

AIST – Executive Board Meeting

Paris – June, 26th, 2015

MINUTES



Participants:

Mr Daouda SEMBENE (Senegal), President
Mr Pierre-Jean FENO (Madagascar), Vice-president
Mr Lassina FOFANA (Ivory Coast), representing Mr Adama KONE, Vice-president
Mr Vincent MAZAUIC and Mrs. Josiane LANTERI (France), Administrators
Mr Noureddine BENSOUA (Morocco), Administrator
Mrs. Tetyana SLYUZ (Ukraine), Administrator
Mr Mohamed LARBI GHANEM (Algeria), Guest
Mr Blaise ALLELA, (Gabon), Guest
Dr József DANCZO (Hungary), Guest
Mr Herivelo ANDRIAMANGA (Madagascar), Guest
Mr Nordine LAZRAC (Morocco), Guest
Mr Amadou Birahim GUEYE (Senegal), Guest
Mr Serigne Amadou SEYE (Senegal), Guest
Mrs. Daria DMYTRUK (Ukrainian Embassy in Paris), Guest
Mr Didier CORNILLET (AIST), Secretary General
Mr Laurent ROUSSEAU (AIST), Auditor
Mrs. Cristel VOLPI (AIST), Technical advisor

The President of AIST, Mr Daouda SEMBEBE, Senegal, calls the meeting to order at 9:50 am.

After welcoming the participants, the Secretary General submits the draft agenda for their approval and asks if there are any comments. Since there are no comments, the agenda is approved as such.

1 – Administrative organization of AIST

• Financial situation

The Secretary General presents the AIST financial situation as of 31 December 2014 and the interim financial situation as of 31 May 2015.

On the 31st of December 2014, AIST achieved a profit of 2,325.56 € (see Annex 1).

• Membership fees

To this day, 24 countries have paid their membership fee and 5 countries have arrears that amount to a total of 42,125.00€. Mr MAZAURIC (France) wants to know which are the countries concerned and Mr FENO (Madagascar) wants to know the amount due. Mr BENSOUA (Morocco) asks about the solutions AIST intends to put in place.

The Secretary General lists the countries that are behind with the payment of their membership fees: Cambodia, Djibouti, Guinea, the Central African Republic and Chad. All participants are surprised by the presence of Chad among these countries, given its resources.

The Secretary General explains that, as of 1 January 2015, monthly reminders are sent to countries which have debts and that the situation has improved significantly. He also underlines the fact that these payment difficulties are mostly due to political and/or administrative changes. He adds that AIST has no coercive instrument at its disposal to take offensive actions against these countries and that the association can only propose instalment schemes. He further recalls that these countries do not take part or take little part in the association's actions and do not organize events.

Mr FENO (Madagascar) suggests a visit to these countries in order to find out the reasons for their debts. He is reminded of the travel expenses involved, which could prove higher than the amount due by the country in question.

Mr BENSOUA (Morocco) suggests a 3 level action plan against countries having outstanding debts:

1. Countries not having paid their membership fees for less than 3 years: participation in AIST events without covering of expenses;
2. Countries not having paid their membership fees for more than 3 years: ban on participation in AIST events;
3. After 5 years of arrears: expulsion from the association.

The Secretary General indicates that he will present this proposal at the General Assembly that will take place in Dakar, next November.

On Madagascar's initiative, participants discussed the possibilities for readmitting countries expelled from the association (minimum exclusion period, insertion of a new article in the Statute). Members have decided to discuss about it at the General Assembly in Dakar.

• Assets situation

Slovenia left the association in 2015. 30 countries are currently AIST members.

The Secretary General mentions the difficulties Ukraine has in paying its membership fee for 2015. The country had brought this topic to the Secretary General's attention at the beginning of the year. Mrs SLYUZ (Ukraine) explains that these difficulties are due to political and budgetary challenges. Nonetheless, the country commits to paying the membership fee in 2016.

2 – Preparations for the General Meeting

• Partial renewal of the Executive Board

The General Meeting and the annual conference will be held in Dakar (Senegal). The organization committee will be chaired by Mr Serigne Amadou SEYE.

