



# The AUDITOR GENERAL

Journal of the National Audit Office of Tanzania

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## CAG Reaffirms Government's Commitment to Accountability in Audit Reports



The Chair of the East African Community (EAC) Audit Commission and Tanzania's Controller and Auditor General (CAG), CPA Adv. Mr. Charles E. Kichere, met with the EAC Secretary General, Hon. Veronica Nduva, on 24 April 2025 at the EAC Headquarters in Arusha. The meeting focused on preparations for the presentation of the EAC Audit Report to the 47th Council of Ministers scheduled for 25 April 2025. Mr. Kichere, accompanied by Auditors General and representatives from EAC Member States, will lead the formal handover of the report. In the group photo, Mr. Kichere and Hon. Nduva are joined by Auditors General and Senior representatives from Uganda, Kenya, Burundi, South Sudan, DR Congo, Rwanda, Somalia, and EAC Internal Audit Officials.



The Swedish National Audit Office, in collaboration with the National Audit Offices of Tanzania (NAOT) and Uganda, organized a four-day capacity-building workshop held from 22 to 25 April 2025 in Arusha, Tanzania. The workshop aimed to enhance the capacity of auditors and senior management on best practices for integrating Information Technology (IT) Audit and Data Analytics into Financial Audits. The training was officially opened by Mr. Novati Mfalomagoha, Director of Administration and Human Resources Management. The workshop also served as a platform for participants to exchange experiences and reflect on the role of leadership in improving the audit process.



The Controller and Auditor General of the United Republic of Tanzania, Mr. Charles E. Kichere, hosted an Iftar for Staff of the National Audit Office in Dar es Salaam on 27 March 2025. During the event, the CAG expressed his appreciation and commended the staff for their dedication and active involvement in preparing the Government Audit Reports for the financial year. He acknowledged their valuable contribution to enhancing accountability and ensuring the proper use of public resources. The Iftar was also attended by the Controller and Auditor General of the Revolutionary Government of Zanzibar, Dr. Othman Abbas Ali (seated third from the right).



The President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan, receives the Government Audit Report for the Financial Year 2023/24 from the Controller and Auditor General (CAG), Mr. Charles E. Kichere, during a brief ceremony held at the State House in Dar es Salaam on March 27, 2025.

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# The Chairman's Note



**CPA, Advocate, Charles E. Kichere  
Controller and Auditor General,  
United Republic of Tanzania**

Dear Esteemed Readers,

It gives me great pleasure to present to you this edition of the Auditor Journal which highlights the milestones achieved by the National Audit Office of Tanzania (NAOT) in promoting transparency, accountability and good governance in the public sector.

Over the past year, NAOT has deepened its audit coverage and embraced innovation to improve the quality and impact of our work. From conducting 1,485 audits including performance, forensic, IT and real-time audits to strengthening collaboration with regional and international partners our efforts demonstrate a clear commitment to safeguarding public resources for the benefit of all Tanzanians.

This edition showcases key developments such as the finalization and submission of the East African Community (EAC) audit reports, successful peer exchange programs and the institutionalization of integrity and ethical standards as embedded in our operational framework. Through these strides we continue to position our Office as a modern and credible Supreme Audit Institution.

I extend my sincere gratitude to all audit stakeholders, our staff, partners and citizens whose continued support remains integral to our progress. Let this journal be a reminder of our shared duty to uphold accountability and serve the public interest with integrity.

# From the Chief Editor's Desk



Mr. Focus Mauki  
Chief Editor

Dear Readers,

Welcome to the May 2025 edition of the Auditor Journal a publication dedicated to documenting the voice, thought leadership and audit insights of the National Audit Office of Tanzania.

This issue arrives at a time when NAOT has just presented the audit reports for the financial year ending 30 June 2024 to the President and Parliament in accordance with Article 143 of the Constitution. As the reports highlight this audit cycle has been significant in uncovering gaps, strengthening compliance, and charting a roadmap for more efficient and transparent public financial management.

The articles featured in this edition reflect the breadth of NAOT's impact from advancing audit quality and staff capacity building to promoting mental fitness, work-life balance and digital transformation. Notably, the cover story provides an in-depth analysis of the CAG's national address, reaffirming the Government's commitment to transparency.

This journal is not only a platform for knowledge sharing but also a tool for engagement with stakeholders. I encourage all readers policy makers, professionals and citizens alike to explore its pages, reflect on its findings and embrace the collective responsibility of building accountable institutions.

## COVER STORY

# CAG Reaffirms Government's Commitment to Accountability in Audit Reports



**By Focus Mauki,**  
Head of Government Communication Unit

The Controller and Auditor General (CAG) of the United Republic of Tanzania, CPA Advocate Charles E. Kichere, has reiterated the Government's commitment to transparency and accountability following the formal submission of audit reports for the financial year ending 30 June 2024.

The reports were handed over to the President of the United Republic of Tanzania, H.E. Dr. Samia Suluhu Hassan, during a ceremony held on March 27, 2025.

The event marked the fulfillment of Article 143(4) of the Constitution, which requires the CAG to submit annual audit reports to the Head of State and to ensure they are tabled in Parliament in a timely manner.

"Despite your demanding schedule, Your Excellency, you have consistently upheld this constitutional requirement. Your dedication reflects a true commitment to good governance," said the CAG in his submission remarks.



In his statement, the CAG commended the Government for its strict compliance with legal provisions guiding public sector audits. He cited the Public Audit Act and the Audit Regulations, which mandate the submission of reports by March 31 and their subsequent presentation in Parliament within seven days of the start of the next sitting. He affirmed that these procedures were adhered to without exception for the year under review, signifying an institutional culture of accountability.

## Highlights from the 2023/24 Audit Year

According to the CAG, a total of 1,485 audits were conducted in the 2023/24 financial year, covering a broad spectrum of public institutions. The breakdown is as follows, 1,301 financial audits, 15 performance audits, 52 special and forensic audits, 105 information systems audits and 12 real-time audits.

These audits provided insights into financial compliance, operational efficiency, technological integrity, and real-time service delivery across Ministries, Departments, Agencies, and Local Government Authorities.

## Special Audits and Stakeholder Collaboration

Out of the 52 special and forensic audits, 44 were initiated based on formal requests from key oversight bodies and stakeholders, including, The Prevention and Combating of Corruption Bureau (PCCB/TAKUKURU), The Director of Criminal Investigations (DCI)

The Drug Control and Enforcement Authority (DCEA), The Parliament of the United Republic of Tanzania and The Prime Minister's Office and various Government Institutions

The remaining 8 audits were triggered independently by the CAG's office under its constitutional mandate. Of the total, 44 reports have been completed and shared with the requesting parties. The remaining 8 are at various stages of implementation and follow-up.

## Promoting Transparency and Public Awareness

The CAG emphasized that, following submission to

Parliament, all reports will be made publicly accessible. This initiative aligns with broader efforts to strengthen public engagement, institutional reforms, and democratic accountability.

“We are confident that these reports will contribute to improved public resource management and provide citizens with a deeper understanding of government performance,” the CAG stated.

The 2023/24 audit cycle stands as a testament to the Government’s enduring commitment to uphold accountability, transparency, and institutional integrity. The Controller and Auditor General expressed confidence that the findings will serve as a roadmap for enhancing financial discipline and delivering quality services to Tanzanians.

“These reports are not merely documents. They are tools for policy improvement, institutional learning, and national

development,” concluded Mr. Kichere.

Speaking recently to the media following the release of audit reports for the financial year ending June 2024, the Controller and Auditor General (CAG) urged media outlets, stakeholders, and citizens to download the audit reports from the website of the National Audit Office and read them.

He emphasized that this practice is essential for cultivating a sustainable culture of understanding audit findings and for jointly fostering transparency and accountability in the management of public resources.

All audit reports are already available on the Office’s website in both Kiswahili and English. In addition, a special citizen-friendly version of the report, written in simplified language and illustrated with infographics, is also available for anyone to read and understand a summary of the key audit findings for the respective financial year.



## NATIONAL AUDIT OFFICE COMMITMENT TO UPHOLDING INTEGRITY STANDARDS: THE RECAP



By. Dr. Frank E.C Sina (PhD)<sup>1\*</sup>  
Coordinator NAOT Academy



### 1. Introduction

Integrity is a precondition for the effective and continuous performance of the public sector. A public sector office that lacks integrity loses the confidence of the public and ultimately its authority. In this article, I provide a summary of integrity standards expected for public service auditors particularly ones employed by the National Audit Office of Tanzania (NAOT).

The word integrity comes from the Latin word “integras” which means intact, whole, harmony. It signifies “wholeness” or completeness, as consistency and coherence of principles and values. Integrity refers to virtue, incorruptibility and the state of being unimpaired. Integrity not only refers to the absence of fraud and corruption, but it also involves common decency and proper behavior.<sup>2</sup> It Integrity signifies being honest and having strong moral principles. It connotes behaving ethically and doing the right thing, even behind closed doors. In encompasses traits such as incorruptibility; honesty; impartiality; accountability.<sup>3</sup> In specialized disciplines, it signifies conducting the assigned responsibilities adequately, carefully, and responsibly, taking into account all relevant interests.<sup>4</sup>

Integrity revolves around several traits including expressing gratitude for others, valuing honesty and openness, taking responsibility and accountability for one’s actions, (good and bad), respect to oneself and others no matter the place, demonstrating reliability and trustworthiness, being patient and flexible even when unexpected obstacles occur.<sup>5</sup> Integrity is very important in decision-making, serving clients, and managing employees. It’s also crucial to reducing costly errors, avoiding illegal activity, and keeping the organization’s core values top of mind.

### 2. Integrity Systems and Supreme Audit Institutions

Civil servants act with integrity if they observe the values and standards of good administration. Integrity embraces not only the requirements of incorruptibility but also such values as honesty, sincerity, sociability, neutrality, consideration, reliability, customer focus, respect, objectivity and decency. A civil servant must take care to exercise his responsibilities and use the powers, information and resources at his disposal for the benefit of the public or the general interest he serves and behaves correctly with his colleagues and the public.<sup>6</sup>

SAls should be model organisations through leading by example.<sup>7</sup> The SAI staff are expected to conduct themselves in a manner that reflect highest ethical and moral standards so that their stakeholders can have faith and confidence in their work and product.

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<sup>2</sup> Netherlands Court of Audit. (2013). INTOSAI Manual Integrity Self-Assessment for Supreme Audit Institutions. [https://www.intosai-cbc.org/wp-content/uploads/2016/12/2013\\_1a-MANUAL-intoSAINT\\_def.pdf](https://www.intosai-cbc.org/wp-content/uploads/2016/12/2013_1a-MANUAL-intoSAINT_def.pdf)

<sup>3</sup> Huberts, L. W. (2018). Integrity: What it is and Why it is Important. Public Integrity, 0, 1-15

<sup>4</sup> Ibid.

<sup>5</sup> Waters, S. (2021) The importance of integrity in the workplace (with examples). BetterUp. <https://www.betterup.com/blog/integrity-in-the-workplace>

## 3. The Tanzanian SAI: An Overview

National Audit Office of Tanzania (NAOT) is the Supreme Audit Institution (SAI) of Tanzania and an Independent Department of the Government of the United Republic of Tanzania. The Office is headed by the Controller and Auditor General (CAG), whose duties and responsibilities are provided by Article 143 of the Constitution of the United Republic of Tanzania of 1977 (as amended from time to time) and further elaborated in the Public Audit Act, Cap.418 and the Public Audit Regulations, G.N 47 of 2009.

The office is legally mandated to undertake various types of audits including financial, compliance, performance special audits, forensic audit and any other type of audit as the CAG deems fit. In addition to the above responsibilities the CAG is empowered to make recommendations for the purpose of preventing or minimizing unproductive expenditure of public monies. The office undertakes the above with an objective to bring about greater accountability and transparency in the management of public resources.<sup>8</sup>

The importance of integrity among public sector auditors is emphasized in several pronouncements including the The INTOSAI Code of Ethics (ISSAI 30). The said code sets a benchmark for SAIs and the staff working for them with a set of values and principles to base their behaviour. In recognition of the specific environment of public sector auditing (often different from that of private-sector auditing), the Code gives additional guidance on how to embed those values in their daily work and in particular situations of a SAI.

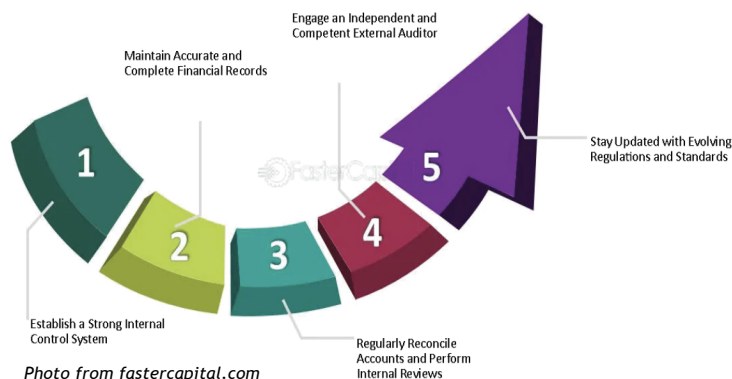
Tanzanian public sector auditing framework is framed in such a way that embrace the spirit of United Nations Conventions against Corruption (UNCAC) as detailed in its Chapter II. The framework embodies key integrity requirements as provided for in Article 8 of the UNCAC.

## 4. Integrity Systems in Public Sector Auditing

In principle NAOT is part of the public sector services. CAG is empowered under section 24 of the Public Audit Act to employ, appoint, promote and control the discipline of such number and categories of officers and employees of such qualifications as may be considered necessary to assist him in the performance of the functions, carrying on responsibilities and the exercise of his powers. Nevertheless, CAG is to be guided by the laws governing employment in the public service sector with necessary variations when discharging the functions.

