTD	9 342 059		
8	NOBLE ENERGY CAM LTD (EDCUK)	3 463 427		
9	STE EUROIL LTD	21 094 226		

10	LIBYA OIL CAMEROUN SA	142 883 214		
11	STE GLENCORE EXPLORATION	1 885 826		
12	CAMEROON OIL TRANSPORT CO	9 143 712 482		
13	GEOVIC CAMEROON SA	24 729 061		
14	CIMENCAM	12 541 418 523		
15	C & K MINING INCORPORATION SA	52 551 942		
16	RAZEL CAMEROUN	1 930 941 162		
17	YAN CHANG LOGONE DEVELOPMENT C.	2 251 108		
18	STE KOSMOS ENERGY CAM.H.C	0		
19	MURPHY CAM NTEM OIL CO.LTD	0		
	S/TOTAL	27 280 915 100		
20	TOTAL REPORTING	17 551 665 201		
	TOTAL	44 832 580 301		

The Audit Bench observes that all the amounts entered in the revenue reporting forms are backed by detailed payments with payment references.

However, customs duties paid by enterprises in the conciliation perimeter are generally imputed on the various accounts meant to receive these revenues. Consequently, it is impossible to identify the share of individual revenues by each entity in the general balance, except those of COTCO and SNH.

With regard to COTCO, it should be noted that royalties for the passage of the pipeline of an amount of 8 247 574 629 CFA F do not give

information through the numbers on the receipts but through entry numbers and allocation accounts. This right-of-way royalties of the pipeline feature in the balance for an amount of 8 247 662 129 CFA F.

4.5. Reporting Form of the Department of Mines and Geology (DMG)

The Department of Mines and Geology presented a single reporting form of revenues of an amount of 89 890 694 CFA F. These revenues which represent inspection fees paid by COTCO to the Ministry of Mines and Technological Development were detailed and backed by payment receipts.

5. SITUATION IN THE TRIAL BALANCE OF THE 2011 FINANCIAL YEAR OF REVENUE REPORTED BY PUBLIC ESTABLISHMENTS

During its session in chambers of 13 November 2012, the Audit Bench gave its opinion on the settlement bill for the 2011 financial year. This opinion established the balances in the trial balance.

Totals of the reports of revenues in the conciliation perimeter were compared with the revenues featuring in the general trial balance and the settlement bill of the 2011 financial year.

The following tables give the result of this comparison.

Summary comparative of reporting of payment of revenue of the extractive sector with data in the trial balance of accounts at 31/12/2011

Item	Amount on form (1)	Amount in trial balance of accounts (2)	Difference (3)= (2)-(1)
Surface tax (account 7336)	388 209 082	325 263 078	62 946 004
Tax on petroleum companies (account 7232/7413)	96 725 462 154	96 732 232 353	6 770 199
Extraction tax (account 7355)	223 339 070	189 847 668	33 491 402
Income tax on capital assets IRCM (account 7218)	408 767 806		
Fixed rate and ad valorem duty ²⁵ (accounts 7339 and 7357)	147 213 807	149 400 370	2 186 563
Right of way of pipeline (account 7411)	8 247 574 629	8 247 662 129	87500
SNH royalties (account 7412)	541 152 986 898	541 152 986 898	

This table indicates the following :

- The amounts of payment reported by oil and mining companies relating to SNH royalties and pipeline passage dues are consistent with the amounts in the trial balance of accounts, accounts 7411 and 7412 respectively.
- Comparison of the amounts on the reporting forms with those of accounts balance in the settlement law of 2011 for land tax (account 7336), tax on petroleum companies (account 7232 and 7413), extraction tax (account 7355) , fixed dues and Value Added Taxes (account 7339 and 7357) indicate some disparities. .

²⁵ Les droits fixes (y compris les droits pour attribution ou renouvellement de permis) et les taxes ad valorem sont imputés tantôt au compte 7339 (Renouvellement automatique des permis de prospection), tantôt au compte 7357 (Autres droits et taxes du secteur minier).

An explanation of these disparities is that some of this revenue, notably revenues from extractive companies were globally paid into the Public Treasury on the one hand and that the nomenclature of State accounts does not necessarily coincide with the contents of the reporting forms on the other hand.

These differences are not significant and do not put into question the reliability of the data of the reports.

CONCLUSION

On the form

Subject to the problem of referral to the financial jurisdiction as recalled above and which calls for the respect of deadlines, the request for certification of the reporting form of revenues of the extractive sector for the 2011 financial year from the Minister of Finance is admissible.

