

POLICY FORUM VISIT TO NAOT
24th APRIL, 2014

TOPIC: Annual Audit Process in Tanzania.



Rationale of the Presentation

1. Create space for participants to understand the NAOT audit processes.
2. The presentation be one of the source for participants to brainstorm opportunities and challenges in collaboration b/n NAOT and Citizens/CSO in audit the process.



Presentation outline

1. Mandate and Functions of NAOT.
2. Administrative Structure
3. Types of Audits Conducted.
4. Annual Audit Process Flow.
5. Conclusion.



1. MANDATE & FUNCTIONS OF NAOT

- The Office of the CAG of the URT is a constitutional Office established in accordance with Article 143 of the URT Constitution of 1977.
- The Article is further amplified under the Public Audit Act No. 11 of 2008.
- Article 143(6) **gives the CAG total mandate and freedom to decide on how to execute his functions and responsibilities.**
- Article 144 explains the procedures to be followed if need will arise to relieve the CAG from his position.



Mandate & Functions of NAOT....

What does NAOT do?

NAOT audit and report on the accounts of:

- (i) The Government of the United Republic, that is **MDAs**, Public Authorities and Other Bodies; and Donor Funded Projects;
- (ii) The Local Government Authorities;
- (iii) The Judiciary; and
- (iv) The National Assembly.



Mandate & Functions of NAOT...

What is the CAG's Responsibilities?

The responsibilities of the CAG are enshrined in Article 143 (2) (a); (b); (c) and (3):

- Ensure there is **proper use** of moneys paid out of the consolidated fund.
- Ensure that appropriated moneys by Parliament have been used for the **intended purposes**.
- Audit and give an audit opinion in respect of accounts of the Government.



Mandate & Functions of NAOT...

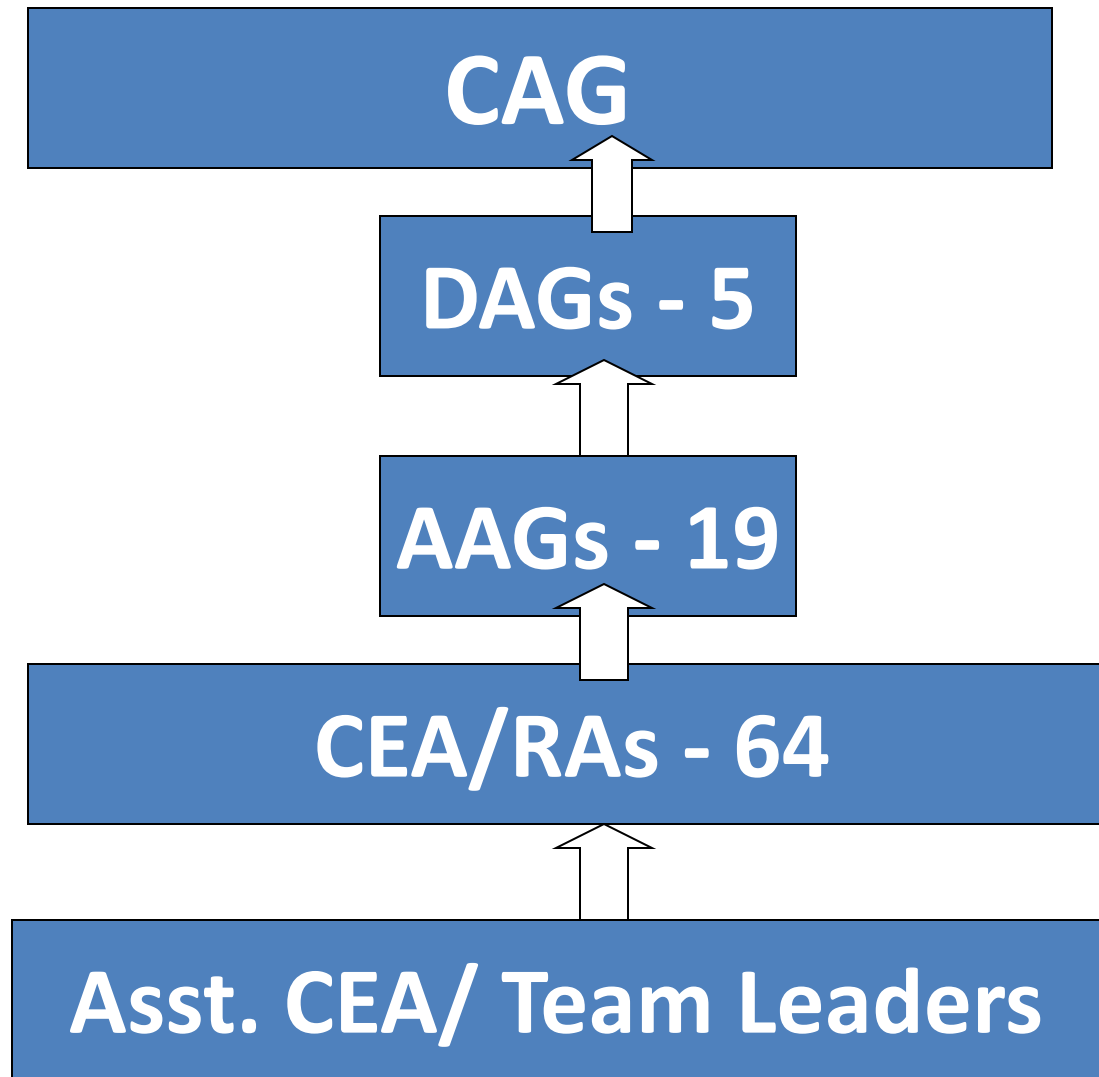
What is the CAG's Responsibilities?