<sup>6</sup> Netherlands Court of Audit. (2013). INTOSAI Manual Integrity Self-Assessment for Supreme Audit Institutions. [https://www.intosai.org/wp-content/uploads/2016/12/2013\\_1a-MANUAL-INTOSAI-def.pdf](https://www.intosai.org/wp-content/uploads/2016/12/2013_1a-MANUAL-INTOSAI-def.pdf)

<sup>7</sup> INTOSAI-P - 12 (2019). The Value and Benefits of Supreme Audit Institutions - making a difference to the lives of citizens. <https://www.issai.org/pronouncements/intosai-p-12-the-value-and-benefits-of-supreme-audit-institutions-making-a-difference-to-the-lives-of-citizens/>



NAOT integrity framework is governed by the following legal instruments: The Public Services Act, 2002; The Public Service Regulations, 2003; Whistle-blowers and Witness Protection Act, 2010; The Public Audit Act, 2008; The Public Audit Regulations, 2009; The Code of Ethics for Public Service; The Code of Ethics and Conduct for National Audit Office Employee, 2010; The Standing Order for Public Service, 2009.

Other laws that relate to integrity and ethical conducts for public service employees includes the Prevention and Combating of Corruption Act, 2007; The Anti-Money Laundering Act, 2007; The Public Finance Act, 2001 (Revised 2004); The Public Leaders Code of Ethics Act, 1995; The Economic and Organized Crime Control Act, 1984.

Specifically, section 25 of the Public Audit Act requires all officers of the National Audit Office to **observe the professional code of ethics and conduct as determined by CAG under section 18 of the Public Audit Act. Section 18 bestows the CAG with a mandate pronounce code of conduct for NAOT staff. Section 3 of the Public Audit Act defines the code of conduct for public service to mean “a code of ethics and conduct for the Public Service and shall include the relevant Professional Codes of Ethics and Conduct and the Public Service Leadership Codes of Ethics and Conduct and as well the code of ethics and conduct developed by the National Audit Office for its staff.”**

Under section 18(1) and 25(4) of the Public Audit Act, 2008 all employees are to be availed with a copy of the Code of Ethics and Conduct for NAOT Employee, to **read it and sign a statutory commitment to abide with at all the time during the term of service at the Office.** Further, all outsourced firms or persons working on behalf of the Controller and Auditor-General are also required to adhere to Code of Ethics and Conduct for NAOT Employee under section 33(3) of the Public Audit Act, 2008.

## 5. SAI Tanzania Integrity Framework:

The Do and Don'ts Over time, certain types of behaviour have been identified as basic integrity benchmarks and violations, therefore, have called for administrative and legal sanctions. Their typology has developed step by step, building on several bodies of knowledge in police corruption and integrity research, the integrity of governance research, and, for example, also organizational misconduct research.<sup>9</sup>

These types of behaviour include corruption (bribing), favouritism, conflict of interest (gifts, jobs, etc.), fraud and theft of resources, waste and abuse of resources, breaking rules/misuse power (also for the organization), misuse and manipulation of information, indecent treatment (intimidation, discrimination) and private time misconduct.<sup>10</sup> In light of these foundations, the following integrity standard are by the Office:

### 5.1 Zero Tolerance for Corruption

NAOT does not tolerate corruption of any kind. It is expected that all staff, suppliers, and third parties acting on behalf of the Office will conduct their affairs with integrity everywhere, even in challenging environments. It is strictly prohibited for NAOT staff to solicit or accept bribes in course of official assignments from any entity or any other person. Cash payments are not the only things that can be considered to a bribe.

The Office maintain strict controls to prevent and detect corruption. In addition, all staff are required to apply good judgment to prevent even the perception of wrongdoing. Bribery of a Government official is illegal.<sup>11</sup>

### 5.2 No Favouritism

Favouritism of any kind is not allowed. This includes any practice of giving unfair preferential treatment to one person or group at the expense of another. NAOT staff is required to avoid biases on basis of religion, ethnicity sex, personal relations or any relations. They are expected to conduct their work objectively and avoid personal biases of any kind in all circumstances. The Office is committed to ensure there are objective systems that ensure equitable opportunities for all persons involved in the affairs of the Office. Severe sanctions will be imposed to persons who practice any kind of favouritism.<sup>12</sup>

### 5.3 Avoidance of Conflict of Interest

A "conflict of interest" is a commitment, obligation, duty or

goal associated with a particular social role or practice. The interests involved can be pecuniary or non-pecuniary.<sup>13</sup> A conflict of interest is a situation in which a person or organization is involved in multiple interests, financial or otherwise, and serving one interest could involve working against another. Usually, it relates to situations in which the personal interest of an individual or organization might adversely affect a duty owed to make decisions for the benefit of a third party.

Conflict of interest arises when an individual finds himself or herself occupying two social roles simultaneously which generate opposing benefits or loyalties.<sup>14</sup> It occurs if, within a particular decision-making context, an individual is subject to two coexisting interests that are in direct conflict with each other.<sup>15</sup> Such a matter is of importance because under such circumstances the decision-making process can be disrupted or compromised in a manner that affects the integrity or the reliability of the outcomes. The existence of such conflicts is an objective fact, not a state of mind, and does not in itself indicate any lapse or moral error.

The Office ensures that all staff is well informed about incidences that constitute a conflict of interest. It ensure that all staff and persons working on behalf of the Office sign commitment to avoid conflict of interest immediately after their employment, transfer to and from the office. Similarly it requires all Auditors sign conflict of interest forms before the commencement of any audit assignment.<sup>16</sup>

### 5.4 No Fraud and Theft, Waste and Abuse of Resources

Resources in form of finance, working facilities/equipment and time are important for the effective performance of any organization. These resources must be used efficiently and in a manner that guarantees their most effective usage and that they contribute towards the attainment of the desired output to the organization. NAOT and the government in general strictly prohibit any act of deception intended to result in financial or personal gain. Any taking of another person's property (government property) without permission or legal

<sup>10</sup> Huberts, L. W. (2018). Integrity: What it is and Why it is Important. Public Integrity, 0. 1-15

<sup>11</sup> See Section 47(2) (a)(d), Public Audit Act; Code 6(8)(9), Code Ethics for Public Service; Code IV (6), NAOT Code Ethics and Conduct; Code 25, INTOSAI Code of Ethics (ISSAI 30).

<sup>12</sup> See Section 23(1), Public Audit Act; Code 6(1), 7(2), Code of Ethics for Public Service; Code IV(1)(i), NAOT Code of Ethics and Conduct.

<sup>13</sup> Komesaroff, Paul A.; Kerridge, Ian; Lipworth, Wendy (2019)., Conflicts of interest: new thinking, new processes. Internal Medicine Journal. 49 (5); 2019: 574-577

<sup>14</sup> Van der Wal, Z. (2008). Value solidity. Differences, similarities and conflicts between the organizational values of government and business. Amsterdam, the Netherlands: VU University.

<sup>15</sup> Netherlands Court of Audit. (2013). INTOSAI Manual Integrity Self-Assessment for Supreme Audit Institutions.

[https://www.intosaicbc.org/wp-content/uploads/2016/12/2013\\_1a-MANUAL-IntoSAINT\\_def.pdf](https://www.intosaicbc.org/wp-content/uploads/2016/12/2013_1a-MANUAL-IntoSAINT_def.pdf)

<sup>16</sup> Section 18, 25(2), 47(2)(d)(e), Public audit Act; Regulation 20 - 21 Public Audit Regulations; Code 4(15), 5 6(15), Code Ethics for Public Service; Code IX), NAOT Code Ethics and Conduct; Code 17, 22, 23, 24, INTOSAI Code of Ethics (ISSAI 30).

<sup>9</sup> Kaptein, M., Huberts, L. W. J. C., Avelino, S., & Lasthuizen, K. (2005). Demonstrating ethical leadership by measuring ethics: A survey of U.S. public servants. Public Integrity, 7(4), 299-312. Lasthuizen, K., Huberts, L., & Heres, L. (2011). How to measure integrity violations. Towards a validated typology of unethical behavior. Public Management Review, 13(3), 383-408. Vardi, Y., & Weitz, E. (2004). Misbehavior in organizations. Theory, research, and management. Mahwah, NJ and London, England: Lawrence Erlbaum Associates.

right and without intending to return it is as well prohibited. Any unnecessary expenditure of a substantial amount of money or a series of unnecessary expenditures of smaller amounts of money is similarly prohibited. In the same line, any intentional or improper use of government resources is not allowed.<sup>17</sup>

NAOT strives to ensure: all NAOT resources are well identified, managed, and stored; adequate internal controls frameworks and systems deters and easily detect any fraudulent activities, prevent theft, waste, and abuse of resources; proper disciplinary measures are against all persons involved in waste and abuse of resources and report to appropriate authorities any act that constitutes fraud, theft, and any associated acts as the CAG may determine.<sup>18</sup>

## 5.5 Avoid Misuse and Manipulation of Information

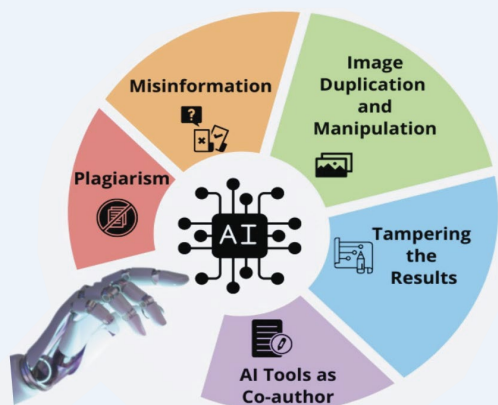


Photo from enago.com

Information is power. NAOT works entirely depend on information gathered from its stakeholders and other sources. In course of their day-to-day activities, NAOT staff come in contact with a substantial amount of information. Some of this information is public and some private and /confidential.

Appropriate treatment of the information is important not only as a virtue but as an indispensable component for maintaining the confidentiality and maintaining stakeholders' confidence in the SAI's business process. As such NAOT staff are required to keep all the information they come across during the execution of their work as confidential regardless of its status and originality. NAOT staff are required to avoid any use of information that may be regarded as misuse or manipulation of the information.

In particular NAOT staff shall avoid use of official documents for personal ends, divulging any information they come across

during the execution of their work as confidential regardless of its status and originality

The staff may discuss the contents of the audit report when the same is tabled before the parliament and become a public document. However, any comment made in a private setting about the information in the audit report or content of the official document shall be treated as a personal opinion into which consequences may follow.

The Office strives to ensure: all information is well kept and a proper chain of custody for documentation is maintained; NAOT staff are informed of the importance of proper keeping of documents and appropriate use of the same and proper disciplinary actions are taken against for all persons who misuse and manipulate information that is in their possession under their position.<sup>19</sup>

## 5.6 Proper Treatment of all Persons

Everyone is equal before the law and should be treated equally, nevertheless, equitable treatments may be preferred at times. NAOT believes in and advocates for cordial and respectful treatment for all persons working at and with the office. All persons are to be treated equally regardless of their religion, ethnicity sex, personal relations or any relations, NAOT business practices reflect its commitment to ensuring every person who works for does so of his or her own free will, in a safe and healthy environment.

The Office opposes discrimination, slavery, and child labor, and ensure we have controls and protections to avoid them. It respects the rights of our employees to associate with whom they choose and to be involved in politics outside of work. The Office welcomes diverse people, thoughts, and ideas. It is believed that the office can perform at its best in an inclusive environment free of disrespectful or insensitive behavior.

The Office does not tolerate any form of disrespectful behavior, harassment, or hate speech by, or against, any employee, vendor, or visitor. The office is committed to fairness in hiring and promotions. All employment decisions are based on the principles of equal opportunity, merit.

NAOT are to ensure all NAOT staff are aware of general terms of service, ethics, and expected proper treatment of other persons/stakeholders. It also conduct regular assessments of its practices to establish if they are inclusive, discourage biases, and are compliant with the public service regulations and laws of the land. 20

<sup>17</sup>Section 18,25(4),47(d)(e),Public audit Act; Regulation 21(1), 24 Public Audit Regulations; Code 7(1),(2),(3),8(1)(2)(3)(4)-(5), Code Ethics for Public Service; Code VI(1)(3)(11)(12), VIII, NAOT Code Ethics and Conduct; Code 12,13, INTOSAI Code of Ethics (ISSAI 30).

<sup>17</sup> Section 47(2)(b)(d), Public Audit Act; Code 6(2)(3) , Code of Ethics for Public Service; Code 8(iii), NAOT Code of Ethics and Conduct; Code 13, INTOSAI Code of Ethics (ISSAI 30).  
<sup>18</sup> Ibid.

## 5.6 Proper Conduct in Public and Private Settings

NAOT staff just like any other public officers enjoy their right to private life. Whatever happens in the private sphere of life should stay private. Nevertheless, Staff carries on the image and reputation of the office and thus their private life should be conducted in a manner that does not bring disrepute to the office and public service in general. It is not expected that Staff will involve themselves in acts and habits that are not legally and morally acceptable. As such NAOT staff are not expected to involve themselves in sexual relations that are likely to compromise the quality of audit work, or likely to affect the respect of the office. NAOT staff are not expected to be addicted to alcohol in particular being drunk during working hours or use prohibited narcotics.

Officers are expected to be well-dressed consistent with official attire guidelines and expected social standards when outside the workplace. It is expected that the staff will avoid compromising their official position for political reasons, religious association, or any other external affiliations.

The Office strives to ensure all NAOT staff are aware of general terms of service, ethics, and expected proper conduct in-service and private settings; and proper disciplinary actions are taken against any employee who engage in any acts that bring the office in disrepute.<sup>21</sup>

## 5.6 Adhere to Professional Competency and Objectivity

The Office strives to be a credible and modern Supreme Audit Institution that provides high-quality audit services for enhancing public confidence. As such it requires all its staff to demonstrate a high level of competency and objective in performing their works.