On the substance

With regard to the accounting rules and principles in force referred to above and subject to the observations made above, the financial jurisdiction hereby certifies that the data on the twenty one (21) revenue reporting forms from the Directorate General of Taxes, eight (8) forms from the Directorate General of the Treasury, Financial and Monetary Cooperation and twenty (20) reporting forms from the Directorate General of Customs and a single reporting form from the Department of Mines and Geology for the 2011 financial year is regular and genuine.

Since 2006, the Audit Bench makes recommendations in its activity reports. Some of them have been fully or partially implemented, while others are not implemented. The reminder of the past recommendations in this report precedes the new recommendations.

Part Four



RECOMMENDATIONS OF THE AUDIT BENCH IN 2013

CHAPTER 1. RECOMMENDATIONS IMPLEMENTED IN 2013

Section 1. Recommendations linked to the Fiscal Regime of the State

Some recommendations of the Audit Bench aimed at the signing of instruments of application of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State which came into full force on 1 January 2013 have been followed and others are gradually being implemented.

Sub-section 1. Instruments of application of Law No. 2007/006 of 26 December 2007

Thus **Recommendation 10-02** repeated in 2011 and 2012 resulted in the publication of Decree No. 2013/160 of 15 May 2013 concerning the General Regulations on Public Accounting. This instrument, signed in application of section 65 of Law No. 2007/006 of 26 December 2007 referred to above, is the harmonized framework for the presentation and rendition of accounts and initiates internalization of certain provisions of the CEMAC Guidelines, subject of the **recommendation 11-06** contained in the 2011 Annual Report.

Sub-section 2. Content of the Settlement Bill

The shortcomings related to documents accompanying the Settlement Bill presented to Parliament were the subject of **Recommendation 10-04**. In 2013, the Audit Bench noted during the preparation of the opinion on the Settlement Bill of 2012, an improvement of the content of the Bill compared to previous years.

Sub-section 3. Inventory and evaluation of the assets of the State, Regional and Local Authorities and Administrative Public Establishments

True and fair accounts are largely based on a proper evaluation of the assets and liabilities of an entity. One understands the importance of this

evaluation in the preparation of financial statements that make up the General Account of the State and especially the balance sheet which is the accounting expression of its assets.

Recommendation No. 10-01 made on the *urgency of the immediate inventory and evaluation of the assets of the State, Regional and Local Authorities and Administrative Public Establishments, especially as this work will necessary extend to the training and upgrading of personnel in the preparation of accounts* has been expressed through the setting up at the Ministry of Finance, of a “working group responsible for the preparation of accrual accounting”.

Section 2. Recommendations on the production of management accounts by State accountants

Other recommendations whose implementation has started or is continuing concern balances of accounts of “Sundry Deposits and Custodial” and the bills collectible expunged from trial balances of accounts

Single sub-section. Bills collectible expunged from trial balances of accounts

The Audit Bench recommended in 2011 (**Recommendation 11- 02**) that bills collectible on computerized taxes that stood at more than 170 billion CFA francs, irregularly expunged from the trial balances of the Treasury over the 2004 to 2009 period be reinstated and that their final expungement be done through their admission as valueless or by relief in accordance with the law.

This recommendation is implemented within the framework of the Committee for the Monitoring of Work on the Admission as Non-Value set up by the Minister of Finance²⁶ whose teams have been deployed to all Treasuries to ensure the restoration of these bills collectible in the trial balances.

Equally, this Committee is responsible for cleaning up balances of accounts of ‘Sundry Deposits and Custodial’ to leave only balances of accounts which will be transferred to the Deposits and Custodial Fund which the amounts justified. (**Recommendation 11-01**).

²⁶ Action whose implementation was supported by a resolution of the MINFI-CDC/CSC Permanent Consultation Framework ;

CHAPTER 2. REMINDER OF PREVIOUS RECOMMENDATIONS WHICH HAVE NOT BEEN IMPLEMENTED

Section 1. Fiscal Regime of the State

The Audit Bench does not cease recalling in its various reports recommendations which concern the genuineness of budgetary balances and the evaluation of State assets.

Sub-section 1. Genuineness of budgetary balances

The Audit Bench regularly indicates that budgetary balances in Settlement Bills presented to Parliament do not fairly express the result of the implementation of the budget as a result of the non regularization of operations charged on provisional accounts before the close of the financial year as provided for in Treasury Instruction No. 003/006/MINFI/DT/DER of 31 December 2003.