According to the AIST statute, the Executive Board will be partly renewed during the General Meeting in Dakar. In compliance to the rules in place, the Presidency will be held by the country organizing the 2016 seminar (Kuwait), whereas the two vice-president offices will be held by the countries which organized the seminar in 2014 (Madagascar) and 2015 (Senegal).

Countries acting as administrators are eligible for re-election. Ivory Coast, Tunisia and Ukraine wish to renew their mandate. According to the rules in place, only countries which are up to date with their membership fees can be members of the Executive Board. Ukraine announces that it will pay its 2015 membership fee as soon as possible.

Hungary (which attends the meeting as guest) applies for an administrator position.

The President asks whether an open call for nominations has already been made. The Secretary General explains that Executive Board decisions are validated by the General Meeting (spontaneous applications are allowed and will be examined by the General Meeting).

The President asks whether applications can be presented before the General Meeting or whether it would be possible to spontaneously ask a country to become Executive Board member.

Mr GHANEM (Algeria) proposes the introduction of a diligence criterion. This would be difficult, given the fact that according to the statute, the composition of the Executive Board should reflect the geographic diversity. France adds that the concept of diligence should be integrated in a general context.

• 2016 seminar

The 2016 thematic seminar will be held in Haiti. The host authority has to send an official letter to the Secretary General to confirm the application.

In order to improve members' visibility in the programming of AIST activities, the Secretary General asks countries to express their interest in hosting the 2017, 2018 and 2019 seminars. A call is also made for countries which could act as substitutes, if a host country has difficulties in organizing the seminar.

Mrs SLYUZ (Ukraine) wants to know whether Ukraine could apply as well and what would be the estimated costs of hosting such an event. The Secretary General explains that costs vary depending on the countries and gives a brief overview of types of expenses which are to be expected. For information, the General Secretariat will forward a draft expenditure overview to Ukraine.

Ukraine and Algeria offer to host the 2017 seminar. Morocco applies as substitute.

• Symposium

The 2016 annual conference will be held in Kuwait.

Hungary applies for hosting the 2018 annual conference.

The President would like to have a list of main, as well as substitute candidates, which could take over if a main candidate cannot organize the event.

3 – Organizing the thematic seminar

The Secretary General reports on the thematic seminar organized in Rabat, on June 17th -18th 2015.

The two-day seminar focused on the topic of “accounting standards - transition to accruals accounting”. The seminar was led by top level experts and alternated plenary sessions with workshops. For information purposes, the total cost for the seminar amounted to €19,422.

The Secretary General highlighted the seminar’s success in terms of participation (57) and feedback.

From a logistics point of view, it has to be mentioned that some participants did not inform the General Secretariat that they will not be able to attend the event even if they had registered to it. As a consequence, the hotel has charged AIST for “no show” cases. For information purposes, the accommodation price was of MAD 1,390 (around €123). AIST was supposed to cover the costs for five “no show” cases, but has managed to negotiate with the hotel the payment of a single overnight stay.

The Secretary General suggests that these penalties should be covered by participants. Since these costs cannot be charged directly to the participants, given their absence, he recommends amending the financial regulations so as to allow the re-invoicing of “no show” costs to member states.

The President’s proposal to add these penalties to annual membership fees is abandoned due to enforcement difficulty.

Ukraine suggests including an article on non-payment of membership fees and late cancellations in the statute. This proposal will be examined during the General Meeting in Dakar.

4 – Organization of the AIST annual conference

The next annual conference will be held in Dakar (Senegal) on 16-18 November 2015. In January 2015, the General Secretary has undertaken a preparatory mission in Dakar; a second mission will be organized in September, on the President’s request.

• Choice of topic

The following topics are submitted to the participants’ attention:

- 1) State budget and accounting information systems/Dematerialization
- 2) Local public sector/Decentralization/ Management of public bodies
- 3) Cash and debt management/ Banking activities/Role of Central Bank
- 4) Internal audit/Internal control
- 5) Accounting standards/Consolidation/Valuation and financial reporting
- 6) The role of the Treasury in financing the economy
- 7) Control of budget expenditure
- 8) Relation between authorizing officers and accountants
- 9) Presentation of accounts
- 10) Payroll systems for civil servants

Participants are asked to reflect on two options:

- Option 1: Develop the conference topic in a seminar
- Option 2: Choose two different topics.

