

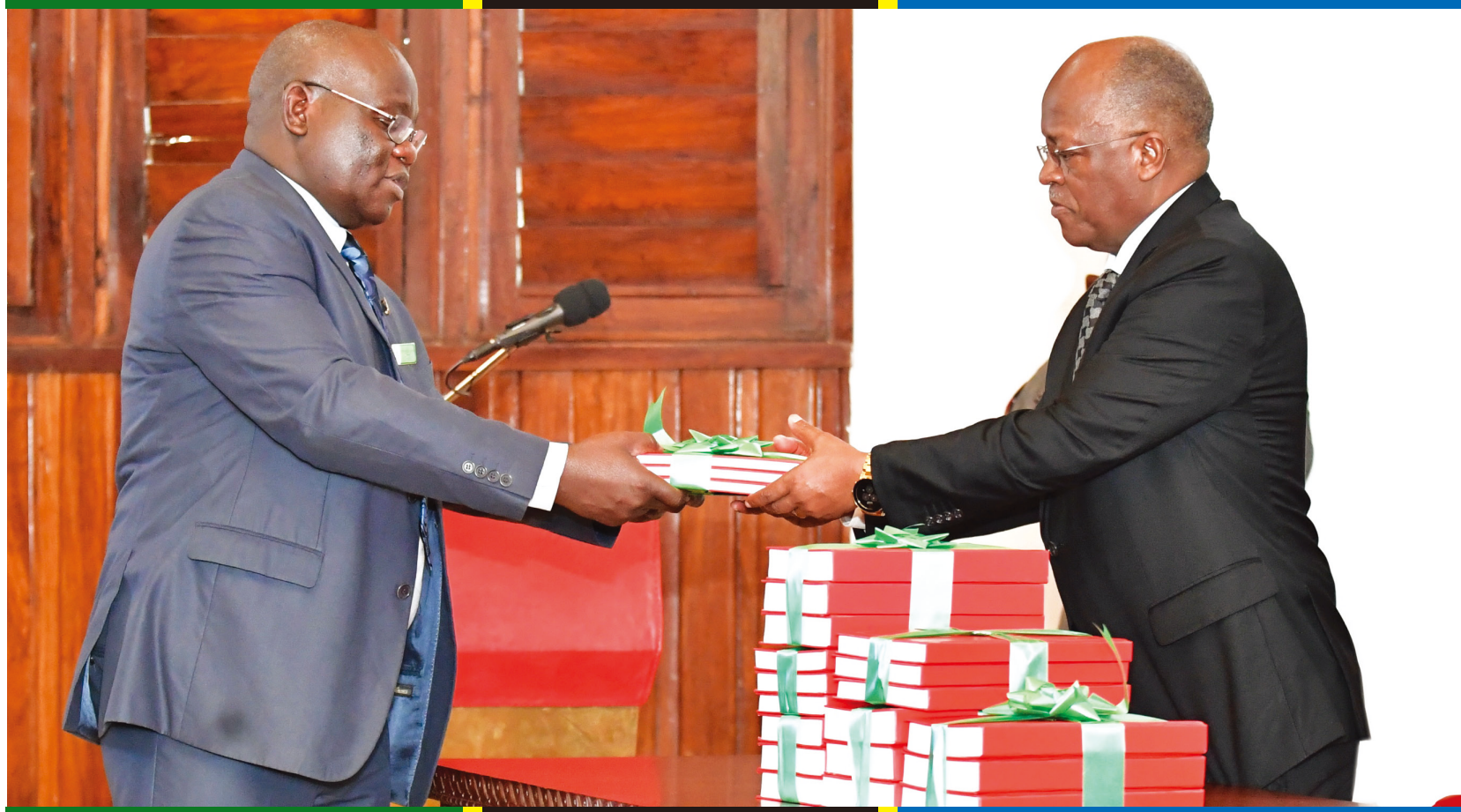


The

AUDITOR GENERAL

Journal of the National Audit Office of Tanzania

Vol.1 No.1 July - September 2020



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WE ARE PROUD TO BE A MIDDLE INCOME ECONOMY

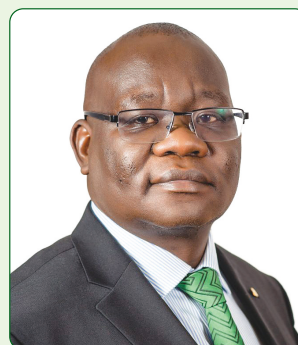
National Audit Office joins with all
Tanzanians to congratulate

His Excellency President
Dr. John Joseph Pombe Magufuli

for this huge achievement.

Charles Kichere
Controller & Auditor General

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From the Chairman

Dear Esteemed Reader

Welcome to our latest newsletter, **The Auditor General** – Journal of the National Audit Office of Tanzania, Vol. 1 No. 1 July - September, 2020.

You received the last issue in 2016 but due to reasons beyond our means and capabilities, we could not bring you your favourite newsletter in between.

However, we want to assure you, our key stakeholders that **The Auditor General** is back. We want to keep you informed about our organisation, key issues on the audit practice in and beyond Tanzania as well as open doors to your much valued feedback and comments.

To update you, first, His Excellency Dr. John Pombe Joseph Magufuli, appointed me, as the new Controller and Auditor General (CAG) and I was sworn in by the President on November 4, 2019 at State House in Dar es Salaam. So, I am now at the helm of Tanzania's Supreme Audit Institution (SAI) taking the organisation to new heights.

Second, the National Audit Office of Tanzania (NAOT) product titled 'Performance Audit Report on the Management of Water Projects in Rural Areas' emerged as the best performing AFROSAI-E audit report of 2019. This was announced on May 11, 2020 by Sweden's Auditor General, Ms. Helena Lindberg, who also commented: "The report is well-motivated and of good quality". This is the fourth time NAOT wins the award. The other years our organisation emerged winners are: 2010, 2014 and 2016.

This issue covers:

Model of Production Sharing Agreement (MPSA) 2013: Cost Classification and Cost Recovery; Environmental Auditing Practices in Oil and Gas Companies: A New Institutional Perspective; Getting workplace ready for COVID-19; Why mastery of technology inevitable at NAO; NAOT participates in anti-corruption crusade; NAOT Emerges AFROSAI-E Best Performance Audit



Controller and Auditor General

Report 2019 Winner and, Audit of Public Interest in Non-Public Sector: Some Reflections on CAG's Mandate and Experience.

As has always been the case, NAOT pledges to continue pushing for its Core Values that include: Objectivity (remaining impartial, objective and unbiased); Excellence (rendering high quality service based on standards and best practices); and, Integrity (observing and maintaining high standards of ethical behaviour and rule of law). People focus (valuing each other by building a culture of equity and caring); Innovation (creating a learning and creative organisation constantly promoting a culture of development and accepting value-adding ideas from within and outside the organisation); and, Best Resource Utilisation (building an organisation that values and uses public resources in an efficient, economic and effective manner).

We understand that as our key stakeholder you would like to be part of the process towards preparation of our next issue. Feel free to send us your much valued views, comments and inputs on matters of interest towards building an accountable culture in Tanzania.

CAG - Mr. Charles Kichere

From the Chief Editor's Desk

Dear Reader,

Welcome to the edition of the Auditor General Journal for the first quarter of July – September 2020. The National Audit Office of Tanzania (NAOT) is proud to continue providing its stakeholders with timely and efficient communication avenue through publication of this journal.

In the spirit of growing into a centre of excellence in the public sector auditing through the provision of efficient audit services, I would like to share with you some news and relevant professional articles of interest.

NAOT has met its statutory submission date of the Controller and Auditor General's Annual reports to the President of the United Republic of Tanzania (URT), H.E. Dr John Pombe Joseph Magufuli, for the year ended June 30, 2019, an event which took place on March 26, 2020, at the State House Chamwino in Dodoma. The reports were to become public documents after being tabled in the URT Parliament sometimes in April 2020. Read the news inside this journal for more information.

How do you cope with the COVID-19 pandemic? As you might be aware, the World Health Organisation (WHO) declared the outbreak of a new coronavirus disease in Hubei Province, China, to be a Public Health Emergency of International Concern in January 2020. WHO cautioned of a high risk of the 2019 coronavirus disease (COVID-19) spreading to other countries worldwide. This edition of the journal provides clear answers to questions on the pandemic through an article titled "Getting workplace ready for COVID-19".

We need to understand that when persons with COVID-19 cough or exhale, they release droplets of infected fluid. Most of these droplets fall on nearby surfaces and objects - such as desks, tables or telephones. Other people could catch COVID-19 by touching contaminated surfaces or objects - and then touching their eyes, nose or mouth. If they are standing within one meter from a person with

COVID-19, they can catch it by breathing in droplets coughed out or exhaled by them. In other words, COVID-19 spreads in a similar way to flu. Moreover, it highlights the auditor's role in supporting governance responsibilities of oversight, insight, and foresight.



Chief Editor

Oversight verifies whether public sector entities do what they are supposed to and detect and deter corrupt practices. Insight assists decision makers by providing them with an independent assessment of public sector programmes, policies, operations, and results. From the article you will get the Role of quality assurance in delivering reliably, high quality audit report. This edition also shares on how NAOT took part in the Building Sustainable Anti-Corruption Action in Tanzania (BSAAT), a five-year programme (2017-2021) which the Government of Tanzania formulated with support from development partners to address some corruption challenges facing the country. BSAAT aims at reducing the level of corruption which inhibits poverty reduction in Tanzania this came from the article of Auditing of public interest in non-public entities.

I take this opportunity to thank all contributors and writers of articles published in this edition. I encourage them to continue writing articles for future editions of the journal and invite others to consider creating interest in contributing to the journal. I also thank the Editorial Board and invited editors for the job very well done in bringing about this journal.

On behalf of the Editorial Board, I welcome feedback, comments and suggestions on how to further improve our journal. Stay safe, COVID-19 kills. Happy reading!

Sakina Mfinanga
Chief Editor

Congratulations new CAG

By Evelyne Thomas



The management and staff of the Office of the Controller and Auditor General congratulate Mr Charles Edward Kichere for being appointed the Controller and Auditor General (CAG) by the President of the United Republic of Tanzania.

Mr Kichere was sworn in by the President on November 4, 2019. He takes over from Prof Mussa Assad, whose tenure ended in November, 2019.

Prior to his appointment, Mr Kichere served as the Regional Administrative Secretary for Njombe, a post he served for four months. He also served as the Commissioner General for the Tanzania Revenue Authority from March 2017 to June 2019.

"My task remains that of ensuring taxpayers' money is put to proper utilisation," said Mr Kichere shortly after he took oath of Office at the State House. He vowed to protect the institution for the interest of the public.

In the past he held posts of Internal Auditor of Tanzania National Roads Agency, Internal Auditor at Unilever Tea Kenya Ltd and Internal Auditor of Unilever Tea Tanzania Ltd.



President John Joseph Magufuli swears in Mr. Charles Kichere as the new Controller and Auditor General at State House in Dar es Salaam on November 4, 2019. Second left is Chief Secretary Ambassador Eng. John Kijazi.

He also holds Master of Business Administration (MBA) in Finance from the University of Dar es Salaam, Diploma in Financial Management (Donor Funded Projects) from African Renaissance Centre in Mbabane, Eswatini, formerly known as Swaziland.

Mr Kichere is also a holder of Bachelor of Commerce majoring in Accounting from the University of Dar es Salaam. He is also a certified Public Accountant in Tanzania (CPAT)

Upon ascending to his currently post, Mr Kichere promised during the past assembly's session to cement relations between Parliament and the Office of the Auditor General.

CAG Kichere

submits his maiden reports



The President of United Republic of Tanzania, Dr. John Joseph Pombe Magufuli receives the Annual Audit Reports for the year 2018/2019 from the Controller and Auditor General Mr. Charles Kichere at Chamwino State House in Dodoma on March 26, 2020.

By *Evelyne Thomas*



The Controller and Auditor General (CAG) of the United Republic of Tanzania (URT), Mr Charles Kichere, has timely submitted his statutory reports

for the financial year ended June 30, 2019, to the URT President, His Excellency Dr John Pombe Joseph Magufuli, on March 26, 2020, at the State House in Dodoma.

The reports have been released as public documents after they were tabled in Parliament by appropriate ministers in line with the requirements of the URT Constitution of 1977 (as amended from time to time).

Referring to Article 143 (2) and (4) of the Constitution, reports in respect of the accounts of the URT Government, namely accounts managed by all officers of the government, all courts and by the Clerk of the National Assembly, are

to be submitted by the CAG to the President, who shall, in turn, direct relevant persons to submit them before the first sitting of the National Assembly.

Main Findings in the Reports

Gross mismanagement of public funds, poor supervision of government projects and procurement mismanagement in various government institutions and local government authorities are among the weaknesses unveiled in the 2018/19 CAG report. Presenting an executive summary of the audited reports to President Magufuli at State House, Chamwino in Dodoma, the CAG revealed that state entities channeled billions of shillings into ghost ventures, among others.

The CAG noted that over Tzs 5.46bn/- was spent by various government entities on purchasing goods and services without proper contracts. In seven government entities, items worth Tzs 587.65m/- were purchased without being delivered. The CAG established that there was no confirmation that Tzs.10.39bn/- collected in 84 Local Government Authorities (LGAs) was banked. He said the auditing of 185 LGAs established that 60 of them collected 109bn/- whereby 43bn/- was supposed to be set aside for development projects, but only Tzs 26.37bn/- was allocated, thus pointing to mis-allocation of the remaining 17.41bn/-.

The CAG observed instances of fraud totaling to 1.25bn/- which require further investigation in Itigi, Iramba, Madaba, Moshi Town, Tabora and Kibondo Councils. According to the CAG, Tzs.13 LGAs spent over 1.25bn/- on unnecessary activities contrary to the Local Government Finances Act. He further established that in the year under review, Tanzania embassies in Stockholm, Brasilia, and Alger's spent a total of Tzs1.02bn/- on rent, the amount which could have been used for renovating their dilapidated houses.

