



Aidspace 2022 training of representatives of the Tanzania Supreme Audit Institution on Performing Audits of Global Fund Grants.

Mapping of Accountability and Audit Arrangements of Donor-Supported Government-Managed Health Programs in Tanzania

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Prepared by Focus Lutinwa



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LIST OF ABBREVIATIONS

AFROSAI	African Organisation of Supreme Audit Institutions
AFROSAI-E	African Organisation of Supreme Audit Institutions – English-Speaking Countries
AQRB	Architects and Quantity Surveyors Registration Board
CAG	Controller and Auditor General
CMA	Common Management Arrangement
CPA-T	Certified Public Accountant - Tanzania
CRB	Contractors Registration Board
DP	Developing Partners
ERB	Engineers Registration Board
ES	Ethics Secretariate
GF	Global Fund
GHI	Global Health Initiatives
GoT	Government of Tanzania
HBF	Health Basket Fund
HSSP-V	Health Sector Strategic Plan (5)
IAGD	Internal Auditor General Division
ICBF	Institutional Capacity Building Framework
IFAC	International Federation of Accountants
INTOSAI	International Organisation of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
JAHSR	Joint Annual Health Sector Review
LGAs	Local Government Authorities
MDAs	Ministries, Departments, and Agencies
MoFP	Ministry of Finance and Planning
MoH	Ministry of Health
MOU	Memorandum of Understanding
NAOT	National Audit Office of Tanzania
NBAA	National Board of Accountants and Auditors
NGO	Non-Governmental Organisation
PAC	Public Account Committee
PCCB	Prevention and Combating of Corruption Bureau
PE	Procuring Entity
PLCEA	Public Leadership Code of Ethics Act
PO-RALG	President Office – Regional Administration and Local Government

PPA	Public Procurement Act
PPAA	Public Procurement Appeals Authority
PPD	Procurement Policy Division
PPP	Private Public Partnership
PPRA	Public Procurement Regulatory Authority
PSRS	Public Service Recruitment Service
RS	Reginal Secretariate
SAI	Supreme Audit Institution
SWAp	Sector Wide Approach to planning
TR	Treasury Registrar
TWG	Technical Working Group
TZS	Tanzania Shillings

1. EXECUTIVE SUMMARY

1.1 Background to assignment

AIDSPAN, the independent observer of the Global Fund to Fight HIV, Tuberculosis and Malaria (www.aidspace.org), is implementing the third phase of a project titled 'Enhancing the capacity of Supreme Audit Institutions (SAIs) to perform finance, compliance, and programmatic audit of Global Health Initiatives (GHIs) supported programs.' The project aims to support and reinforce Public Finance Management, strengthening the capacity of seven SAIs in the Democratic Republic of Congo (DRC), Malawi, Mozambique, Nigeria, Tanzania, Uganda, and Zimbabwe and helping them advocate for their adequate resourcing. The goal is to increase the accountability of government-managed programs supported by the Global Fund and GAVI to improve the performance of programs.

1.2 Objective of the review

The mapping exercise aimed to document existing public audit and accountability arrangements for government-managed health programs in Tanzania. The documentation includes a detailed account of the roles played by various state actors involved in audit and accountability activities in the health sector, highlighting the best practices, challenges encountered, and areas of improvement where possible.

1.3 Our approach

Throughout the assignment, we embraced a participatory approach, which involved working closely and holding regular consultative meetings with relevant officials. We performed a desk review of key documents, reports and academic papers relating to various state actors involved in audit and accountability activities. We also reviewed legal and institutional frameworks on audit and accountability in Tanzania's public sector. (Refer to Appendix 2 for a complete list of documents reviewed). We prepared a data and information-gathering tool (Appendix 3). We interviewed key staff of each state actor involved in audit and accountability. (Appendix 1 is a list of officials interviewed) This report is a product of these key steps.

1.4 Findings

1.4.1 The Health Sector in Tanzania

The Health Sector in Tanzania is decentralized. The Ministry of Health Community Development, Gender, Elderly, and Children (MoH) has the role of policy development and performance assessment. The coordination, facilitation and implementation of health services is by the local government authorities under the management of the President's Office - Regional Administration and Local Government (PO-RALG). The MoH has a partnership framework expected to facilitate

stakeholder engagement and coordination for the efficient delivery of health services. The Joint Annual Health Sector Policy Review Meeting influence health priorities for annual plans and budgets. In addition to financial audits conducted by the Tanzania CAG on the Health Sector, procurement audits are conducted periodically by the MoH. All Developing Partners' are expected to ensure that their contractual arrangements with Implementing Partners, including the financial and other reporting outputs, are aligned with the requirements of the Government of Tanzania (GoT) systems. The MoH and PO-RALG support the Ministry of Finance and Planning (MoFP) in accelerating the implementation and use of accounting packages such as MUSE, Epicor, and any other agreed financial systems, according to the GoT's operational plan and timetable. The MoH leads the production of an Annual Health Sector Performance Profile and Assessment Report where progress towards the predetermined performance indicators is assessed.

1.4.2 Controller and Auditor General (CAG)

The office of the CAG, also called the National Audit Office of Tanzania (NAOT), is charged with the primary oversight and assurance role of ensuring public funds are used for purposes authorized by and in compliance with the Constitution and laws of the country. The CAG documents its audit procedures in an audit management software called TeamMate that can be adapted to apply the requirements of specific requirements and conditions of an audit exercise. They incorporate the relevant guidelines and procedures for annual audits conducted for Global Fund grants, for example, the check for compliance, level of effectiveness of internal controls, and follow-up on the status of findings of previous audit reports, including those done by the Office of the Inspector General (OIG). The Chief External Auditor and the Deputy CAG review draft audit reports, which include overall audit opinions. The final signed audit reports are submitted to the auditee and relevant donor and also submitted to the National Assembly Public Accounts Committee (PAC). The PAC deliberates on the report before presenting it to the full Parliament for further deliberations and decision-making.

Best practices

- Existence of an adequate legal framework for the independence and function of the CAG. The audit mandate is rooted in various legislation.
- Presence of a well-established audit methodology.
- Presence of qualified and experienced staff.
- Automation of the documentation of audits.
- Adequate quality assurance arrangements and use of self-assessments to improve performance.
- Existence of MOU with other state actors performing similar functions
- Presence of supporting institutions such as the NBAA.
- Existence of report sharing platform accessible to the general public.

Challenges

- Inadequate knowledge of the programmatic aspects of the GF grant
- Gaps in follow-up and disposal of audit recommendations by auditees
- Late submission of financial statements by auditees
- The GF audit has the same year-end as the rest of the public entities, and as a result, the limited human resources at NAOT are strained to perform all the audits, including GF, within the same period. Changing the GF accounting to off-peak periods makes more auditors available for the GF audits.
- Poor audit preparedness by implementing partners.
- Limited independence on recruitment and rewarding system and delayed payment of audit-reimbursable costs.

Areas of improvement

- CAG appointment mechanism may compromise their independence. The appointment or renewal of the CAG is vested in the president alone.
- Communication of updates on audit procedures required by GF
- Training of CAG audit staff handling GF projects
- Value for money assessments in GF audits are to be improved by including health sector experts in the auditing.
- CAG should improve report availability by timeously updating the report-sharing portal.