NAOT staff are expected to perform duties with a high degree of discipline in particular with regard to time, skills, and expertise. They are expected to set realistic work targets and timely complete allocated assignments.

All staff are expected to use official, descent, and well-understood language for official communication (Swahili and English) at all times. They should provide unambiguous instruction to the auditee regarding the information required. Where required, they are to courtesy in clarifying various matters related to their audit work in a clear and undistorted manner to clients (auditee).<sup>22</sup>

NAOT are expected to continuously learn and understand new areas/fields and developments. They are expected to be creative, innovative and continuously improve their work performance. Further, subject to obtaining appropriate approvals, NAOT staff must be willing to testify on matters emanating from the audit work conducted by them.

The Office strives to ensure all NAOT staff are aware of general terms of service, ethics, professional competency requirements, and objectivity during the conduct of office assignments. It is also committed to conduct regular assessments of its practices to establish they reflect desired competency requirements and objective practices. Subject to availability of resources the office continuously equip its staff with desired competencies and professional skills to enable them to perform their work diligently and objectively. All staff who go against engage in any acts that contravene the expected standards of competency and objectivity are subjected to disciplinary proceedings.<sup>23</sup>

## 6. Conclusion

SAIs credibility is linked to the integrity of its staff and consequently its trust to the public is a product of integrity of its staff. SAI Tanzania strives to ensure its staff observe all standards expected of public service as well as professional Auditor. The Office has received mixed feedback on surveys conducted but overall positive about the integrity of its staff. The office is committed towards sustaining its independence while maintaining highest standards of ethics and integrity among its staff. With continuous awareness raising among its staff, the Office continues to improve on its affairs including integrity systems.

22 Public Audit Regulations.G.N 41. 2009 Section, Reg. 24, Code Ethics for Public Service. Pg. 4, 10, NAOT Code Ethics and Conduct. Pg. 14, INTOSAI Code of Ethics (ISSAI 30) Code 28, 29 & 31.

23 Public Audit Regulations.G.N 41. 2009 Section, Reg. 24, Code Ethics for Public Service. Pg. 4, 10, NAOT Code Ethics and Conduct. Pg. 14, INTOSAI Code of Ethics (ISSAI 30) Code 28, 29 & 31.

## New Office Building for the National Audit Office in Songwe Region



<sup>20</sup> Public audit Act. Section 19,47(1)(2)(b), Public Audit Regulations 41. 2009 Section, Reg. 20&21, Code Ethics for Public Service. Pg. 15-21 24,25, NAOT Code Ethics and Conduct. Pg.8, INTOSAI Code of Ethics (ISSAI 30) 12,13,14,15,31,32,33.

<sup>21</sup> Public audit Act. Section 19,47(1)(2)(b), Public Audit Regulations 41. 2009 Section, Reg. 20&21, Code Ethics for Public Service. Pg. 15-21 24,25, NAOT Code Ethics and Conduct. Pg.8, INTOSAI Code of Ethics (ISSAI 30) 12,13,14,15,31,32,33.

<sup>22</sup> Public Audit Regulations.G.N 41. 2009 Section, Reg. 24, Code Ethics for Public Service. Pg. 4, 10, NAOT Code Ethics and Conduct. Pg. 14, INTOSAI Code of Ethics (ISSAI 30) Code 28, 29 & 31.

## STRENGTHENING COLLABORATION BETWEEN NATIONAL AUDIT OFFICE AND THE NATIONAL ANTI-CORRUPTION BUREAU: REFLECTING THE CURRENT PRACTICES AND EXPLORING THE POSSIBILITIES



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### Introduction

National Audit Office Tanzania (NAOT) and the Prevention and Combating of Corruption Bureau (PCCB) are among key oversight and watchdog institutions within the accountability framework of the country. Whereas the effective Supreme Audit Institution, promote and enhance transparency

accountability and predictability of government performance; Anti-corruption Authorities are essential for promoting good governance, protecting human rights, fostering economic development, and preserving the integrity of institutions. Their role is critical in combating corruption and building more transparent, accountable, and just societies.

Given the nature of these organizations' operations, involvement of stakeholders in their business is critical. In this article we explore the existing framework for collaboration in between NAOT and PCCB. The foundations of collaboration, the practices and future prospects are discussed. The main objective to is highlight what is in place and instigate improvement for better.

### Summarizing the Mandate

The Controller and Auditor General (CAG) is one of

the Constitutional Authorities of the United Republic of Tanzania. He is established under Article 143(1) of the Constitution of the United Republic of Tanzania, 1977 (hereinafter 'the Constitution'). The CAG is the Head of the National Audit Office of Tanzania (NAOT) which is recognized under sections 20(1) and 20(2) (a) of the PAA as the Supreme Audit Institution of the United Republic of Tanzania.

The CAG's mandate is provided for under Article 143(2) of the Constitution and further elaborated under sections 5 (c), 9, 10, 11 and 12 of the Public Audit Act, Cap. 418 (hereinafter 'the PAA'), and other legislations including the Public Finance Act, Cap. 348, the Local Government Authority Finance Act, Cap. 290, the Public Audit Regulations, GN. 47 of 2009 (hereinafter 'the Public Audit Regulations') and the Public Finance Regulations, 2001.

Under Article 143(2) (c) of the Constitution, the CAG is mandated to examine, inquire into and audit the accounts of the Government of the United Republic, the accounts managed by all officers of the Government of the United Republic and the accounts of all courts of the United Republic and the accounts managed by the Clerk of the National Assembly. Under Section 5(c) and Part IV of the PAA; the CAG is mandated to undertake various kinds of audits to public Organizations including financial and compliance audit (section 26 of the PAA), and Performance Audit (Section 28 of the PAA). Further, the CAG is also mandated to undertake compliance audit including procurement audit.

Among audits conducted by the NAOT are special and forensic audits which usually contains Suspicion of fraud, mismanagement and other corrupt practices. CAG conducts these audits on his own discretion or upon request by legal organisations or persons including the PCCB. Upon conclusion of these audits, CAG usually shares such reports with PCCB even when the same are requested by other bodies or authorities. PCCB uses audit reports for investigations and where tenable calls NAOT auditors to clarify issues during investigations and testifying in courts as witnesses for the Republic where the reports are tendered.

The PCCB is a Law Enforcement Agency vested with powers to Prevent, investigate, educate, and

prosecute all Corruption offenses within the United Republic of Tanzania, these powers are exercised in public and private sectors. Section 7 of the Prevention and Combating of Corruption Act, Cap.329 (PCCB Act) vests the PCCB with the powers to: examine and advise the practices and procedures of public, parastatals, and private organizations; facilitate the detection of corruption or prevent corruption and secure the revision of methods of work or procedure which appear to add to the efficiency and transparency of the institution concerned; cooperate and collaborate with international institutions, agencies or organizations in the fight against corruption.

PCCB uses audit reports to prevent corruption as per section 7(a) and (c) or investigate subject to the directions of the Director of Public Prosecutions, prosecute offenses as provided under section 7(e) of the PCCB Act and other offences involving corruption. Further, PCCB has a crucial role under section 45 of the PCCB Act, to establish and maintain a system of collaboration, consultation and cooperation with law enforcement agencies and other national authorities within the United Republic engaged in investigation and prosecution.



## Collaboration Frameworks

PCCB and NAOT have been collaborating in various spheres since PCCB was established. The collaboration was put into legal framework when the Public Audit Act was enacted in the year 2008. The Act under section 27 requires persons working on behalf of CAG to report suspicion of fraud or related offences to CAG. CAG is required to study the matter and communicate the incidences reported by his subordinates to investigative organs and serve a notice to the Director of Public Prosecutions (DPP). Investigative organs are required to investigate the



matter within 60 days and report their findings to DPP for a determination of tenability of such matter for criminal prosecutions.

In case the same is not tenable in law, DPP is obliged to notify the CAG and recommend alternative measures of redress. CAG may apply the measures recommended to pursue and enforce alternative measures of redress as recommended by the DPP against the audited entity.

Following this enactment, several consultative actions on how best the two organisations can collaborate have been undertaken. Among these actions is the conclusion of the Memorandum of Understanding (MoU) between NAOT and PCCB on the 18 th December 2017. The MoU was revised and updated on 17 th December 2020 and now focuses on improving collaboration particularly in execution of special audits, information sharing and capacity building among its officers. Following this, a joint implementation plan was developed and approved by the Heads of these Institutions and a Liaison Officers working group was appointed.

## Existing Collaboration Practices

NAOT and PCCB complement each other's work. The societal value of NAOT as a Supreme Audit Institution

and its contribution can be easily evidenced through successful investigation, prosecution of cases originating from audit findings and the recovery of mismanaged public resources by authorities charged with responsibility to do so including PCCB. PCCB on the other hand depends on the audit reports as indicators of red flags for corrupt practices, required expert evidence for cases of occasioning loss to specified organisations.

NAOT communicates suspicions of wrong doings that it comes across during the conduct of audit or that are noted after completion of audits specifically forensic and special audits to PCCB. The latter is obliged to undertake investigations within 60 days (about 2 months). Upon completion of the investigations are communicated to the Director of Public Prosecutions (DPP) for him to determine appropriate legal actions including prosecutions of suspects of wrongdoing. NAOT auditors frequently appear as expert witnesses in cases emanating from audit findings.

The two organisations are part of the national, regional, and international coordination and cooperation bodies involved in the prevention and fight against corruption and enhancing accountability.

Officers of these organisations frequently hold meetings to discuss key issues noted that affect working relations and how best they can work together to achieve their strategic objectives (the Technical Teams and Liaison Officers Meetings).

Both organizations usually invite experts from the above-mentioned bodies for capacity building to its officers particularly in areas of their mandate and technical expertise. NAOT usually shares information regarding audits conducted (apart from those requested by PCCB) if they have indication of corrupt practices and may be subjected to in-depth investigations.

The two organizations are working to develop a joint Standard Operating Procedures (SoPs) with the aim of documenting existing practices of collaboration for consistency, predictability and sustainability. SoPs will provide for how the officers in field can actually work together to enable the organisations achieve the desired objective mindful of statutory frameworks governing their affairs with particular focus on the areas of execution of audit and investigation mandate, information sharing and capacity building. SoPs will complement the existing framework.

While the existing collaboration has its roots from the legal framework and the memorandum of understanding signed by the two organisation, its sustenance could be propagated through actions beyond legal approaches. Given the experiences learnt over the time including lessons learnt from other jurisdictions the following key actions could further enhance collaboration between the two organisations.

## Continuous Awareness Raising

Raising awareness about collaboration between these organizations is important for nurturing partnerships, sharing resources, and addressing complex challenges. Both organisations need to continue with awareness raising on the collaborative frameworks particularly in regards to mandate of each organisation, the existing collaboration practices, the MoU and the envisaged SoPs. Awareness raising could be through conferences and events where officers of these organizations can come together to discuss common issues, share best practices, and explore opportunities for collaboration. These events

provide a platform for networking and building relationships between organizations.

Further, awareness could be raised through collaborative Projects and initiatives. This could go hand in hand with seeking for funding opportunities specifically designed to support collaborative projects between the organizations. This can include grants, sponsorships that incentivize organizations to work together towards common objectives. Moreover, the two organisations can participate joint in marketing and awareness campaigns to promote shared causes, initiatives, or products. Collaborative marketing efforts can increase visibility and reach a broader audience. Last but not least is participation in the normal collaboration training and capacity building programs: These could include training programs and capacity-building workshops focused on collaboration skills for organizations and their staff members. These programs can help build the necessary skills and mind set for effective collaboration.

This could as well go hand in hand recognizing and celebrating successful individuals who through their works have made remarkable contribution in the process.

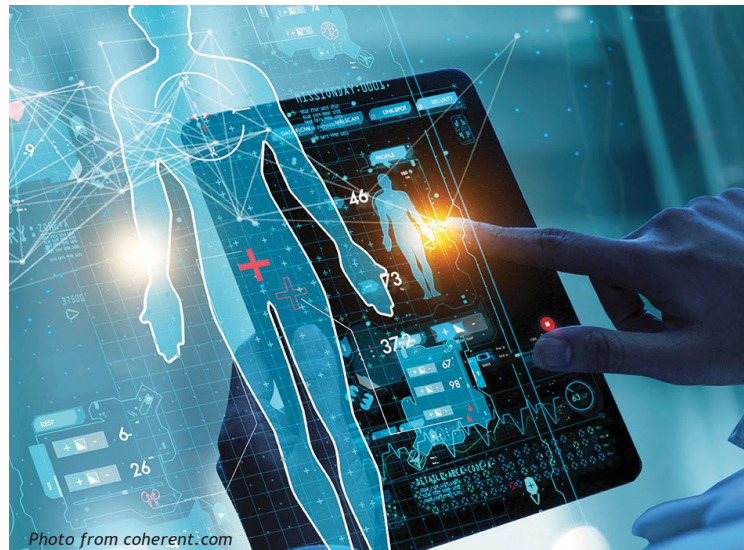


Photo from coherent.com

## Embrace use of technological solutions

We are in the digitalization era. Most of the business processes including for Government operations are leaning towards use of technological solutions. The two entities need to embrace the inevitable technological transformation particularly with the

aim of improving efficient and effectiveness in areas of collaboration. NAOT and PCCB are already using the Building Sustainable Anti-corruption Action Program's dashboard to store and update several information and data.

NAOT has also developed an Audit e-sharing system (ARes) aimed at facilitating efficient communication and collaboration between NAOT and key investigative and prosecutorial authorities, namely the Prevention and Combating of Corruption Bureau (PCCB) and the Directorate of Criminal Investigations (DCI) under Directorate of Public Prosecutions (DPP). NAOT is also developing an e-Board system to facilitate sharing of documents and meetings this could be used to facilitate on line meetings with other stakeholders including the with PCCB experts. Likewise, both entities are embracing technological solutions as advocated by the Government of United of Tanzania. Going forward technological solutions could be used fast track communication between the two entities, used in capacity building processes and other institutional engagements.