The CAG

presented 19 reports to President Magufuli that include the central government report, LGAs, public institutions, development projects, Information Communication Technology, monitoring performance audit report for recommendations issued in previous audit reports and 12 performance audit reports for various sectors.

Mr. Kichere said there are 14 buildings abandoned by Tanzania missions abroad requiring major repairs in Geneva, Nairobi, Kigali, Maputo, Bujumbura, Khartoum, Kinshasa, Washington DC, Lilongwe, Harare, Stockholm, Pretoria, Lusaka and New York.

The report also shows misappropriation of funds by political parties. The CAG said a total of Tzs 300m/- out of Tzs 369.38m/- given to Civic United Front (CUF) as a subsidy was transferred to a private account.

Expounding, he said Tzs 69m/- was also withdrawn from the party's account without the knowledge of the party's secretary-general as per the party's financial equalization.

The CAG also cited the ruling Chama Cha Mapinduzi spending Tzs 60m/- on refunding a tenant after terminating his contract without adhering to agreed terms.

The CAG presented 19 reports to President Magufuli that include the central government report, LGAs, public institutions, development projects, Information Communication Technology, monitoring performance audit report for recommendations issued in previous audit reports and 12 performance audit reports for various sectors.

He presented 1,082 certificates of which 1,017 (94 per cent) had unqualified opinion, 46 (4.25 per cent) had disclaimer of opinion while seven (0.64 per cent) had adverse opinions and 12 (1.11 per cent) had qualified opinion.

Institutions that had adverse opinions include Tanzania embassy in Addis Ababa, STAMIGOLD, the National Land Use Planning Commission (NLUPC) and Handeni Water Project.

The Model Production Sharing Agreement (MPSA) 2013: Cost Classification and Cost Recovery

CPA Burton John Mbwire
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Extractive Industry Audit Unit, National Audit Office Tanzania, Dodoma



Cost classifications under the MPSA are under Section 2, which explains the classification, definition and allocation of costs and expenditures. The MPSA states "Expenditures shall be segregated in accordance with the objectives for which such expenditure was made".

The Model further states that, the objectives which qualify are those already approved and included in the approved Work Programme and Budget for the year in which the expenditure is made and other items which have been agreed by the parties from time to time.

According to MPSA 2013, in the event of a discovery, expenditure records shall be maintained in expenditures to each Development Area. According to Section 2 of MPSA 2013, all expenditures allowable under Section 3 of the MPSA 2013, relating to Petroleum Operations shall be classified, defined and allocated as set out herein below:

- ❖ Exploration Expenses
- ❖ Development Expenses
- ❖ Operating Expenses
- ❖ Service Costs
- ❖ General and Administrative Costs

1.1 Exploration Costs:

According to Section 2.1 MPSA 2013 these are all direct and allocated indirect expenditures incurred in the search for Petroleum in an area. Exploration costs include all aerial,

geophysical, geochemical, paleontological, geological, topographical and seismic surveys and studies and their interpretation, cost of drilling and testing exploratory wells and related labor, materials, services and other supporting facilities. They also include both general and administrative costs and service costs directly incurred on exploration operations.

1.2 Development Costs:

These consist of all expenditures as described in Sec 2(2) of MPSA 2013 incurred in:

- ❖ Studies of the subsurface for the purpose of determining the best manner of recovering hydrocarbons, which include geological and geophysical surveys, production geology, modeling and simulation of reservoir as an integral part of economic reservoir exploitation and conservation;
- ❖ Drilling wells which are completed as producing wells and drilling wells for purposes of producing from a Petroleum Reservoir already discovered whether these wells are dry or producing, and drilling wells for the injection of water or gas to enhance recovery of Petroleum;
- ❖ Completing wells by way of installation of casing or equipment or otherwise, after a well has been drilled for the purpose of bringing it into use as a producing well, or as a well for the injection of water or gas to enhance recovery of Petroleum
- ❖ The cost of petroleum production, storage and transport facilities such as pipelines, flow lines, production and treatment units, wellhead equipment, subsurface equipment, enhanced recovery systems, offshore platforms, petroleum storage facilities and access roads for production activities including related costs of engineering and design studies for facilities.
- ❖ Any general and administrative costs and service costs allocated and those directly incurred on development activities

According to Wilkinson (2013), cost by means of recovery has been explained as the method of recovering expenditures which a business undertakes in both specific and general term. The contractor recoups costs of exploration, development and operations out of gross revenues. According to CEE (n.d.) most Production Sharing Agreements (PSAs) around the world have a limit to the amount of revenues the contractor may claim for cost recovery but will allow unrecovered costs to be carried forward and recovered in succeeding years and cost recovery limits or cost recovery ceilings typically ranges from 30% to 60%.

1.3 Operating Expenses:

This is covered under Section 2(3) of the model. It covers all expenditure incurred in petroleum operations after the start of commercial production other than exploration expenses, development expenses, general and administrative costs, service costs directly incurred on operating activities and identifiable as such as well as a balance of general and administrative costs and service costs. Under Sec 2(3), general, administrative and service costs not allocated to exploration expenses or development expenses is allocated to operating expenses.

1.4 Service Costs:

Section 2(4) states that, service costs are direct and indirect expenditures in support of the petroleum operations including warehouses, export terminals, harbours, piers, marine vessels, vehicles, motorized rolling equipment, aircraft, fire and security stations, workshops, water and sewage plants, power plants, housing, community and recreational facilities and furniture, tools and equipment used in these activities. Sec 2 (4) describes that all service costs shall be regularly allocated to exploration expenses, development expenses and operating expenses and separately shown under each of these categories.

1.5 General and Administrative Costs:

According to MPSA 2013, Section 2(5) of these are all main office, field office and general administrative expenses in the United Republic of Tanzania including but not limited to supervisory, accounting and employee relations services, but excluding commissions paid to intermediaries by the Contractor.

Also includes an annual overhead charge for services rendered outside Tanzania, for managing petroleum operations, staff advice and assistance including financial, legal, accounting and employee relations services. As per Sec 2 (5), the annual overhead charge shall be separately identified in all reports to the Government and Tanzania Petroleum Development Corporation (TPDC) and all general and administrative costs will be regularly allocated for exploration, development and operating expenses and shall be separately shown under each of these categories.

1.6 Cost Recovery

The Contractor is entitled to recover its exploration and production costs from available oil and/ or production or gross revenues (known as cost oil or gas). Recoverable costs are determined in accordance with accounting procedures (which are generally annexed to the contract), and are deductible expenses for the purposes of calculating the Contractor's taxable income.

The percentage of costs that can be recovered varies from country to country; it may extend to full recovery or, more commonly, will be restricted to a certain level. According to other countries' PSAs, usually the limit is between 40 percent (e.g. Tunisia) and 80 percent (e.g. Angola and Sao Tome) of available oil/gas per annum, with most at approximately 70-75 percent. In Burma and India, however, the recovery is as high as 100 percent (although subject to certain restrictions, e.g. quarterly caps, in Burma). However, variations of this practice in some countries reflect the bargaining power of the Contractor involved.

According to Wilkinson (2013), cost by means of recovery has been explained as the method of recovering expenditures which a business undertakes in both specific and general term. The contractor recoups costs of exploration, development and operations out of gross revenues. According to CEE (n.d.) most Production Sharing Agreements (PSAs) around the world have a limit to the amount of revenues the contractor may claim for

cost recovery but will allow unrecovered costs to be carried forward and recovered in succeeding years and cost recovery limits or cost recovery ceilings typically ranges from 30% to 60%.

Production-Sharing Agreements (PSAs) are among the most common types of contractual arrangements for petroleum exploration and development in many countries Tanzania inclusive.

The MPSA, 2013, is the recent model agreement in Tanzania between the state through TPDC and contractors mainly International Oil Companies (IOCs). The MPSA follows the model of Cost Recovery, therefore the MPSA has cost which are regarded as Recoverable Expenditures and others which are Not Deductible. Article 12 of the Model states that, maximum restrictions under the MPSA for cost recovery is limited to, not to be more than 50% depending on whether the site is offshore or onshore. Onshore sites are areas including shelf up to water depths of 500 meters and offshore sites include areas with water depths beyond 500 meters. In the model this has been stated as follows:

1.6.1 Ring Fencing:

This is a protection based on transfer of assets from one destination to another, usually through use of offshore accounting. Ring fence is meant to protect the assets from inclusion in an investors' calculable net worth or to lower tax consequences.

This situation prevents taxable profits from oil and gas extraction being reduced by losses from other activities or by excessive interest payments. Any Petroleum Revenue Tax (PRT) paid by a company is an allowable deduction in computing ring fence profit.

According to MPSA 2013, Article 12 (c) states, "there shall be ring fencing based on Exploration Licence or Development Licence, hence recoverable costs cannot be shifted to different licenses". Part (d) states, "Where a company holds Exploration Licence or more than one Development Licence within a Contract Area (prior to any relinquishments recoverable Contract Expenses in Licence Areas or Block(s) within the Contract Area (prior to any relinquishments) may only be recoverable from petroleum revenues from such Development Area to the extent that were incurred prior to commencement of Petroleum production from such Development Area".

1.6.2 Recoverable Cost:

Recoverable Costs are categorised as exploration costs, capital expenditure, operating cost and abandonment costs. Each cost category, except abandonment costs, may be recovered in accordance with the rule of amortization and depreciation as applicable to such category. Abandonment costs arise at the end of the contract. These costs must be estimated and a quarterly provision be allowed as part of the recoverable costs. The following costs and expenses are recoverable out of cost oil and/or cost gas by the contractor under the MPSA 2013.

- ❖ Labour and associated costs
- ❖ Transportation
- ❖ Charges for services
- ❖ Exclusively owned property
- ❖ Material and equipment
- ❖ Value of material charged to the accounts under the agreement
- ❖ Rentals, Duties and Other Assessments
- ❖ Insurance and Loses
- ❖ Legal Expenses
- ❖ Training Costs
- ❖ General and Administrative Costs
- ❖ Duplication of Charges and Credits

1.6.2.1 Labour and Associated Costs:

These includes gross salaries and wages of the Contractor's employees directly and necessarily engaged in the petroleum operations in Tanzania but limited to commercial obtainable salaries and wages in Tanzania and to be reviewed and approved by TPDC on annual basis. Other costs in this category include:

- ❖ Cost to the Contractor of established plans for employees' group life insurance, hospitalisation, company pension, retirement and other benefits of a like nature customarily granted to the employees and the costs regarding holiday, vacation, sickness and disability payments applicable to the salaries and wages chargeable under subsection (i) above shall be allowed at actual cost, provided however that such total costs shall not exceed twenty-five per-cent (25%) of the total labour costs.
- ❖ Expenses or contributions made pursuant to assessments or obligations imposed under the laws of the United Republic of Tanzania which are applicable to the cost of salaries and wages.

- ❖ Reasonable travel and personal expenses of employees of the Contractor including those made for travel and relocation of the expatriate employees assigned to the United Republic of Tanzania all of which shall be in accordance with the normal practice.
- ❖ Any personal income taxes of the United Republic of Tanzania incurred by employees of the Contractor and paid or reimbursed by the Contractor.

1.6.2.2 Transportation:

This includes costs that have direct impact on the petroleum operation and are the ones that will be recovered. Other costs that are not partly direct to the petroleum operation will not be recovered and they will be charged as normal expenses. Section 3 subsection 3.1 (b) of the model says "the cost of transportation of; employees, equipment, materials and supplies necessary for the conduct of the Petroleum Operations and not provided for elsewhere will be recovered".

1.6.2.3 Charges for Services

This includes charges for services in third party contracts and in affiliate companies that takes the charges made by the third parties to other affiliated companies that are not higher than that made by the international/ domestic suppliers are subjected to be recovered. This has been best reflected in the MPSA 2013 section 3 sub-section 3.1 (c) (i) (ii).

Third Party Contracts: The actual costs of contracts, for technical and other services entered into by the Contractor for Petroleum Operations, made with third parties other than Affiliate Companies are recoverable; provided that the costs paid by the Contractor are not higher than those generally charged by other international or domestic suppliers for comparable work and services.

Affiliate Companies: Without prejudice to the charges to be made in accordance with sub section 2.5, in the case of general services, advice and assistance rendered to the Petroleum Operations by any Company, the charges will be based on actual costs without profits and will be competitive.

The charges will not be higher than the most favourable prices charged by the Affiliate Company to third parties for comparable services under similar terms and conditions elsewhere.

1.6.2.4 Exclusively Owned Property cost:

MPSA 2013 section 3 sub-sections 3.1 (d) says, "for services rendered to Petroleum Operations through the use of property exclusively owned by the Contractor, the accounts shall be charged at rates, not exceeding those prevailing in the region, which reflect the cost of ownership and operation of such property, or at rates to be agreed".

1.6.2.5 Cost of Material and Equipment:

The cost for the materials and equipment that is used for production operations not otherwise will be subjected to recovery. This cost has been reflected on the MPSA 2013 section 3 sub sections 3.1 (e) (i) and (ii) that says:

General: So far as is practicable and consistent with efficient economical operation, only such material shall be purchased or furnished by the Contractor for use in the Petroleum Operations as may be required for use in the reasonably foreseeable future and the accumulation of surplus stocks shall be avoided.

Warranty of Material: The Contractor does not warrant material beyond the supplier's or manufacturer's guarantee and, in case of defective material or equipment, any adjustment received by the Contractor from the suppliers/ manufacturers or their agents will be credited to the accounts under the Agreement.