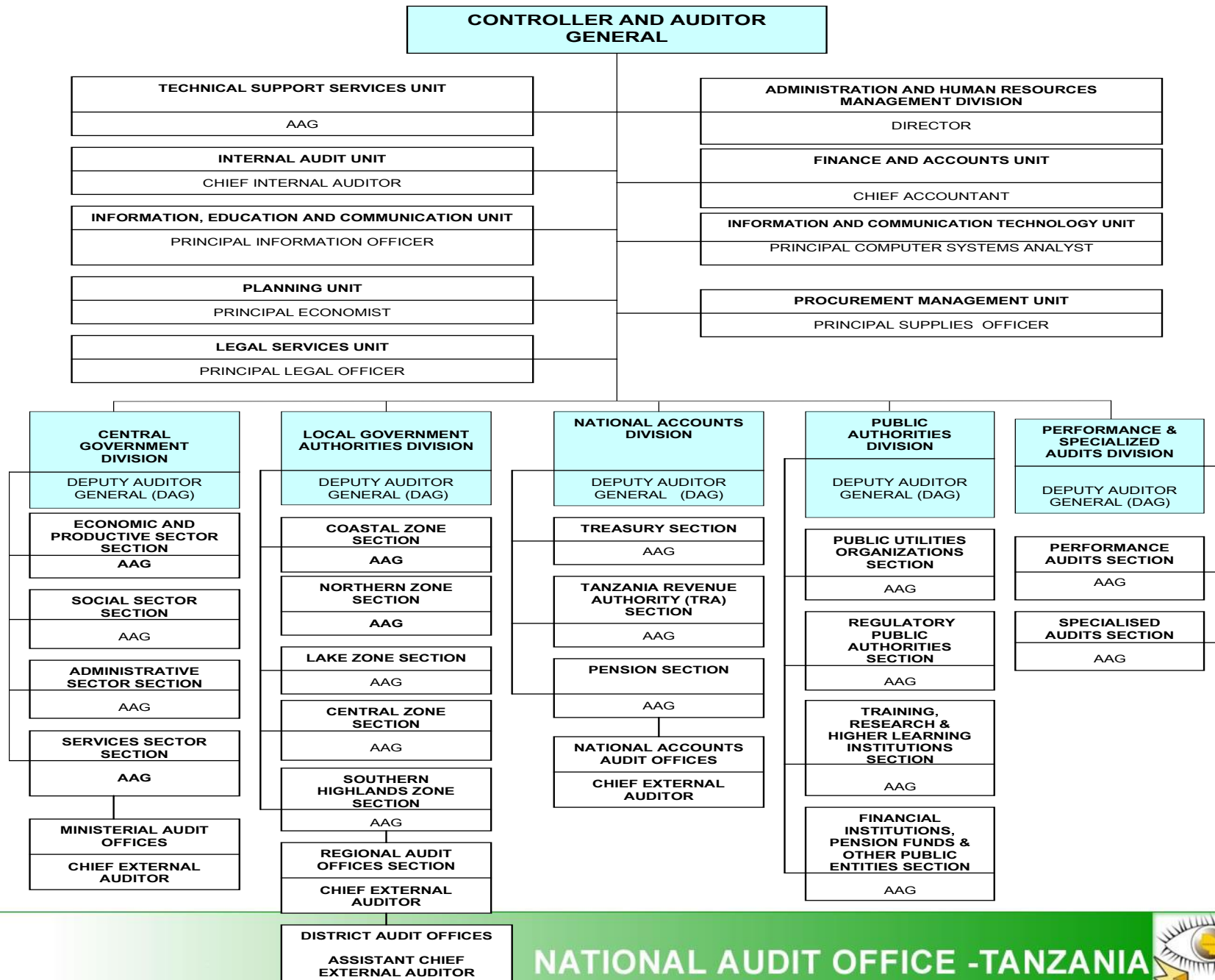
Other responsibility of the CAG is to make recommendations to the Govt for the purpose of:

- Preventing or minimizing unproductive expenditure of public funds
- Maximizing the collection of public revenues
- Avoidance of loss by negligence, carelessness, theft, dishonesty, fraud, corruption etc.



2. ADMINISTRATIVE STRUCTURE (Extract)





Administrative structure ...

- The office is headed by the CAG assisted by five (5) Deputy Auditors General (DAGs), Director of Administration and Human Resources Management (DAHRM).
- The office has **19 Assistant Auditors General**, 64 Chief External Auditors (Resident Auditors) and 513 other auditors.
- In addition to the above set up, the office has the following units:
 - The Technical Support Services Unit.



Administrative Structure...

- The Information Technology Unit.
- The Legal Unit.
- The Information, Education and Communication Unit.
- The Procurement Management Unit.
- The Development Planning Unit.
- Internal Audit Unit.
- The Finance and Accounts Unit.



Administrative Structure...

- The office has a total of 812 employees of which 602 are auditors while the rest 210 are corporate staff (non auditors).



3. TYPES OF AUDITS CONDUCTED.

Part IV of the PAA, 2008, specify the types of audit to be conducted by the CAG as follows:

<p>1. Regularity Audit</p>	<ul style="list-style-type: none"> •Financial Audit (Certification) •Compliance audit, •Procurement audit, •Int/Control etc
<p>2. Forensic Audit</p>	<p>.Under Forensic Audit Unit</p> <p>.Fin.Auds -Suspect of fraud report to CAG → PCCB/DCI</p>



Types Of Audits Conducted...

3. Performance Audit	Under P/A Division
4. Other Audits e.g.Special Audits	Any person or institution can request.



4. ANNUAL AUDIT PROCESS FLOW

AUDIT THEMES

- Areas of audit issued to Auditors by the CAG – Usually by **January each year**.
- These are **minimum** focus areas, circumstances of each individual audit are taken into consideration

Bases for Preparation of Audit Themes:

- Guideline for preparation of plans and budget for **five years development** plan (i.e.2011/12 – 2015/16) issued by the Ministry of Finance



Bases for Audit Themes....

- The **approved national budget** which has prioritized areas in which the Government intends to concentrate.
- **Trends of the past audit** reports (e.g. Payments of salaries to non-employees)
- Areas of **public interest** and best practice (shifting from cash basis to accrual basis)



Eg. Audit Themes - 2012/2013 Accounts

- Expenditure/Charges for Constitutional Review
- Census expenditure charges
- Audit of Public Private Partnership (PPP) - the Govt has set aside funds for training and seminars about PPP for all MDAs. Projects to start with, include Roads, Railway, Airports.



ANNUAL AUDIT PROCESS FLOW...

Audit process followed by NAOT from **Planning** to **Reporting** Stage. These stages are:

1. Pre- engagement activities
2. Strategic Planning
3. Detailed Planning
4. Audit Fieldwork
5. Reporting



Annual Audit Process Flow...

Activity	Purpose	Dates
1. Pre-engagement	<ul style="list-style-type: none">•Assessing ethical & resources requirements•Determining the terms of engagement (engagement letter)	January



Annual Audit Process Flow...

Activity	Purpose	Dates
2. Strategic Planning	<ul style="list-style-type: none">• Entrance Meeting• Understand the entity (assess service sustainability)• Identify & assess risks (review controls)• Develop the overall audit approach	Feb - June



Annual Audit Process Flow...

Activity	Purpose	Dates
3. Detailed Planning	<ul style="list-style-type: none">• Determining appropriate response to the assessed risks- System Description- Audit Programs	Feb - June



Annual Audit Process Flow...