## Conclusion

The value of a Supreme Audit Institutions lies in their ability to promote good governance, strengthen democratic institutions, and safeguard public resources for the benefit of society as a whole. Nevertheless, its contribution to the development of any society depends on the how key stakeholders use their reports. National Audit Office on the other hand need to communicate their findings promptly to other stakeholders whose work depend on it such as reports including the PCCB. The two organizations have registered progressive improvements in terms of their engagements particularly in areas conduct of audits/ investigations, data sharing and capacity building.

The achieved success need to be sustained and as such this could be done through continued awareness raising among its officers through various approaches as well as taking advantage and making the utmost utilization of technological advantages that come with the digital era.



# Determinants of EFDs Effectiveness in Revenue Collections: Evidence from Tanzania's Hotel Industry

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## Abstract

Over five recent years Tanzania has successfully undergone a sound economic transformation due to strict management, control, and usage of both internal (such as collected revenues) and external sources of finance. This study sought to examine determinants of the effectiveness of electronic fiscal devices (EFDs) with special focus on the hotel industry. Despite being one among the growing industries in the country, its contribution, especially in terms of revenues, to our economy is still marginal. The study employed the structural equation modeling techniques to draw evidence from primary data collected from 214 selected hotels in Dar es Salaam City.

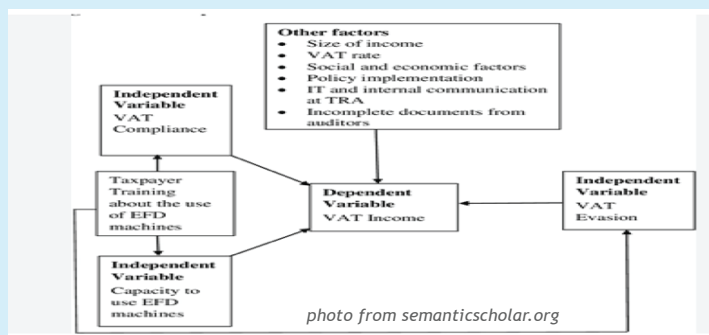
The results show that organisational aspects in hotels have no direct significant influence on effectiveness of EFDs in revenue collection. However, its negative relationship with EFDs effectiveness suggests that some organisational aspects in hotels hinder the effectiveness of EFDs.

The findings further reveal a positive and statistically significant relationship between customers' behaviour and EFDs effectiveness. Furthermore, the findings reveal that hotels' characteristics positively moderate the influence of customers' behaviour, and negatively moderate the influence of organisational aspects on EFDs effectiveness. The study concludes by implications and areas for further study.

**Key terms:** *EFDs effectiveness, organisational aspects, customer behaviour, hotel characteristics*

## Introduction

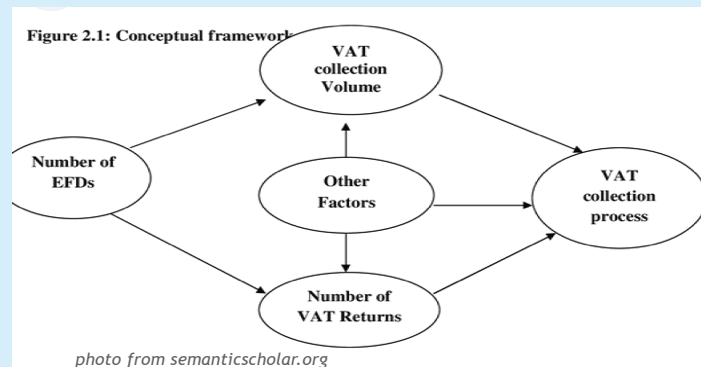
Enhancement of revenue collection is essential in meeting the country's financial responsibilities. Collected revenues enable the government to meet its objectives, especially of offering valuable and well-timely services to her people (Niabei, 2011). An efficient and effective tax administration is



important for a country to realise maximum revenues for its smooth operation. The knowledge on revenue collection and management is a fundamental component of fiscal policy and administration (Gideon, 2013). An independent, self-sufficient, and sustained government collected revenues must form the primary source of income. Revenue collected through tax systems, customs, excise duties, licenses or other sources are very crucial in guaranteeing smooth execution of government's schemes. In most of developing economies, collected revenues in terms of taxes contribute about 15% of the GDP (12% in Tanzania) compared with 40% in advanced economies.

In 1973, economic crisis compounded by oil shortage plagued developing countries, leading to necessary reforms in tax systems. The tax collections were hit hard and resulted into large fiscal deficits. Tanzania was a victim of this crisis as well. In 1980s, the country did major reforms in its tax systems geared by IMF and the World Bank (Jörge, 2001). These reform measures sought to revamp and strengthen revenue administration as well as widening the tax base and address tax evasion and avoidance (Gideon, 2013).

In that context, the government of Tanzania made it easier to pay taxes by introducing measures such as an electronic tax filing system with a view of improving efficiency and reducing opportunities for corruption. The introduction of Electronic Fiscal Devices (EFDs) in 2009 also aimed at reducing tax collection costs and integrating the taxation system with other administrative systems. It also aimed at encouraging taxpayer compliance as well as at providing Tanzania Revenue Authority (TRA) with correct business information for accurate tax estimations and monitoring (Mathews, 2003).



Despite the introduction of the EFDs, TRA has not yet realised its revenue collection target of 20% of

the GDP. The response of taxpayers, especially from hotels on the use of EFDs has for a long time been slow (Mmanda, 2010). Statistics show that the adoption rate of EFDs for hotels and restaurants in 2012/2013 was by 5% compared to other sectors such as trade 7.5%, electricity and water 7.5%, communications 17.5%, manufacturing 23% and other sectors 33.5%.

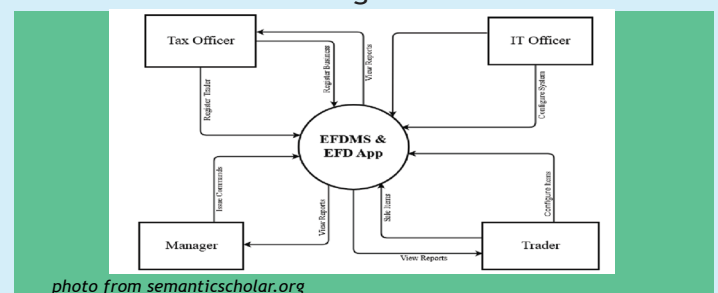
The hotel industry has been associated with poor record keeping and operating in an informal economy. Recently, Tanzania experienced high rate of EFDs usage defaulters in different cities like Mwanza, Dar es Salaam, Mbeya, and Arusha. Thus, the study sought to examine the determinants of EFDs effectiveness in revenue collection in hotels operating in Tanzania.

## Literature review and hypotheses development

**2.1 Revenue collection and its advantages to a country** Government's revenue is the money it receives from taxes and non-tax sources, for example, rent, fines, fees, donation, revenue from public sector, interest on loan and aid that enable it to meet its expenditure (Nyasha, 2003).

Thus, revenue collections can be referred to government agent's action (Tanzania Revenue Authority-TRA) to collect outstanding financial obligation from the public (Allan, 2008). A good collection is based on the recording of all transactions that are subject to taxation, sometimes via electronic devices that prevent eluding the State's interests and committing fiscal fraud (Nawaz, 2010).

However, collecting budget revenues may be affected by a series of external shocks felt by national economies with direct impact on the taxpayers and hence on the fiscal efficiency (Morrissey, 2016). Among the advantages of revenue collections to a government are as follow.



The government uses the revenue collected for financing various public services like education and health through construction of schools and hospitals. It further uses the collected revenues for offsetting debts, paying all the funds borrowed from external sources and for reducing inequality. Welfare benefit helps to reduce inequality and relative poverty. Accrued benefits in terms of social services give those of low income a better living standard and help to build a more cohesive society.

Collected revenues are further used for providing goods and services collectively consumed, as the private sector might not have an incentive in supplying them. It can be argued, for instance, that the private sector would be less desirable to cater for national defense and public education services (Morrissey, 2016)

## 2.2 Electronic fiscal devices (EFDs) as a tool for revenue collection

Before the introduction of EFDs, the government was collecting its revenues through manual ways, sales records were kept without using a computer system.

Transactions were written in journals before information is rolled up into a set of financial statements. Thus, businesses were recording their transactions and sending hard copies to TRA.

This method was less efficient due to several weaknesses, including inconsistency in data entry, large room for errors and missing information, and massive cost of training the staffs. As a result, the government came up with a way of tackling challenges brought about by the traditional method by introducing EFDs.



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## EFDs advantages

EFDs simplify collection and paying of taxes, reduce the chance for traders misreporting data, and save time and other costs incurred in revenue collection. EFDs have simplified tax monitoring and control processes of the TRA.

However, the adoption of the machines in Tanzania led to conflicts pitting traders and the government, as the former had to buy the gadgets. Traders closed their shops, and hawkers stopped, and all went to the streets in protest of the use of the EFDs.

In September 2013, for instance, traders in Mbeya, Morogoro and Dar es Salaam held demonstrations. The government failed to educate the traders beforehand on the need for them to buy the EFDs machine and of the capital required. Thus, mass education is very important once the government wants to introduce a new system of collecting taxes to avoid such conflicts.

## 2.3 Determinants of EFDs effectiveness

There are a number of factors that influence effectiveness of the EFDs. Extant literature focuses much on technical aspects influencing the EFDs efficiency and ultimately impacting their effectiveness.

EFDs effectiveness can be referred to the extent to which the machines yield the intended outputs (maximum revenues collections). This study focuses mainly on organisational-related aspects of hotels and their customers' behaviours as non- technical triggers to EFDs effectiveness in the industry.

The study further postulates the moderation role of hotel characteristics to linkages between organisational aspects, customer behaviours and EFDs effectiveness. For the EFDs project to succeed, organisations must emphasize on sensitisation, education, and training programmes regarding the usage of these devices. This helps to inform all stakeholders on how to use EFDs and their benefits to the VAT- collecting business, the taxpayer, and to the government.

Moreover, in many cases, taxpayers and customers resist the use of computerised machines for fear of insecurity, personal attitudes, lack of trust, financial reasons, misunderstanding, fear of the unknown, disturbance of the routine systems of the businesses, inconvenience and group norms.

With that regard, we postulated and tested the following hypotheses: -

**H1:** *Organisational aspects positively influencing the effectiveness of EFDs in hotels;*

**H2:** *Customers` behaviour positively influencing the effectiveness of EFDs in hotels;*

**H3:** *Hotel characteristics positively influencing the effectiveness of EFDs in hotels; and*

**H4:** *Hotel characteristics moderating the influence of organisational aspects and customers` behaviour on effectiveness of EFDs.*

## 3.0 Methods

### 3.1 Sample and data collection

Due to limitation in availability of formal database on the hotel industry, the study uses a convenient sample of 205 hotels operating in Dar es Salaam, the commercial capital of Tanzania, collected between September and December 2019.

Prior to the data collection, a formal notice was written to the management of each hotel, informing them the purpose of the study and the information needs of the researcher. Participants filled an informed consent form, which revealed the purpose of the study, risks of participation, benefits of participation, and the fact that data collected shall be treated confidentially and used for only academic purposes.

To reduce response method bias, the data was collected in two stages (Mensah et al., 2019). The first stage (September-October) covers administration of the questionnaires to solicit information on hotel characteristics, organisational non- technical factors impacting the effectiveness of EFDs in their daily revenue collection, and their customers` behaviour towards the use of EFDs.

At this first stage, 400 questionnaires were distributed to the managers of selected hotels where 283 (70.8%) questionnaires were retrieved after one month. Telephone calls were made as a follow-up technique to ensure the questionnaires are filled by right and targeted respondents.

A total of 21 questionnaires were excluded for the second round due to incompleteness (unfilled or partly filled questionnaires) and straight-lining

response patterns where respondents filled the same responses for all items under study.

Thus, in the second stage (November and December), 262 surveys were administered to only those who fully and properly filled them in the first round of data collection, soliciting information on the effectiveness of EFDs machine in revenue collection.

A total of 231 questionnaires were collected. Furthermore, incomplete, and improperly filled questionnaires were excluded, making a total of 205 questionnaires (51.3% response rate) retained for analysis.

### 3.2 Data Validity and Reliability

Table 1a provides constructs, measurement items and their reliability, while Table 1b provides the description of measurement items.

The respondents were required to rate at a 5-point Likert scale from 1 “strongly disagree” to 5 “strongly agree” to ascertain the extent organisational aspects influence the application of EFDs at their hotels.

Two items with factor loadings higher than 0.70 constructed the organisational non-technical aspects, with overall Cronbach alpha co-efficient and construct reliability of 0.89 (Hair et al., 2010). Similarly, the customers` behaviours construct comprises three items with factor loadings of more than 0.70 and the overall Cronbach alpha coefficient and construct reliability of 0.89.

The dependent variable (EFD effectiveness in revenue collection) comprises two items with factor loadings higher than 0.70, overall Cronbach alpha and construct reliability coefficients of 0.93 and 0.75, respectively.

Furthermore, the moderating construct-hotel characteristics was made of two items (hotel status where 1= “One and Two-Star hotels”, 2= “Three and Four-Star hotels”, and 3= “Five-Star hotels” as well as hotel operational experience where 1= “below 5-year”, 2 = “5 to 10 years” and 3 = “above 10 years”.