1.6.2.6 Value of Material Charged to the Accounts under the Agreement:

These include material purchased by the Contractor for use in petroleum Operations and are valued to include invoice price less trade and cash discounts (if any), purchase and procurement fees plus freight and forwarding charges between point of supply and point of shipment, freight to port of destination, insurance, taxes, custom duties consular fees, other items chargeable against imported material and, where applicable, handling and transportation expenses from point of importation to warehouse or operating site, and its cost should not exceed those currently prevailing in normal arm's length transactions on the open market.

In other instances;

- ❖ Material purchased from or sold to Affiliate Companies or transferred to or from activities of the Contractor, other than Petroleum Operations is not to be priced and charged or credited at the prices.

- ❖ New Material (Condition "A") shall be valued the current international price which shall not exceed price prevailing in normal arm's length transactions on the open market.
- ❖ Used Material (Conditions "B" and "C"): Material which is in sound and serviceable condition and is suitable for reuse without reconditioning shall be classified as Condition "B" and priced at not more than seventy-five percent (75%) of the current price of new materials. Material which cannot be classified as Condition "B" but which after reconditioning will be further serviceable for original function as good second hand material Condition "B", or is serviceable for original function but substantially not suitable for reconditioning, shall be classified as Condition "C" and priced at not more than fifty percent (50%) of the current price of new material (Condition "A") as defined in (1) above. The cost of reconditioning shall be charged to reconditioned material provided that the Condition "C" material value plus the cost or reconditioning does not exceed the value of Condition "B" material.
- ❖ Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value to be agreed between TPDC and the Contractor.
- ❖ Material involving erection costs shall be charged at applicable condition percentage of the current knocked-down price of new material as defined
- ❖ When the use of material is temporary and its service to Petroleum
- ❖ Operations does not justify the reduction in prices, such material shall be priced on a basis that will result in a net charge to the accounts under the Agreement consistent with the value of the service rendered.

1.6.2.7 Rentals, Duties and Other Assessments:

Section 3 sub section 3.1 (g) of the model allows recovery of all rentals, taxes (other than income tax, withholding tax, remittance tax and Additional Profits Tax), levies, charges, fees, contributions and any other assessments and charges levied by the Government in connection with Petroleum Operations and paid directly by the Contractor. For the avoidance of doubt annual charges for licenses is not recoverable.

1.6.2.8 Insurance and Loses:

Section 3 sub section 3.1 (g) of the model says; insurance premiums and the costs incurred for insurance pursuant to and in accordance with Article 21 (employment, training

and transfer of technology) is recoverable provided they are incurred in accordance with TPDC approved process. Also losses incurred as a consequence of events which are, and in so far as, not made good by insurance are recoverable unless such costs have resulted from the Contractor's failure to follow the terms, clauses, conditions or warranties of the insurance policy(s) and/or the Contractor negligence and/or the gross negligence of the Contractor or sub-contractors.

1.6.2.9 Legal Expenses:

Section 3 sub section 3.1 (i) says, all reasonable costs and expense of litigation and legal or related services necessary or expedient for the procuring, perfecting, retention and protection of the contract area, and in defending or prosecuting lawsuits involving the area or any third party claim arising out of activities under the agreement, or sums paid in respect of legal services necessary or expedient for the protection of the joint interest of Government, TPDC and the Contractor are recoverable. The examples include unsuccessful litigation concerning loss of assessable profits, successfully defending a prosecution, appearing before the Commerce Commission, Debt recovery, including an unsuccessful attempt to recover an amount which would have been assessable if recovered and land valuation objections.

1.6.2.10 Training Costs:

All costs that the contractor will incur in transforming the skills to the Tanzanians in issues related to the production of the petroleum will be recovered according to Section 3 sub section 3.1 (j) of the model. It says; all costs and expenses incurred by the Contractor in training of Tanzanian employees engaged in petroleum operations and such other training as is required under Article 21 of the Agreement is recoverable.

1.6.2.11 General and Administrative Costs:

Examples include staff salaries, building rent, executives wages and benefits are subjected to cost recoverable with respect to MPSA 2013 section 3 sub section 3.1 (k) described; the costs described in sub-section 2.5(a) all main office, field office and general administrative expenses in the United Republic of Tanzania including but not limited to supervisory, accounting and employee relations services, but excluding commissions paid to intermediaries by the Contractor and the charge described in sub-section 2.5(b) an annual overhead charge for services

rendered outside the United Republic of Tanzania and not otherwise charged under this Accounting Procedure, for managing the Petroleum Operations and for staff advice and assistance including financial, legal, accounting and employee relations services. For the period from the Effective Date until the date on which the first Development License under the Agreement is granted by the Minister this annual charge shall be itemized and verifiable costs but in no event greater than one percent (1%) of the Contract Expenses; including those covered in sub-section 2.5(a) incurred during the Calendar Year. From the date of grant of the Development License the charge shall be at an amount or rate to be agreed between the parties and stated in the Development Plan approved with the grant of the said License. The annual overhead charge shall be separately identified in all reports to the Government and TPDC.

1.6.2.12 Non-Recoverable Cost:

Non-recoverable costs are the ineligible costs that are not allowed for recovery, because the objectives for which such expenditures were made have not been approved and included in the Work Program, therefore they are not recoverable so as to avoid PSA addressing something that is outside the contract scope. According to the Accounting procedures under the model, section 3, sub-section (3.2 a-m), and the regulations define the costs not recoverable under the agreement for the purposes of profit oil/gas sharing to include:



One of the world's largest offshore drilling rig

- (a) Annual charges: This covers all direct costs attributable to the acquisition, renewal, or relinquishment of surface rights acquired and maintained in force for the purposes of this Agreement.
- (b) All costs incurred before the Effective Date including charges incurred by Contractor for copying and shipping of data relating to the contract area;
- (c) Petroleum marketing or transportation costs of petroleum beyond delivery Point;
- (d) The costs of any bank guarantee or letter of guarantee required under the agreement (and any other amounts spent on indemnities with regard to non-fulfillment of contractual obligations);
- (e) Costs of arbitration and the sole expert in respect of any dispute under the Agreement;
- (f) Fines and penalties imposed by courts of law in the United Republic of Tanzania;
- (g) Costs incurred as a result of willful misconduct or negligence of the Contractor;
- (h) Donations and contributions made by the Contractor;
- (i) Signature bonus and production bonus;
- (j) Any costs which, by reference to the best international petroleum industry practices, can be shown to be excessive;
- (k) Expenditure on fundamental research into development of new equipment, materials and techniques for use in search for, developing and producing petroleum except to the extent that such research and development is directly carried out in support of petroleum operations in the United Republic of Tanzania whereby such a research is conducted in collaboration with TPDC;
- (l) Interest and financial charges paid to the creditors of the Contractor;
- (m) Bonuses paid to employees and directors

1.6.2.13 Other costs and expenses

Sub-section 3.3 describes any other costs and expenses not covered or dealt with in the foregoing provisions of Section 3 and which are incurred by Contractor for the necessary and proper conduct of petroleum operations as recoverable subject to prior written approval from TPDC.

1.6.2.14 Credits under the Agreement

Sub section 3.4 of the model describes that the net proceeds received from petroleum operations (other than the proceeds from the sale of crude oil and natural gas), including but not limited to the transactions listed below,

will be credited to the accounts under the agreement. For profit oil/gas sharing purposes, such credits shall be offset against recoverable contract expenses:

- (a) the net proceeds of any insurance or claim in connection with petroleum operations or any assets charged to the accounts under the agreement when such operations or assets were insured and the premiums charged to the accounts under the agreement;
- (b) Legal expenses charged to the accounts under Section 3.1 (i) and subsequently recovered by the contractor;
- (c) Revenue received from third parties including affiliate companies for the use of property or assets charged to the accounts under the agreement;
- (d) Any adjustment received by the contractor from the supplier's manufacturers or their agents in connection with defective material, the cost of which was previously charged by the Contractor to the accounts under the agreement;
- (e) Rentals, refunds or other credits received by the Contractor which apply to any charge which has been made to the accounts under the agreement but excluding any award granted to the Contractor under arbitration or sole expert proceedings;
- (f) The net proceeds for material originally charged to the accounts under the Agreement and subsequently exported from the United Republic of Tanzania without being used in petroleum operations;
- (g) The net proceeds from the sale or exchange by the Contractor of materials, equipment, plant or facilities, the acquisition costs of which have been charged to the accounts under the agreement;
- (h) The proceeds from the sale of any petroleum information which relates to the contract area provided that the acquisition costs of such rights and information have been charged to the accounts under the agreement;
- (i) The proceeds derived from the sale or license of any intellectual property the development costs of which were incurred under this agreement.

1.6.2.15 Duplication of Charges and Credits

Sub-section 3.5 of the model prohibits duplication of charges or credits to the accounts under the agreement.

1.7 Conclusion and recommendation

The natural gas industry in Tanzania has experienced gradual changes during the last two decades.

Many investors have commenced activities with the Government through different types of agreements for the development of this sector. Like all types of investments especially those between developing Countries such as Tanzania and international investing Companies, the challenge has always been to balance the interest of both parties. Giving their comments, M/s Deloitte in year 2016 on their press release commented that Government share of profits under the new PSA might be as high as 94% in certain cases if the MPSA 2013 remains unchanged. This shows that the position is now better off compared to that of MPSA 2008, as far as the cost classification and categorisation is concerned.

It is my opinion that raising the level of control, monitoring and supervising that the Government has over the natural gas sector, will without a doubt increase the amount of revenue due to the Government and bring about sustainable development. This must be done in collaboration with Country authorities of PURA, TPDC, NATIONAL AUDIT and other major stakeholders.

MPSA 2013 should clearly classify both service costs and General and administrative costs as exploratory, operating or developmental after they have been apportioned in those categories. These costs should not be classified as separate categories since sec 2 of MPSA requires both costs to be apportioned to exploration, operating and development costs. The cost recovery statement has to be effectively reported on quarterly and annual basis. That is, the contractor has to report all the key parameters determining cost recovery, and identifying major items, which are not recovered for profit sharing, so that the Government can exercise extensive audit rights towards tax obligations of contractor.

Therefore, this will give the tax administrator more freedom to audit the tax reports. And this can be learnt from Timor Leste Model PSC which demands the contractor report provisional statement on last day of the quarter and final statement within thirty days.

Reference:

1. Model Production Sharing Agreement 2013, Tanzania
2. Oil and gas taxation in Tanzania [Press release]. (2016, January). Deloitte Consulting Limited. Retrieved September 9, 2016, from <https://www2.deloitte.com/content/dam/Deloitte/global>

Audit of Public Interest in Non-Public Sector: Some Reflections on CAG Mandate and Experience

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UDA Rapid Transport (UDART) is one of the audits of public interest in non-public sector which the CAG carried out to discharge his mandate.



The public sector auditor's role supports governance responsibilities of oversight, insight and foresight. Oversight addresses whether public sector entities

are doing what they ought to be doing and serves to detect and deter public corruption. Insight assists decision-makers by providing an independent assessment of public sector programmers, policies, operations and the final output.

Foresight identifies trends and emerging challenges. Auditors use tools such as financial audits, performance audits, investigations, and advisory services to fulfill each of these roles (IAA, 2012). Public sector audit is usually undertaken by the Supreme Audit Institutions (SAIs). Such institutions are established by law and are mandated to carry out various audits of Government entities. These are in most cases ones that government has direct control over

their operations (INTOSAI, 2018).¹ The general principle has been that non-public sector institutions should manage and conduct their affairs including audits of their accounts and operations according to the law and established instruments. As such it is not the role of the SAI to audit such institutions. The general concern has, however, been: who assures government interest or rather public interest in an entity where the government is a minority shareholder? Furthermore, how does the public protect its interests in entities, which although not owned by the government, have substantial interests of the public sector workforce or general public?²

This work discusses the role of an SAI in the audit of “public interest” in non-public sector entities. Using the experience of Tanzania’s SAI and other selected SAIs, it analyses the statutory mandates and experience in the audit of such entities. It points out shortcomings within the legal framework and suggests strategic initiatives that can enable a SAI to contribute towards protection of public interest within a given jurisdiction.

1. Public Interest and Audit interests

While there is no single statutory definition of what amounts to a “public interest”, it is now widely acceptable that “public interest” is dependent on successful social and political debate where actors have reached a consensus on values and actions and enter in to agreement on the

Legal Mandate of the CAG

The legal mandate of the Controller and Auditor General (CAG) are provided by Article 143 of the Constitution of the URT of 1977 (as amended from time to time), and further elaborated in the Public Audit Act No. 11 of 2008 and its Regulations of 2009. CAG heads National Audit Office of Tanzania (NAOT) which is the Supreme Audit Institution of Tanzania and an independent department of the Government of the United Republic of Tanzania. The core responsibility of the office is to undertake different kind of audits on government revenues and expenditures as appropriated by the Parliament in order to bring about greater accountability and transparency in the management of public resources.

basis of enlightened consent (Jean-François, 2003).³ The Black’s law Dictionary defines “public interest” as something of general welfare of the public that warrants recognition and protection or something in which the public as a whole has a stake; especially an interest that justifies governmental regulation (Bryan A. Garner, et.al (Eds), 2009).⁴ IFAC defines public interest as “the net benefits derived for, and procedural rigour employed on behalf of, all society in relation to any action, decision or policy” (IFAC,2012).⁵ In the broadest sense, IFAC considers that the “public” includes the widest possible scope of society: for example, individuals and groups sharing a marketplace for goods and services (including those provided by government), as well as those seeking sustainable living standards and environmental quality, for themselves and future generations.

This includes: investors, shareholders and business owners of public and private institutions and all parties whose resources and well-being depend upon the performance of such institutions. These parties rely upon sound financial information to make decisions about the allocation of their resources. This does not only include investors, but also temporary and permanent employees and those who have pensions and other vested interests tied to the performance of such institutions. The public also includes consumers and suppliers and all parties who are affected by the costs, quality, and availability of goods and services. Consumers and suppliers ultimately bear the impact of financial decision makers (and those who advise them).