Activity	Purpose	Dates
4. Audit fieldwork	<ul style="list-style-type: none">• Performing Various audit procedures- Issuing Audit Queries- Receiving Mgt representation letters	July - October

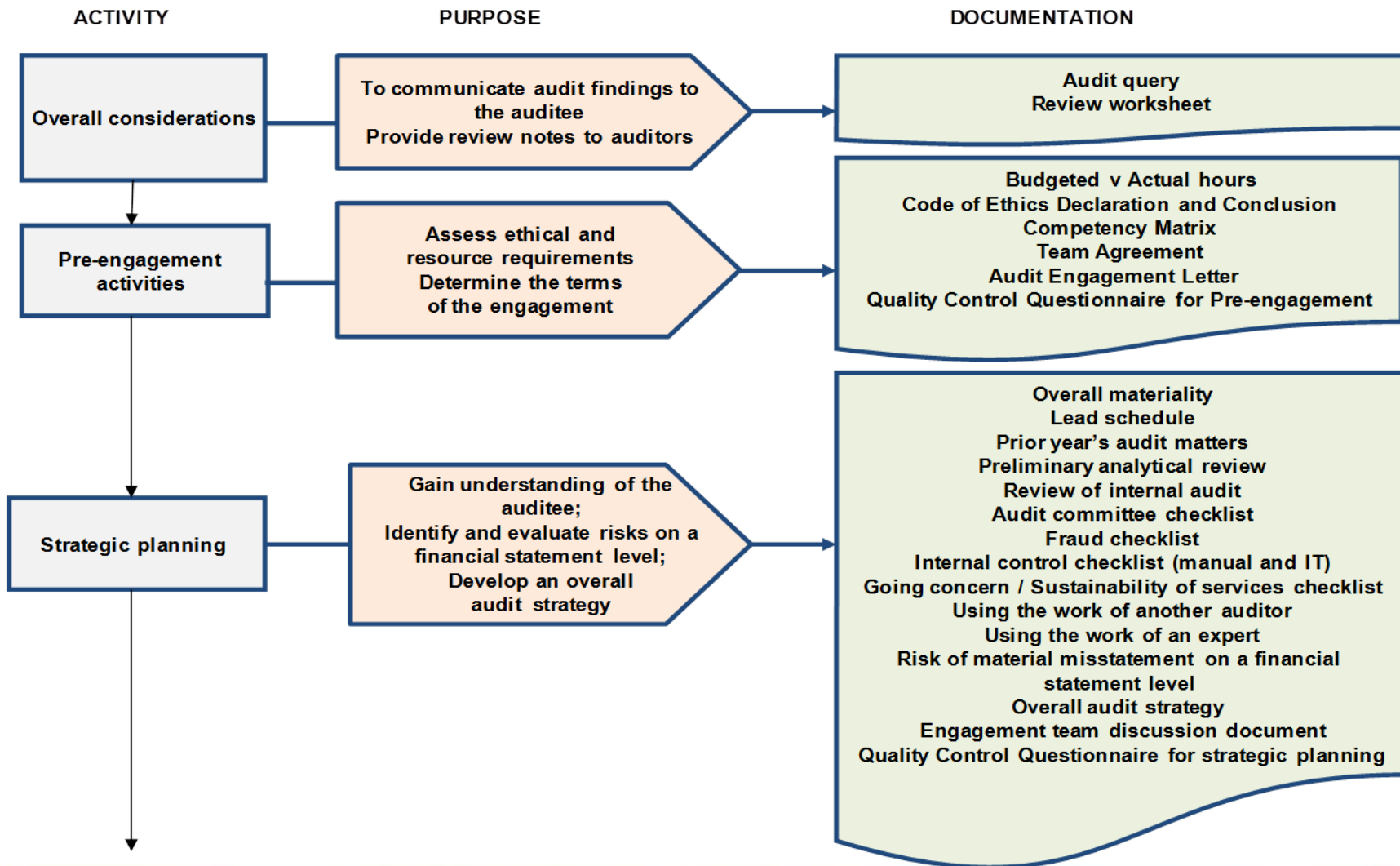


Annual Audit Process Flow...