1.4.3 Public Procurement Regulatory Authority (PPRA)

The Public Procurement Regulatory Authority (PPRA) is a regulatory body charged with regulating and overseeing the implementation Public Procurement Act, 2011 to ensure value for money and other socioeconomic outcomes for all public procurement activities carried out by all public bodies in Tanzania. The PPRA conducts annual procurement audits that are reported annually to the Minister for Finance and Planning. The body performs its monitoring role by performing audits and reviewing reports from internal and external auditors. The PPRA audits entities depending on their procurement volume and when requested by public entities such as Ministries. The body engages various professionals and experts in its audit activities, including legal and investigative teams. Referral for further actions can be made to other relevant actors like the CAG office and Prevention and Combating Corruption Bureau (PCCB).

Best Practices

- The PPRA audit teams include various experts, including legal, investigative and procurement professionals, enabling the audit to review the procurement aspects of the entity exhaustively.
- PPRA reports receiving the attention of the Paymaster Master General and scrutiny of the Parliamentary committees.

- PPRA has an MOU with CAG and PCCB. The MOU, among other things, allows for information sharing among the actors and referral of cases encountered.
- Procurement audits are mandated and legally supported through an act of parliament.
- PPRA's report has also been made an integral part of the CAG report, rendering more legitimacy to its findings.
- The PPRA also has whistleblowing and complaints platforms accessible to the public.
- Procurement of medicines and other health supplies in Tanzania is centralised through the Medical Stores Department. This is important in that procurement processes can easily be monitored and audited.

Challenges encountered

- Insufficient capacity and funding to audit all PEs on an annual basis. The Authority fails to cover over 25% of the procuring entities it should be auditing.
- The weak linkage between public procurement management and the national anti-corruption drive is due to inadequate feedback from PCCB on recommendations referred to PCCB by PPRA.

Areas of improvement

- PPRA must capacitate internal audit functions embedded within each procuring entity to conduct effective procurement audits.
- PPRA should improve its abilities in auditing electronic procurement processes.

1.4.4 Internal Auditor General Division (IAGD)

The Ministry of Finance established the Internal Auditor General Division (IAGD) to enhance the internal audit functions within the Government Ministries, Departments, and Agencies (MDAs) and Local Government Authorities (LGAs). The IAGD receives and reviews quarterly reports from internal MDA auditors of MDAs, develops and establishes audit committee guidelines and frameworks, and develops audit code of ethics. The body has conducted health-sector-specific audits, including a recent one in 2019 on the assessment of internal control of Global Fund grants and another one in 2022 on the verification of the Health Basket Fund (HBF).

Best practices

- Since its establishment in 2010, the IAGD has undertaken some critical initiatives, which include receiving and reviewing internal audit reports for public sector internal auditors; developing and establishing audit committee guidelines; developing and rolling out Guidelines for Developing and Implementing Risk Management Frameworks; and developing and rolling out the Code of ethics for internal auditors in public entities.
- The IAGD is well-skilled in providing an in-depth understanding of control systems and performing qualitative and no-n conventional evaluations such as impact assessments.

Challenges encountered

- The IAGD must be capacitated to address their engagements' financial and technology-related components.
- The division is also currently understaffed, with a staff establishment of 50% of the required staffing level.
- The IAGD's independence (financially and operationally) could be a challenge because the division is responsible to the Paymaster General.

Areas of improvement

The IAGD needs to hasten the development of sector-specific manuals that guide- internal auditors with a systematic approach to auditing each sector.

1.4.5 Ethics Secretariat

Ethics Secretariat (ES) has been conferred with the mandate to supervise the implementation of the Public Leadership Code of Ethics Act No. 13 of 1995 (PLCEA). The Secretariat monitors and improves ethical leadership in public entities by receiving asset and interest declarations and investigates any alleged breaches of ethical standards. The ES executes its functions through the Public Leaders Ethics Promotion Division and the Public Leaders Ethics Enforcement Division. It promotes ethical behaviour among public leaders and citizens, establishes ethics policies and guidelines, improves the efficiency of systems and processes dedicated to the Secretariat's performance, and manages conflict of interest regarding decision-making by public leaders.

Best practices

- The Ethics Secretariat has a direct line of communication with the President of the country, which is evidence of the strong political will to ensure ethical standards are adhered to in the public sector.
- The ES derives its mandate from the Constitution.
- The ES collaborates with other watchdog institutions with related mandates, such as PCCB, CAG, and police.
- The ES also provides whistleblowing platforms accessible to the public.

Challenges encountered

- The ES does not have prosecutorial power, and its investigative arm is limited in its capabilities. As a result, the ES relies on other organs, such as the PCCB and CAG, to execute the investigations and prosecutions.
- Lack of a solid feedback mechanism on cases referred to other state actors like PCCB
- Inadequate funding hindering the execution of ES action plans

Area of improvement

Due to the nature and subject of the investigation, the ES's investigative reports are confidential. There is a need to balance the need for feedback to the public against the confidentiality of its investigations, as lack of feedback may erode public trust in the ES's work.

1.4.6 Prevention and Combatting Corruption Bureau (PCCB)

The Minister of State coordinates the Prevention and Combatting Corruption Bureau in the Office of the President. The Bureau is responsible for good governance and the coordination of anti-corruption activities through conducting research, systems analysis, monitoring the use of public resources, and bringing together stakeholders to set strategies. Their investigation sources include those from the CAG, citizens, Financial Intelligence Unit, and PPRA.

Best Practices

- PCCB has established working relationships with CAG, PPRA, law enforcement agencies, and the private sector.
- PCCB encourages public participation in combating corrupt practices through whistleblowing platforms.
- The PCCB also have prosecutorial powers subject to the directions of the Director of Public Prosecutions.
- Tanzania enacted the Access to Information Act in 2016 to allow the public to access information related to the operations of government bodies.
- Tanzania also established a unique 'Economic, Corruption and Organised Crime Court' in November 2016 to expedite corruption cases.

Challenges

- Inadequate resources hinder the Bureau's ability to investigate and prosecute corruption fully.
- The lack of a program of witness protection discourages potential witnesses from coming forward.
- The legal framework does not provide an oversight mechanism independent of the executive and parliament. There is no security of tenure for PCCB leadership, making it susceptible to political influence.

Areas of improvement

- There is a need to strengthen PCCB's legal status by making it a constitutional body to secure its existence, tenure of its leadership, autonomy and independence.
- To achieve financial independence and sustainability and reduce donor dependence, internal funding sources for PCCB programs should be increased.

- PCCB should keep investing in its administrative and human resources capacity by assimilating emerging technology and investigative methods and recruiting competent legal minds.
- PCCB should establish and implement a functional feedback mechanism for the public on its investigations.

1.4.7 Other State Actors

- The Accountant General's office compiles and manages government accounts and ensures safe public money and property custodianship. The office establishes government entities' accounting policies to harmonize accounting and financial management practices and reviews transactions to prevent fraud and errors.
- The Treasury Registrar (TR) ensures accountability mechanisms are functional such that public entities' core objectives are met and safeguard Government assets and investments.
- The National Board of Accountants and auditors (NBAA) regulates the accounting profession, thus ensuring the availability of competent auditors and accountants and ensuring discipline and ethical conduct by the profession's members. The Board also provides an avenue through which the public can report offending individual members of the profession. It can deregister and prohibit offenders from practising audit and accounting in the country.
- The Parliament of Tanzania has established the Public Accounts Committee (PAC) and Local Authorities Accounts Committee (LAAC), which hold the Executive to account through a review by CAG, PPRA and IAGD.