1 INTOSAI Working Group on the Audit of Extractive Industries (WGEI), August 2018

2 A similar question is asked where an entity though non-public by law, its operations has so much interest in the eye and welfare of the public.

3 Jean-François, “How to Define Public Interest?”, Méthot Collège dominicain de philosophie et de théologie Ottawa ON Canada given at the EPAC Round-Table held at Saint Paul University on January 29, 2003

4 Bryan A. Garner, et.al (Eds), Black’s Law Dictionary,(9th Edition), Thomson Reuters Business, USA, 2009 p. 1350

5 International Federation of Accountants (IFAC), A Definition of the Public Interest 1, Policy Position 5, June 2012

The quality of financial information and decision making impacts the efficiency of resource management, which in turn impacts goods and services produced. 'Public' can also encompass taxpayers, electorates, citizens and all parties who are impacted by the work of public sector accounting professionals, who facilitate financial information, make financial decisions, and advise policymakers and elected officials. These include immediate short-term impacts, as well as medium and longer-term considerations and matters of sustainability. The efficient management of public resources (e.g. tax revenues, public properties, governmental organisations, infrastructure, and other resources) affects their costs, quality, and availability and, through these, society as a whole. Although the implication of the work of the auditing profession may differ depending on the type of group, a fundamental obligation of the audit profession remains as acting in a manner that ensures that the general public interests are protected.

2. Legal Mandate of the CAG

The legal mandate of the Controller and Auditor General (CAG) are provided by Article 143 of the Constitution of the United Republic of Tanzania (URT) of 1977 (as amended from time to time), and further elaborated in the Public Audit Act No. 11 of 2008 and its Regulations of 2009. CAG heads The National Audit Office of Tanzania (NAOT) which is the Supreme Audit Institution of Tanzania and an independent department of the Government of the United Republic of Tanzania. The core responsibility of the Office is to undertake different kinds of audits on government revenues and expenditures as appropriated by Parliament in order to bring about greater accountability and transparency in the management of public resources. Apart from the traditional financial audit functions, the office is empowered by law to undertake other types of audits including performance forensic and special audits which may be requested by other authorities on as the Controller and Auditor General may decide for the purpose of ensuring accountability of the government to its citizenry. The constitution under Article 143(2) (b) gives broad mandate to the CAG to audit various entities that are recipient of government funds. This mandate is further expounded under section 5(b) of the Public Audit Act, 2008, and Part IV of the Public

Audit Regulations, 2009, which mandates the CAG to audit all Ministries, Independent Departments and Agencies of the government, Local Government Authorities, Public Authorities or Public Bodies which receive funds from the Consolidated Fund. The existing legal framework enjoins the CAG from undertaking audits in "Public Authorities" established under Companies Act, 2002 (Section 3 and 30 of the Public Audit Act, 2008). These companies include those in which the government is a sole shareholder or a majority shareholder. Fortunately, Boards of Directors of such entities in which the Government is a sole owner or majority shareholder have always appointed the Controller and Auditor General to be their Auditor.⁶

3. Past Experience

The legal framework does not expressly confer mandate to the CAG to undertake audits of institutions in which the government has minority interests or those that although the government does not have any shares, there is substantial public interest in their operations and therefore a need to ensure that the desired level of accountability exists in such entities. In the past, the Controller and Auditor General conducted special audits of several non-public entities. Here is the summary:

Special Audit of Shirika la Usafiri Dar es Salaam (UDA) and UDA Rapid Transport (UDART)

UDA is owned by Simon Group, a private entity (51%) and Treasury Registrar (49%) as such it is not a public entity in the strict legal definition. Its subsidiary UDART is owned by UDA (99%) and Simon Group (1%) making it a non-public entity in the ambits of definition of Public Authority as per section 3 of the Public Audit Act, 2008. Operations of these companies have a significant impact on the mobility of general public and the economy of the city of Dar es Salaam. The CAG conducted a special audit of these companies in the year 2017/18 and issued a report which was also summarised and included in the CAG's Annual General Report⁷ (General Audit Report of the Public Authorities for year ending June 30, 2018.)

Special Audit of Tanzania Teachers Union (TTU)

Tanzania Teachers Union (TTU) is an entity established in 1993 as a union specific for teachers from public and private schools, tutors from teachers training colleges, folk development colleges and education officers in the Ministry

⁶ Such companies include TANESCO, AZANIA Bank.

⁷ National Audit Office, Report General Audit Report of the Public Authorities for year ending June 30, 2018, p.154-157

of Education and Vocational Training (Julius Baltazar Kingalu, 2015)⁸. Like other trade unions in the country, TTU operates in accordance with the provisions of the employment and Labour Relations Act No. 6 of 2004.⁹ This entity does not fit within the definition of a Public Authority which would have given the CAG direct mandate to audit its affairs. In the financial year ending June 30, 2017, the CAG conducted a special audit on request of the Government due to allegations leveled against the management over misappropriation of TTU funds. The audit revealed that management of TTU, Board of Trustees, and Management of TDCL were part and parcel of the fraudulent transactions of the Union's assets and funds during the period under review. Weaknesses in the internal control system largely contributed to inadequate record keeping system of TTU members. Contrary to the laws guiding Union assets under Board of Trustees, inadequately supported payments worth Tanzania Shillings 11.9 Billion and payments outside the budget worth Tanzanian Shillings 26.8 billion were made. (CAG's Annual General Report for Central Government, 2017)¹⁰

Special Audit of Association of Local Government Authorities of Tanzania (ALAT)

ALAT is the National Local Government association whose role is promoting and sustaining the goals and ideals of

"My task remains that of ensuring that taxpayers' money is put to proper utilisation", said Mr. Kichere after taking an oath at the State House. He said that he would protect the organisation for the interest of the public.

decentralisation. The association was established on December 13, 1984, following the re-establishment of the Local Government System which had been abolished in 1972. The goals of ALAT are to foster and promote smooth Local Government development in Tanzania; to maintain and further the rights, interests and values of Local Government Authorities and to represent the Local Government Authorities of Tanzania in the International Union of Local Authorities and other international fora.¹¹ Like the above entities, ALAT is not a public authority in the ambit of the Public Audit Act, 2008. On request of the ALAT Chairman in July, 2017, the Controller and Auditor General conducted a special audit with the aim of establishing facts on allegations regarding the deposit of ALAT funds in a private account leveled against the General Secretary and employees holding no contracts for the period from 2010 to 2017. The general findings were incorporated in the CAG annual report for the Central Government in the year ending 30th June, 2017.¹²

4. Stakeholders Arguments for and against Extended Audit Mandate of CAG into Non-public Entities

Stakeholders hold varied opinions of whether the CAG should have express mandate to audit non-public entities which have or attract substantial government interests.¹³

- 8 Julius Baltazar Kingalu, Understanding the Contribution of Teachers Union towards Improving Standards of Teaching in Mkuranga District, A Dissertation Submitted in Partial Fulfillment of the Requirement for the Master's Degree of Education in Administration, Planning and Policy Studies of the Open University of Tanzania, 2015
- 9 This Act provides the legislative framework regarding the formation, registration and general operations and management of trade unions
- 10 Annual General Report of the Controller And Auditor General on the Financial Statements for the Year ended 30 June, 2017- Central Government. P. 229-233
- 11 See Association of Local Authorities of Tanzania (ALAT) at <http://www.migration4development.org/en/actors-networks/association-local-authorities-tanzania-alat> (accessed 26 December, 2019)
- 12 Note Annual General Report of the Controller And Auditor General on the Financial Statements for the Year ended 30th June, 2017, Central Government. P. 233-235
- 13 For discussions on the role of SAI in the audits of public sector interests see; Investigation 3; Stakeholders and their use of audits available at <https://www.wgtn.ac.nz/sacl/centres-and-chairs/cagtr/occasional-papers/investigation-3.pdf> (last accessed 24th January, 2020); The Association of Chartered Certified Accountants Breaking out: public audit's new role in a post-crash world, February 2014 available at <https://www.accaglobal.com/ab107> (last accessed 24th January, 2020); EUROSAI, Making SAI independence a reality Some lessons from across the Commonwealth available https://www.eurosai.org/export/sites/eurosai/content/documents/Commonwealth_Making_SAI_independence_a_reality.pdf (last accessed 24th January, 2020);

Those in support are of the view that the Office of the CAG? The argument advanced in favours of this position is that, the CAG being the Supreme Audit Institution which acts for and on behalf of the Republic in providing assurance on collection and utilisation of resources in the country should have audit access to all entities whose operations have direct or indirect impact economically and socially to the welfare of a substantial percentage of the people in the country.

Their argument is based on the premise that such entities chose to operate in the country because the country had opportunities that attracted them and as such they should be willing and ready to be accountable to the public who are original owners of the resources (opportunities) through the most trusted and independent entity which is the SAI.

This argument supports audit of entities in which the government holds no shares and one which the government is a minority shareholder. Examples of entities that the SAI should be able to audit include but not limited to large mining companies, local associations of farmers, and large waste management and disposal companies because of their impact to the economy and social lives of surrounding community.

While it is recognised that the SAI might not have the required technical capacity and financial resources to undertake audits, supporters of this position argue that, an SAI should first have the mandate, then it can choose entities to priorities in auditing as it deems fit. In any case, the SAI can outsource the tasks as it deems fit and such entities should be compelled by law to provide for reasonable resources to enable the SAI to undertake its mandate.

Other stakeholders are of the opinion that, the government should restrain itself from intervening into arrangements of private entities. The SAI being the independent department of the Government should not encroach on private business matters. Their argument is based on the premise that private entities are reflections of fundamental principle of association on free will.

In that respect, the government should not come in and intervene into affairs of people who have sacrificed their resources and organised their affairs for achievements of a lawful cause.

Such entities should be left to run their affairs and where audits are to be carried, they should be done by auditors appointed by their governing bodies as prescribed by their establishing instruments.

Where the government has shares (minority), it should be the role of its representatives (in the Board of Directors) to ensure that such entities uphold the highest levels of accountability in their operations through legally recognised mechanisms for audits and reporting.

5. Resolving the quagmire

As it stands, Public Audit Act, 2008, of Tanzania is silent on whether the SAI can undertake audits of public interest in non-public sector or not. There is no doubt that the SAI is mandated to audit all public sectors in the country, but expressly restrained to audit Companies established under the Companies Act, 2002, even where there are government interests.

This is a serious lacuna that needs to be resolved. As to the audit of public interests where the government holds no shares at all, this is a new dimension in the realm of accountability, therefore serious consultations and discussions are required to have a better and agreed legal position.

Public interest litigation that seeks for court interpretation of the SAI mandate in undertaking audits of government interest could provide a useful platform to resolve the quagmire. Alternatively, the Public Audit legislations may be amended to provide for such express mandate¹⁴, albeit a lot of resistance will follow from advocates of freedom of association and rights to own property.

All in all something has to be done for the purpose of ensuring accountability in the utilisation of resources and opportunities with which Tanzania has been endowed for a greater good of the present and future generations.

¹⁴ The legislative amendment process initiated by NAOT is still on going. However, to date there has not been amendment to provide the CAG with express mandate to audit non- public sector.

Environmental Auditing Practices in Oil and Gas Companies: A New Institutional Perspective

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1.1 Introduction

The environmental impacts of oil and gas industry's activities share essential characteristics of the contemporary industry. This is particularly so as it is primarily extractive in nature (Sigam and Garcia, 2012). The consequences of environmental degradation occur as a result of increasing complexity of national and international regulations; change in technology; lack of expertise; non-registered and unprocessed environmental data reported by administrative agencies; financial constraints and time boundary (CAG, 2015). These factors can potential cause environmental problems.

The experience from Government shows that together with the efforts done by National Environment Management Council (NEMC) to harmonise Environmental activities in the oil and gas sector, allegations of irregularities leading into environmental destruction are still reported. Also, Orubu et al., (2002) argued that; oil and gas sector contributes much to disruption of the sea-bed due to dredging during pipeline installation, and sedimentation along pipeline routes; acts which result in to leakage. The water pollution emanating from leakage due to fracturing or breaking of the infrastructure caused by metal fatigue, and air pollution by transport tankers, lead to the destruction of the environmentally sensitive area, Erosion, and flooding of cities hence impacting negatively on human health and

ecosystem (Orubu et al., 2002). The magnitude of these problems is not practically known in Tanzania. In addition, the drivers, challenges and consequences are also not well documented. However, Environmental Auditing can provide a potential solution to some of these problems if it is appropriately conducted.

Hence, environmental audit can ensure that proper steps are taken to try and control or to prevent such adverse effects (Gupta, 2009). It allows companies to identify their environmental progress, demonstrate that they are concerned and facilitate compliance with environmental laws (Sangita et al., 2012).

Given the low understanding of Environmental Auditing practiced in Oil and Gas companies in the country, this paper aim at providing insights into the practice among players. The objective of this paper is to explore environmental auditing practices in Oil and Gas companies by looking at the drivers of the practice among players, the processes of environmental auditing in oil and gas companies and challenges facing the practice in these companies.

1.2 Definition of key terms

1.2.1 The meaning of Environmental Auditing

Several authors have attempted to define Environmental Auditing. However, there is no universally accepted definition of Environmental Audit. According to World Bank (2009), environmental audit is a methodological examination of ecological data around an association, an office or a site, to check whether, or to what degree, they fit in with the indicated review criteria.

The criteria might be founded on nearby, national or globally accepted natural benchmarks. Hence, it is a precise procedure of acquiring and assessing data about ecological viewpoints.

NEWS IN PICTURES



The President of the United Republic of Tanzania, Dr. John Joseph Pombe Magufuli, receives volumes of Audit Reports for 2018/2019 from the Controller and Auditor General, Mr Charles Kichere. This was the maiden report the new CAG submitted to the President.

