

The background is an impressionistic painting of a red boat on a body of water, with mountains in the distance under a dramatic, cloudy sky. A white dove logo with an olive branch is positioned to the right of the boat.

SEPTEMBER 11, 2025

CODESA FINANCIAL REGULATION AND RULES

*TRANSPARENCY TO BUILD TRUST AND ACCOUNTABILITY WITH
FUNDERS AND INVESTORS*

CREATED BY

EUSL AB

Care to Change the World

CODESA Financial Regulations and Rules

Purpose and Legal Basis

The Financial Regulations and Rules (hereinafter referred to as “FRR”) constitute the binding framework governing the financial administration of the COMESA Digitalisation, Education, and Social Agency (CODESA). These Regulations are adopted pursuant to the provisions of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA Treaty), in particular Articles 168 and 169, and are consistent with the Financial Rules of the COMESA Secretariat as amended from time to time.

The FRR shall ensure the prudent, transparent, and accountable management of all financial resources entrusted to CODESA, including assessed contributions, extra-budgetary resources, and funds provided by development partners. They shall further guarantee compliance with internationally recognized accounting standards, including the International Public Sector Accounting Standards (IPSAS), and shall incorporate fiduciary safeguards to prevent fraud, corruption, and financial mismanagement.

Chapter I: General Provisions

Article 1 – Scope of Application

These Regulations shall apply to all organs, divisions, programs, and projects of CODESA, including any subsidiary bodies established under its mandate.

Article 2 – Principles of Financial Management

Financial management within CODESA shall be guided by the principles of economy, efficiency, effectiveness, transparency, and accountability, ensuring value for money in all financial transactions.

Article 3 – Authority and Responsibility

The President of CODESA shall have overall responsibility for financial administration, delegated to the Director of Finance under the supervision of the Governing Board. No financial obligation shall be incurred without proper authorization in accordance with these Regulations.

Chapter II: Budget Principles and Lifecycle

Article 4 – Budgetary Framework

The financial period of CODESA shall correspond to the calendar year, commencing on 1 January and ending on 31 December. The budget shall comprise the regular budget and any extra-budgetary resources.

Article 5 – Preparation and Approval

The draft annual budget shall be prepared by the Secretariat and submitted to the Governing Board for approval no later than 30 September of the preceding year. The budget shall be presented in a programmatic format, linking resources to expected results.

Article 6 – Budgetary Control and Adjustments

Transfers between budget lines shall require prior approval by the Governing Board where such transfers exceed ten percent (10%) of the original allocation. No expenditure shall be incurred unless appropriated in the approved budget.

Chapter III: Treasury and Banking

Article 7 – Bank Accounts

All funds of CODESA shall be deposited in bank accounts opened in its name with reputable financial institutions. The opening and closing of bank accounts shall require the prior approval of the Governing Board.

Article 8 – Signatory Authority

All withdrawals from CODESA bank accounts shall require the signatures of at least two authorized officers, one of whom shall be the Director of Finance or his/her delegate.

Article 9 – Investment of Funds

Surplus funds not immediately required for operational purposes may be invested in secure, interest-bearing instruments, provided that such investments prioritize capital preservation and liquidity.

References

- [COMESA Financial Rules \(2023\)](#)
- [COMESA Budget & Finance Division](#)
- [COMESA Gazette Vol. 29 – Financial Rules & Procurement Regulations](#)
- [2022 Audited Financial Statements](#)

Chapter IV: Accounting Standards and Reporting

Article 10 – Accounting Framework

CODESA shall maintain its accounts in accordance with the International Public Sector Accounting Standards (IPSAS) and any additional requirements prescribed by the Governing Board. All financial transactions shall be recorded on an accrual basis, ensuring accurate reflection of assets, liabilities, income, and expenditures.

Article 11 – Financial Records

The Secretariat shall maintain complete and accurate records of all financial transactions, including supporting documentation, for a minimum period of ten (10) years. Such records shall be readily available for inspection by internal and external auditors.

Article 12 – Financial Statements

The Secretariat shall prepare annual financial statements comprising a Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement, and Notes to the Accounts. These statements shall be submitted to the Governing Board within three (3) months of the close of the financial year.

Article 13 – Interim Reporting

Quarterly financial reports shall be prepared and circulated to the Governing Board and development partners, detailing budget execution, variances, and cash flow status.