NB: the Secretary General makes a list of proposals made by delegates during the assessment stage and presents the Executive Board with a choice of various topics in annex 2.

Mr BENSOUA (Morocco) considers that expenditure chains are a topic of interest and underlines the fact that this topic is highly interesting for a number of countries. Mr GHANEM (Algeria) wants the topics of audit and internal control to be included in the discussions since both are essential instruments for rationalizing expenditure flows.

Mr SEMBENE (Senegal) notices that the same topics arise again and again. He would be more interested in the topic of public debt management. The Secretary General replies that no such suggestion has been made until now.

Mr GHANEM (Algeria) deplores the fact that apparently liquidity management is not as interesting as budgetary results.

Mr DANCOS (Hungary) suggests discussing debt management from a broader perspective. There is a strong relation between cash and debt management. It would be useful to compare the systems implemented in the various countries and to exchange good practices. Mr DANCOS mentions another topic closely related to good governance at State level: how Treasury information can be better used for drafting budget.

Mr FOFANA (Ivory Coast) suggests organizing an annual conference on cash and debt management. Mrs. LANTERI (France) reminds that the subject has already been dealt with during the 2014 International Annual conference of French speaking Treasury Services and suggests organizing a seminar on this topic.

During discussions, it was unanimously decided that topic 3 is the most appropriate. The topic was reworded: "Public expenditure management process".

In addition to this, participants also agreed on the topic of the 2016 annual conference: "The strategic management of public debt: issues and challenges".

• Organizational arrangements

Due to schedule and organizational constraints, the AIST President, together with the Secretary General, suggest a three days annual conference (traditional format). The three days will include a cultural visit (like in Abidjan). It is recalled that the four day annual conference in Madagascar was an exception, as discussed at the Executive Board meeting on June 30th 2014. It is suggested that the annual conference be held starting Monday, November 16th, until Wednesday, November 18th.

This conference format, as it is designed, nonetheless offers the possibility of increasing the number of sessions as compared to the conference in Madagascar: there will be 7 instead of 5 sessions. Two conference scenarios are referred to the Board members for approval.

Option V1, in which the annual conference ends with the General Meeting, follows a formal procedure, though not included in the statute, regarding the transfer of chairmanship. This procedure makes it possible for the outgoing President to chair the event until a new President is elected at the end of the conference. Thus, there are not two Presidents at the same time, even though it is up to the outgoing President, in his role as organiser, to chair the conference.

Senegal declares it prefers option 1 (according to the annex). Indeed, this scenario makes it possible for the President to fulfil its role throughout the conference, to organize the closing ceremony as well as the cultural visit.

The Executive Board members adopt this proposal.

5 – Other issues

• Request for termination

The Secretary General informs the Executive Board members that Slovenia has confirmed, by means of an official letter, its decision to withdraw from the association.

- **Accession of a new member**

The Director General for Public Accounting and Treasury from Burundi had expressed interest in his country's accession to AIST. The Secretary General has not yet received any official request and this is probably due to the country's present political situation. Mr SEMBENE (Senegal) suggests inviting Burundi to the annual conference (at its own expense).

- **Change of the date of the annual conference**

At the previous General Meeting in Antananarivo, members raised the question of changing the dates of the annual conference. The Secretary General submits three options for debate:

- Option 1: *Organizing the annual conference mid-October.* Advancing the annual conference by one month would allow Directors General to attend the event before the period in which the Budget Law is being drafted.
- Option 2: *Interchange the dates for the seminar and the annual conference.* If this is the preferred option, solutions have to be found so as not to interfere with the CREDAF actions for which the Secretariat is also responsible. The transition year would also require further organisational arrangements.
- Option 3: *Organizing the annual conference at the beginning of the year.* In this case the necessary appropriations must be made available.

Option 1 is unanimously adopted.

- **Synergies with CREDAF**

Participants agree that the 2012 experience, when a joint AIST-CREDAF seminar was organized, must be renewed.