The Controller and Auditor General (CAG), Mr. Charles Kichere, addresses reporters during a press conference held in Dodoma.



The Chief External Auditor (CEA) for Development Cooperation, Mr Godwin Ngowi poses with distinguished guests from the Global Funds at NAOT Office, Dodoma.

The Controller and Auditor General, Mr Charles Kichere (left), receives a token prize from the Director of Evaluations of the Workers Compensation Fund (WCF) during his tour at the 44th International Trade Fair (Sabasaba) at Mwalimu Nyerere Grounds, Kilwa Road, Dar es Salaam.

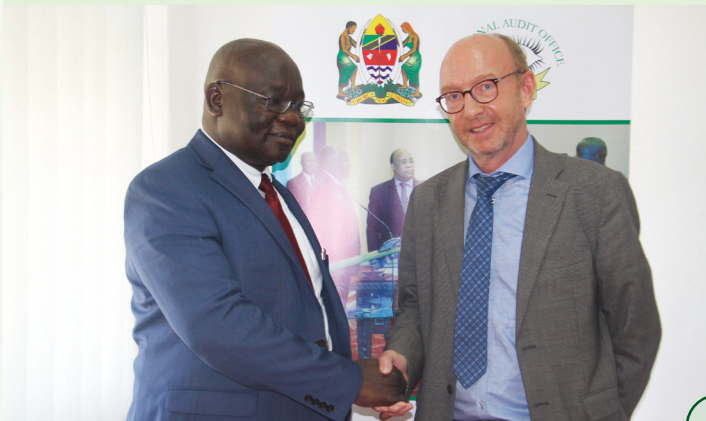


NEWS IN PICTURES



NAOT Information Officer Evelyne Thomas briefs journalists during a press conference in Dodoma.

The Deputy Director of Government Information Services (MAELEZO), Mr. Rodney Thadeus (right) follows presentations during a seminar organised for journalists on how to cover stories from the CAG annual reports.



The Controller and Auditor General, Mr Charles Kichere, with representative of the Swedish Ambassador to Tanzania, Mr Uit Kalisting when he toured the National Audit Office Tanzania in Dodoma.

Players of Ukaguzi Football Club in a group photo before a soccer match against Ukaguzi FC emerged victors after scoring.



NEWS IN PICTURES



Front view of the National Audit House in Njombe Region which is near completion. (NOT SURE about this addition).

The National Audit House in Geita Region (Ukaguzi House)



Getting workplace ready for COVID-19

By World Health Organisation

In January 2020, the World Health Organisation (WHO) declared the outbreak of a new coronavirus disease in Hubei Province, China, to be a Public Health Emergency of International Concern. The WHO stated there is a high risk of the 2019 coronavirus disease (COVID-19) spreading to other countries around the world.

WHO and public health authorities around the world are taking action to contain the COVID-19 outbreak. However, long-term success cannot be taken for granted. All sections of our society, including businesses and employers, must play a role if we are to stop the spread of this disease.

How COVID-19 spreads

When someone with COVID-19 coughs or exhales, he releases droplets of infected fluid. Most of these droplets

fall on nearby surfaces and objects - such as desks, tables or telephones. People could catch COVID-19 by touching contaminated surfaces or objects and then touching their noses or mouths. If they are standing within one meter from a person with COVID-19, they can catch it by breathing in droplets coughed out or exhaled by them. In other words, COVID-19 spreads in a similar way to flu.

Most persons infected with COVID-19 experience mild symptoms and recover. However, some go on to experience more serious illness and may require hospital care.

Risk of serious illness rises with age: people over 40 years seem to be more vulnerable than those under 40. People with weakened immune systems and people with conditions such as diabetes, heart and lung disease are also more vulnerable to serious illness.

CORONA VIRUS

THINGS TO CONSIDER IN ADDRESSING COVID-19 – PANDEMIC AT WORK PLACE

Workplace protocols

Develop a plan of what to do if someone becomes ill with suspected COVID-19 at one of your workplaces. The plan should cover putting the ill persons in a room or area where they are isolated from others in the workplace, limiting the number of people who have contact with the sick person and contacting the local health authorities.

Consider how to identify persons who may be at risk, and support them, without inviting stigma and discrimination into your workplace. This could include persons who have recently travelled to an area reporting cases, or other personnel who have conditions that put them at higher risk of serious illness (e.g. diabetes, heart and lung disease, older age).



Tell your local public health authority you are developing the plan and seek their input.

Promote regular teleworking across your organisation. If there is an outbreak of COVID-19 in your community the health authorities may advise people to avoid public transport and crowded places. Teleworking will help your business keep operating while your employees stay safe.

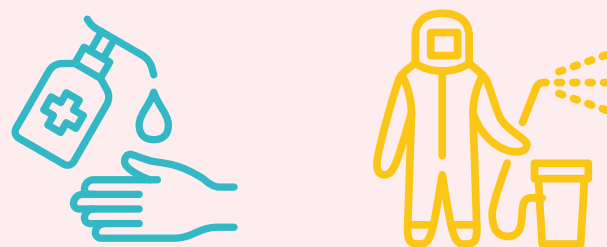
Develop a contingency and business continuity plan for an outbreak in the communities where your business operates. The plan will help prepare your organisation for the possibility of an outbreak of COVID-19 in its workplaces or community. It may also be valid for other health emergencies.



The plan should address how to keep your business running even if a significant number of employees, contractors and suppliers cannot come to your place of business, either due to local restrictions on travel or because they are ill.

Communicate to your employees and contractors about the plan and make sure they are aware of what they need to do, or not do, under the plan. Emphasize key points such as the importance of staying away from work even if they have only mild symptoms or have had to take simple medications (e.g. paracetamol, ibuprofen) which may mask the symptoms.

Be sure your plan addresses the mental health and social consequences of a case of COVID-19 in the workplace or in the community and offer information and support.



For small and medium-sized businesses without in-house staff health and welfare support, develop partnerships and plans with your local health and social service providers in advance of any emergency. Your local or national public health authority may be able to offer support and guidance in developing your plan.

REMEMBER:

Now is the time to prepare for COVID-19.
Simple precautions and planning can make a big difference. Action now will help protect your employees and your business.

CAG ASKS STAFF TO OBSERVE TRANSPARENCY AND ACCOUNTABILITY



By *Sakina Mfinanga*



The Controller and Auditor General (CAG), Mr. Charles Kichere, has directed the officials and staff of the National Audit Office to be transparent and continue practicing accountability as required by the Public Service ethics.

Mr. Kichere made the call while addressing the staff during NAOT's Workers Council held in Dodoma on Friday, July 3, 2020. He said that the National Audit Office has

The CAG

said that this year's theme

**"KATAA RUSHWA, ZINGATIA
UADILIFU NA MAADILI KATIKA
UTUMISHI WA UMMA KUELEKEA
UCHAGUZI MKUU"**

should be reflected when officers
implementing their duties.

constitutional and statutory powers and responsibilities that are generally aimed at contributing to strengthening accountability and ensuring the effective use of public resources on behalf of all Tanzanians.

"For this reason, we are required to demonstrate high level of transparency and accountability when discharging our duties", he said.

The CAG said that this year's theme "KATAA RUSHWA, ZINGATIA UADILIFU NA MAADILI KATIKA UTUMISHI WA UMMA KUELEKEA UCHAGUZI MKUU" should be reflected when officers implement their duties.

He urged all employees of the National Audit Office to be ethical and adhere to the rules and regulations of the public service. "I have no tolerance on ethical issues for the Office I administer, in the event of suspicion of any employee violating ethics is proven, legal proceedings will be taken promptly.



The Guest of Honour at the Workers Council meeting, Dr. Lauren Ndumbaro (fourth right), the Permanent Secretary in the President's Office – Public Service Management, poses for a group picture along with the Controller and Auditor General (CAG), Mr Charles Kichere (fourth right), and senior officials of the National Audit Office during the Workers Council meeting held in Dodoma recently.

The CAG used the opportunity to thank the Fifth Phase Government under the President, H.E. Dr. John Pombe Magufuli, for partnering with the National Audit Office including finding the Budget support for the 2020/2021 Financial year as well as providing 30 new information and Communication Technology (ICT) auditors and Engineers.

Earlier, the CAG briefed the Guest of Honour, the Permanent Secretary in the President's Office, Public Service Management and Good Governance, Dr Laurean Ndumbaro, on the shortage of staff despite the current recruitment of 30 new ones.

Responding to the matter, Dr. Ndumbaro said he would address the challenge depending on the availability of the budget.

"I have no tolerance on ethical issues for the Office I administer, in the event of suspicion of any employee violating ethics is proven; legal proceedings will be taken promptly."

CAG

...from Page 19



Noncompliance to environmental guidelines leads to degradation of the environment. Some players in the oil extraction sub-sector use methods that lead to contamination and destruction of the environment.

Also, the INTOSAI (2003) provides a structure meaning of Environmental Auditing and clarifies that a condition for inspecting is not altogether unique in relation to general evaluation as rehearsed by Supreme Audit Institutions (SAIs). Condition reviewing can incorporate a wide range of reviews like money-related, consistency and execution. Concerning these execution reviews, they require the examination to have two basic highlights--cost-viability and efficiency.

The selection of the third E that is 'Condition,' relies upon the SAI's order and its administration's natural approach in doing condition review. The idea of maintainable improvement can be a piece of the meaning of a natural survey, just in the event that it is a piece of the administration approach and programme to be audited.

The most commonly utilised definition was given by the International Chamber of Commerce (ICC, 1989 p.117), which characterised natural inspecting: 'as an administration device involving a precise, archived, intermittent, and target assessment of how well biological

association, administration, and gear are performing with the point of shielding the earth by encouraging administration and control of ecological practices; and evaluating consistence with organisation arrangements, which incorporate meeting administrative necessity'.

1.2.2 Environmental Impact Assessment (EIA)

This is a formal process by which a proposed movement with possibly huge natural, social and monetary expenses is considered with a perspective of assessing its effects, looking at elective methodologies and creating measures to counteract or relieve the unfavourable impacts. Seeker (1998), contended that, one of the essential purposes behind leading EIA is to illuminate the general population of the proposed extents and to draw in them in a significant discourse about the potential advantages of the venture. This was in accordance with Ingelson and Nwapi, finding (2014).

Similarly, essential is recognizable proof and organisation of protections to relieve unfriendly ecological effects from the proposed operation. EIA stimulates and visualizes the

effect on the environment because of a proposed activity. Due to prospective nature, this can not be strictly called an audit, but commonly understood as part of environment audit.

1.2.3 Environmental Management System (EMS)

This is the portion of the administration framework which incorporates authoritative structure, planning assignments, responsibilities, rehearses, methods, procedures, and assets for creating, executing, accomplishing, checking on and keeping up the ecological strategy (Cascio, 1996). At the end of the day, EMS is an administration framework that designs, calendars, actualizes, and screens exercises for enhancing natural execution. EMS, fundamentally, includes the foundation of an ecological arrangement, the making of objectives to lessen natural effects, the application of proper methodologies, and conducting internal evaluation. Therefore, the essential areas of an EMS include creation, actualization, overseeing, facilitation and screening of natural exercises over an organisation (Famiyeh et al., 2014).

1.3 An Overview of Environmental Auditing

Environmental auditing appears to go back, formally, to around the declaration of the US National Environmental Protection Act (NEPA) in 1969. Early documentation on nature examination started to show up in the mid-1980s (Greeno et al., 1988) and administration counseling firms started to urge their customers to embrace ecological reviews as a method for measuring their natural liabilities. [There are no particular legitimate necessities for natural examinations to be completed in Tanzania. Be that as it may, to accomplish consistence with particular natural lawful prerequisites, ecological evaluating as an instrument is the most sensible methods for formally checking consistence].

1.3.1 The purpose of Environmental Auditing

The environmental audit is to indicate the administration of the upgrades while natural association framework and gear are performing (According to Sangita et al., 2012). To satisfy this reason, it is basic that reviews ought to be viewed as the obligation of the organisation. The review work can be deliberate and for the benefit of the organisation.

The review work should be possible methodically and productively by the assistance of ecological evaluating programme. It helps in the best possible use of characteristic assets, and in general, it enhances natural quality. Likewise,

in his examination discoveries Sangita (2012) prescribed that a natural review programme me, which is outlined and executed effectively, can upgrade an industry's ecological execution. Again aid Introduction and usage of efficient advancements underway, keeps up of Labor Occupational wellbeing and drug and legitimate documentation of natural consistence status. It helps in observing the size of ideal use of the assets and assessing the organisation at the national and global levels. Limiting the losses through use of modern cleaner advanced and conducting general nature examination once in a year will help with delivering ecologically-oriented personnel.

1.3.2 Functions and scope of Environmental Audit

According to Gupta (2009), the primary function of Environmental Auditing is to see that the characteristic assets are used effectively keeping in mind the end goal to control the expenses acquired on getting the normal assets and to guarantee that they have been fittingly characterized, to ensure that regular assets satisfactorily appear in monetary record as they are the country's profitable resources, to guarantee that the physical assets are used for national advancement, amid generation forms, when common assets are used, some unfavorable ecological impacts are delivered and contamination is made. So the target of such a review is to see that legitimate advances have been taken to control or to counteract such antagonistic impacts like contamination, to see that suitable steps have been made for keeping up wellbeing and welfare of the group and furthermore for transfer of hurtful squanders and social risk.

1.3.3 Element and principles of Environmental Auditing

The ICC (1989) characterizes fundamental components of an ecological review that are considered to be part of the three formal phases of an examination. These incorporate: management duty, objectivity, polished methodology, methodical strategies, composed reports, quality confirmation of the reviewing framework and review discoveries and development and usage. A natural review is adequate on the off chance that it considers all perspectives that are basic for legitimate ecological exhibitions.

