

SPEECH OF THYE PRESIDENT OF ZANZIBAR AND  
CHAIRMAN OF THE, REVOLUTIONARY COUNCIL,  
HIS EXCELLENCY DR. AMANI ABEID KARUME,  
ON BEHALF OF

HIS EXCELLENCY DR. JAKAYA MRISHO KIKWETE,  
PRESIDENT OF THE UNITED REPUBLIC OF TANZANIA,  
AT THE OPENING OF ANNUAL AUDITORS CONFERENCE,  
ARUSHA, JUNE 21<sup>ST</sup> 2010

Hon. Isidory Leka Shirima,  
Regional Commissioner, Arusha Region,

Hon. Samia suluhu Hassan,  
Minister of Tourism, Trade and Investment

Hon. Ramadhan Abdallah Shaaban,  
Minister for Good Governance and Constitutional Affairs

Hon. Ali Mzee Ali,  
Chairman of House of the Representatives - Zanzibar

Mr. Ludovick Silemwa Utouh,  
Controller and Auditor General of the United Republic of  
Tanzania,

Controller and Auditors General from the African Organization of  
Supreme Audit Institutions (AFROSAI-E),

Delegates,

Distinguished Guests,

Ladies and Gentlemen,

## Assalam Aleykum

I am honoured and privileged to be here to represent His Excellency Dr. Jakaya Mrisho Kikwete, the President of the United Republic of Tanzania at this meeting and to convey his greetings and best wishes to you all.

It is truly a great pleasure for me to address such a large number of auditors from my country and their colleagues across our continent for the meeting to discuss the **“Modernization of the Auditor Function through the Use of Technology”**. May I take this opportunity to welcome to Tanzania all those who have traveled from far and ask you to feel at home among brothers and sisters. It is my hope you will take advantage of your stay to visit some parts of Arusha region, known for their natural splendour, and also Zanzibar where history and beauty of its shores combine to make it a world wonder. Karibuni.

Let me start my speech by congratulating the organizers of this conference. The large number of delegates we see here today from Tanzania and the African continent is a testimony of the relevance of this topic, not just to this country but to the African region and the audit profession as a whole. The impact of technology is cutting across various activities, from domestic use to corporate as well as government operations. The theme of this conference is timely and relevant not only to your profession but to the whole

corporate world, in both the public and the private sector. Technology has made the world to be like a village whereby all people in that particular village can interact easily and at a minimum cost. I am pleased to note in your programme that papers for discussions will be represented by audit professionals from various African countries. This will provide experience and the needed foresight towards our goal.

**Ladies and Gentlemen,**

Before I say few words on the Modernization of the Audit Function through the use of Technology, let me make some remarks regarding the National Audit Office (NAO) of Tanzania. During the last five years we have seen tremendous improvements in the work of auditing the Public Sector, the work which is being done by the National Audit Office in Tanzania Mainland and Office of the Controller and Auditor General in Zanzibar. Their reports are now being produced on time, and are of high quality. Traditionally the United Republic of Tanzania National Audit has been producing two reports one on Central and second on Local Government. For the past two years the office has produced additional two reports; for public enterprises and value for money report.

The National Audit Office of Tanzania has assisted the Zanzibar Office of the Controller and Auditor General in training on International Public Sector Audit Standards - IPSAS and International Financial R EPORTING Standards - IFRS. The two offices have very

close working relation and this is proved by the presence and participation of the Zanzibar Controller and Auditor General, Ms. Fatma Mohammed Said at this conference.

I sincerely commend the two offices for the efforts they put in their work and furthermore, for conducting value for money audits. It is important to conduct financial and compliance audits but with the new technological development value for money or performance audit takes great importance.

I have been informed that the Controller and Auditor General, Tanzania, Mr. Ludovick Utouh has just been elected the Chairman of the African Organization of Supreme Audit Institutions for English Speaking Countries (AFROSAI-E) comprising twenty four (24) countries for a period of three years. I am glad that his hard working, dedication and commitment have been recognized by the AFROSAI-E and that is why they have elected him their Chairman. I congratulate him on my own behalf and on behalf of H.E. Dr. Jakaya Mrisho Kikwete, the President of the United Republic of Tanzania. He has brought us honour and credibility.

**Ladies and Gentlemen,**

The enactment of the Public Audit Act of 2008 in Tanzania broadened the scope of audit beyond the regular audit to include Performance, Forensic, Environmental and Special Audits. De to this, we have for the first time, a new general audit report which

was presented to Parliament two months ago comprising five value for Money Audits. It covers very diverse topics and the recommendations provided are very clear and give way for making follow ups. As a way of ensuring that the CAG's Reports and value, two years ago the United Republic of Tanzania President called a joint meeting between the CAG and the Accounting Officers to ensure they implement the Controller and Auditor General's recommendations as a way of ensuring that public funds are efficiently used and for the intended objectives.

Apart from broadening the scope of work, the law has enhanced the independence of the office. I hope with this independence, the National Audit Office is on the right track to achieve high level position of the African Organization of Supreme Audit Institutions for English Speaking Countries (AFROSAI-E) in the very near future - which will make it one of the credible Supreme Audit Institution Offices in Africa. All this has happened under the dynamic leadership of the current Controller and Auditor General - Mr. Ludovick Utouh. Congratulations to you and your staff for the hard work you have been doing which is recognized not just in Tanzania but also, across and beyond the borders of Africa.