**Table 1: Constructs and their reliability results**

Construct	Items	Factor Loadings	Overall Alpha	Construct Reliability	Average Variance Explained
<i>Customers` Behaviour</i>	CB1	0.992	0.98	0.98	0.942
	CB2	0.983			
	CB3	0.936			
<i>EFDs Effectiveness</i>	EE1	0.683	0.93	0.749	0.603
	EE2	0.860			
<i>Organisational Aspects</i>	OG1	0.874	0.89	0.89	0.804
	OG2	0.919			
<i>Hotel Characteristics</i>	HT1	0.712	0.06	0.086	0.055
	HT2	0.731			

**Table 1b: Description of measurement items**

Latent Variable	Measurement Item
<i>EFDs Effectiveness in revenue collection</i>	EE1= By adapting and use of EFDs machines we are now declaring more revenue than before. ! EE2= The use of EFDs is less costly compared to traditional way of tax recording.
<i>Customers` Behaviour</i>	CB1=Our customers demand EFDs receipt after payment. ! CB2=Some customers crosscheck the receipt given if they contain the exact amount paid. ! CB3=Some customers feel that demanding receipts interferes with their privacy. !
<i>Organisational-related aspects</i>	OG1=Top management enforces the use of EFD machine. ! OG2=We increase price of service when a customer demand EFD receipt. !
<i>Hotel Characteristics</i>	HT1= Hotel status where 1 = One to Two-Star, 2 = Three to Four-Star, 3 = Five-Star! HT2= Hotel experience where 1 = Below 5-year, 2 = 5 – 10-year, 3 = Above 10 years

Table 2 results show the constructs met the convergent validity criteria by having the average variance explained (AVE) greater than the cutoff of 0.5 (Hu & Bentler, 1999) (except for hotel characteristics 1 ). Moreover, the discriminant validity is confirmed by latent constructs` AVE being greater than squared correlations between latent constructs (Campbell et al., 2004).

Table 3 provides descriptive statistics and the correlation among the constructs which support absence of multi-collinearity problem (high correlation among explanatory variables).

**Table 2: Convergent and Discriminant validity**

	HT	CB	ONF	EE
HT	1			
CB	0.111	1		
ONF	0.007	0.43	1	
EE	0.007	0.221	0.095	1
AVE	0.055	0.942	0.804	0.603

**Table 3: Descriptive statistics and Correlation among constructs**

	Obs	Mean	SD	HT	CB	OG	EE
HT	205	1.812	0.6	1			
CB	205	3.125	1.8	0.33	1		
OG	205	2.624	1.1	0.09	0.66	1	
EE	205	3.583	0.9	0.09	0.47	0.31	1

### 3.3 Goodness-of-fit of the model

Commonly and widely accepted model fit indices for CFA and SEM include the comparative fit index (CFI), the Tucker- Lewis index (TLI), the root mean square error of approximation index (RMSEA), and the

standardised root mean square residual (SRMR) (Rotem & Ziaul, 2019). For CFI and TLI, a cutoff value of close to 1.0, while for RMSEA and SRMR, a cutoff value of below 0.08, are needed for goodness-of-fit assessment (Mensah et al., 2019).

The analysis revealed an adequate overall fit based on the CFI of 0.955, TLI of 0.922 and SRMR of 0.031, except for the RMSEA of 0.13 which is slightly above the cutoff point. The analysis reported the chi-squared of 119.04 and the degree of freedom of 44. The results further show that the explanatory and moderating variables explain about 71% (based on the adjusted R-Squared) of the variation in the dependent variable. See results in Figure 2.

Additionally, to check for the common method bias problem, two approaches of Herman's single factor and common latent factor models were employed (Podsakoff et al., 2003). The Herman's single factor involves the exploratory factor analysis where only one latent factor is created using all the measurement items.

The results suggest absence of common method bias where the single factor explained about 45% of the variance which is below the cutoff point of 50%. Furthermore, the common latent factor was added to original CFA model. The common latent factor was found to be uncorrelated with other latent factors and fixed equal factor loading of all measurement items of the common factor.

The value of equal factor loading (0.230) suggests that the common factor explained about 5% of the variance which is below the recommended threshold of 50%, thus, confirms the absence of common method bias problem (Riecardo et al., 2019).

**4.0 Results and Discussion** Table 4 and Figure 2 present the SEM estimation results for the influence of organisational aspects and customers' behaviour on EFDs effectiveness in revenue collection in hotels as well as the moderation effects of hotel characteristics.

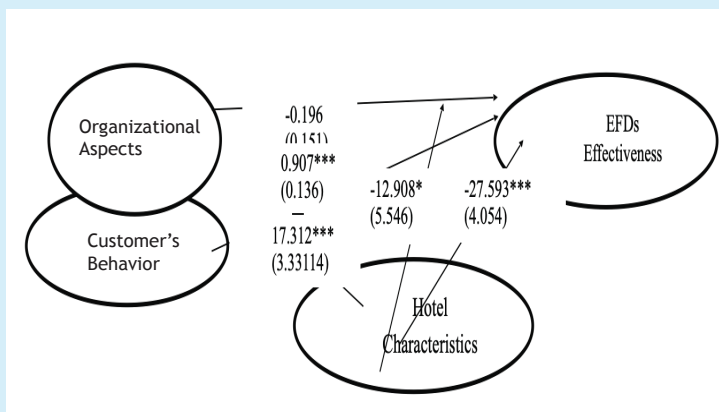
The results show that organisational aspects in hotels have no direct significant influence on

effectiveness of EFDs in revenue collection, thus, hypothesis 1 being not supported. However, it has been revealed to have negative relationship with EFDs effectiveness, suggesting that some organisational aspects in hotels hinder the effectiveness of EFDs. The findings support hypothesis 2 by revealing a positive and statistically significant relationship between customers' behaviour and EFDs effectiveness.

The hotel characteristics revealed to have negative and statistically significant influence on EFDs effectiveness, supporting hypothesis 3. However, the findings reveal mixed and statistically significant moderation influence of hotel characteristics. While hotel characteristics positively moderate the influence of customers' behaviour, it negatively moderates the influence of organisational aspects on EFDs effectiveness.

**Table 4: SEM estimates for the link between organisational aspects, customer behaviour, hotel characteristics and EFDs effectiveness.**

	EFDs Effectiveness			
	Estimate	Std.Error	t value	Pr(> t )
Organisational Aspects	-0.19657	0.15125	-1.3	0.195
Customers' Behaviour	0.90714	0.13587	6.677	0.000***
Hotel characteristics	-27.593	4.05358	-6.807	0.000***
Org. Aspects x Hotel.Xstics	-12.909	5.54643	-2.327	0.021**
Cust.Behaviour x Hotel.Xstics	17.3119	3.33114	5.197	0.000***
Constant	-0.2978	0.08902	-3.345	0.000***



\*\*\* = significant at 1%, \*\* = significant at 5%, \* = significant at 10%. Adj R 2 = 0.71, Comparative fit index (CFI) = 0.955, Tucker-Lewis index (TLI) = 0.922, Standardised room mean square residual (SRMR) = 0.031, Root mean square error of approximation (RMSEA) = 1.39,  $\chi^2 = 119.03$ ,  $df = 44$ .

Figure 2: SEM model with results

### 5.0 Conclusion and implications

As the fast-growing sector triggered by tourism influx, the hotel industry has a great prospect for significantly contributing to our economy in terms of collected taxes. However, over the recent period, the industry's contribution to our economy has been marginal.

Moreover, it is the role of the government through its agencies to design effective controls to curtail all tax loopholes. The use of EFDs in hotels comes as an immediate alternative. Our study found mixing results. While hotel organisational aspects seem to have insignificant influence of the effectiveness of EFDs in hotels, its negative association raises an important concern, suggesting that there would be some hotels' organisational behavioural factors that hinder the maximum revenue collection via EFDs.

This is further proved by a direct significant and negative influence of hotel characteristics on the effectiveness of EFDs. Our findings further show that customers' behaviour has the direct positive influence on EFDs effectiveness and this influence is further moderated by hotel characteristics.

The study recommends that the TRA should improve control mechanisms. For example, increasing follow-ups, filling the loopholes left by the established laws to ensure every hotel complies with the law by acquiring an EFD and using it effectively in order to boost revenue collections. Also, the TRA should increase accurate assessment of tax which will increase chances for attaining the target. This can also be achieved through law enforcers.

The EFDs Act has clearly specified offences and penalties for all who contravene it regarding the EFDs usage. It further recommends that sufficient education should be provided to the community (customers) for them to demand receipts after every payment. Finally, the study recommends further similar studies on other fast-growing sectors such as entertainment and sporting businesses.



Picture From Michuzi Blog

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# “Fostering Adaptability: Empowering New Hires in NAOT”



Photo from LinkedIn

By Latif Yassin Mwagalazi  
Auditor



In today's fast-paced corporate world, it's crucial for government institutions to recognize the significance of creating an adaptable environment for newly recruited staff. Our Office welcomes individuals with diverse backgrounds, including recent graduates and experienced

professionals from various organizations. Starting a new job can be intimidating, which is why it's essential to cultivate an environment that supports and nurtures the seamless integration of fresh talents.

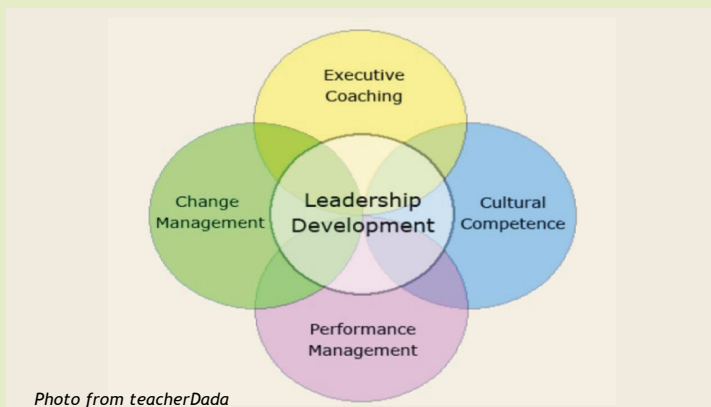
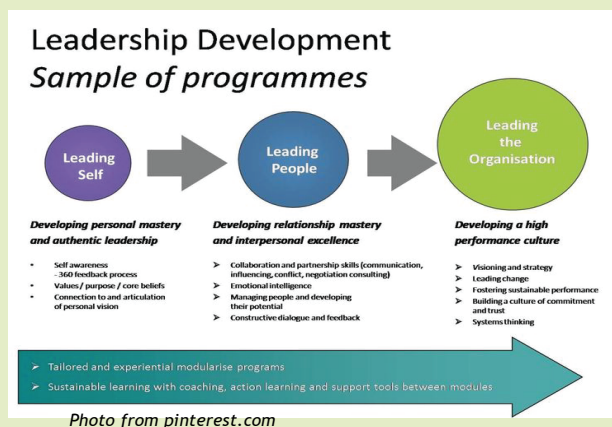


Photo from teacherDada

But what does it mean to have a conducive working environment? It goes beyond merely providing a

comfortable physical space; it entails establishing and upholding the organizations core values and processes. As defined by Laycock (1929), Adaptability is the capacity of a human organism to intentionally modify its reactions in the presence of unfamiliar external circumstances or internal states, in such a way as to ensure its survival. In other words, its our ability to adjust and thrive in new situations.

Now, lets take a lighthearted approach to this serious topic. A group of new hires entering the corporate jungle, armed with their degrees and experience, but slightly trembling in their business-casual attire. The key to empowering these fresh talents lies in creating an environment that embraces change, encourages growth, and fosters their ability to adapt, especially on the first days.



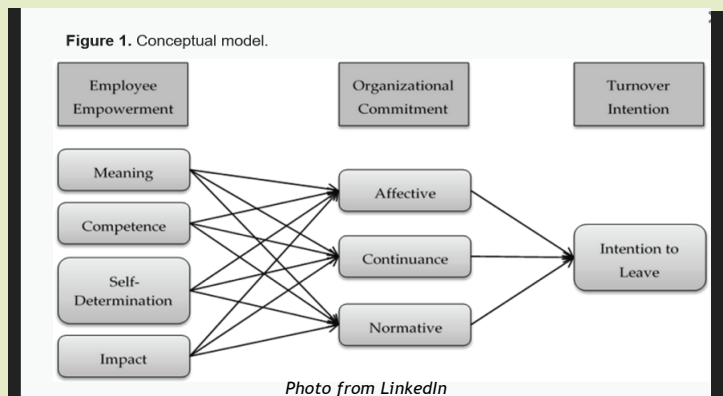
For a newcomer, how do we achieve this? Stay tuned as we delve into the secrets of fostering a dynamic and empowering working environment at NAOT. Together, we'll uncover the tricks, tips, and anecdotes that will have you navigating the Office terrain like a pro. Get ready to conquer the world of work with confidence and a dash of humor! My Experience in the Fresher Year NAOT, a supreme audit institution, takes pride in its nationwide audit coverage.

Its influence can be seen across various media platforms, showcasing its significant presence and reputation. These spaces boast interior walls adorned with inspiring signs that reflect the organizations core values, mission, and vision. While these visual cues serve as a testament to NAOT's identity, the question remains: do we truly foster a sense of warmth and support for newcomers stepping into an unfamiliar and demanding environment? Well, my experience may differ from others, but here is my story. Joining a renowned institution in Tanzania, I was one of

the luckiest 11 staff members recruited in 2021. As newcomers, we held certain expectations that transcend time, much like those shared by individuals joining any organization. It is in our human nature to seek certain outcomes and experiences, so, I had my fair share of expectations. And let me tell you, the outcomes were something to behold! Now, lets dive into these common expectations and the somewhat comical outcomes that unfolded, for your reading pleasure.

## 1. Craving Knowledge:

The anticipation of comprehensive training programs that would mold us into star performers. But hold your breath, because the reality was jaw-dropping! Not a single training session, not even a crash course on the tools we needed to survive, as we were spinning from one department to another. We became masters of the art of coping, as if we were time travelers from your era!



**2. The Laptop Quest:** Can you believe it took almost a cosmic year for us to lay hands on the holy grail of auditors 39; existence—the coveted high-end laptops? We danced with excitement when we finally got them, but until then, it was like we were navigating the digital world with flimsy paper airplanes.