Chapter V: Internal Controls and Segregation of Duties

Article 14 – Internal Control System

CODESA shall establish and maintain an internal control system designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;

(b) Reliability of financial reporting;

(c) Compliance with applicable laws and regulations.

Article 15 – Segregation of Duties

No single individual shall have authority over all aspects of any financial transaction. Functions of authorization, custody, and record-keeping shall be segregated to minimize the risk of error or fraud.

Article 16 – Internal Audit

An Internal Audit Unit shall be established, reporting functionally to the Governing Board and administratively to the President. The Unit shall conduct risk-based audits and issue recommendations for corrective action.

Chapter VI: External Audit and Disclosure

Article 17 – Appointment of External Auditor

The Governing Board shall appoint an independent external auditor, preferably the Auditor General of a COMESA Member State or an internationally recognized audit firm, for a renewable term of three (3) years.

Article 18 – Scope of Audit

The external audit shall cover all financial statements, internal control systems, and compliance with these Regulations. The auditor shall have unrestricted access to all records, documents, and premises deemed necessary for the audit.

Article 19 – Audit Report and Publication

The external auditor shall submit an annual audit report to the Governing Board within six (6) months of the close of the financial year. The report shall be made publicly available on the official CODESA website and transmitted to all development partners.

Article 20 – Follow-Up on Audit Recommendations

The Secretariat shall prepare an action plan to address audit findings and submit progress reports to the Governing Board on a quarterly basis.

References

- [COMESA Financial Rules \(2023\)](#)
- [COMESA Gazette Vol. 29 – Financial Rules & Procurement Regulations](#)
- [COMESA Budget & Finance Division](#)
- [2022 Audited Financial Statements](#)

Chapter VII: Anti-Fraud, Corruption, and AML/CFT Compliance

Article 21 – Prohibited Practices

CODESA shall adopt a zero-tolerance policy towards fraud, corruption, collusion, coercion, and obstruction in all financial and procurement activities. Any act constituting a prohibited practice shall be subject to disciplinary measures and legal action.

Article 22 – Due Diligence and Know Your Customer (KYC)

Prior to engaging with any financial institution, contractor, or implementing partner, CODESA shall conduct comprehensive due diligence, including verification of beneficial ownership, compliance with

anti-money laundering (AML) and counter-financing of terrorism (CFT) standards, and screening against international sanctions lists.

Article 23 – Reporting and Investigations

Any suspicion or allegation of fraud or corruption shall be reported immediately to the Internal Audit Unit and the Governing Board. Investigations shall be conducted in accordance with internationally recognized forensic audit standards, and findings shall be shared with relevant authorities and donors.

Article 24 – Sanctions and Remedies

Entities or individuals found guilty of prohibited practices shall be subject to sanctions, including debarment, termination of contracts, and recovery of misappropriated funds. CODESA shall maintain a public register of sanctioned entities.

Chapter VIII: Compliance with Donor Requirements

Article 25 – Harmonization with Donor Policies

Where CODESA receives funds from development partners, it shall ensure compliance with the fiduciary, procurement, and reporting requirements of such partners, including but not limited to the African Development Bank (AfDB), World Bank, European Union, and bilateral donors.

Article 26 – Financial Reporting to Donors

CODESA shall prepare and submit financial reports to donors in the format and frequency stipulated in the respective financing agreements. Such reports shall include statements of expenditure, fund utilization, and variance analysis.

Article 27 – Audit Access for Donors

Development partners shall have the right to conduct audits or reviews of CODESA's financial records related to their contributions, either directly or through appointed agents, subject to confidentiality obligations.

Chapter IX: Digital Finance and E-Payments

Article 28 – Electronic Payment Systems

CODESA shall implement secure electronic payment systems for all disbursements, ensuring traceability and compliance with applicable cybersecurity standards.

Article 29 – Digital Ledger and Blockchain Integration

Where feasible, CODESA shall adopt distributed ledger technologies (DLT) to enhance transparency, reduce fraud risk, and provide immutable audit trails for financial transactions.

Article 30 – Data Security and Privacy

All digital financial systems shall comply with the Data Protection, Cybersecurity, and Digital Sovereignty Policy of CODESA, ensuring encryption, access controls, and incident response protocols.

References

- [COMESA Financial Rules \(2023\)](#)
- [COMESA Gazette Vol. 29 – Financial Rules & Procurement Regulations](#)