There seems to be a duplication of duties concerning the policy-making and monitoring role between the Accountant General and the Treasury General. There is also inadequate collaboration and limited information sharing between the Accountant General, the Internal Auditor General and the Comptroller and Auditor General. Members of the opposition chair the PAC and the LAAC but have no enforcement mechanism to ensure their directives are followed.

1.5 Lessons learnt

- There is a need to keep monitoring and improving the health sector's funding and funds flow structure to eliminate duplication of efforts and activities. There is a need to continue monitoring the effectiveness of direct funding and funding through the HBF.
- Given the numerous actors seized with the audit and accountability efforts in the health sector and the varying skill sets each actor possesses, there must be collaboration amongst the actors. Existing MOUs and working relationships between the CAG, PCCB, PPRA, IAGD, Ethics Secretariat and other actors must be encouraged, upgraded and enhanced.
- Whilst CAG plays a central role in auditing public sector entities and the health sector, the audits can be improved by including programmatic reviews as part of the audit procedures. The CAG

audits are robust in financial review; however, a comprehensive view can be obtained if the audit includes evaluating the funding versus the programmatic objectives and outcomes. Such qualitative evaluations might require experts with specific knowledge of health service delivery.

- Although CAG remain central as an audit service provider for public sector entities in Tanzania, a comprehensive plan of assistance must also take into account the roles and contributions made by other state players identified

Confidentiality

This report has been prepared solely for the use of AIDSPAN and its stakeholders and for no other purpose. No responsibility to any third party is accepted as the report has not been prepared for or intended for any other purpose. We appreciate the cooperation and courtesy accorded to us by the officials of CAG, PPRA, IAGD, PCCB, ES MoH and other stakeholders in delivering this assignment.

We would gladly respond to any clarification or additional information you may require regarding our report.

With kind regards

Focus Lutinwa

Consultant

2. BACKGROUND, OBJECTIVE, APPROACH, AND METHODOLOGY OF THE MAPPING EXERCISE

2.1 Introduction

AIDSPAN, the independent observer of the Global Fund to Fight HIV, Tuberculosis and Malaria (www.aidspace.org), is implementing the third phase of a project titled 'Enhancing the capacity of Supreme Audit Institutions (SAIs) to perform finance, compliance, and programmatic audit of Global Health Initiatives (GHIs) supported programs. The project aims to support and reinforce Public Finance Management by strengthening the capacity of seven SAIs of the Democratic Republic of Congo (DRC), Malawi, Mozambique, Nigeria, Tanzania, Uganda, and Zimbabwe. It also aims to help them advocate for their adequate resourcing to increase accountability of government-managed programs supported by the Global Fund and GAVI to improve the performance of programs.

2.2 Objective of the mapping exercise

This mapping documents existing public audit and accountability arrangements for government-managed health programs. The documentation will include a detailed account of the fund's flow, budgeting, implementation, coordination, accounting, and monitoring of government-managed health programs. The documentation will also have a detailed mapping of the audit process and innovation to solve challenges as per the experience of the SAI and international audit standards.

2.3 Scope

According to the terms of reference, AIDSPAN requires the consultant to map the existing accountability and audit arrangements for government-managed health programs. Specific work to be done by the consultant include:

- Collect data through the review of existing documents and interviews with key informants
- Map health programs' existing accountability and audit arrangements, highlighting challenges, lessons learned, innovations, and best practices.
- Highlight gaps in capacity, processes, and systems within the SAI, particularly those related to audits of donor-funded programs

2.4 Expected deliverables

The expected deliverable of this assessment was a report, including an executive summary detailing the existing accountability and audit arrangements of health programs.

2.5 Our approach

Throughout the assignment, we embraced two basic principles:

A participatory approach

We used a participatory approach, which involved reviewing various documents and information sources and requesting corroboration of the information gathered from the respective state actor. As such, we held regular consultative meetings/calls with the officials of each state actor engaged in audit and accountability.

Continuous communication

There was continuous communication throughout the assignment between the officials of the various state actors involved in audit and accountability.

2.6 Our strategy

To fulfil the objective of the review, we followed the following steps:

- Held assignment kick-off meeting with the officials of the CAG involved in conducting GF audit and Senior Ministry of Health leadership involved in running GF projects
- Information gathering by carrying out a desk review of key documents and reports such as GF audit guidelines, recent audit reports issued by the CAG on GF projects, Health Sector Strategic Plan (HSSP-V), Health Sector Accountability Framework, Strategic Plans, various academic papers and other reports on the health sector of Tanzania.
- Review of legal and institutional frameworks such as the Public Finance Act, 2001 and Public Audit Act, 2020.
- Preparation of data and information-gathering tool.
- We interviewed key staff of each state actor involved in audit and accountability.
- Report on our findings.

2.7 Arrangement of the report

The rest of this report is arranged as follows:

- **Chapter 2** will discuss the overview of the health sector in Tanzania and key governance, management, financial and other issues encountered in the industry. Understanding the health sector set up gives good context for understanding the audit and accountability arrangement since the external state actors would perform their roles within the context of the available health sector infrastructure.
- **Chapter 3** will discuss the CAG and the National Audit Office. The CAG is the main in audit and accountability through discharging his constitutional mandate of performing the audit of

Government Ministries, Departments, and Agencies (MDAs) and Local Government Authorities (LGAs).

- **Chapter 4** will discuss the Public Procurement Regulatory Authority. In delivering health services, significant funding is allocated to procuring health supplies. As such, those of the procurement regulator would be key in providing accountability and transparency in government-managed health programs.
- **Chapter 5** will discuss the Internal Auditor General's Division. The IAGD provides an avenue through which internal auditors embedded with each MDA and LGA can report on their work. The IAGD's role of supervising internal audit functions in MDA and LGAs is critical in improving accountability with health sector institutions.
- **Chapter 6** will discuss the Ethics Secretariat. The Ethics secretariat's role of monitoring the activities of the key management staff of MDAs and LGAs is critical in ensuring management exhibits ethical behaviour in their various roles.
- **Chapter 7** will discuss the Prevention and Combating Corruption Bureau (PCCB). PCCB's role as a corruption-bursting and investigative arm of the state is vital in resolving corruption concerns within MDAs and LGAs.
- **Chapter 8** will discuss the role of other state actors, such as the Treasury Registrar, who is the custodian of all government assets the various government agencies possess. The TR's role of overseeing the financial affairs of agencies is critical in delivering accountability for these agencies. Other state actors discussed include the Accountant General, the National Board of Accountants and Auditors, and Parliament's oversight committees.
- **Chapter 9** will summarise the findings.