**3. Compensation Circus:** Ah, the sweet sound of competitive compensation and benefits. We dreamt of salaries that would make us feel like the kings and queens of the audit kingdom. Alas, reality had a different punchline. But don't worry, you will get used to this.

**4. Culture Shockwaves:** Imagine stepping into an organization with an invisible culture cloak. It was like trying to solve a riddle without any hints. How were we supposed to align ourselves with an elusive culture? We felt like undercover agents, uncertain if we were blending in or sticking out like fluorescent socks at a black-tie event.

## Reality Check

The initial days were rife with doubt and a hint of desperation, stemming from the unfamiliarity of both the physical workspace and our assigned duties. However, amidst these challenges, there was a glimmer of hope—an orientation program designed to introduce us to the various departments of the organization within a year.

This program, though fraught with its own set of obstacles as it was being implemented for the first time, presented us with a lifeline during that tumultuous year, and it was an unexpected silver lining.

The true gem of the program was an opportunity that became our guiding light—Networking. I take immense pleasure in acknowledging that within NAOT, there exists a constellation of extraordinary individuals with hearts as warm as the Tanzanian sun.

Through this program, we had the chance to connect with colleagues from diverse departments, paving the way for meaningful relationships and collaborations.

Amidst the challenges we faced, these remarkable individuals embraced us wholeheartedly, appreciating our predicament. Despite their own demanding schedules, they graciously shared their knowledge and even lent us their spare laptops, understanding the financial constraints we encountered.

To ease our burden, they assigned us tasks that allowed us to earn a sufficient income to make ends meet. Their support was nothing short of priceless and made a profound difference in our lives. Some of us were blessed with a KFC lunch, what a treat! Their actions perfectly epitomize the saying, “Be the senior you wish you had when you were a junior.”

## Fast forward one year

In the blink of an eye, a whole year whizzed by, and just as we had hoped, our expectations were joyfully fulfilled. We soared into the spotlight, embarked on exciting audit adventures, and savored countless moments of pure fun. Trust me, our office proudly stands as one of the finest in the country, radiating excellence for all to see.

### Way to Go

Now, the question arises: how can NAOT foster an inclusive and supportive working environment for new hires?

In the quest for a thriving and harmonious workplace,

NAOT can embrace a range of strategies. Allow me to shed light on a few key approaches that hold the potential to transform the organization:

### 1. The Power of Knowledge:

Implementing comprehensive training and orientation programs is paramount. By providing new hires with a solid understanding of NAOT’s structure, policies, and expectations, will set the stage for success. The clarity in roles and responsibilities fosters a sense of belonging and diminishes the anxiety that often accompanies stepping into the unknown.

**2. Mentors, Our Guiding Stars:** Pairing new recruits with seasoned mentors can work wonders. These experienced guides become beacons of support, offering insights, advice, and a sympathetic ear. Together, we’ll embark on a journey where knowledge flows freely, helping new hires navigate the twists and turns of their professional paths.

**3. Embrace the Culture:** Let’s cultivate a unified and vibrant organizational culture that permeates every department and region. NAOT should actively engage new employees in team-building exercises, social gatherings, and collaborative projects. These initiatives foster unity, promote understanding, and enable newcomers to fully embrace the cherished values upheld by the organization.

**4. Bridge the Communication Gap:** Open and effective communication channels are the lifeblood of any successful Office. Encourage regular check-ins, feedback sessions, and the implementation of an open-door policy. By fostering an environment where new hires feel comfortable seeking guidance and expressing concerns, we pave the way for a supportive and communicative workplace.

## Conclusion

As we embark on this transformative journey, I implore all readers, especially new recruits, to practice patience and embrace personal growth. Engage and network as you can, don’t just hide. Showcase your skills whenever you can. Take a moment each day to engage in a bit of reading, (one page a day will be enough), then grab a cup of coffee, and enjoy the journey. It won’t take long until you get used to all nooks and corners.

Rome wasn’t built in a day.

Thank you for joining me on this adventure, and until next time, may your days be filled with growth and camaraderie. Cheers!

# Beyond the gym: Auditing the mind for sharper thinking and fewer errors - The ROI of mental fitness.

By Faizy Mansoury,  
CPA (T), CISA, PMP [Auditor, SAI]



We have been sold a one-size-fits-all solution for workplace stress and fatigue: hit the gym.

Long days? Run it off. Feeling drained? Pump some iron. But what about the engine powering the whole operation - the mind itself? We wouldn't keep giving our car a fancy paint job while the engine sputters and coughs, waiting for an oil change. Just like car engines, our minds need regular servicing, especially after the relentless grind of an audit cycle.

Bailey et al (2017) research suggests a strong correlation between mental fatigue and cognitive performance. Their study found that participants experiencing mental fatigue exhibited a decline in working memory and attention span. This translates directly to the auditing world, where focus and clear thinking are paramount.

Rocking with a trainer might sculpt our bodies, but who's tuning our minds? It's time our office embraces a more holistic approach to well-being, like hiring or contracting a psychiatrist. Just imagine the ROI—a team with sharper thinking, fewer errors, and a renewed sense of focus.

## The Paradox of Connection: Why We Talk to Strangers

Here's the irony: most people find opening to distant acquaintances or strangers easier than their closest

family and friends when the going gets tough.

A study by Sandstrom and Dunn (2014) found that casual social interactions with strangers can improve well-being, highlighting how "weak ties" often provide emotional benefits that close ties might fail to offer.

Why? Because strangers don't carry the weight of history or judgment. They are free of the biases and expectations that family and friends might unintentionally bring to the table.

A 2021 survey by the American Psychiatric Association revealed that 46% of people experiencing workplace stress are reluctant to talk to close family members about it.

Meanwhile, 68% of respondents felt more comfortable discussing their struggles with therapists or colleagues. This underscores the need for professional intervention in workplace mental health - a neutral, trained ear that can guide us through life's complexities without the emotional entanglements of personal relationships.

**The Ripple Effect of Mental Fatigue in Auditing** Auditing demands extend beyond numbers and spreadsheets; they seep into decision-making, critical thinking, and interpersonal relationships. Auditors under mental strain are prone to errors, procrastination, and even burnout. According to the Global Burnout Index (2022), over 40% of professionals in high-stakes fields like auditing report feeling always stressed, with 28% admitting to mental lapses that compromised their work quality.



This isn't just about the individual - the cost of these lapses is staggering. A PwC (2020) report highlights that human errors account for over 23% of organisational losses in financial reporting annually. When we fail to audit our minds, the ripple effects extend beyond spreadsheets, hitting reputations, client trust, and long-term profitability.

## Investing in Mental Fitness: Beyond the Buzzwords

Investing in mental well-being isn't a luxury; it's a strategic advantage. Consider the cost of errors caused by mental fatigue, the impact of burnout on productivity, and the potential for attracting and retaining top talent who value a holistic approach to work-life balance.

So, what does; servicing the mind&quot; look like? Traditionally, physical trainers sculpt our bodies, but who trains our minds? Enter the psychiatrist, a mental fitness coach with the expertise to equip us with the tools to manage stress, build resilience, and sharpen focus - all crucial skills for the demanding world of auditing.

A report by the World Health Organisation (WHO, 2020) emphasises the economic burden of mental health issues in the workplace. The report estimates that depression and anxiety alone cost the global economy \$1 trillion in lost productivity each year.

## The Japanese Model: A Blueprint for Workplace Wellness

Japan is globally recognised for its innovative approach to workplace well-being. Many Japanese companies have embraced practices such as "inemuri", the art of napping at work, which is culturally accepted and encouraged. A study by the Japanese Ministry of Health, Labour and Welfare (2020) found that short naps during the day improved employees; productivity by up to 34% and significantly reduced workplace errors. Companies like Toyota and Google Japan have introduced nap pods and dedicated siesta spaces designed to help employees recharge during the day. These initiatives have reduced burnout and increased engagement levels across the workforce.

“

Japan's innovative workplace practices, such as embracing 'inemuri'—napping at work—and providing on-site mental health support, have not only boosted productivity by 34% but also fostered a culture of well-being and openness, reducing burnout and absenteeism.

”

Additionally, Japanese companies often provide access to on-site mental health professionals, including psychiatrists. For instance, Fujitsu introduced an in-house psychiatric programme with regular consultations and mental health workshops. This not only decreased absenteeism by 18% but also created a more open culture around mental health issues, empowering employees to seek help without stigma.

## Why We Need Spaces for Rejuvenation

1. On-Site Psychiatric Care: A Safe Space for Mental Wellness Mental health is as important as physical health, yet it often goes unaddressed in the workplace. Psychiatrists can play a pivotal role in equipping employees with stress management tools, building resilience, and addressing mental health challenges like anxiety, depression, and burnout. A study by the World Health Organisation (2020) estimated that untreated mental health issues cost the global economy \$1 trillion annually in lost productivity. Having *kar-en* on-site psychiatrist or regular psychiatric sessions can mitigate these costs while fostering a healthier work environment.

Psychiatrists can:

- Provide cognitive behavioural therapy (CBT) sessions, which have been proven to reduce workplace stress by 40% (Hofmann et al., 2017).
- Offer tools to enhance focus and decision-making, which is critical for auditing professionals managing complex and high-stakes tasks.
- Reduce the stigma around mental health by normalising conversations and support within the workplace.

## 2. Siesta Spaces: A Boost for Productivity and Mental Clarity

Sleep scientists like Dr. Sara Mednick (2006) have long advocated for short naps, citing their ability to enhance cognitive performance, improve memory retention, and reduce stress. A 20-30-minute nap can recharge the brain, alleviate mental fatigue, and restore focus. Incorporating siesta spaces—complete with comfortable beds or nap pods—can help employees reset during high-pressure audit cycles.

## 3. Massage Therapy: Physical Relief and Stress Management

The physical toll of long hours at a desk is well-documented. Back, neck, and foot pain are common ailments that can reduce concentration and overall work quality. Research by Field et al. (2016) shows that regular massages reduce cortisol levels (the stress hormone) by 31% while increasing serotonin levels (the happiness hormone) by 28%. Hiring on-site massage therapists to provide back, neck, foot, and head massages could

enhance employees' physical well-being and promote relaxation, directly combating stress.

## 4. Chiropractic Care: Aligning for Better Health

Chronic back pain and poor posture are silent productivity killers, especially in sedentary office environments. Chiropractors specialise in spinal alignment, which can prevent long-term health issues like chronic pain and even improve mobility and energy levels. A study published in the *Journal of Occupational Rehabilitation* (2018) found that regular chiropractic care reduced work absences due to musculoskeletal issues by 25%. Introducing a chiropractor to our workplace wellness program would promote healthy spines and signal our commitment to long-term employee health.

## 5. Balcony Refreshment Zones: A Natural Stress Reliever

Nature is a powerful antidote to stress; fresh air can reinvigorate the mind. Our office's third-floor balcony could transform into a refreshing zone featuring comfortable seating, plants, and meditation corners. Research by Kaplan and Kaplan (1989) on the "Attention Restoration Theory" shows that natural settings reduce mental fatigue and promote cognitive recovery. Imagine employees taking a break in a lush, serene environment, sipping tea, and returning to their desks recharged and ready to tackle complex tasks.

## The ROI of Holistic Wellness Initiatives

### Case Studies: Success from Global Leaders

- ✓ Google Japan: Introduced nap pods, massage therapists, psychiatrists, and quiet zones in their Tokyo office. Their internal studies showed a 15% increase in creativity scores and a 23% boost in employee satisfaction within the first year.
- ✓ Unilever Singapore: Provides on-site massages, wellness rooms, and access to mental health professionals. Over 80% of employees reported feeling more valued and engaged.
- ✓ Toyota Japan: Implements mandatory nap breaks, regular chiropractic care, and mental health workshops. This initiative reduced employee burnout rates by 21% and increased production efficiency by 18%.

## Cost vs Benefit

While the initial investment in psychiatrists, massage therapists, chiropractors, and siesta spaces may seem high, the long-term benefits outweigh the costs. According to the World Economic Forum (2020), every dollar invested in workplace wellness yields a \$4 return in improved productivity, reduced absenteeism, and lower healthcare costs.

## A Vision for Our Office

Here's how we can implement these changes:

1. On-Site Psychiatric Care: Contract a psychiatrist or partner with a mental health professional to offer regular counselling sessions and workshops.
2. Siesta Spaces: Dedicate a quiet room with beds or nap pods, dim lighting, and noise-cancelling features.
3. Massage Therapy: Hire massage therapists for regular sessions, focusing on common stress points like the neck, back, and feet.
4. Chiropractic Care: Contract a licensed chiropractor to offer weekly or bi-weekly spinal alignment sessions.
5. Balcony Refresh Zone: Transform the third-floor balcony into a green oasis with seating, plants, and areas for mindfulness exercises.



photo from bhg.com

## The Bottom Line

It's time to think beyond the gym and embrace a holistic approach to employee wellness. We can create a workplace where employees thrive by addressing mental and physical health through on-site psychiatric care, siesta spaces, massage therapy, chiropractic care, and refreshing zones. Just as a well-maintained engine powers a car, a well-cared-for team drives organisational success. Let's invest in our most valuable asset: our people.

Take Denmark as a case study. With one of the lowest burnout rates globally (7% according to OECD, 2022), Danish workplaces mandate regular mental health check-ins and subsidised therapy sessions for employees. The ROI? Higher productivity, lower turnover rates, and an overall boost in workplace morale.

Mental fitness isn't just about avoiding burnout; it's about creating a sharper, more resilient workforce. By investing in psychiatrists and prioritising mental health, organisations can achieve sharper thinking, fewer errors, and a workforce that feels valued and supported. So, let's move beyond the gym and start servicing the engine - the mind itself. Research suggests that a well-oiled mind isn't just a luxury; it's the key to a successful audit and a thriving career.