In translating this, Welford (2002) expresses some achievement factors for ecological review as including: Top administration responsibility, staff inclusion, and acknowledgment of an incorporated way to deal with

natural inspecting, independent check, all around qualified review group and built up review recurrence.

Barton et al. (1995) set out the primary components of natural inspecting including: survey of Inward Practices (SIP) assessment of ecological effect of the office's own operations and practices; Management Audit (MA) -- administration review survey of the viability of the office's association and systems in handling ecological issues; Strategy Impact Assessment (SIA) assesses a natural effect of the organisation's administration; Statement of the ecological Report (SoE) approach and administration exercises, proclamations covering specialist's ecological points and commitment.

1.3.4 Types of Environmental Auditing:

According to Wawryk (1997), there are two distinct sorts of Environmental Audits: Environmental Compliance Audits (ECA) and Environmental Management Systems Audit (EMSA). Under Ecological Compliance Audit, as the name suggests, the reviews are expected to survey the organisation's lawful consistence status in an operational setting. Consistency reviews start with deciding the material consistency necessities against which the operations will be surveyed. This has a tendency to incorporate government controls, state directions, grants and neighbourhood statutes/codes. Sometimes, it might likewise incorporate prerequisites inside legitimate settlements.

Wawryk (1997) states that Environmental Management System Audit (EMSA) is an Internal Audit which is a part of any administration frameworks approach. Ecological administration frameworks reviews give the methods by which the effective operation of the framework can be checked and corrective measures are taken if and when necessary.

It means it can be characterized just like the methodical investigation of the current Environment Management System which incorporates hierarchical structure, planning assignments, duties, rehearses, methodology, procedures, and assets for creating, executing and accomplishing natural approaches. It includes the testing and affirming consistency with ISO 14001 and guaranteeing a nonstop operation.

1.3.5 Financial Audit and Environmental Audit

Financial auditing and environmental inspecting have comparable structures. The appraisal aspect of control

frameworks is fundamental in the two. This backs the argument that evaluators customarily prepared to survey monetary matters may assume a fundamental part in the natural review. In this examination, the review design ought to recognise the goals and the inspecting extension, the methods to be connected, who will direct the audit and when the frameworks will be performed. The conclusion that might be drawn here is that there are contrasts between ecological evaluation and the examination of budgetary articulations.

One contrast respects the need that ecological evaluators have the help of the administrators previously initiating the review, and that objectives and goals ought to be identified, and an activity design ought to be outlined and actualized (Usman et al., 2013).

1.3.6 Environmental Auditing and Good Governance

The Supreme Audit Institutions (SAIs) can contribute significantly to the achievement of sustainable development as it is one of the most significant institutions established to safeguard and strengthen accountability in the public sector through audit (INTOSAI, 2004).

The environmental review is essential to ensure good governance in the management of public resources which is the prerequisite for sustainable development by providing information to the administration in the formulation of policies related to sustainable development (Shih et al., 2006).

Even though the environmental audit is considered essential to assist in the efforts to achieve the goals of good governance, the assessment of functional management itself is the primary challenge that must be addressed by the audit profession if the need of environmental audit to contribute significantly to the achievement of these goals were to be realised. Therefore, the development of an appropriate framework of performance indicators for good governance should be given priority (INTOSAI, 2004).

1.3.7 Environmental Auditing and Corporate Social Responsibility (CSR)

Business and academic researchers have indicated expanding levels of enthusiasm for Corporate Social Responsibility (CSR) amid late years (Maignan, 2002). The subject of natural and social obligation shows up in some political and authoritative archives and is picking up ever-

more prominent significance at the global level (Morimoto et al., 2004). In principle, corporate social obligation and Environmental Auditing are here to stay, as a business entity must include the concepts (Owusu and Frimpong, 2012). As per Owusu and Frimpong, the possibility of ecological examination; "comprises a general, free, orderly, and recorded and target assessment of the natural execution of an association." They add that "it should gauge how well associations, administration, and hardware are performing with the point of helping administration to protect the earth." They additionally contend that social and ecological review give data which can be utilised as a part of the control of natural practices and in surveying consistence with authoritative arrangements, which incorporate meeting administrative requirements.

2.1 Environmental Auditing Drivers in Petroleum Industry

There is no obligatory prerequisite for organisations to experience an ecological review, in spite of the fact that pressure on them to do as such is building up, and no acknowledged models are managing the idea of review work (Maltby, 1995).

Prior, the fundamental main impetus behind natural reviewing was the dread of indictment and harsh punishments meted by the administrative specialists, however today it is considered as an activity to distinguish and decrease liabilities (Maltby, 1995). Specialists have recognised distinctive drives of such natural examining. Vinten, (1996) sorted drivers in three categories: (i) Associations methodology on natural issues; (ii) useful zones; and, (iii) operational capacities. While Hillary (1999) distinguished clients, local government, group, controllers, and workers as the most fundamental drivers. FORGE (2002) recognised four segments as basic drivers: natural administration strategy, management commitment, operational performance and reporting requirement.

A study by Sen (2005) distinguished an arrangement of 44 general drivers, out of which 17 are ecological esteem drivers, which are natural duty, commitment to supportable advancement, composed natural execution,

targets for ecological execution, sustainability report, ecological administration framework, environmental acquiring approach, environmental preparing and training, representative obligation regarding condition and product life cycle examination (evaluation). Others include administration understanding supportability, fossil fuel diminishment, utilisation of sustainable power sources, toxic synthetic utilisation lessening, reducing unsustainable items, recognition to workers' ecological concerns, quantitative natural measures and quantitative ecological measures.

According to Seema et al (2012), some of the drivers of Environmental Audit include; Audit recommendation, cost of energy, water and safety and top management commitment. The main reasons for leading natural reviews go past simply fulfilling the compulsory prerequisites of the standard (Zutshi and Sohal, 2003). Ermekebayeva et al., (2016) did an investigation titled "Natural review in transit of tackling ecological issues in the Oil and Gas part". In it, he proposes that the natural review can take care of all the natural issues in the field of oil and gas, and as in the entire world, however, it can add to the decrease of destructive impacts on planet earth.

A natural review can propose change of the specialised conditions for oil and gas generation offices, ending in having a positive effect not just on the ecological circumstance of the undertaking but also on its physical state. The natural review, in spite of the worries about the earth, is a proof of the organisation, that its work and work conditions are alright for its representatives and its items are ecologically neighbourly. From financial specialists, it is more than the most astounding rating that can expand venture to the association.

The environmental review is essential to ensure good governance in the management of public resources which is the prerequisite for sustainable development by providing information to the administration in the formulation of policies related to sustainable development

(Shih et al., 2006).

2.2 Environmental Audit Processes in Petroleum Industry

The audit, regardless of its nature, requires a guarantee to the review logic, its social standards and a joint interest in this specialised practice (Tanciu et al., 2011). The natural review procedures can be contrasted with the methods in the money related review. A run of the mill budgetary

explanation review can be partitioned into four stages; this structure depends on proficient gauges and an examination of the predominant practice and is likewise reflected in scholastic research Todea et al., (2011).

The stages include customer acknowledgment, which is in pre-review exercises and includes choice and booking office to review and review colleagues' choice; the second stage intends to manage contact office and get ready review to distinguish and comprehend administration control framework and survey administration control framework; the third stage is trying and proving; and the last one is the assessment and announcement stage, which worried with assessing review discoveries report discoveries to office issue draft report issue last report activity design readiness and usage follow-up activity design.

According to Raut et al., (2011), the run of the mill review involves three stages as pre-review, nearby review and post-review. The pre-review is led to get the foundation data and studying by utilising the polls. The pre-review is valuable to get comfortable with the organisation and to spare time prerequisite for the on location review. The on location investigation intends to recognise the water utilisation, crude material utilisation, items delivered, wastewater created, strong waste, unsafe waste produced and furthermore examination report is introduced for this loss and also air, clamour, and sound. The water utilised for all the reasons inside the business is likewise considered. The last draft is set up for crude material, water, and vitality utilisation and even the waste created by the activity design the proposal is given.

2.3 Environmental Auditing Challenges in Petroleum Industry

Usman, Nafees and Farooqui, (2013) in their study titled "Green Audit and Environmental Sustainability in Nigeria" declare that the result of natural contamination on the general public is progressively disturbing. It is disturbing to the point that no one can claim to be undisturbed. This

general concern has now set a commitment on evaluators and open supervisors who are believed to work for some of these organisations hence are viewed by the general population as of questionable characters. It was discovered that there were presently no much characterized surviving controls or direction sponsored with the full letter and soul of the laws in many purviews that would provide guidance and place the statutory commitment on the reviewers to proficiently complete their work.

The paper prescribed that lawful structure ought to be outlined by officials of different locales and bookkeeping calling ought to critically institutionalise ecological reviewing for worldwide prosperity. In his study conducted in Nigeria, Ocheni (2016) identified

the following environmental audit challenges: lack of experience in carrying out environmental audits; absence of satisfactory means of observing and detailing frameworks of toxins and other hazardous materials; absence of codification and linkages of ecological laws, guidelines and control mechanisms crafted by examiners; inadequate worldwide traditions, affirmations and bargains; absence of natural awareness expected to ensure powerless biological systems, living spaces and biodiversity; and the effect of air and water contamination on human wellbeing

and trans-limit development of perilous waste; non-appearance of monetary bookkeeping of normal assets, bringing about incorrect appraisals of the current resources and liabilities including future liabilities; missing linkages of ecological issues between the political and financial strategies; and, inadequate ecological legislation, both at national and international levels.

The environmental management Act, 2004 and Public Audit Act, 2008 which push the firms to comply. Sec.28(c) of the Public Audit Act, 2008 states that:

"The Controller and Auditor-General might, for building up the economy, proficiency and viability of any use or utilization of assets of the substances, ask into, inspect, examine and report, in so far as he considers essential for consistence with ecological laws, directions interior natural strategies and norms".

3.0 Conclusion

Currently, in Tanzania, there is no specific law or standard which requires a company to conduct environmental Audit, but there are various laws including Environmental Management Act, 2004, and Public Audit Act, 2008, which push the firms to comply. Sec.28(c) of the Public Audit Act, 2008, states that: "The Controller and Auditor-General

might, for building up the economy, proficiency and viability of any use or utilisation of assets of the substances, ask into, inspect, examine and report, in so far as he considers essential for consistence with ecological laws, directions interior natural strategies and norms". Also Sec 101 (i) of the Environmental Management Act, 2004, adds that, the Council should be in charge of undertaking an ecological Audit in regard to any task or undertaking that is probably going to have the critical effect on the environment. This means that conducting environmental Audit in oil and gas companies is not mandatory, but these should comply with environmental management laws and regulations. However, environmental policy and management strategies have come a long way in the Tanzanian Petroleum Industry. But one of the plans which can be given more emphasis in reigning-in on the environment degradation and ensuring all policies, regulations, and procedures are adhered to Environmental Auditing. An environmental audit is an administration apparatus which only reviews the environmental administration performed by businesses making them mindful of new innovations (INTOSAI, 2004).

For that reason, the effect of these ventures and their items on normal assets and natural quality is important to have "Environmental Audit" to guarantee maintainable modern advancements (Orubu et al., 2004).

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Why mastery of technology inevitable at NAO

By Azizi Dachi



"Breaking an old business model is always going to require leaders to follow their instincts. There will always be persuasive reasons not to take a risk. But if you only do what worked in the past, you will wake up one day and find that you've been passed by," Clayton M. Christensen once said.

It is probably unconventional to begin an article with a quote from such a Harvard professor and management guru. However, the quote resonates well with the article. The powers and mandate of the Controller and Auditor General (CAG) are enshrined under Article 143 of the Constitution of the United Republic of Tanzania and stipulated in Sections 11 and 12 of the Public Audit Act of 2008.



Smart Audit digital transformation

The Constitution further elaborates on the powers of the CAG such as to have unlimited access to books of accounts and any other information that is the subject of audit. In recent years, specifically in the fifth phase government, the pace of adopting electronic government (e-Government) has quickened and become faster and faster. Thanks to the ability of the incumbent government to automate internally using its personnel, and consequently, significantly lowering the cost. As more government processes are automated and brought online, the challenge for the National Audit Office (NAO) is becoming obvious. The books of accounts and information, of which the CAG is entitled to access by the Constitution, are no longer physical as once were, but electric signals represented by zeros and ones in computer.

Therefore, access to the books of accounts and information is not only legal but technological as well. Consequently, the ability of NAO to deliver the CAG constitutional mandate is critically dependent on the mastery of technology. Failure to achieve it may compromise the ability to access the books of accounts and information and consequently, impair the quality of the CAG audit opinion issued and his ability to deliver the mandate. In February 2020, the CAG established a cross functional task force to develop a digitalisation programmer. The task force aimed at reviewing the existing strategic initiatives relating to digitalisation with a view of developing effective and efficient solutions to cope with technological changes the office faces.

Technology is a double-edged sword, as opportunities are beneath challenges. By embracing technology, NAO stands to gain the use of big data technology in producing sound audit recommendations to the audit clients. Deploying Machine Learning technology to increase and improve vouching capability of auditors, detecting fraud, as well as improving the quality of writing the audit reports.