3. UNDERSTANDING THE TANZANIA HEALTH SECTOR

3.1 Background

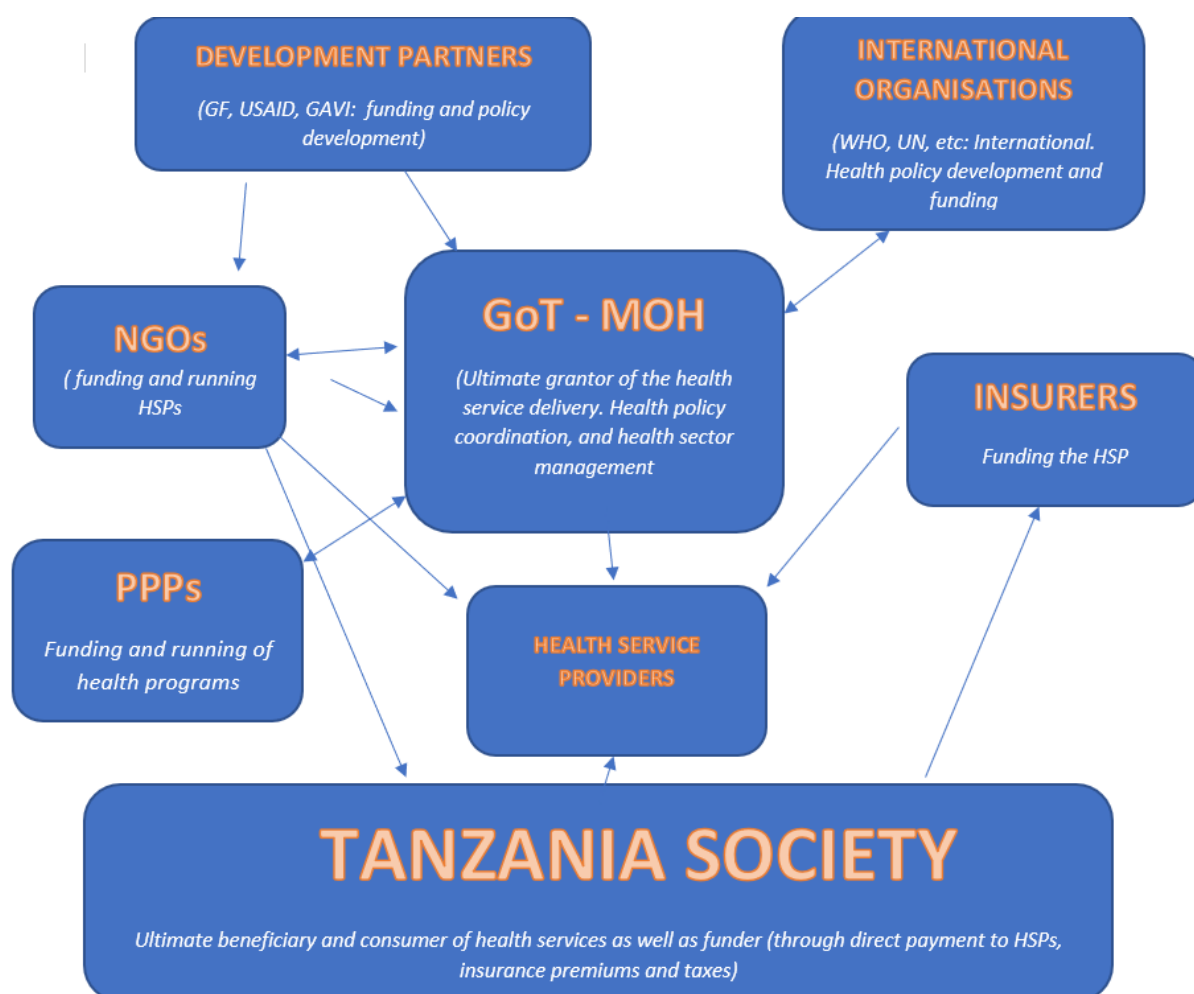
Tanzania has a policy of decentralised management of health services as described in the Health Sector Strategic Plan (HSSP) (V) Section 6. The Government of Tanzania (GoT), through the Ministry of Health Community Development, Gender, Elderly, and Children (MoH), has the overall role of providing and guiding the country's health policy framework for health sector planning, service delivery, and financial management. Council Health Service Boards, Hospital Management Boards, and Health Facility Governing Committees oversee the management of healthcare facilities per the guidelines.

The MoH oversees the implementation of the health sector policy and strategic plan following its political and technical mandate. It prepares policies, guidelines, laws, and regulations to enable the implementation of strategic objectives. The MoH's monitoring and evaluation framework guides performance assessment of the health sector and measures to be taken for proper execution. The Ministry is responsible for resource mobilisation, monitoring, evaluation, and research. Regarding health services, MoH is accountable for referrals through Regional Referral Hospitals, Zonal Referral Hospitals, specialized hospitals, and the national hospital(s). MoH has institutions and authorities that perform various health functions to meet its goals of enhancing and improving health coverage so everyone in the country can access required health services without suffering financial hardship.

The President's Office - Regional Administration and Local Government (PO-RALG) is responsible for coordinating, facilitating, and managing the implementation of the strategic health plan through local government authorities at the council, ward, village, and community levels. PO-RALG prepares the guidelines, regulations, and frameworks to implement the strategic plan and provide primary health care. PO-RALG, through the Regional Administrative Secretariats, oversees the office of the Regional Medical Officer, responsible for empowering local governments to deliver health interventions, overseeing such implementation, and ensuring the quality of services provided. Under the council's Executive Director, Local Government Authorities (LGAs) have Community Health Management Teams responsible for managing and delivering health services by preparing and implementing community health plans, plans for primary healthcare facilities, and community-level health plans for each ward and village.

The Government recognizes that society has a major interest in implementing the health policy as they are the key actors responsible for using health care and contributing to the acquisition and management of its operations. As a result, the Ministry has a partnership framework, as documented in the Health Sector Strategic Plan V (July 2021- June 2026), enabling inputs from all relevant stakeholders to improve the population's health. The partnership framework provides for the

intersectoral collaboration between the MoH and other ministries, institutions, religious organisations, social organisations, the private sector, and DPs at all levels, from the national to the community. The framework also provides for Public Private Partnership between the Ministry and private sector, NGOs, and DPs in ensuring access to health care in the country through the Sector Wide Approach to planning (SWAp) for health. The Partnership Framework also provides for International Collaboration between the Government and various countries and international organisations on matters of health that are of global and national interest. The partnership framework can be represented in the diagram below:



In Summary, the health sector institutional framework is structured so that the GoT maintains the overall role of setting up health policy, coordinating health sector activities, and mobilizing funding. The Multiplicity of stakeholders in the health sector necessitates robust coordination and regulation to ensure national health objectives are attained efficiently. Thus, the health sector accountability framework is central to planning, coordinating, implementing, measuring, and controlling sector-wide activities.

3.2 Coordination in the Health Sector

The Tanzania SWAp, documented in the HSSP (V) CMA (Accountability Framework), was adopted for the health sector in 1999 and has continued to provide an avenue for policy dialogue and technical consultation among all key health sector stakeholders, including Government Ministries, Departments and agencies (MDAs), Multilateral and bilateral Development Partners (DPs) and non-state actors that include Non-Government Organisations (NGO), Faith Based Organisation and the Private sector. To coordinate the activities of the stakeholders in the health sector, The Ministry established the Common Management Arrangements that describe the expectations and commitments of the Government of Tanzania (GoT) and its partners in the health sector.

Coordination platforms have been created under the SWAp at every level. The Health Policy and Governance Committee leads and coordinates all sector policy and governance initiatives at the National level. A Health Sector Technical Committee is responsible for deliberating and coordinating technical issues. Also, the MoH and PO-RALG may organise policy implementation dialogue meetings to address any issues that require the intervention of the sector's senior management and policy leadership. Other Government MDAs may be invited to such meetings as needed. When an issue requires the concerted efforts of all sectors, the MoH and PO-RALG convene high-level multisectoral meetings to discuss specific issues to smoothen or fast-track strategic plan implementation. Such coordination structures are mirrored at every local government level from Regional, District, and Community levels. At the regional level, the Regional Health Sector Technical Committee involving all GoT agencies and health sector stakeholders meet quarterly in a meeting chaired by the Regional Administrative Secretary. At the council level, the Council Health Sector Technical Committee involving all health-related Local Government departments and health sector stakeholders meet quarterly in a meeting chaired by the District Executive Director. This allows the Council Health Service Boards and Health Facility Governing Committees to discuss and coordinate health program implementation at facility and community levels. The Community Health Management Teams also strengthen partnerships with NGOs, CSOs, private health providers, and Faith-Based Organisations at council levels.