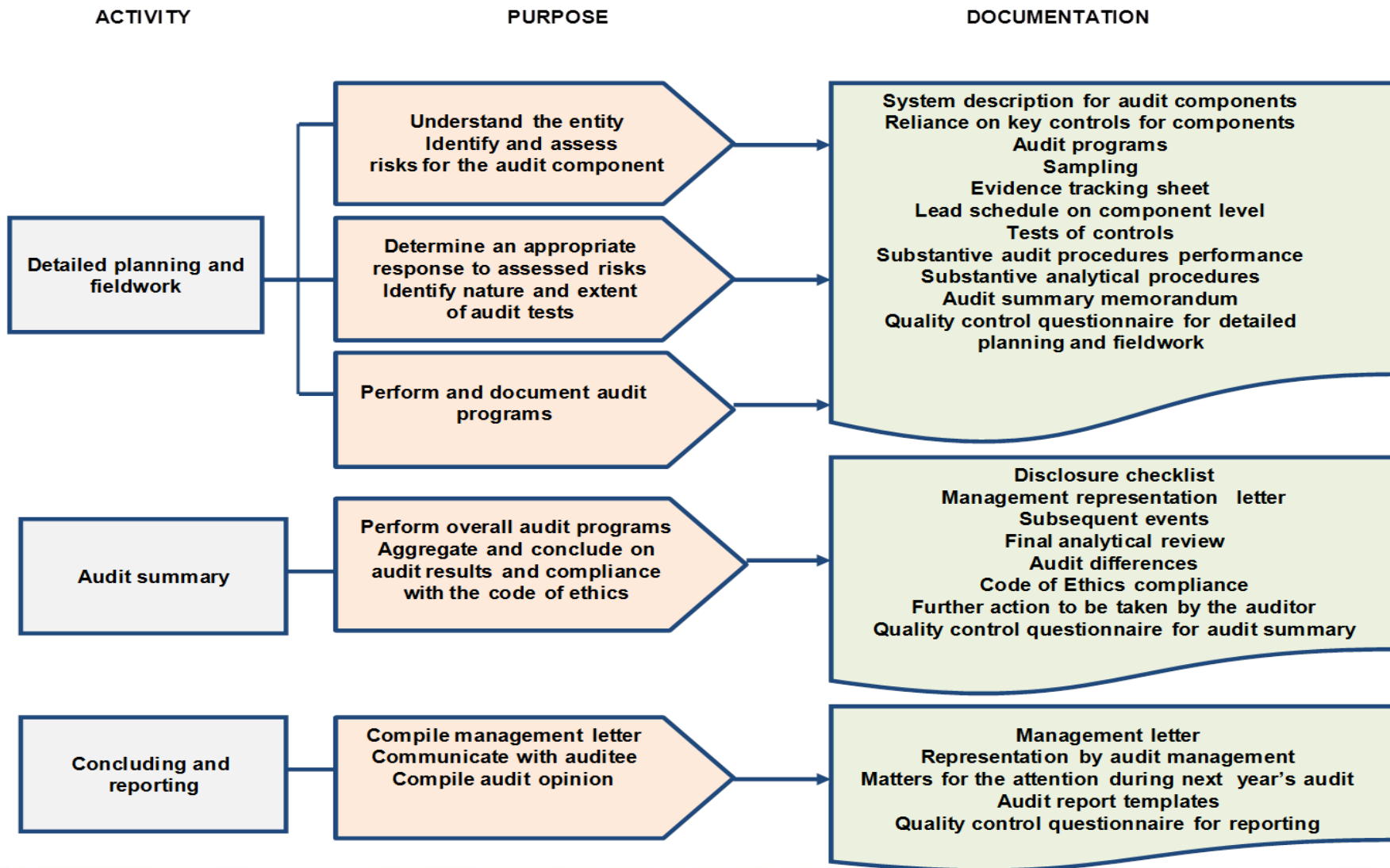
Activity	Purpose	Dates
5. Concluding & Reporting	<ul style="list-style-type: none">• Evaluating audit evidences- Issuing Management Letters- Issuing Audit Opinion	Nov - December



ANNUAL AUDIT PROCESS cont.....



ANNUAL AUDIT PROCESS cont....



5. CONCLUSION.

Areas for Participatory Audit.

There are several areas where NAOT can involve Public Organs such as CSOs

- Communicating to the public the report of the CAG through clear and simple language.
- Follow up of the CAG's recommendations.
- Playing role of whistle blowers.
- Suggesting to the CAG on the audit themes



CONCLUSION.

- Conducting training and awareness programmes to public on how to use CAG's report in their daily decisions.

There is much to be gained from a strong working relationship between the NAOT and Citizens in the audit processes, this will enhance transparency and accountability in the collection and use of Public Resources in Tanzania.



End of Presentation

Thank you for listening