It also recommends since 2011 the respect of the principles and procedures of the processing and registration of accounting and budgetary operations to improve the determination of budgetary balances and give fair results on the execution of the budget. (*Recommendation 11-03*).

Sub-section 2. Use made of balances of Earmarked Accounts

The budget execution balances of the various Earmarked Accounts which are part of the budget of the State must necessarily be reflected in the budgetary balance as determined by the Settlement Bill.

Having established the fact in 2012 that no indication was given on the fate of the surplus resources mobilized in relation to the decided ceiling on the one hand and the surplus on the other hand, the Audit Bench reiterates its **Recommendation 12-02** that clarifications should always be given on the use of the total balance of Earmarked Accounts if this balance has not been integrated into the trial balance of the year in accordance with section 32(3) of the Fiscal Regime of the State.

Section 2. Review of the legal framework

The Audit Bench had recommended either the review of certain instruments governing the control and ruling on accounts such as Law No. 2003/005 of 21 April 2003 referred to above or the promulgation of instruments of application of Law No. 99/016 of 22 December 1999.

Sub-section 1. Review of Law No. 2003/005 of 21 April 2003

The Audit Bench had made **Recommendations No. 06-1, 06-2, 06-3 and 06-4** relating to the review of sections 2, 8 and 39 of Law No. 2003/005 of 21 April 2003.

The urgency of review of this law is perceived through the workshop organized by the Audit Bench in June 2013. This workshop compared the shortcomings of the current instrument with the provisions of a financial jurisdiction compliant with international standards and especially with the CEMAC Guidelines.

These provisions would thus carry out the appropriation of these provisions subject to some instruments issued in the most appropriate forms than is possible with a statutory instrument. (*Recommendation 11 - 06*).

Sub-section 2. Instruments of application of Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing public establishments and public and semi-public enterprises

The Audit Bench recommended the respect of the provisions relating particularly to making compliant the articles of association of public and semi-public enterprises with the OHADA law and the duration and incompatibilities of the various management bodies.

It also recommended the drafting of instruments of application, especially to regulate the benefits granted to managers of public establishments and public and semi-public enterprises, since decree No. 87/1141 of 20 August 1987 to fix the remuneration and benefits of personnel of

State enterprises, public establishments and semi-public enterprises, is considered outdated by certain people and in contradiction with Law No. 99/016 of 22 December 1999 by others.

Recommendations No. 07 - 3, 07- 4, 07- 5 and 07-10 as well as the injunction of 17 December 2008 addressed to the Minister of Finance who, till date, has not been reacted to fall within the context of the modernization of the legal framework.

Section 3. Production of accounts

Sub-section 1. Content of bundles of supporting expenditure

The Audit Bench had recommended to the Minister of Finance (**Recommendation No. 07-11**) to commence reflection aimed at reducing in a significant manner the number of constituent documents of control of supporting expenditure documents in order to render more efficient the control of the public accountant while preserving the probative character of the said documents.

This reflection is not yet effective.

Sub-section 2. Production of accounts of natural persons performing official duties

Recommendation No. 08-2 made during the 2008 financial year on the transmission for the attention of the Minister of Finance of accounts of natural persons performing official duties or those of certified public accountants or corporate persons invested with a specific mission and receiving as a result the fruits of national or international subsidy is not yet implemented.

CHAPTER 3. NEW RECOMMENDATIONS

Section 1. Application of Law No. 73/07 of 07 December 1973 relating to the preferential claim of the Treasury to safeguard public funds

Single sub-section. Collateral and guarantee of the public Treasury over the property of public accountants

The Audit Bench observes that the provisions of Law No. 73/07 of 7 December 1973 relating to the preferential claim of the Treasury to safeguard public funds are lost from sight and that registration officials and land registrars often omit *“to request registration or register the said deeds on behalf of the Treasury and to safeguard the latter’s rights”*, by persons for whom the Treasury has preferential claim over their personal property and movable property and a lien on their real estate to wit: public accountants, all persons handling public funds on a permanent or temporary capacity or the collection of debts due the Treasury.

Recommendation 13-01 : Collaterals and guarantees of the public Treasury over the property of persons

The Audit Bench recommends the respect of Law No. 73/07 of 7 December 1973 mentioned above to guarantee the claims of the Treasury and render efficient the execution of court decisions making the guilty persons in debit to the State or organs benefitting from the preferential claim of the Treasury.