The Ministry's coordination efforts are also linked to the Global Fund Tanzania National Coordinating Mechanism (TNCM) and the High-Level Steering Committee on Nutrition, the Social Protection Working Group, the Development Partners Group for Health, and other health-related constituent groupings such as the Development Partner Groups for HIV/AIDS, nutrition and Social Protection. Strong linkages are built and maintained through the participation of national health programme staff through the office of their directors in the Health SWAp and health-related governance structures. For example, the Director of Preventive Services and Heads of Programmes for HIV/AIDS, TB, and Malaria will participate in Technical Working Groups and TNCM to ensure

issues of mutual interest are discussed and communicated between the different governance structures.

3.3 Financing of the Health Sector

The health system in Tanzania is financed by multiple sources, including the government budget, national and private health insurance systems, and development partners. There are three ways through which Development Partners can channel funds into the health sector. Firstly, funds can be channelled through the exchequer system, whereby the Development Partners make direct contributions to the government to fund the health sector. Secondly, Development partners can contribute to a centralised Health Basket of Financing (HBF) in which donor healthcare funding is pooled and distributed through a formula partly driven by population and equity considerations. The HBF, although coordinated under the Ministry of Health, is controlled by the participating DPs. Thirdly, Development Partners can directly fund health facilities and other implementing partners under vertical program agreements with specific health objectives and defined funding terms.

The shares of total public spending contributed by the government and donors have been consistently about 40:60, according to the World Bank's 2020 report on Tanzania Health Sector Public Expenditure Review. The World Bank report also noted that development partners are increasingly shifting their support towards off-budget modalities, which results in oversight and coordination challenges for the government. Current trends suggest that over 80 per cent of total donor support is now provided off-budget. The shift away from on-budget donor support has made it difficult for the government to ensure that donor support is aligned with national health priorities. Vertical donor support has been skewed considerably toward financing vertical programs. This has contributed to some inefficiencies as coordination mechanisms are weak and costly, and there is anecdotal evidence that some activities have been duplicated.

The World Bank report data shows that the DP universe in Tanzania's health sector has an estimated average of at least thirty-five donors, running over 500 vertical programs across the health sector. Major donors include the US government, GAVI Alliance, and Canada, providing over 60% of the total off-budget donor funding. The fragmented nature of vertical support, while it allows for independence to the individual donor in structuring the activities and outcomes, poses several challenges. Each donor has its expenditure control mechanisms, accounting, and auditing requirements; understandably, they differ from one donor to the next. Several key challenges arise, such as:

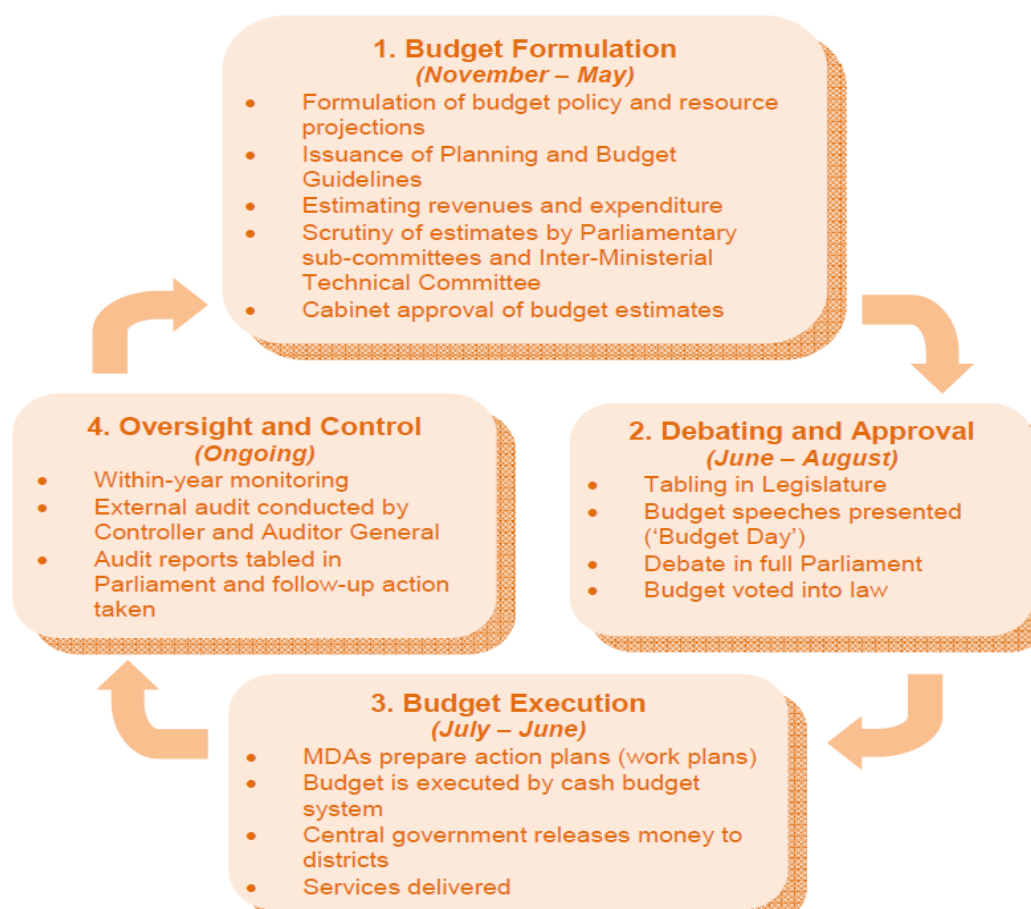
- A facility that encounters an unforeseen shortfall of funds from one source cannot easily substitute this with funds from other donors. This could result in a crucial activity not being implementable even though funding may be available from those sources for less important or

urgent tasks resulting in inefficiencies or pressure on staff to break the financial management rules to finance the activity.

- One facility might receive funding from different donors for the same/similar activity. Despite the apparent inefficiency resulting from duplicating activities, a significant accounting and auditing risk arises whereby the facility can present the same outcomes to two different donors.
- Fragmentation also comes with different reporting structures. The various spending protocols also have differing reporting requirements. An audit trail is necessary to prove that funds were spent according to protocol. This puts an unreasonable administrative burden on facility staff and distracts them from their core function, attending to patients.
- Each donor has its audit requirements, so donors would appoint their auditors to address their specific requirements. In such a scenario, it would be difficult, if not impossible, for an auditor appointed by one donor to manage the needs of other donors. Where there are interfaces and overlaps between one donor project and the next, this might result in duplication of audit resources from the stand point of the implementing partner.

3.4 Planning and Budgeting

The budgeting process for all government-managed health programs aligns more or less with the diagram below.