- **Hosting an intern with the CREDAF and AIST General Secretariat**

The General Secretariat has received an application for a 6 months on-the-job training from a 4th-year student of the Paris Institute of Political Studies. This type of internship is required by the Paris Institute and should cover the period July 1st - December 31st, 2015. Since the period is longer than two months, the intern must be paid. The monthly salary is estimated at € 460. Only the hours actually worked are paid (on the basis of the 35h week).

The intern would help with drafting the reports, research activities, updating the website or translations into English, this being a language he is fluent in due to the year spent in Singapore. The trainee would reinforce the General Secretariat whose team is made up of three employees.

Provided that the Executive Board agrees, the financial costs would be covered by CREDAF and AIST according to the usual breakdown of common expenditure, i.e. expenditure is divided proportionally to each organization's total committed expenditure for the given financial year.

The Executive Board members unanimously approve the request.

The President thanked the participants and the meeting was adjourned at 12:20 pm.

Financial position

1.1 Financial position of the association at the end of the financial year 2014

1.1.1 Income statement (budget implementation) as of 31/12/2014

1. AIST income statement

The spreadsheet below shows the income statement (expenses and revenue) ended upon 31/12/2014.

AIST income statement 01/01/2014 to 31/12/2014 financial year			
Expenses		Revenue	
Annual conference costs	€ 43 120.62	Subscription fees revenues	€ 90 830.47
Thematic Seminar costs	€ 36 090.30	Extraordinary income	€ 354.22
Studies and services	€ 376.74		
Travel, missions and receptions	€ 3 076.81		
Banking services	€ 380.35		
Various charges	€ 5 589.37		
Purchases of equipment and supplies not held in inventory	224,94 €		
		Profit	€ 2 325.56
Total	€ 88 589.13	Total	€ 88 859.13

1.2 Financial position and assets as of 31/12/2014

The following spreadsheet presents the financial and property statement of AIST at the closing on the 31 December 2014.

	Balance Sheet as of 31-12-2013	Balance Sheet as of 31-12-2014
ASSETS		
1- Current asset		
CDC* Bank Account	€ 66 025.64	€ 25 511.60
CA** Bank Account		€ 2 546.78
Cash	€ 152.14	€ 148.74
2- Savings Account		
CA** - "A" Saving bankbook		€ 44 296.22
Total	€ 66 177.78	€ 68 503.34
LIABILITIES		
1- Retained earnings		
Debit balance	€ 77 130.74	€ 66 177.78

2- Financial result		
Result	€ - 10 952.96	€ 2 325.56
Total	€ 66 177.78	€ 68 503.34

* CDC : Caisse des Dépôts ** CA : Crédit Agricole

2. Provisional financial position of the association as of 31 May 2015

2.1 Income statement (budget implementation) as of 31 May 2015

The spreadsheet below presents the income statement (expenses and revenue) provisionally closed on May 31st 2015.

AIST income statement on 31-05-2015 accounting period from 01-01-2015 to 31-05-2015			
Expenses		Revenue	
Annual conference costs	€ 3,340.14	Subscription fees revenues	€ 56,680.15
Thematic Seminar costs	€ 13,760.35		
Travel, missions and receptions	€ 123.09		
Banking services	€ 246.60		
Various charges	€ 914.69		
Result	€ 38,295.28		
Total	€ 56,680.15	Total	€ 56,680.15

2.2 Financial position and assets as of 31 May 2015

The following spreadsheet presents the financial and property statement of AIST (bank and cash accounts) at the provisional closing on 31 May 2015.

	Balance Sheet as of 31-12-2014	Balance Sheet as of 31-05-2015
ASSETS		
1- Current assets		
CDC* Bank Account	€ 21,511.60	€ 54,948.55
CA** Bank Account	€ 2,546.78	€ 7,410.78
Cash	€ 148.48	€ 143.07
2- Savings Account		
CA** - "A" Savings bankbook	€ 44,296.22	€ 44,296.22
Total	€ 68,503.34	€ 106,798.62
LIABILITIES		
1- Retained earnings		
Debit balance	€ 66,177.78	€ 68,503.34
2- Financial result		
Result	€ 2,325.56	€ 38,295.28

Total	€ 68,503.34	€ 106,798.62
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* CDC: Caisse des Dépôts

** CA: Crédit Agricole

Public expenditure management process**Topic 3: Organizing the public expenditure cycle**

The public sector is a decisive player in the economic cycle of a country. On the one hand, it levies a part of the funds produced via taxes and royalties, on the other, it introduces funds in the form of salaries and public orders. Therefore, the public services of the Treasury are essential actors in the expenditure operations.