Section 2. Settlement bill

Sub-section 1. State expenditure relating to State guarantee

Each year, the finance law provides *“guarantee of the State to Public Establishments and semi-public enterprises for concessional loans”* for an amount whose ceiling is always fixed.

The Audit Bench notes that the Settlement Bill does not render account of the execution of expenditure relating to this category of operations.

Recommendation 13-02 : Budgetary expenditure relating to State guarantee

The Audit Bench recommends that the execution of budgetary expenditure relating to Public Establishments and Semi-public enterprises in the case of concessional loans be properly informed in the Settlement Bill.

Sub-section 2. Registration of data relating to drawings from direct foreign bilateral and multilateral loans

The Audit Bench observes that all the data relating to drawings on direct foreign bilateral loans and direct foreign multilateral loans do not feature in trial balance of accounts.

According to the Minister of Finance data relating to drawings on loans are off- balance data which escapes the perimeter of the single Treasury account. This data is followed up by the Autonomous Sinking Fund and integrated in an extra accounting manner.

Recommendation 13-03 : Registration of direct foreign loans in the trial balance of accounts

To guarantee the completeness of the registration of operations of execution of the State budget, the Audit Bench recommends that the operations relating to drawings from direct foreign loans should feature in the trial balance of accounts in accordance with the provisions of section 68 of the Fiscal Regime of the State according to which no encashment or disbursement operation of the State should escape the perimeter of the single Treasury account.

Section 3. Decree No. 2013/160 of 15 May 2013 on the General Regulations on Public Accounting

Single sub-section. Legislative authority of new powers introduced by Decree No. 2013/160

Decree No. 2013/160 on the General Rules on Public Accounting introduced into the liability regime of the public accountant the concept of damages that does not exist in Law No. 2003/005 of 21 April 2003

relating to the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court of Cameroon. It also grants the accounts judge the competence to certify the regularity and fairness of the financial statements and the power to impose a fine on the accountant based on his assessment of the seriousness of the misconduct. Finally the terms of limitation are provided therein.

These concepts and principles that are mostly derived from CEMAC Directives²⁷ outweigh new competence for the financial jurisdiction. By Law No. 2003/005 of 21 April 2003 relating to the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court, accountants are still under the alleged responsibility regime.

It is clear that these provisions shall apply when they are taken over by a law incorporating judicial review renovated through the fixing of the amount that the accountant will pay the State, by taking into account the amount of damage and the circumstances of the offense likely to require the imposition of a fine on the defaulting accountant based on the gravity of the misconduct without prejudice to acquisitive prescription.

Recommendation 13-04 : Need for legal empowerment of regulatory provisions

The Audit Bench recommends that legislation give empowerment to the innovations introduced by Decree No. 2013/160 of 15 May 2013 referred to above.

²⁷ Directives Nos. 06/11 and 02/11

Conclusion



The general result of the work in this report attests to the vigorous efforts of the financial jurisdiction during the 2013 financial year despite a The The general result of the work in this report attests to the vigorous efforts of the financial jurisdiction during the 2013 financial year despite a difficult environment characterized by a drastic decline in its operating budget and the cramped premises that are assigned to it.

Despite these difficulties, the Audit Bench conducted the judicial and administrative controls, issued opinions, certified revenue reporting forms from the extractive sector for the 2009, 2010 and 2011 financial years for public structures and public entities and produced the first certification report of the General Account of the State of the 2012 financial year.

In fulfilling its mission, the financial jurisdiction ensured compliance with adversarial and defense rights, the honour and reputation of the defendants in accordance with the *“Code of Ethics Applied to financial jurisdictions of Cameroon..”*²⁸

Its constant commitment to carry out the tasks entrusted to it and render account of it establishes that it is at the service of the State and of the Citizen. So it can be considered a Supreme Audit Institution of Public Finance “that can not only bear their concerns, but also be a teacher who has to explain to society what the State can or cannot do, does or does not do enough.”²⁹ “

²⁸ Code adopted in chambers on 5 August 2013

²⁹ Jean Raphaël Alventosa, Master of the Court at the Cour des Comptes of France.