Source: *Understanding the budget Process in Tanzania: A Civil Society Guide* by HakiElimu & Policy Forum

The salient issues of budgeting in the health sector, as documented in the HSSP-V CMA (Accountability Framework), are as follows:

- The fiscal year for the government runs from July to June. While government controls the activities in the health sector, it recognises that budget horizons for non-state actors are entirely in the hands of funders. Regardless of the budgeting terms and horizons, coordination, collaboration, and commonalities must be made regarding government health policy, funding initiatives, and outcomes.
- The health policy priorities agreed upon during the Joint Annual Health Sector Policy Review Meeting influence priorities for annual plans and budgets and new external financing.
- Direct funding of Local Government Authorities (LGAs) and non-state actors (e.g., NGOs) by DPs and other Funding Partners is communicated to the MoH, PO-RALG, and Ministry of Finance and Planning (MoFP) to enhance the government's capacity to allocate resources and

address financing gaps efficiently. All Development and Implementing Partners provide the MoH with a breakdown of what support is provided under bilateral agreements before they are signed with the MoFP. The breakdown should identify direct or indirect support for service delivery and technical assistance. The use of bilateral aid to cover programme overheads by Development and Implementing Partners and contracted third parties should be identified.

- Development Partners and other funding partners working with specific Implementing Partners (i.e., NGOs, private health providers, and faith-based groups) in the health sector ensure that those Implementing Partners support the objectives and planned activities of Comprehensive Council Health Plans, adhere to regulations, and register with the district(s) where they are working and PO-RALG registry system. While recognizing the independent nature of these non-state actors, DPs and other funding partners must work towards integrating their activities within the relevant annual operational plan at the different tiers of the GoT system.
- All health sector partners must align and engage with the GoT annual planning, budgeting, and reporting cycle.

3.4.1 Fiduciary and financial management

The HSSP-V Accountability Framework recognises the Development Cooperation Framework and international agreements in the health sector. These agreements encourage Development Partners to increasingly employ the Government of Tanzania's disbursement, procurement, audit, and financial reporting systems. Health Basket Financing is GoT's preferred funding modality for the health sector. As discussed in the World Bank 2020 report, other funding mechanisms that may be used over the interim period include:

- General Budget Support, with key health indicators drawn from the current sector indicators included in monitoring mechanisms
- Earmarked Pooling, such as HIV/AIDS Trust Fund
- Earmarked support for the specific programme(s), i.e., supply of particular goods and services
- Stand-alone donor-supported projects
- Traditionally externally funded projects through international NGOs or contractors
- Private sector investment through Public Private Partnership
- Direct to Project Funding

The MoH, PO-RALG, Regions, and LGAs are audited by the Tanzania CAG annually per the Public Audit Act 2008. In addition, the Partners can commission and carry out periodic external reviews based on mutually determined terms of reference. In addition to the GoT-mandated financial audits, procurement audits are conducted periodically by the MoH. The MoH presents audit findings to the Public Financial Management TWG for review and discussion and, where necessary, refers to the

Health Sector Technical Committee. MoH discusses responses to audit findings with Cooperating Partners at least once a year in the Health Sector Working Group.

The Health Financing and Social Protection Technical Working Groups, comprising Ministry of Health officials, Ministry of Finance, Development Partners and other players in the health sector, are responsible for issues related to healthcare financing policies, strategies, and other sector-specific public financing matters. Public Expenditure and Financial Accountability (PEFA) and other jointly agreed-on fiduciary risk assessments, as necessary, are undertaken. The GoT and all Cooperating Partners decide the focus areas for each review/study during annual reviews, and reports will be presented as part of the Joint Annual Health Sector Review (JAHSR). All DP contractual arrangements should ensure that financial and other reporting outputs are aligned with the requirements of GoT systems. The MoH and PO-RALG support the MoFP in accelerating the implementation and use of accounting packages such as MUSE, Epicor, and any other agreed financial systems, according to the GoT's operational plan and timetable.

3.4.2 Monitoring and Evaluation

With the support and collaboration of PO-RALG and Health Sector Partners, the MoH leads the production of an Annual Health Sector Performance Profile and Assessment Report submitted to the JAHSR each year. The MoH ensures that the Annual Health Sector Performance Profile and Assessment Report has all the necessary details required by all stakeholders, the DPs, and others. Key sector performance indicators are used to measure progress made in the health sector. Progress towards these indicators and trends will be reported to the JAHSR annually. Routine Public Expenditure Reviews and National Health Accounts are jointly conducted to assess the extent to which expenditures on health can be expected to contribute towards improved health outcomes. The MoH coordinates with the National Bureau of Statistics to ensure that the performance and timing of surveys (such as the Tanzania Demographic Health Survey, Tanzania HIV and Malaria Indicator Survey, and The Survey for Non-Communicable Diseases, Tanzania Nutrition Survey, Tanzania Household Budget Survey) meaningfully contribute to the sector strategic planning and monitoring process. After GoT and Development Partners agree, external evaluations may be commissioned to supplement routine reporting.

4. THE CONTROLLER AND AUDITOR GENERAL

The MoH, PO-RALG, Regional Authorities, and LGAs are audited by the Tanzania CAG annually by Public Audit Act 2008. In addition, the Partners can commission and carry out periodic external reviews based on mutually determined terms of reference. In addition to the GoT-mandated financial audits, procurement audits are conducted periodically by the MoH. In general, all financial affairs for MDAs and LGAs are audited by the CAG in his annual statutory audits. However, this audit is performed per the statutory procedures, which might not necessarily satisfy audit and information requirements for specific donors. To address the particular requirements of a respective donor, the developing partner can commission an independent review of the program funded. For instance, the GF has entered into an MOU with the CAG to audit all GF programs implemented by government MDAs. This audit is performed per the audit and information requirements specified by GF. USAID can appoint auditors to conduct audits using the yellow book, A133, or other audit principles. Other donors can also commission reviews and audits through private audit firms.

Where funding is channelled to non-state actors in the health sector, the DP can specify the information and audit requirements according to its standards. For instance, the Global Fund in Tanzania disburses funds to Non-State Actors through AMREF. Ernest and Young are currently performing an audit of non-state actors. As this review was focused on government-managed health programs, the CAG became a central player as the Supreme Audit Institution in Tanzania. As such, the following sections are devoted to understanding the CAG.

4.1 The CAG and the National Audit Office Tanzania

4.1.1 Establishment and Appointment of CAG

The CAG also called the National Audit Office of Tanzania (NAO), is an independent Office created under Article 143 of the Constitution of Tanzania. The Office is charged with the primary oversight and assurance role of ensuring accountability within the three arms of government: the Legislature, the Judiciary, and the Executive; and Constitutional Commissions and Independent Offices. The mandate of the CAG is further expounded in the Public Finance Act of 2001, which identifies the CAG as a critical institution whose role is to ensure the public entities exercise good financial management. The Public Audit Act, No. 11 of 2008 and the Public Audit Regulations, 2009 (G.N. 47 of 2009) were also promulgated to govern the operations of the National Audit Office. It is broadly consistent with international proclamations of the Supreme Audit Institution's independence as it stipulates the CAG's appointment and tenure and the CAG's retirement age. The law has widened the scope of the audit performed by CAG, and operational independence provided for Auditing Standards to be used, including recognition of international audit standards and financial independence.

The CAG is appointed by the President of the United Republic of Tanzania for five years. The tenure of the CAG can be renewed only once. The Vision of the CAG is; ‘A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence’. The Mission of CAG is ‘To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.’ The primary responsibility of the CAG is to ensure public funds are used for purposes authorized by and in compliance with the Constitution and laws of the country. The strategic goals outlined in the CAG Strategic Plan 2021-2025 include enhancing the National Anti-Corruption Strategy's implementation and improving audit standards, methodologies and reporting.