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# Should Auditors Recommend? Reflection from Virtual Class Debate

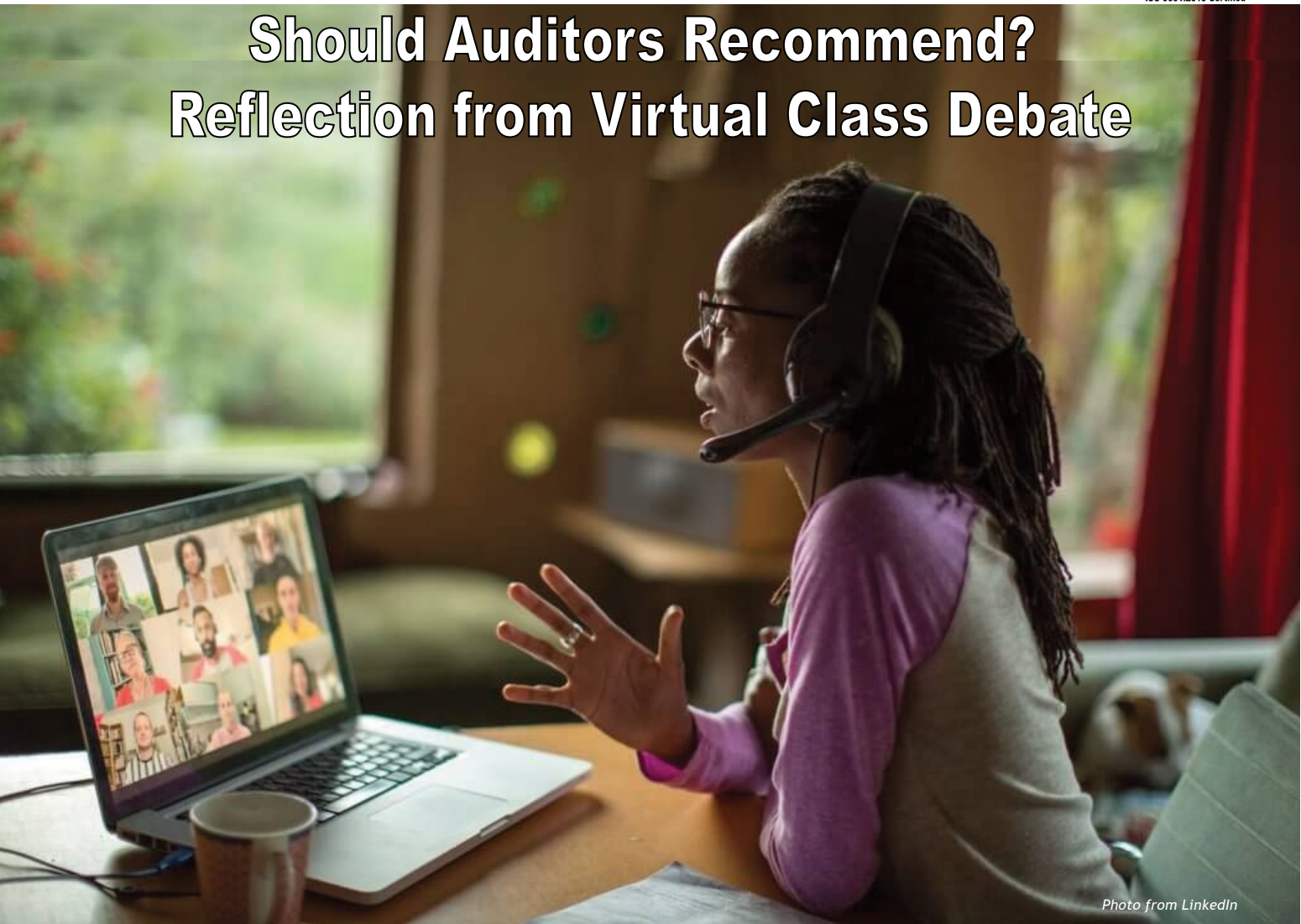


Photo from LinkedIn

**By. Karim Mwinyimbegu**  
Chief external auditor (CEA)



These were among imitated prank exclamations by a primary school WhatsApp group member to reflect their school life late in 1990s.

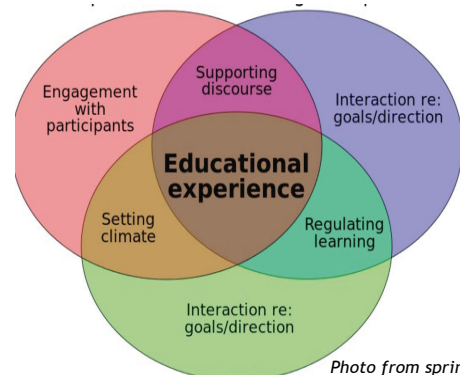


Photo from springer.com

'The Class Room is not cleaned!'  
'Class Monitor, please, point out those responsible as per the roster!'

It was an interesting flashback that sparked the decision to forge a virtual debate session under a motion titled:

Should Auditors Recommend/Suggest or not. Supporters and opposers of the motion took different perspectives discussed underneath.

Before highlighting perspectives of each side, which are the corner stone of this article, it is paramount to discuss the following concepts.

## Audit and its Relevance

An audit is the independent examination of an organisation's financial records, which comprise a review of risk management procedures, internal controls and compliance with legal and regulatory requirements. An auditor produces a report to be included in financial statements, and may also report to directors and recommend improvements.



The goal of an audit is to provide assurance that the organisation is managing its risks effectively and that its financial statements are accurate. In most countries, Supreme Audit Institutions (SAIs) are statutorily required by laws to conduct various audits in governments' operations. While listed companies might be required to have their accounts audited, other companies or organisations might be voluntarily audited at own discretions.

## The Value of an audit

An audit can be a powerful tool, providing the following benefits for an Organization;



i. Create opportunities for improvement and growth

The information provided on audits can assist in business decisions making. Recommendations in the auditor's management letter can be used as a key aspect for managements or boards' strategic planning.

These recommendations can cover aspects of improving internal controls to reduce fraud risks and errors, and may identify opportunities for improvement to help an organisation to operate more efficiently.

## ii. Enhance transparency and credibility

An audit helps to increase transparency and enhance accountability in the management of public and private resources. This is achieved by providing reasonable assurance to stakeholders, potential investors, and the general users that financial statements are accurate and reliable.



## iii. Protect reputation

Similarly, an audit will help to improve overall risk management and governance policies, which can make an organisation become resilient to unexpected events and protect its reputation.



Going back to the debate, key points members supporting the motion were as follows:

1. Why should auditors just point out problems? Their image will be protected if they point out where things are not working properly.



Photo from stock.adobe.com

**2. Reflection of paragraphs 17 and 18 of ISSAI 100** that state: ‘The public-sector audit environment is that in which governments and other public-sector entities exercise responsibility for the use of resources derived from taxation and other sources in the delivery of services to citizens and other recipients. These entities are accountable for their management and performance, and for the use of resources, both to those that provide the resources and to those, including citizens, who depend on the services delivered using those resources. Public sector auditing helps to create suitable conditions and reinforce the expectation that public sector entities and public servants will perform their functions effectively, efficiently, ethically and in accordance with the applicable laws and regulations (Para 17).

‘In general, public sector auditing can be described as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria. Public sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the general public with information and independent and objective assessments concerning the stewardship and performance of government’s policies, programmes or operations (Para 18);

**3. In addition, paragraph 40 of ISSAI 300 requires:** ‘If relevant and allowed by the SAI’s mandate, auditors should seek to provide constructive recommendations that are likely to contribute significantly to addressing weaknesses or problems identified by the audit.

Recommendations should be well-founded and add value. They should address causes of problems and/or weaknesses. However, they should be phrased in such a way that avoids truisms or simply inverting the audit’s conclusions, and they should not encroach on the management’s responsibilities.

Each recommendation should be clear who and what it addresses, who is responsible for taking any initiative and what it means i.e. how it will contribute to better performance.

Recommendations should be practical and address entities with responsibility and competence for implementing them. Recommendations should be clear and presented in a logical and reasoned manner. They should be linked to the audit’s objectives, findings and conclusions.

Together with the full text of the report, they should convince the reader that they are likely to significantly improve the conduct of government’s operations and programmes, e.g. by lowering costs and simplifying administration, enhancing the quality and volume of services, or improving effectiveness, impact or benefits to the society.

4. Lastly, walking the talk on principles identified under the INTOSAI-P 12: For the value and benefit of SAI to be created and make difference to lives of citizens, recommendations must be given.

Conversely, arguments of members opposing the motion were as follow:

First, auditors should desist from suggesting. They should, instead, look for opportunities for continuous improvement, showing entities where they do right, and giving reasons without necessarily showing how to solve the problem. The status quo can trigger misunderstandings and compel auditors to shy away from entities. So, any decision on the process of an entity should be well documented basing on facts. An entity will consider an auditor’s recommendation only if it is well documented.

Obviously, an auditor should contribute to a company through his observations, not suggestions as a consultant would.

The auditor’s role, therefore, is to look for an objective evidence and give observations, not to comment on issues beyond the audit plan or to suggest on what should be done or should have been done.

Second, they expounded during the debate: “An auditor cannot suggest, but can sometimes clarify on his point of view that is not clearly understood.” From the above discussion, without undermining uncertainties on whether recommending will impair

These were among imitated prank exclamations by a pthe auditor's independence or not, the auditor should present his findings, discuss implications of the risk exposure to the organisation and methods for fixing weaknesses observed.

Through their recommendations, governments' audit organisations often disclose a variety of ways of improving programmes and operations. For example, audit recommendations may show how a service which a government's agency delivers can be more responsive to citizens' needs and at less cost to taxpayers.

The benefit of an audit is not derived from recommendations made, but rather from an effective implementation. Important measures for effectiveness of an audit organisation include the type of issues it tackles and the changes or improvements it brings about. In addition, one of an auditor's basic objectives is to have his or her work make a difference.

When a recommendation is made to an organisation, its management is basically responsible for implementing it. Auditors can create a friendly environment for the recommendation to be appropriately implemented. The purpose of this guide is to help auditors to get more action and better results from their audit work through the following means:

#### • Quality recommendations

Achievements of audit results depend on the quality of the recommendation. A recommendation that is not convincing will not be implemented. A recommendation that does not correct the basic cause of a deficiency may not achieve the intended result.

#### • Commitment

An auditor committed to action will do all what it takes to ensure the recommendation achieves the desired result.

• **Aggressive monitoring and follow up** Acceptance of a recommendation does not ensure intended results, but an effective implementation does. Continuous focus on achieving intended results is, therefore, required.

• **Special attention to key recommendations** While all recommendations require follow up, some, which

particularly deal with serious or flagrant matters, should be given special attention.

Please, share your insights, suggestions and or comments on the discussion at [ocag@nao.go.tz](mailto:ocag@nao.go.tz) and copied at [skarim@nao.go.tz](mailto:skarim@nao.go.tz) or official social media pages such as Facebook and Instagram. Your insights are of high importance for successful production of next discussion or sub topic of this story in the next edition of The Auditor General Journal.

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## Improvements to the Technical Support Services Unit (TSSU) Office Room





The Controller and Auditor General (CAG) of the United Republic of Tanzania, Mr. Charles E. Kichere, presents a special token of appreciation to the Speaker of the National Assembly, Hon. Dr. Tulia Ackson (MP), following her official opening of the training session for Members of Parliament and members of the Standing Committees on Budget, Local Authorities Accounts (LAAC), Public Accounts (PAC), and Public Investments (PIC). The training was held on 26 January 2025 in Dodoma.

The Controller and Auditor General (CAG), Mr. Charles E. Kichere (center in the first photo), poses for a group photo with members of the Workers' Council of the National Audit Office shortly after officially opening the Council session held today, 3 February 2025, in Dodoma. Seated in the photo from right to left are the Council Secretary, Dr. Suzanne Kibozi, the TUGHE National Representative, Mr. Tamisoni Mshighati (second from right), Chairperson of TUGHE-NAOT, Mr. Michael Allonga (first from left) and the Director of Administration and Human Resources Management, Mr. Novati Mfalamagoha (second from left).



Members of Ukaguzi SACCOS convened their 2024 Annual General Meeting today, 16 January 2025, in Dodoma. The meeting focused on various matters concerning the management and development of Ukaguzi SACCOS during the year 2024. The meeting was officially opened by Mr. John Nalwamba (first photo), on behalf of the Patron of Ukaguzi SACCOS, the Controller and Auditor General (CAG), Mr. Charles E. Kichere.

# NEWS IN PICTURE



The Controller and Auditor General (CAG), Mr. Charles E. Kichere, led a special farewell ceremony for staff of the National Audit Office who have officially retired from public service. During the event, the CAG presented certificates of recognition and various gifts to the retirees as a token of appreciation for their dedicated and ethical service to the institution throughout their public service careers.

The Controller and Auditor General (CAG), Mr. Charles E. Kichere, has commended the valuable contribution of female staff at the National Audit Office of Tanzania (NAOT) in executing audit duties and supporting national development. Speaking during a special event held at the NAOT offices in Dodoma, the CAG recognized women as a key pillar in promoting transparency, accountability, and the proper use of public resources through effective audit practices. The event was part of the lead-up to the International Women's Day national celebrations, held in Arusha on 8 March 2025.



The Controller and Auditor General (CAG), Mr. Charles E. Kichere, led a two-day working session held in Dodoma from 15 to 16 April 2025 to review the performance of the 2023/24 financial year audits and develop strategic plans for improving audit processes in the 2024/25 financial year. The session brought together Deputy Auditors General, Assistant Auditors General, and Chief External Auditors responsible for overseeing audits of Ministries, Local Government Authorities, Public Institutions, State-Owned Enterprises and Government Projects.