Annexure



Annexure 1. Situation of human resources of the Audit Bench as at 31 December 2013

		Description	Number	Observations
Legal and Judicial Officers	Seat	Super scale 1st Group	1	President of the Audit Bench
		Super scale 2 nd Group	3	Presidents of Divisions
		4th scale	17	Division President and Masters of the Supreme Court
	Legal Department	Super scale 2 nd Group	2	Senior Advocate General, Advocate General
		4th Scale	1	Advocate General
		Sous-total	24	
Audit Assistants	Contract staff		56	
	Registry staff		9	
	Sub-total		65	
Registry staff	Senior Registry Administrators		2	
	Registry Administrators		5	
	Senior Registrars		5	
	Registrars		3	
	Assistant Registrars		8	
	Sub-total		23	
Technical staff	Information Technologists		2	
	Archivists		9	
	Journalist		1	
	Sub-total		12	
Administrative and support staff	Secretaries		19	
	Drivers		23	
	Security agents		9	
	Sub-total		51	
Grand total			173	

Annexure 2. Final rulings of 2013

No.	Final rulings	Accounts	Observations /Decisions
FIRST DIVISION			
1	26/CSC/CDC/S1 of 17.12.13	Central Treasury Douala, .2006 FY	Debit : 1 180 091 CFA F
2	27/CSC/CDC/S1 of 17.12.13	Central Treasury Nkongsamba, 2006 FY	Discharge : 5 232 2 96 CFA F
SECOND DIVISION			
3	01/D of 17 .01. 13	Dschang Urban Council, 2004 FY	FD ³⁰
4	02/D of 17 .01. 13	Dschang Urban Council, 2005 FY	FD
5	03/D of 17 .01. 13	Dschang Urban Council, 2006 FY	FD
6	04/D of 17 .01. 13	Dschang Urban Council, 2007 FY	FD
7	05/D of 17 .01. 13	Dschang Urban Council, 2008 FY	FD
8	06/D of 17 .01. 13	Mbouda Urban Council, 2004 FY	Debit : 2 770 000 CFA F
9	07/D of 17 .01. 13	Lafe Rural Council, 2006 FY	Discharge
10	08/D of 24 .04. 13	Kumba Urban Council, 2007 FY	FD
11	09/D of 24 .04. 13	Kumba I Council, 2008 FY	FD
12	10/D of 24 .04. 13	Kumba II Council, 2007 FY	FD
13	11/D of 24 .04. 13	Kumba II Council, 2008 FY	FD
14	12/D of 24 .04. 13	Kumba III Council, 2007 FY	FD
15	13/D of 24 .04. 13	Kumba III Council, 2008 FY	FD
16	14/D of 24 .04. 13	Ebolowa I Council, 2007 FY	FD
17	15/D of 24 .04. 13	Dschang Rural Council, 2004 FY	FD
18	16/D of 24 .04. 13	Dschang Rural Council, 2005 FY	FD

³⁰ Fine dismissed

19	17/D of 24 .04. 13	Dschang Rural Council, 2006 FY	FD
20	18/D of 24 .04. 13	Ebolowa I Council , 2008 FY	FD
21	19/D of 24 .04. 13	Ebolowa II Council, 2007 FY	FD
22	21/D of 24 .04. 13	Nanga-Eboko Rural Council, 2004 FY	Debit : 33 092 800 CFA F
23	22/D of 24 .04. 13	Douala V Urban Council, 2007 FY	Fine : 864 000 CFA F
24	23/D of 29 .05. 13	Bafoussam Council, 2004 FY	Debit : 220 000 CFA F
25	24/D of 29 .05. 13	Commune rurale de Lafe, Ex. 2004	Discharge and clearance
26	25/D of 29 .05. 13	Commune rurale de Lafe, Ex. 2005	Debit: 876 000 CFA F
27	45/D of 26 .06. 13	Bangangte Council, 2004 FY	Fine : 420 000 CFA F
28	46/D of 26 .06. 13	Bangante Council, 2005 FY	Fine : 420 000 CFA F
29	47/D of 26 .06. 13	Bangante Council, 2007 FY	Fine : 300 000 CFA F
30	48/D of 26 .06. 13	Bangante Council, 2008 FY	Fine : 240 000 CFA F
	49/D of 26 .06. 13	Ebolowa Urban Council, 2007 FY	Fine : 468 000 CFA F
32	50/D of 26 .06. 13	Ebolowa City Council, 2008 FY	Fine : 324 000 CFA F
THIRD DIVISION			
33	03/AD/S3/13 of 06.02.13	CDPM, . 2004/ 2005 FY	Debit : 7 796 034 CFA F
34	04/AD-CF/S3/13 of 06.02.13	University of Ngaoundere, 2004 FY	De facto management
35	15/AD/S3/13 of 04 .09.13	ARSEL, . 2006/2007 FY	Debit : 14 861 780 CFA F
36	19/AD-CF/S3/13 of 04.09.13	MIDIMA. 2004/2005/2006 FY	Discharge
37	22/AD/S3/13 of 27.11.13	ARMP, 2006/2007 FY	Debit : 250 439 052 CFA F
38	25/AD/S3/13 of 27.11.13	Conference Centre, 2005/2006 FY	NLGF ³¹
39	26/AD/S3/13 of 27.11.13		NLGF