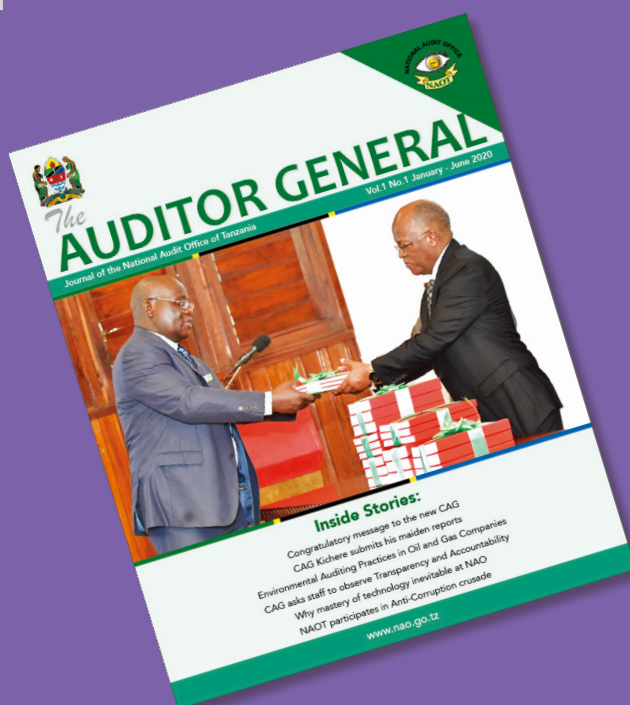
Additionally, mastery in technology can improve productivity of auditors through scripting and office automation using already purchased Microsoft Office applications. The CAG is commended for his decision to use his staff for tackling current technological challenges. As already seen in the government's success in e-Government, the leap of faith the CAG has taken will continue making NAO functions relevant into the future, as its internal capability grows to mastery.

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NAOT participates in anti-corruption crusade

By Thuwaiba Abdallah, Frank Sina and Seleman Mwamba



Joint Report

The Tanzania government has formulated a five-year programme dubbed Building Sustainable Anti-Corruption Action in Tanzania (BSAAT) to address corruption challenges in the country.

BSAAT, which will enjoy support from development partners during its 2017-2021 lifespan, aims at reducing the level of corruption inhibiting poverty reduction initiatives in Tanzania. The Programme will assist authorities to go after sectors and issues in which corruption is impeding national progress.

If successful, the programme will see Tanzania's public perceptions on corruption reduced over time, fewer actual corruption incidences, and further progress towards Sustainable Development Goals (SDGs) and poverty reduction. The programme involves the National Audit Office (NAOT) and eight other implementing institutions, namely the President's Office – State House, Ministry of Constitutional and Legal Affairs, Ethics Secretariat National Prosecution Service, Prevention and Combating of Corruption Bureau, Tanzania Financial Intelligence Unit, Judiciary and Business Registration and Licensing Agency.

The Programme is expected to achieve concrete results during the period by improving integrity and governance in both the public and the private sectors, and influencing

change. It envisages tackling three objectives for it to achieve high impact.

The first strategic objective is to build the capacity and to coordinate government authorities. This will improve the ability of the Tanzania authorities to collect and assess intelligence, investigate, disrupt, and prosecute corruption and serious organised crimes. Success will deter those who might engage in corruption, sending a strong message to them that grand corruption is not tolerated in the country.

The second strategic objective is to strengthen partnerships with the private sector.

This will improve the capacity to comply with ethics and accountability standards in the public and private sectors regarding financial flows, governance of enabling professions, and corporate governance. This is designed to intimidate the public and private sectors and make those engaging in corrupt practices to pay the price.

The third strategic objective is reinforcing partnership with the civil society. This will, in turn, improve the ability and use of information from the public and key stakeholders for the sake of accountability. It is also expected to build partnership between the government and non-state stakeholders in rooting out corruption basing on easy-to-understand data.

NAOT participation

It is not a traditional duty of auditors to detect fraud and corruption. However Section 27 of the Public Audit Act, 2008, (as amended by the Finance Act, No. 11 of 2010) obliges the CAG to report to investigative organs. Suspected cases of fraud and related offense. Under this section, if in the course of audit, an officer of the CAG comes across an act or omission that amounts to fraud or

related offence, he is required to report the same to the CAG. The CAG is required to determine whether to report it to appropriate investigative organ(s) and send a copy of the information to the Director of Public Prosecution (DPP).

This statutory arrangement made the CAG and his office critical stakeholders in the fight against corruption and in enhancement of accountability in the country. The statutory audit reports issued by the CAG have progressively become an important instrument to prosecution authority in proving fraud, mismanagement of funds and corrupt practices involving public servants.

Increased successful prosecutions and convictions will deter people from involving themselves in corruption. Prior to the BSAAT, NAOT participated in a programme sponsored by the United Kingdom through its Department for International Development (DFID) with funding channeled through the Strengthening Tanzania Anti-Corruption Action (STACA) between 2011/12 and 2014/15. The NAOT main focus was on building capacity and skills of the auditors in detecting fraud and corrupt incidences when conducting audits. The program also facilitated improvement of working relationships between NAOT and other stakeholders such as PCCB, Police, DPP and other institutions.

NAOT participates in the BSAAT as both a beneficiary and an Auditor of the program, focusing on its first two strategic objectives. In the course of the four-year execution of this program, NAOT intends to train newly recruited auditors on the CAG legal mandate; detect fraud and corruption during audit process; develop MoU/ collaborative frameworks with law enforcement organs in a bid to improve the working relationship in the fight against corruption and to conduct intensive training to forensic auditors on practical examination of computer forensic systems. It also intend to hold accountability workshops and meetings; build members of parliament's understanding of the CAG legal mandate on detection of fraud and corruption during audit processes; report and interpret the CAG audit reports (particularly ones

with indicators of fraud); acquire some devices required for High Tech Forensic lab; and to conduct workshops on legal mandate, media reporting of fraud and corruption incidences reported in the CAG annual report.

Activities implemented

Since the actual implementation of the programme commenced in February 2019, the office has conducted several activities, including:-

Detection of Fraud and Corruption training to auditors

A total of 100 auditors were trained in Detection of Fraud and Corruption in two clusters. The first cluster, which involved 45 officers from the central government, National Account, Public Authorities and Performance Audit Division, were conducted at Audit Office in from May 21-23, 2019 Singida .

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The second cluster involving 61 officers from Local Government Audit Division was conducted at Audit Office in from June 2-4, 2019 Dodoma. The training sessions covered topics on overview of the CAG Legal Mandate; International Audit Standard and Reporting of Fraud; Key Fraud Indicators in an Organization and Financial statement; Detection of Fraud and Corruption in Audit Process; Interrogations by Law Enforcement Organs; Ethics and Code of Conduct of NAOT Employers and Expert Evidence and Admissibility of the CAG Report.

Intensive practical training on detection of fraud and data analysis

An intensive training in practical examination of computer systems for Forensic Auditors to detect fraud and data analysis was conducted.

Thirteen Forensic Auditors and two officers were trained on practical application and usage of forensic lab equipment and IDEA and Encase software. The training sessions were held at NAOT offices in Dar es Salaam and Morogoro, respectively, from October 28, 2019, to November 9, 2019. The trained auditors practiced usage of IDEA and Encase software for audits to enable them to discover fraud in transaction.

Review of collaborative frameworks with law enforcement organs

Under the sponsorship of BSAAT, collaborative frameworks with law enforcement organs were revisited to improve working relations in the fight against graft. Consultative meetings between NAOT and PCCB Technical teams were conducted in Dar es Salaam and Morogoro. A final consultative working session was conducted in Morogoro from October 1-10, 2019, to discuss operational challenges and way forward. Highlighted technical challenges and a revised Memorandum of Understanding (MoU) was drafted and submitted to appropriate authorities for review and appropriate action. An updated version of the MoU will be signed in the near future.

Success Stories and Forward Looking

The BSAAT programed is in its second year of implementation; as such, it may not be easy to assess its success at large. However, its contribution to the improvement of effectiveness and efficiency of the office in performing its statutory obligation cannot be understated. The program has helped the office to improve its working relations with PCCB, leading to preparation of a revised MoU. The Office has also embarked on a revamp and improvement of its database for special audit information and of its staff skills and knowledge on detection, fraud and communications reporting. Presentation of expert evidence has been improved as well. Our forensic auditors have

been trained on practical skills for computer applications using IDEA and Encase software. NAOT project delivery team expects to continue with its approaches in the implementation of the project which BSAAT Program Delivery Team has hailed as "very interesting".

Grassroots officers are expected to generate the program future initiatives (similar to the current ones) although the CAG vision will be of paramount. More proactive and practical approaches will continue throughout the course of this program.

Outputs

Upon execution of the above activities, NAOT expects to contribute towards the fight against corruption through three major outputs, including increased awareness among its auditors in all matters related to audit in a bid to deter them from being involved in corrupt practices. Also expected is increased quality of audit queries that indicates fraud and related offences, including corruption, for investigative organs to use them and ultimately succeed in their prosecutions. NAOT further expects the activities, if executed, will improve working relations between the office and other stakeholders, including law enforcement organs, prosecution authorities and Parliament. Increased awareness of the CAG reports and the government's efforts to deter the corruption will improve public consciousness on the vice.



NAOT staff in a group photo after participating in the Detection of Fraud and Corruption during Audit Process training held from June 1 to 10, 2019 at the Dar es Salaam National Audit Office.

NAOT emerges winner of AFROSAI-E Best Performing Audit Report 2019

By George Haule



The National Audit Office of Tanzania (NAOT) has for the fourth time won the Best Performance Audit Report, the Auditor General of Sweden, Ms Helena Lindberg, announced this to the Supreme Audit Institutions (SAIs) community around the globe on May 11, 2020.

Ms Lindberg said NAOT won the Best Performance Audit Report of 2019 for the African Organization of English speaking Supreme Audit Institutions (AFROSAI-E) Region.

The winning report is titled Performance Audit Report on the Management of Water Projects in Rural Areas.

According to a report by the Review Team for the Prize for Best Performance Audit Report in the AFROSAI-E Region (2019), good quality and design were among characteristics which enabled the NAOT report to win.

"The report is well-motivated and of good quality," the review team says in its report, adding that the problem description is convincing, referring to national and international benchmarks, and is supported by data; demonstrating that it is a very important topic. Improvements in effectiveness of this programme will have significant benefits for public health.

"The audit is well designed," adds the review team, explaining that the winning report covers the whole chain

of responsibility, from the ministry to the local level of administration. Multiple methods are well explained and used to support the findings and conclusions.

The auditors made good use of physical inspections and of qualitative evidence. The audit questions are answered systematically, with good supporting evidence.

Notwithstanding the complex audit area, with many involved agencies; the auditors wrote a concise, and therefore, effective, report partially because of explicit choices in the scope of the current audit.

The auditors, when assessing performance, made the vital distinction between capacity and accessibility, which is very important for the results and well handled in the report.

There is no advice, however, on how to prioritize funding besides the proposal that resources for ongoing projects should be given priority.

The NAOT winning report presents conclusions and recommendations that are clearly analytical, add value and are based on an overarching integration, and not merely a restatement of the findings.

Objective of the prize

Performance audit is one of the strategic imperatives of AFROSAI-E. To promote the development of performance audit, AFROSAI-E launched the Prize for the Best Performance Audit Report of the year in cooperation with the Swedish National Audit Office (SNAO).

The prize, which was launched for the first time in 2007, is jointly issued by the Swedish National Audit Office and AFROSAI-E to the country which has produced and presented a high quality performance audit report. The purpose of the prize is to promote high quality performance audit reports and to share experiences and to acknowledge

efforts of performance auditors in the region. Therefore, the prize aims at benchmarking good practices in performance audit around the region.

Review Process

The process of reviewing the best Performance Audit report is divided into two main stages, namely assessment of qualification requirements by AFROSAI-E Secretariat, and evaluation of the reports by an independent international review team.

Assessment of qualification requirements

The AFROSAI-E Secretariat normally assesses nominated reports to establish whether they meet the qualification requirements. According to the terms of reference of the Prize for the Best Performance Audit Report in the AFROSAI-E Region, 2019, the report must be written or fully translated into English. It must be entered only once for the competition and it has be published during the year of the competition.

It must have been tabled or presented formally to the legislature in accordance with the SAI mandate. If it has not yet been tabled, the version submitted for the prize should be the final one that will be made public. The SAI should acknowledge that this version may become public once the prize has been issued. Therefore, it is not recommended to submit a report for the prize if it has not yet been tabled.

The data used and presented in the report should be as recent as possible. If recent data is not available, an explanation of why it is not available, and steps taken by the SAI to get it should be made in the report.

The entire report must have been written by staff employed by the SAI. However, inputs from subject matter experts and review from external bodies, such as experts or facilitators at module courses, are allowed.

The Controller and Auditor General of Tanzania, Mr Charles Kichere, said when receiving the prize:

"Winning a Prize for the Best Performance Audit Report, as a country, is an exemplary achievement in the area of public sector auditing and, more importantly, in enhancing accountability in the use of public resources and delivery of services to the citizens. It also shows the commitment of my staff to produce Audit Reports of high quality that are recognised internationally."

His statement affirms the motivational effect of the prize to auditors in the AFROSAI-E Region.

The format of the audit report must correspond with requirements from ISSAI 300:39, 3000:106. The report should contain information about the audit objective, criteria, methodology, sources of data and audit findings, conclusions and, if appropriate, recommendations. Reports that do not meet these requirements cannot be further assessed. The Secretariat is then required to inform SAIs about reports that met the formal requirements and were handed over to the international review team. The Secretariat will not be involved in assessing the quality of reports.

Evaluation of the reports

The international review team assesses the quality of the performance audit reports. The team conducts its assessment solely basing on the performance audit reports. The review team carries out its work by reading the reports and assessing them, basing on International Standards of Supreme Audit Institutions (ISSAIs) and their reflection in the AFROSAI-E model for quality assurance. Each member of the review team carries out a separate initial assessment of each report. After the first phase, the respective assessments are compiled, compared and discussed within the review team. Finally, the review team selects the prize winner.

Assessment criteria

The basis for the prize stands, adherence to the international standards in performance auditing is the starting point for the assessment. The international review team has been using specified quality criteria for assessing strengths and weaknesses of the performance audit reports. It also assesses whether the winning report has sufficient level of quality in relation to the ISSAIs. The Terms of Reference (ToR) for reviewing and assessing the best Performance Audit report given to the international review team state the requirements. AFROSAI-E summarises five main assessment criteria the international review team uses when assessing the quality of Performance Audit reports.