4.1.2 Types of audits performed by the CAG

The CAG performs different types of audits, including:

- **Financial audit:** This is a statutory audit of all public sector entities enacted in terms of the Public Finance Act, the Local Government Finances Act, and the Companies Act. The CAG is required to express an independent audit opinion on the truthfulness and fairness of the financial statements as presented.
- **Compliance audit:** This audit focuses on assessing compliance with the legal and regulatory requirements of the laws, regulations, established codes or norms, and agreed-upon terms that a public sector entity must comply with while executing its roles and responsibilities.
- **Performance audit:** Under this audit, CAG evaluates the utilization of resources to ensure there are considerations of economy, efficiency, and effectiveness in delivering services to the public.
- **Information Technology (IT) audit:** IT Audit aims to evaluate whether IT systems' development, implementation, support, and maintenance meet business goals, safeguard information assets, and maintain data integrity.
- **Forensic audit:** Forensic audits are conducted to detect fraud, corruption, or other financial improprieties.
- **Special audit:** This is a tightly-defined audit that only looks at a specific area of an organization's activities.

4.1.3 CAG financing

Section 41 of the Public Audit Act stipulates the sources of funding for the national Audit Office. These include (i) Appropriations from the Consolidated Fund made by the National Assembly, (ii) Fees charged to auditees for services rendered, (iii) Funds from investments of its financial resources, and (iv) Donations received from Development Partners. The following table shows three-year estimates of allocations from the Consolidated Fund to the CAG.

Fund Category	2019/20		2020/21		2021/22	
	Projection	Allocated	Projection	Allocated	Projection	Approved
	<i>Figures in Millions of Shillings</i>					
Recurrent	68,886	55,077	70,217	68,877	69,212	68,185
Development						
LOCAL	7,200	5,000	9,223	6,700	6,700	9,200
FOREIGN	6,512	1,300	3,807	4,968	5,000	2,715
Sub Total	13,712	6,300	13,030	11,668	11,700	11,915
TOTAL	82,598	61,377	83,247	80,545	80,912	80,100

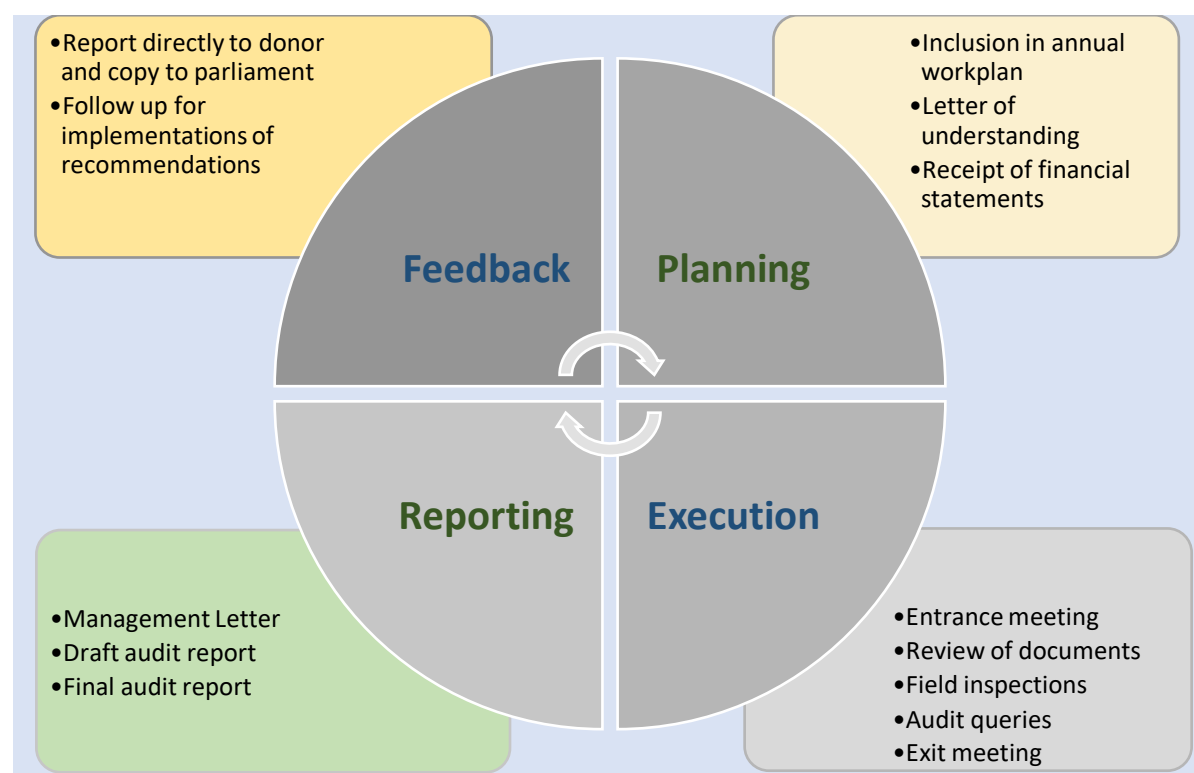
The CAG has received an average of 90% of its projected funding requirement from the Consolidated Fund. The allocations have constantly been improving to match the projections.

4.2 The Audit Process for Government-Managed Health Programs.

In Tanzania, the financial audits of Global Fund grants implemented by the public sector implementing partners are carried out by the CAG. Although the CAG performs many assignments in the health sector, the Global Fund audits are the most prominent and well-documented. The financial audit process is aligned with the International Standards on Supreme Audit Institutions (ISSAI requirements), as promulgated by INTOSAI. This requires compliance with ethical requirements and performing the audit to obtain reasonable assurance that the financial statements are free from material misstatement. Under this section, we provide the procedures followed by CAG in the planning, execution, and completion of the GF audit process.

4.2.1 Overview of the audit process

In carrying out financial audits in Tanzania, the CAG has adopted the following audit process as outlined in the diagram below:



4.2.2 Audit Planning

The audit process starts with preparing an annual overall audit plan for the entire CAG, including the GF project audit. The CAG annual audit plan covers all entities and projects expected to be audited by the CAG during the year showing the timelines for planning, execution, and submission of the audit reports. Every audit is awarded a risk score based on parameters such as; (1) Prior experience with the audit entity, (2) Sensitivity to the public or the donors; and (3) Budget materiality, i.e., the funding amounts involved in the projects. The risk score determines the team allocation regarding experience and other specialised experts that may be required for the audit. Based on the annual audit plan, each Audit Team is allocated the entities expected to be covered during the year. Each Audit Team comprises the CAG, Deputy CAG, Chief External Auditor, Audit Seniors, and Audit Assistants. CAG and Deputy CAG are mainly involved in provisions of general quality assurance for audits, general guidance, and final reviews and sign-off for audit reports. The Chief External Auditor is more involved in team leadership provisions and is allocated particular sectors to ensure they are conversant with those areas.

A dedicated health sector audit manager oversees the GF project audit and reports to the Deputy CAG and the CAG. The Audit Manager supervises the Chief External Auditors, who manage the field's Audit Seniors and Audit Assistants. The team and role allocation are based on an audit planning approach. While a general annual plan is done at the start of the year, as noted above, there is a detailed audit planning for specific engagements carried out by the experienced team members led by the Audit Manager.