31 Dismissal of de facto management

40	27/AD/S3/13 of 27.11.13	University of Douala, 2006/2007/2008 FY	Debit: 127 506 278
41	29/AD/S3/13 of 27.11.13	Yaounde General Hospital 2006/2007/2008 FY	Debit : 3 395 000
JOINT DIVISIONS			
42	01/AD/CSC/CDC/SR OF 18.04.13	Aff. Management account of the South West Development Authority (SOWEDA),. 2004-2005 FY	Petition inadmissible
43	03/ADP/CSC/CDC/SR of 18.04.13	Aff. Community of public revenue collectors accused in the South Region by 31/12/2010	Discharge (AD)
44	04/D/CSC/CDC/SR of 12.09.13	Aff. MINESEC V/Messrs. EFFALA ESSOMBA and ROULY MBILA	-Debit : 1 125 350CFA F -Discharge : 5 396 035CFA F
45	05/AD/CSC/CDC/SR of 12.09.13	Aff. MBARGA ASSEMBE Luc, Revenue Collector Yaounde VII Council	Petition inadmissible
46	06/D/CSC/CDC/SR of 12.09.13	Aff. MEBANGA SASSA, Director of Administration and Finance University of Ngaoundere, . 2004 FY	Petition inadmissible
47	07/D/CSC/CDC/SR of 12.09.13	Aff. Limbe City Council V/ Messrs AKISSEH Alexander and MBWAYA Job EFANGE	Discharge
48	08/D/P/CSC/CDC/SR of 12.09.13	Aff. Mbalmayo District Hospital V/ ATTA OKALA Jules and NGONO ABANDA Josépha	Discharge (AD) : 124 000 CFA F
49	09/D/CSC/CDC/SR of 12.09.13	Aff. Management account of the National Agency for Financial Investigation, . 2006 FY	Petition inadmissible
50	10/D/P/CSC/CDC/SR of 19.12.13	Aff. Mrs GOUSSI KINDEY, former cashier at the Douala I Sub-Treasury and Mr. OWONO KONO Emmanuel, former Sub-Treasurer of Douala I Sub- Treasury	Discharge (AD)
51,	11/D/CSC/CDC/SR of 26.12.13	Aff. MBAH Alfred FONDANUI , former Sub-Treasurer of Bafut	Discharge

Annexure 3. Letter No. 003015/LMINEPAT/CAB/CT4 of 9 June 2014 on the Certification Report of the General Account of the State, 2012 financial year

REPUBLIQUE DU CAMEROUN
Paix-Travail-Patrie

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Peace-Work-Fatherland

MINISTRY THE ECONOMY,
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TECHNICAL ADVISER No. 4

Website: <http://www.minepat.gov.cm>
Yaounde, 09 June 2014

Website: <http://www.minepat.gov.cm>
Yaounde, 09 June 2014

THE MINISTER,

TO

THE MINISTER OF FINANCE

Ref: VL No. 88/055/CAB/PCDC/CSC of 25 March 2014

Subject : General Account of the State, 2012 financial year

By correspondence whose reference is indicated above, the President of the Audit Bench of the Supreme Court wanted to draw your attention to the certification report of the General Account of the State for the 2012 financial year.

The exploitation of this document indicates that with regard to the form, the Bench partially applied certain standards while others were not applied. Moreover, the certification took place within the context of a constructive accompanying measure of the gradual implementation of accounting and financial reform. With regard to the substance, eleven (11) observations were made especially on the shortcomings on the treatment of fixed assets, the non respect of the 2011 closing balance as the opening balance of 2012, the inconsistency in the variation of cash flow, the poor carry over into the final account of balances of revenue and

expenditure accounts, the exclusion from the single treasury account of encashment and disbursement carried out by the Autonomous Sinking Fund, etc.

In this regard, I wish to bring to your attention indicators for possible solutions. Thus, accounting standards require that statistical and fiscal declarations should be certified by a chartered accountant in the sense that it is this act which gives credence to the figures produced in the accounts. And then, the deadline for the collection and processing of accounting documents should be respected for a proper monitoring of the enrichment or not of the State. Lastly, the use of ITC would be appropriate for an effective management of accounting and financial data. This presupposes building the capacities of the actors intervening in the chain.