# Addressing Force Account Challenges in Tanzania: An Audit-Based Perspective

TRANQUIL

## Accounting Problems and Solutions

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**By Davis Ryoba**  
Quantity Surveyor II



## Introduction

Force account projects are a common method of executing construction works in Tanzania, particularly in local government initiatives. These projects involve the use of the force account mechanism, which is a cost-effective method of executing construction works. However, auditing these projects reveals significant challenges that require attention from policymakers and practitioners. This article explores

the challenges of force account projects in Tanzania identified through audits of the Controller and Auditor General.

## Challenges of Auditing Force Account Projects in Tanzania

Audits of force account projects in Tanzania have identified several challenges that require strategic solutions. These challenges include inadequate planning and designing, procurement procedures, contract supervision, lack of qualified personnel, equipment and tools, and cost recording.

### 1. Inadequate Planning and Designing

The lack of proper planning and design can lead to inefficiencies and delays in project execution. This challenge can result in performance gaps and negative consequences in the delivery of services, goods, and infrastructure facilities.

### 2. Procurement Procedures

Non-compliance with procurement procedures for materials can adversely affect project quality and efficiency. Adhering to established procurement procedures is essential to ensure that materials are acquired at the appropriate price and quality, thereby supporting overall project success



## 3. Contract Supervision

Inadequate supervision of contracts can result in subpar work quality and delays in project completion. Effective contract supervision is critical to ensure that the project is executed according to the contract terms.



## 4. Lack of Qualified Personnel

The absence of qualified staff to execute and supervise work poses a significant challenge to project success. The lack of qualified personnel can lead to inefficiencies, delays, and suboptimal outcomes.

## 5. Equipment and Tools

Insufficient availability of appropriate equipment and tools can hinder project progress and quality. Ensuring that the necessary equipment and tools are available and in good working condition is essential for the successful execution of force account projects.



## 6. Cost Recording

Improper recording of costs related to materials, labour, and overheads can lead to financial discrepancies and mismanagement. Accurate cost recording is essential for effective financial management and project oversight, ensuring that the project is executed within the approved budget.

## Effectiveness of the Force Account Approach in Tanzania

The force account approach is a cost-effective method of executing construction works in Tanzania, particularly in local government initiatives. However, the approach has faced challenges in achieving its targets, including a lack of uniform regulations, issues with technical specifications, differences brought on by poor planning, labour expenses, and a lack of technical expertise. These challenges highlight the need for critical assessment and improvement of the force account approach to ensure its effectiveness and value for money.

Staff competence, staff training, and capacity building have been identified as factors affecting the preparation of project procurement plans, which in turn affects the value for money in government entities. Also, procurement specifications impact quality and standard goods and services, while procurement methods improve service delivery to users. Procurement scheduling ensures quality procurement services.

### Quote

"Effective implementation of the force account approach and procurement processes requires standardized regulations, skilled personnel, and meticulous planning to ensure value for money and quality service delivery."

## Recommendations for Improvement

To address the challenges of force account projects in Tanzania, policymakers and practitioners should consider several recommendations, including:

### 1. Critical Evaluation

Policy makers and practitioners should critically evaluate the scope and application of force account mechanisms to address identified challenges effectively. This evaluation should include a thorough assessment of the projects nature, scope, magnitude and thresholds to ensure that the force account mechanism is appropriate for the project.

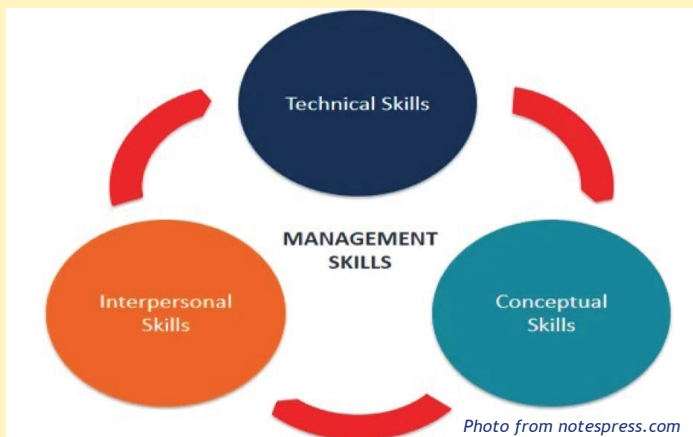


## 2. Cost-Benefit Analysis

Conducting thorough cost-benefit analyses before implementing force account projects can aid decision-making and ensure value for money. This analysis should consider the projects costs, benefits, risks, and uncertainties, ensuring that the project is executed within the approved budget.

## 3. Management Support and Staff Competence

Emphasizing the importance of management support and staff competence is crucial for project effectiveness. Management support and staff competence are essential to ensure that the project is executed efficiently and effectively, with minimal delays and inefficiencies.



## Enhanced Oversight

Strengthening contract supervision and ensuring the presence of qualified personnel are essential for overcoming project execution challenges. Effective contract supervision and the presence of qualified personnel can ensure that the project is executed according to the contract terms and that any deviations are addressed promptly.

## 4. Staff Training and Capacity Building

Investing in staff training and capacity building is essential for ensuring the competence and effectiveness of staff involved in force account projects. Training and capacity building can improve staff competence, reduce errors, and enhance the quality of project execution.

## 5. Resource Allocation

Ensuring adequate resource allocation is essential for the successful execution of force account projects. This includes ensuring the availability of appropriate equipment and tools, sufficient labour, and adequate financial resources.

## Conclusion

Audits of force account projects in Tanzania have identified various challenges that require careful consideration and strategic solutions. By addressing issues such as planning deficiencies, procurement procedures, staff competence, and cost management, the effectiveness and efficiency of force account projects can be significantly improved, leading to successful project outcomes and value for money.

This article provides a comprehensive overview of the challenges identified through auditing force account projects in Tanzania. By prioritizing thorough planning, adhering to procurement procedures, strengthening contract supervision, investing in staff development, and ensuring accurate cost recording, policymakers and practitioners can overcome the challenges and ensure the success of force account projects in Tanzania.

## References

1. Reports of the Controller and Auditor General



# The Rise of the Chatbots: How AI Can Revolutionize Audit Quality in NAOT



## By Aziz Dachi

Assistant auditor General (Higher Learning Institutions and Extractive Industry)



Artificial intelligence (AI) is rapidly changing the world around us, and the audit profession is no exception. The proliferation of AI chatbots presents both challenges and opportunities for Supreme Audit Institutions (SAIs) like the SAI of Tanzania. By understanding the implications and utilizing these tools effectively, SAIs can significantly enhance the quality of their audit output, including management letters and audit opinions.

## Implications of AI Chatbots in Audit:

- **Increased Efficiency and Productivity:** AI chatbots can automate repetitive tasks such as data entry, analysis, and report generation, freeing up auditors

to focus on more complex and judgmental aspects of the audit.

- **Enhanced Accuracy and Consistency:** Chatbots can analyze vast amounts of data with greater speed and accuracy than humans, reducing the risk of errors and ensuring consistency in audit procedures.

- **Improved Fraud Detection:** AI algorithms can identify patterns and anomalies in data that may indicate fraudulent activity, helping auditors to proactively address potential risks.

- **24/7 Availability and Accessibility:** Chatbots can provide auditors with instant access to information and support, regardless of time or location.

## Potential Applications of AI Chatbots at NAOT

NAOT can harness the power of AI chatbots in various ways to improve audit quality:

1. **Risk Assessment and Planning:** Chatbots can analyze historical audit data, financial information, and other relevant sources to identify high-risk areas and assist in developing targeted audit plans.

- **Example:** A chatbot could analyze procurement data to identify contracts with consistently high variations from budget, signaling potential areas of concern for auditors to investigate.

2. **Data Analysis and Audit Procedures:** Chatbots can perform data analytics to identify trends, outliers, and anomalies, enabling auditors to focus their

attention on areas requiring further scrutiny.

- Example: A chatbot could analyze payroll data to identify instances of duplicate payments or employees with unusually high overtime hours.

### 3. Management Letter and Report Generation:

Chatbots can assist in drafting management letters by automatically generating standardized sections and summarizing key findings.

- Example: Based on identified weaknesses in internal controls, a chatbot could generate recommendations for improvement and suggest specific control activities to implement.

### 4. Knowledge Management and Training:

Chatbots can serve as a centralized repository of audit methodologies, best practices, and regulatory updates, providing auditors with instant access to relevant information.

- Example: Auditors could interact with a chatbot to get answers to questions about specific audit procedures or to access relevant guidance documents.

### 5. Communication and Collaboration:

Chatbots can facilitate communication and collaboration among audit teams by providing a platform for sharing information, tracking progress, and resolving queries.

- Example: A chatbot could be used to coordinate fieldwork, assign tasks, and share real-time updates among team members.

### Impact on Audit Output:

By effectively utilizing AI chatbots, NAOT can achieve significant improvements in the quality of its audit output:

- More insightful and impactful management letters: By leveraging AI-powered data analysis, management letters can provide more specific, data-driven recommendations for improvement, leading to more effective remediation efforts.
- Enhanced reliability of audit opinions: The increased accuracy and consistency provided by AI can strengthen the reliability of audit opinions, providing greater assurance to stakeholders.
- Timely and efficient audit completion: Automation of tasks through chatbots can significantly reduce audit turnaround time, enabling NAOT to deliver

timely reports and contribute to improved public accountability.

### Conclusion:

The proliferation of AI chatbots presents a significant opportunity for NAOT to enhance audit quality and operational efficiency. By embracing these technologies and implementing them strategically, NAOT can maintain its position at the forefront of public sector auditing in the digital age. However, it is essential to recognize that AI chatbots are tools designed to augment, rather than

replace human judgment. Therefore, the NAOT must invest in continuous training and professional development to ensure that auditors possess the skills and knowledge needed to effectively utilize these powerful tools while upholding the highest standards of professional skepticism and ethical conduct.

Equally important is the implementation of robust security measures such as encryption, access controls and regular monitoring to safeguard sensitive audit data and maintain public trust in the integrity of the audit process. Particular caution should be exercised when considering the use of disposable or third party chatbots, as they may lack the necessary security protocols, potentially exposing confidential information to unauthorized access.



# Empowering Women Through Work-Life Balance: A Women's Day Reflection



By Shamim Abbass Mshana (ACPA-PP, MSc&F),  
CHIEF EXTERNAL AUDITOR, TRA - EXPENDITURE,



Women's day is not only a day to celebrate our achievements but also to reflect on the journey ahead, where work-life balance is not a luxury, but a necessity for empowering women in all professions, especially in the rigorous world of auditing.

**The auditing profession demands precision, commitment and long hours.** As women, we often handle multiple roles; we are professionals, mothers, daughters, mentors and community leaders. The question is, how do we strike a balance that allows us to thrive both in our careers and personal lives? The answer lies in fostering a culture that embraces flexibility, self-care, and support systems.

**Redefining Success:** Success is not just about climbing the corporate ladder; it is also about leading a fulfilling life. True success comes when we achieve professional excellence while making time for our wellbeing and loved ones. It is time to redefine success; not as an eternal hustle, but as a journey of meaningful achievements balanced with personal joy.



**The Power of Flexibility:** Many organizations now recognize that flexibility enhances productivity. As auditors, we must advocate for policies that support remote work, flexible schedules and parental leave. These measures do not hinder efficiency; instead, they empower us to deliver our best without compromising our personal responsibilities.

**Self-Care is a Priority, Not a Luxury!** We often hear, “You cannot pour from an empty cup.” Yet, how often do we neglect ourselves? Investing in selfcare; whether through exercise, mindfulness, or hobbies; ensures we remain spirited and focused. Prioritizing our mental and physical well-being allow us to be our best selves, both at work and at home.

**Building Support Networks:** No woman should have to navigate work-life balance alone. Strong mentorship programs, networking groups and peer support can create an ecosystem where women uplift one another. Let’s be allies, sharing experiences, offering guidance and championing policies that make work-life balance a reality for all.

Empowered Women, Empower Others! When we find our balance, we become role models for others. By advocating for work-life harmony, we pave the way for future generations of women to enter and excel in auditing without fear of burnout or compromise.

As we celebrate Womens Day, let us commit to fostering an environment where women no longer have to choose between career and family, ambition and well-being. The power to transform our workplaces and lives starts with us.

Together, we can create a future where every woman can thrive, both professionally and personally.



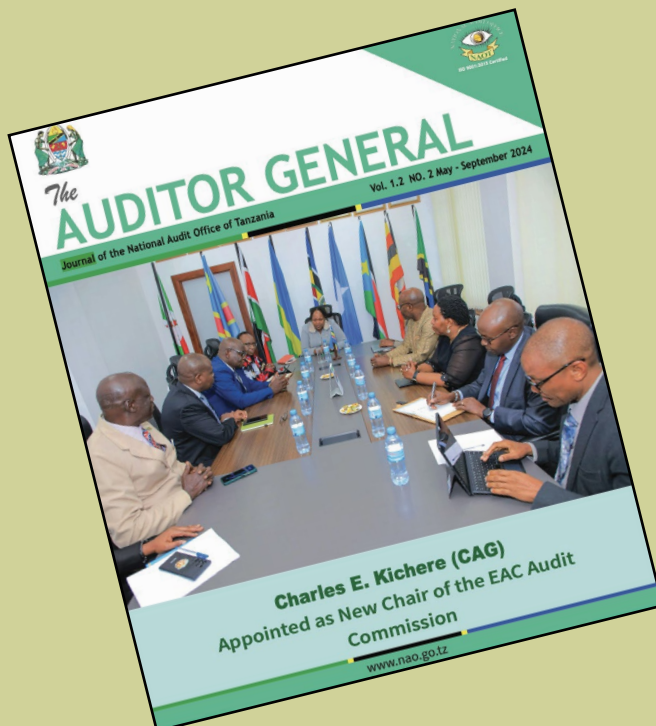
*Happy International  
Women's Day! - NAOT  
Women .....*

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