Firstly, auditors should consider materiality in all stages of the audit process. (ISSAI 300:33, 3000:83) AFROSAI-E emphasizes reports that give added value, not only to financial, but also to social and/or political aspects of the subject matter.

Secondly, the audit report should be comprehensive, convincing, timely, reader-friendly and balanced. (ISSAI 300 38-39, 3000:116). AFROSAI-E accentuates these characteristics as specifically important for a good quality audit report. The aspects should be assessed using relevant explanations from ISSAI 3000.

Thirdly, in performance audit, auditors report their findings on the economy and efficiency (of the use of resources) and the effectiveness by which objectives are met. (ISSAI 300:11, 300:39, 3000:17-20, 3100).

Fourthly, the audits should provide new information, knowledge, value and analysis or insights. (ISSAI 300:10) AFROSAI-E underlines that audits should include an analysis of conditions connected to the principles of economy, efficiency and effectiveness. Audits should go further than merely assessing compliance with existing legislation and regulations, thus providing new insights to the subject matter.

Finally, the report should include conclusions in response to the audit objectives and questions. If relevant and allowed by the SAI mandate, auditors should seek to provide constructive recommendations that are likely to significantly contribute to addressing weaknesses or problems identified by the audit. (ISSAI 300:38-40, 3000:106) AFROSAI-E stresses that audits should have conclusions that clearly respond to the audit objective. Recommendations, if appropriate, should be constructive, addressing the accountable entity, and achievable. In addition to the requirements from ISSAIs, AFROSAI-E wants to promote effective audit processes, thus the requirement of production time has been added to the quality requirements. AFROSAI-E emphasizes that audits should be timely and ideally not

exceeding a 12-month production time counted from the entry conference or start of the pre-study to the approval of the Auditor General by signing the final report.

Review Team

An international review team of seven members from the Supreme Audit Institutions of Norway, The Netherlands, United Kingdom and Sweden, which also provides its Chairperson, has assessed the quality of the performance audit reports. The review of the 2019 Prize for the Best Performance Audit Report involved an international team of seven members, namely Jeremy Weingard, Audit Principal, Practice and Quality, UK National Audit Office (NAO-UK); Elze Ufkes, Data Specialist, The Netherlands Court of Audit (NCA); Rogier Zelle, Audit Manager, the Netherlands Court of Audit (NCA); Ingvild Gulbrandsen, Senior Advisor, Office of the Auditor General Norway (OAGN); Tove Sagmo, Senior Advisor, Office of the Auditor General Norway (OAGN); Gunnar Myrberg, Audit Director, Swedish National Audit Office (SNAO); and Dag Levin Sparr, Senior Advisor, Swedish National Audit Office (SNAO), who doubles as the Chairperson of the international review team.

Award to the winning SAI

The review team selects one winner as the best performance audit report in the AFROSAI-E Region for the year. The

The prize has, to a large extent, contributed to the promotion of high-quality performance audit reports, sharing of experiences and to acknowledge efforts among performance auditors the AFROSAI-E Region. Through learning from each other, the aim of the prize to benchmark good practices in performance audit around the region is achieved.

team is required to motivate its decision in writing and to make the winning report public. It also submits its written comments to the AFROSAI-E Secretariat, on all other reports assessed, using the quality criteria above. It also presents the comments to the nominating SAIs but they will not be made public. The prize is awarded to a maximum of three performance auditors from the winning SAI. The award for the winning team is a visit to the SNAO and agencies or institutions connected to the audit area of the

winning report. The award includes one week's deployment to SNAO which covers costs for travel, hotel and meals. During such deployment, the winners of the best PA Report share experiences with peers and are given opportunities for presenting their report to peers in SNAO.

NAOT Performance Audit Reports

The 2019 Prize for the Best Performance Audit Report is the fourth win for the NAOT. It previously won the Prize for the Best Performance Audit report in 2010, 2014 and 2016.

Titles of the NAOT Performance Audit Reports that won the prizes

Year	Title of the Performance Audit Report
2019	Performance Audit on the Management of Water Projects in Rural Areas
2016	Performance Audit on Hygiene Control in Meat Production Process in Slaughter Facilities
2014	Performance Audit on Forecasting and Distribution of Essential Medicines and Medical Supplies
2010	Performance Audit on the Management of Maternal Health in Tanzania

Previous prize winners

A total of eight SAIs have won the Prize for the Best Performance Audit Report in the AFROSAI-E Region since 2007 when the prize was first launched as analysed below.

Winning SAI	Year(s) won the Prize	Frequency won the Prize (Number of Wins)
Tanzania	2019, 2016, 2014 and 2010	4
Kenya	2017 and 2012	2
Uganda	2013 and 2011	2
Mauritius	2018	1
Rwanda	2015	1
Botswana	2010 ¹	1
Namibia	2009	1
Ghana	2008	1

¹ Won the Prize jointly with SAI Tanzania

Gains from the prize

The prize has, to a large extent, contributed to the promotion of high-quality performance audit reports, sharing of experiences and to acknowledge efforts among performance auditors the AFROSAI-E Region. Through learning from each other, the aim of the prize to benchmark good practices in performance audit around the region is achieved.

The prize has been a catalyst for most of the SAIs in the AFROSAI-E Region to keep on working hard and improving audit practices within the public sector in order to enhance accountability and good governance in the collection and use of public resources in respective countries.

The prize has not only stimulated the increased number of performance audit reports produced by different SAIs, but also production of performance audit reports of high quality in the AFROSAI-E Region.

The Controller and Auditor General of Tanzania, Mr Charles Kichere, said when receiving the prize: "Winning a Prize for the Best Performance Audit Report, as a country, is an exemplary achievement in the area of public sector auditing and, more importantly, in enhancing accountability in the use of public resources and delivery of services to the citizens.

It also shows the commitment of my staff to produce Audit Reports of high quality that are recognised internationally." His statement affirms the motivational effect of the prize to auditors in the AFROSAI-E Region.

CONGRATULATION



The Controller and Auditor General together with staff of the National Audit Office of Tanzania join hands in congratulating the newly appointed Accounting Officer of The National Audit Office, JOHANNES JOEL KISIRI with effect from 21st July, 2020.

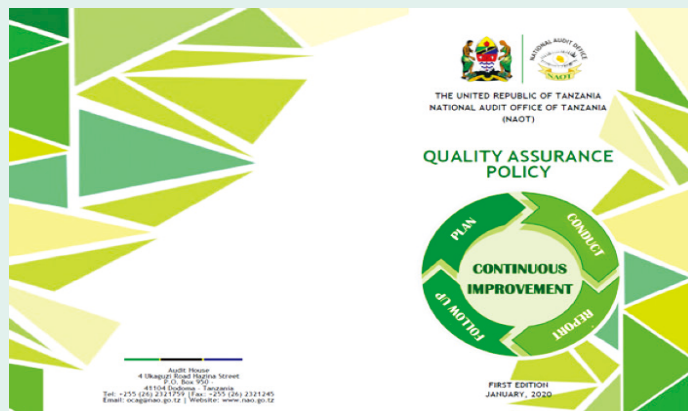
Role of quality assurance in delivering reliably, high quality audit reports

By *Edna Mtali*



One of the challenges facing Supreme Audit Institutions (SAIs) is ensuring the audit processes and the respective reports are delivered consistently and at high quality in tandem with international standards. The National Audit Office of Tanzania (NAOT) has established a Quality Assurance Unit (QAU) that will provide a monitoring system to evaluate both the quality of the audit reports and the management of NAOT.

The International Standards on Auditing (ISA) and the International Standards of Supreme Audit Institutions (ISSAI) require SAIs to ensure and maintain quality in the performance of its activities for better management of public monies and resources.



Snapshot of Quality Assurance Policy

Overview

Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and Section 10 (1) of the Public Audit Act No 11 of 2008 (as amended) give statutory duties and responsibilities of the Controller and Auditor General (CAG).

Much as Quality Assurance Policy provides a framework for the quality assurance function, the CAG Office will perform and achieve its objectives in line with its strategic imperatives outlined in the Strategic Plan.

A mechanism for the National Audit Office of Tanzania (NAOT) to enhance and maintain quality, as stipulated in ISSAI 40, must be in place for the office to have high quality and credible audit reports.

There must be a mechanism for enhancing and maintaining quality at all levels as stated in the ISSAI 40, including leadership responsibilities for the system of quality control, relevant and ethical requirement, acceptance and continuous client relationship and specific engagements, human resources, engagement performance, and monitoring.

Policy Statement and Objectives

Policy statement

NAOT shall continually monitor and provide reasonable assurance that policies and procedures relating to the system of quality control are relevant, adequate and operating effectively.

Policy Objectives

The policy specifies the NAOT approach with particular reference to quality assurance and continuous improvement as well as its principles, features, structures and standards. Hereunder are general and specific objectives of NAOT quality assurance:

General Objective

The major objective of the policy is to provide the office with reasonable assurance that appropriate system of quality control exists within the office and is relevant, adequate and operating effectively.

Specific Objectives

These ensure the NAOT quality control policies and procedures are appropriately applied and the office reports are appropriate in the circumstances; assure the CAG that audits are conducted in line with the audit standards, the NAOT manuals and working tools; ensure office management system for audit practices and administrative services comply with generally accepted auditing and assurance standards and with the NAOT policies, guiding principles, mission and vision; ensure guidance materials and technical resources are provided; and determine whether there is effectiveness in the follow-up of the Quality Assurance Review recommendations.

Establishment of Quality Assurance Unit

Element 6 of the ISSAI 40 requires a SAI to establish a monitoring process which reasonably assures that policies and procedures relating to the quality control system are relevant, adequate and are operating effectively.

In this regard, SAI Tanzania established a Quality Assurance Unit reporting directly to the CAG. The core role of the QAU is to monitor and evaluate functions of the NAOT quality control systems.

Quality Assurance activities across NAOT

Quality Assurance at NAOT shall radiate from all implementing units responsible for planning and implementing activities that address the NAOT Mission with a view of meeting specific objectives of the office. All units shall primarily achieve and maintain high quality standards set out by NAOT, including regular conduct of Quality Control Reviews (QCR).

Responsibility for Quality Control

The CAG undertakes ultimate accountability for the NAOT quality control system. Deputies, directors, AAGs, heads of Units and CEAs undertake operational responsibilities.

The Technical Support Service Unit has the overall responsibility for the quality control process. However, quality is the concern of everybody, not of those with specific quality responsibilities only.

Quality Assurance Committee

There shall be a permanent Quality Assurance Committee. The CAG, who chairs it, shall appoint quality assurance committee members comprising the Chairperson, any three DAGs, one TSSU member, and two Non-Audit Directors/Heads of Units.

The QAU shall provide the Secretariat for the committee. The committee may invite any staff with relevant skills and qualifications related to the matter in question to attend their deliberations when it deems fit.

Functions of the Quality Assurance Committee

The committee shall discuss both internal and external quality assurance review reports; provide recommendations to the management on areas which need improvements for them to sustain the quality of audit work; recognise best teams and give the underperformed ones specific time for improvement; ensure appropriate mechanisms for monitoring probity, governance, efficiency and effectiveness of the NAOT control systems and operations exist.

Implementation Strategy

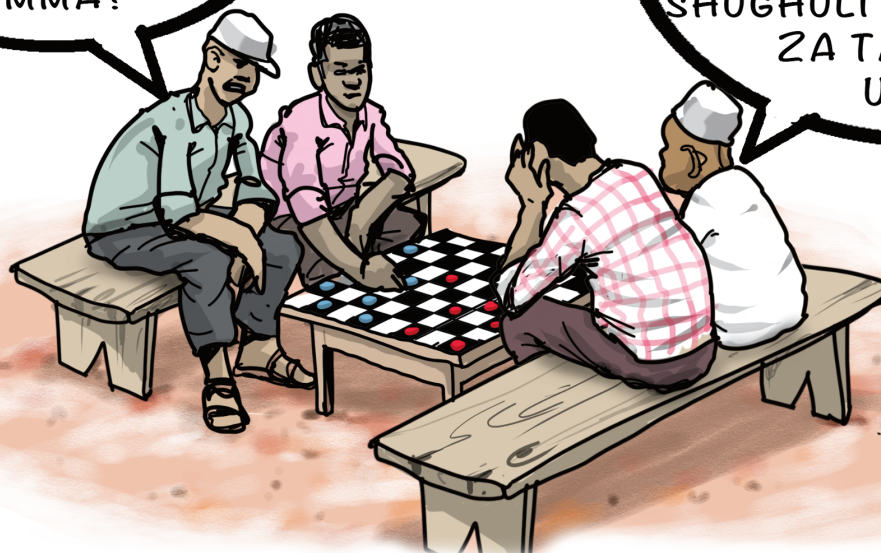
Different components of Quality Assurance Policy will be implemented in line with the ISSAI 40 and other relevant standards and manuals NAOT has issued or adopted. Strategies for implementing this policy will involve conducting Quality Assurance Review at institutional and individual audit engagement levels.

Quality Assurance Review has planned to provide awareness to NAOT staff on the quality assurance function and advocate the Quality Assurance Policy. This will create an understanding on the need for high quality audit reports and the importance of Quality Assurance Unit as a monitoring function.



WANANCHI
WANARUHSIWA
KUFUATILIA TAARIFA
ZA UKAGUZI WA
TAASISI ZA
UMMA?

SHERIA YA FEDHA
INAZITAKA WIZARA,
WAKALA NA IDARA ZA
SERIKALI KUHAKIKISHA
WANATOA TAARIFA ZA
SHUGHULI NA RASILIMALI
ZA TAASISI ZA
UMMA.





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