Signed : The Minister

Copies :

- President of the Audit Bench of the Supreme Court

Table of Contents



Missions of the Audit	3
RULING	6
FOREWORD	7
INTRODUCTION	9
PART ONE	11
MANAGEMENT ACTIVITIES OF THE AUDIT BENCH IN 2013	11
CHAPITRE 1. MEANS OF FUNCTIONING OF THE AUDIT BENCH IN 2013	13
SECTION 1. Human resources	13
<i>Sub-section 1. Legal and Judicial Officers</i>	13
<i>Sub-section 2. Audit Assistants</i>	14
<i>Sub-section 3. Registry staff</i>	14
<i>Sub-section 4. Support staff</i>	14
<i>Sub-section 5. Evolution of the staff situation of the Audit Bench by 31 December</i>	15
SECTION 2. Financial and material resources.....	16
<i>Sub-section 1. Budgetary allocation of the Audit Bench in 2013</i>	16
<i>Sub-section 2. External funding</i>	19
<i>Sub-section 3. Assets</i>	19
CHAPTER 2. ACTIVITIES OF SUPERVISION AND CAPACITY BUILDING	21
SECTION 1. Internal workshops	21
<i>Sub-section 1. Preparation of the Code of Ethics for Financial Jurisdictions</i>	21
<i>Sub-section 2. Validation and appropriation workshop of the draft review of Law No. 2003/005 of 21 April 2003</i>	22
SECTION 2. International cooperation	25
<i>Sub-section 1 : Study and exchange mission to the Cour des Comptes of Gabon</i>	25
<i>Sub-section 2 : Mission of the Audit Bench to Rabat, Morocco</i>	26

PART TWO. EXECUTION OF MISSIONS OF THE AUDIT BENCH IN 2013.....	29
CHAPTER 1. JUDICIAL CONTROLS	31
SECTION 1 : Control and judgment of accounts of public accounts in the different Divisions of the Audit Bench.....	31
<i>Sub-section 1. Production of management accounts in 2013.....</i>	31
<i>Sub-section 2. Judgment of management accounts in 2013.....</i>	33
<i>Sub-section 3. Judgment of accounts in joint sessions of Divisions.....</i>	35
SECTION 2. Irregularities detected during judgments of accounts of public accountants in 2013 and the financial volume involved.....	37
<i>Sub-section 1. Irregularities detected during judgment of accounts of public accountants in 2013.....</i>	37
<i>Sub-section 2. Financial volume of accounts given a final ruling in 2013.....</i>	39
CHAPITRE 2. EXTRA – JUDICIAL MISSIONS	44
SECTION 1. Administrative controls.....	44
<i>Single Sub-section. Control of accounts of public and semi-public enterprises.....</i>	44
SECTION 2. Missions of assistance and counsel of the Audit Bench.....	47
<i>Sub-section 1. Permanent Consultation Framework between the Audit Bench and the Ministry and the Ministry of Finance.....</i>	47
<i>Sub-section 2. Exchange fora with Parliament.....</i>	49
<i>Sub-section 3. Opinions and reports.....</i>	50
<i>Sub-section 4. Information day with representatives of civil society and media correspondents.....</i>	54
PART THREE. RULING OF THE AUDIT BENCH IN 2013.....	57
CHAPTER 1. JUDGMENTS.....	59
SECTION 1. Judgments to pay fine.....	59
<i>Sub-section 1. Judgment No. 22/D of 24 april 2013.....</i>	59
<i>Sub-section 2. Judgments Nos. 47/D and 48/D of 26 June 2013.....</i>	59
<i>Sub-section 3. Judgment No. 50/D of 26 June 2013.....</i>	60
SECTION 2. Discharge Judgments.....	60
<i>Sub-section 1. Judgment No. 27/CSC/CDC/S1 of 17 December 2013.....</i>	60
<i>Sub-section 2. Judgment No. 04/D/CSC/CDC/SR of 12 September 2013.....</i>	66
<i>Sub-section 3. Judgment No. 07/D/CSC/CDC/SR of 12 September 2013.....</i>	70
SECTION 3. Judgments of debits.....	74
<i>Sub-section 1. Judgment No. 15/AD/S3/13 of 04 September 2013.....</i>	74
<i>Sub-section 2. Judgment No. 22/AD/S3/13 of 27 November 2013.....</i>	74