I am also glad to inform you that an identical legislation in Zanzibar has established the independence of the office of the Controller and Auditor General.

**Ladies and Gentlemen,**

It is important for all of us to be result-oriented in our undertakings. We need to know whether the resources being used on government programmes are achieving the aims and goals we set. Rigorous analysis and evaluation by the Auditors General and Parliamentary Oversight Committees on Government operations enable us to make better decisions on the collection and utilization of Public resources. This helps those working at the frontline in policy and delivery to make changes to practices which are to produce the best performance. It also enables new programmes and interventions to be designed which will lead to the best possible outcomes.

I wish to acknowledge the important roles played by the audit profession in the financial management in both the public and private sectors of our economies. Through audit, potential weaknesses are identified early and rectified before failure occurs. The public is also made aware of shortfalls in performance and services delivery by governments.

Governments need recommendations which are practical and rightly focused on the issues at hand to address these failures. They do not need to have to decipher a cryptic code of what needs to change or improve. When the audit profession fails to play its role, consequences become great and damaging. We have seen big corporate organizations such as Enron, WorldCom, Xerox and other

collapse as well as bringing down one of the big five audit firms in the World, Arthur Andersen, due to this failure.

Governments expect Auditors to take into account the significance of issues with the broader scheme and scale of government activity. A lot of time and resources can be spent on issues which do not have much impact for improving public financial management. It is important that the Auditor Generals' judgment on these matters is accurate to avoid creating unnecessary panic.

**Ladies and Gentlemen,**

Allow me to make comments on the theme you will be discussing in the coming four days. Embracement of technology has both positive and negative aspects. It is therefore important that the introduction of technology is properly managed and controlled to maximize the positive aspects and minimize its negative impact. From the positive aspects, technology can help to cut unnecessary costs in processing transactions while efficiency, economy and effectiveness are the product of its well managed application.

With the use of technology, the government of the United Republic of Tanzania through its Ministry of Science, Communication and Technology is working on construction of the National ICT Infrastructure Backbone to link up all district and regional Headquarters. The ICT backbone implementation will be built on modern technology of optic fiber, which will facilitate

implementation of e-government services. Nowadays most government offices have websites which are used to communicate or share information with the public.

Today's audit environment increasingly revolves around digital information, and requires new approaches and new tools. Both External and Internal Auditors have to radically change their audit methodology to be able to audit computerized systems of government offices.

**Ladies and Gentlemen,**

Let me give a serious caution on this matter. Auditors working in a technologically developed environment should take precaution for both internal threats which can include employee fraud, mismanagement and corruption as well as external threats which can include incidents of information theft, credit card fraud and hacking. Where controls in a technological environment are not effective, it results in malicious users gaining access to such systems leading to fraudulent and corruptive activities. Employees who perform fraudulent activities might go to great lengths to hide their wrongdoing through data modification. With technology, sometimes unauthorised external access to a system is difficult to detect which might be a threat to the valuable information. These are some of the serious issues that you need to consider.

**Ladies and Gentlemen,**

The expectations I have outlined so far, requires Supreme Audit Institutions to have appropriate and relevant competencies. Auditors need to be alert, receptive, and objective when conducting their audit work, whilst displaying high levels of professionalism and a solid grasp of applicable modern technologies and approaches. Technological development can be of benefit if and only if our professionals, be they auditors, accountants, engineers, lawyers and other can adhere to their professional codes of ethics. We have several examples of inefficiencies, ineffectiveness and poor performance being caused by professionals not doing their jobs in accordance with their professional code of ethics. As I have mentioned earlier, we have witnessed big corporations being declared bankrupt and the down fall of global economy which is also a result of professionals' failure to abide to their code of ethics.

**Ladies and Gentlemen,**

In the aspect I have just referred to, training is important. Capacity building and skill upgrading are of vital importance in any profession, audit being one of them, especially in view of the vast changes that have happened in the sphere of technology and financial management. The audit profession has to keep pace with these changes if it is to establish itself as a positive force in public accountability. In this context therefore, the government of the

United Republic of Tanzania will continue to allocate resources to the National Audit Office to ensure that our professionals are not left behind on what is taking place across the world. Their counterparts in Zanzibar also benefit from this training programme.

**Ladies and Gentlemen,**

In conclusion, I would like to emphasise again and acknowledge the importance of the role which the Auditors-General perform. Constitutionally it is vital that their role is done professionally and to the expectations of the public. If done professionally, It enhances the governments' accountability process which leads to the public being more appreciative of the performance of their governments. Public sector auditing is a difficult task, requiring the highest standards professionalism and integrity. The current challenges auditors face, and those which will inevitably appear in future make it important that public sector auditors are able to adapt to new technologies while maintaining a clear focus on their professional roles.

Once again I congratulate the organisers of this conference for their hard working and also for the setting in this beautiful location.

With these remarks, I now declare that Annual Auditors Conference is officially opened. I wish you all the best in your deliberations.

Thank you for your attention.