1- Treasury services – are they monopoly-holders?

Depending on the administrative structures implemented in each country, Treasury services cover more or less the expenditure both of the central government and of local governments, they are autonomous, but sometimes they report directly to the authorizing ministries. A mapping of activity areas covered by Treasury services should be drawn.

2- what's the percentage of the expenditure in the economy?

Before examining the cycle of the expenditure, it is useful to measure the financial weight of public expenditure in the economy of the country.

3- legal challenges in the public expenditure – security of payments

The first indicator for quality expenditure is the legal assurance of the supplier, or of the staff, to be paid according to the order placed by the public authority. The legal texts that represent the framework of the activity should thus be analyzed to check whether there is a separation between the administration that orders the expense, the one that instructs it and the one that makes the payment. In this structure, what is the role of treasury services: are they supposed to keep the accounting for the expenditure and the payment? What controls must be done prior, and what means do they have at their disposal in order to refuse an inappropriate payment? What organizational structure was there implemented in the direction for budget and authorizing administrations? Is it important to identify elaborate legal tools (e.g. codes for procurement contracts) in order to measure how independent the administration is from some suppliers.

The tools that are already in place in public treasury services should also be scrutinized, so that the controls these services are supposed to perform are traceable and of good quality.

4- efficacy of public expenditure (payment deadlines, handling of arrears)

Public expenditure represents a significant part of the sums introduced in the economic cycle, it is thus important that payments to suppliers or to public staff (in case of salaries) be swift. Administrations elaborated thus methods to guarantee that all suppliers are paid as soon as the order was placed, and if this is not the case, the existing tools should be analyzed in order to monitor the arrears and handle them. Methods were also issued so that payment deadlines can be measured and reduced by introducing selective checks on risky expenditure or on ones of major financial importance and significant subsidy schemes.

5- IT tools and payments made through bank transfers

Modernizing the cycle of expenditure entails a good IT flow among stakeholders and integration of controls in order to facilitate these operations. In some countries where the rate of payments made through bank transfers is still low, it is important to conduct an analysis and see whether treasury services are favorable to the opening of bank accounts in order to make payments and reduce the cycle of important amounts of paper money.

6- ongoing reforms

The sector of public expenditure is not rigid and each country makes legal, accounting and financial changes to the public expenditure. Different experiences can be analyzed, as well as the objectives that were set and the expected results.

7-internal and external controls

Given the amounts at stake and the legal impact in terms of security of transactions, the sector of public expenditure requires the implementation of regular internal controls within treasury services and that of controls conducted by authorities independent from the administration (court of auditors) in order to insure the regularity of operations and impose (financial or other type of) sanctions if dysfunctions are proven.

**PROGRAM - Dakar – SENEGAL – November, 16th-18th
2015**

Sunday, November 15th 2015

19.30 – 21.00: **Welcome cocktail**

Monday, November 16th 2015

Morning

8.30: **Welcome and registration**

9.00 – 9.30: **Opening ceremony**

- Address of the AIST President

- Address of the AIST Secretary General

- Address of the Finance Minister or his representative

9.30 – 10.00: **Break**

10.00 – 12.30: Working session 1

12.30 – 14.00: **Lunch**

Afternoon

14.00 – 15.30: Working session 2

15.30 – 15.50: **Break**

15.50 – 17.30: Working session 3

Dinner

Tuesday, November 17th 2015

Morning

9.00 – 10.30: Working session 4

10.30 – 10.50: **Break**

10.50– 12.30: Working session 5

12.30 – 14.00: **Lunch**

Afternoon

14.00 – 15.30: Working session 6

15.30 – 15.50: **Break**

15.50 – 17.00: Working session 7

17h00 – 17h30: **Closing remarks**

- Address of the AIST Secretary General
- Address of the President of AIST
- Address of the Finance Minister or his representative

Dinner

Wednesday, November 18th 2015

9.00 – 11.00: **General Meeting**

12.00 – 16.00: Cultural visit