CHAPTER 2. OBSERVATION REPORTS	76
SECTION 1. Report No. 01/ROD/S4 of 18 July 2013 on the accounts of the Animal <i>Development and Exploitation Corporations SODEPA),</i> <i>2004 and 2005 financial years.....</i>	76
SECTION 2. Report No. 09/ROD/S4 of 14 November 2013 on the accounts of the <i>Société des Grands Hôtels du Cameroun (Mont Febe Hotel),</i> <i>2004 to 2007 financial years.....</i>	92
SECTION 3. Report No. 10/ROD/S4 of 14 November 2013 on he accounts of the Cameroon Petroleum Depor Corporation (SCDP), 2004 and 2005 fiannical years	107
CHAPTER 3. OPINIONS AND CERTIFICATION REPORTS	121
SECTION 1. Opinion No. 004/2013/CSC/CDC of 19 November 2013 on the Settlement Bill of the 2012 financial year	121
SECTION 2. Certification Report No.004/2013/CDC/CSC of 18 December 2013 of the General Account of the State of the 2012 financial year	166
SECTION 3. Act of Certification No. 001/2013/CDC/CSC of 16 January 2013 on the certification of revenue reporting forms of the extractive sector for the 2009 and 2010 financial years for public structures and entities	186
SECTION 4. Act of Certification No. 003/2013/CDC/CSC of 03 July 2013 on the certification of revenue reporting forms of the extractive sector for the 2011 financial year of public structures and entities	200
PART FOUR. THE RECOMMENDATIONS OF THE AUDIT BENCH IN 2013	215
CHAPTER 1. RECOMMENDATIONS IMPLEMENTED IN 2013	217
SECTION 1- Recommendations linked to the Fiscal Regime of the State	217
<i>Sub-section 1. Instruments of application of the Law No. 2007/006</i> <i>of 26 December 2007.....</i>	217
<i>Sub-section 2. Content of The Settlement Bill</i>	217
<i>Sub-section 3. Inventory and evaluation of the assets of the State, Regional</i> <i>and Local Authorities and Administrative Public Establishments</i>	217
SECTION 2. Recommendations on the keeping and production of management accounts by State accountants	218
<i>Single Sub-section Bills collectible expunged from the trial balances of accounts</i>	218

CHAPTER 2. REMINDER OF PREVIOUS RECOMMENDATIONS NOT IMPLEMENTED	219
SECTION 1 : Fiscal Regime of the State	219
<i>Sub-section 1. Genuineness of budgetary balances.....</i>	219
<i>Sub-section 2. Use made of balances of Earmarked Accounts</i>	219
SECTION 2 : Review of the legal framework	220
<i>Sub-section 1. Review of the law N° 2003/005 of 21 April 2003.....</i>	220
<i>Sub-section 2. Instruments of application of Law No. 99/016 of 22 December 1999 on the General Rules and Regulations governing Public Establishments, I public and semi-public enterprises</i>	220
SECTION 3. Production of accounts.....	221
<i>Sub-section 1. Content of bundles of expenditure supporting documents.....</i>	221
<i>Sub-section 2. Production of accounts of natural persons performing official duties....</i>	221
CHAPTER 3. NEW RECOMMENDATIONS	222
SECTION 1. Application of Law No. 73/07 of 07 December 1973 relating to the preferential claim of the Treasury to safeguard public funds.....	222
<i>Single Sub-section. Collateral and guarantees of the Treasury over the property of public Accountants.....</i>	222
SECTION 2. Settlement Bill.....	222
<i>Sub-section 1. State expenditure relating to State guarantee.....</i>	222
<i>Sub-section 2. Registration of data relating to drawings from direct foreign bilateral and multilateral loans</i>	223
SECTION 3. Decree No. 2013/0160 of 15 May 2013 on the General Regulations on Public Accounting.....	223
<i>Single sub-section. Legislative authority of new competences introduced by Decree N° 2013/160</i>	223
CONCLUSION	225
ANNEXURE	227

Signed the minutes of this Annual Report :

Mr. ATEBA OMBALA Marc

President of the Audit Bench

Messrs. MOUTCHIA George AMBE

MBENOUN Théodore

Madam FOFUNG Justine NABUM spouse WACKA

Madam SIMO TCHUINTE Lucienne spouse SIMO BOBDA

Division Presidents

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HAKAPOKA Narcisse

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OUMAROU ABDOU

Masters of the Supreme Court

Madam NJOWIR Mary YIBELA spouse JIFON

Division Registrar, sitting in for the Registrar-in-Chief of the Audit Bench