The audit planning will describe the detailed audit procedures to be carried out, the extent of the control testing and substantive testing to be adopted, the team members who would carry out various procedures, and expected timelines for execution and reporting stages of the audit. The sensitive expenditures or complex audit processes are allocated to experienced Audit Seniors, while the less risky tasks are given to Audit Assistants. For efficiency in audits, the CAG endeavours to have the same teams carrying out the GF audits as much as possible. This will ensure continuity and continued efficiency in carrying out the audit. However, due to unavoidable changes such as hiring, promotions and separation of some team members, new team members are inducted through familiarisation sessions to equip them well for the GF audit.

As part of the planning procedures, the CAG receives financial statements for public entities by 30th September every year, covering the period up to 30 June of the previous year. This follows Tanzanian regulations that provide that financial statements should be submitted to the CAG within three months after the financial year ends. Financial statements in Tanzania are prepared on an agreed template for all auditees. Health sector entities receiving Global Fund support must comply with Global Fund Grant Agreement reporting requirements. This harmonisation of reporting templates ensures that the financial statements are in an “auditable state,” which would create efficiency during audits.

4.2.3 Execution

The audit execution starts with an entrance meeting with the auditee, a review of documents, physical field inspections, and audit documentation, and ends with an exit meeting.

The Audit Entry Meeting

An audit entry meeting is held with the auditee's management at the audit's commencement. During the entry meeting, the Audit Team specifies their expectations, the key documents required, the audit approach, including whether any field verifications are expected, and the timelines for planning, execution and reporting phases for the audit. The key players involved in implementing GF grants would likely attend the CAG audit entry meetings.

Audit Procedures and Documentation

Audit execution entails the execution of the detailed audit procedures agreed upon during the audit planning phase, review of critical documents, testing of expenditure and payments supporting

documents, review of the procurement process and documentation of audit results in audit working papers. The documentation when performing audit procedures is done in an audit management software called “TeamMate”. The TeamMate is designed to be adopted for the audits carried out by CAG. It has general procedures categorised under Financial and Compliance Audits, which apply to GF. The TeamMate has a general audit procedures library, which the Audit Teams customise during the audit planning phase. Audit procedures are a mix of generic and specific procedures developed from GF financial-related conditions based on the grant agreements and audit guidelines. This customization incorporates any GF conditions into the typical financial and compliance audits. The critical documents are the grant agreements, annexures, and the GF guidelines for annual audits. Key Global Fund guidelines and procedures to be incorporated into the audit process in Tanzania include:

- (i) Compliance with applicable legislation – Verify that the transactions comply in all material respects with any applicable legislation.
- (ii) Grant expenditures - Funds received by the Program from disbursements, or generated by the Program’s funds, were spent in conformity with the approved budget and work plan existing at the time of the expenditure and in line with provisions of the Grant Agreement, including any applicable grant conditions (as amended by any Implementation Letters), and only for the purposes for which the funds were provided.
- (iii) System of internal controls - Assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures at all levels of the Program and other financial transactions, including special attention to the adequacy and effectiveness of controls around cash transactions.
- (iv) Follow up on the status of findings of previous audit reports – The auditor should follow up on management’s intended actions to address the findings of previous audits, including external audits, relevant internal audits and audits issued by the Office of the Inspector General.
- (v) Designated bank accounts - Where Designated Accounts (including those being used under an approved pooled funding program implementation mechanism) have been used by PR and SRs, they have been maintained and operated by the provisions of the Grant agreement and per the Global Fund’s rules and procedures.
- (vi) Safeguarding of assets - Verify that the PR has established mechanisms for tracking and protecting assets purchased with grant funds and that they are being used for the intended purposes. Verify that Program’s fixed assets register exists and is maintained per the Grant agreement; property rights or related beneficiaries’ rights are established per Grant’s conditions.
- (vii) Disbursements to Sub-Recipients - Verify that disbursements made by the Principal Recipients to Sub Recipients are in line with the sub-grant agreements and the approved work plan and

budget. Verify that the Principal Recipients follow an adequate process for validating expenditure reports submitted by the Sub Recipients.

- (viii) Data retention and supporting documentation - Necessary supporting documents, records, and accounts have been retained in compliance with provisions of the Grant Agreement. Procedures exist to secure and manage electronic data (e.g. backup systems and processes).
- (ix) In addition, the Global Fund may request the auditors to review the following areas of concern, in which case the additional scope would be agreed upon between the Global Fund and the auditors in advance.
- (x) Goods and services - have been procured transparently, competitively and following the Grant Agreement and relevant procurement Guidelines approved by GF.
- (xi) Procurement systems for pharmaceutical and health products – Verify the evidence that procurement transactions were undertaken following the grant agreement and the organization’s policies and procedures.
- (xii) Value for Money – review grants’ expenditures concerning economy and efficiency.

It is important to note that the GF audit guidelines do not require the auditor to perform detailed programmatic audits. As such, the current policies would satisfy the financial information requirement. However, there might be a need for the auditor to have a comprehensive view of the financial as well as the programmatic outcomes of the projects.

The Exit Meeting

The effectiveness of any audit process relies heavily on good communication with the audited entities. Our review of the audit process observed that CAG focuses on communication with the auditees throughout the audit process. The CAG raises audit issues with the auditees as soon as they are identified to give them ample time to address them. All findings are further summarized and discussed with the implementers in an exit meeting with the auditees before issuing an official draft report.

4.2.4 Audit Finalisation and Reporting

After the audit execution phase, the Audit Team prepares draft reports which are reviewed internally by the Chief External Auditor and the Deputy CAG. The audit reports consist of the financial statements and management letter that includes the audit findings and recommendations. The audit report contains the overall audit opinion on the financial statements and points out other critical issues arising from the audit. The auditor determines whether the financial statements of an entity are presented fairly in all material respects and by accounting standards by reviewing the underlying information and processes that went into preparing the financial statements. Audit reports include an opinion on whether there is a reasonable assurance that the financial statements are free from material misstatements. Different types of audit opinions can be issued on financial statements, unqualified or modified (Qualified, Adverse and Disclaimer). These are described below:

- **Unqualified opinion:** The CAG concludes that the financial statements of a given entity are presented fairly, in all material respects, per generally accepted accounting principles.
- **Qualified Opinion:** The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements, or the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive
- **Adverse Opinion:** After having obtained enough good audit evidence, the auditor concludes that misstatements, individually or when grouped with other misstatements, are both material and pervasive to the financial statements. It indicates that there has been a gross misstatement and, possibly, fraud in preparing the financial statements.
- **Disclaimer Opinion:** The auditor cannot obtain sufficient appropriate audit evidence to base the opinion and concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive. Auditors give a disclaimer when they are unable to express a definite opinion. This can be due to the lack of adequately maintained financial records or the absence or insufficient support from the management. For instance, an auditor may not have had the opportunity to fulfil tasks they deem crucial to the audit, such as observing operational procedures or reviewing particular procedures.

In addition to an opinion on financial statements, the CAG opinion letter also contains the following:

- **Key audit matters** – These are those matters (if any) which, in the auditors' professional judgment, are significant in the audit of financial statements although not affecting the opinion issued.
- **Other matters** - These are other matters that need to be brought to the attention in the audit opinion letter, for instance: project implementation status; report on compliance with lawfulness and effectiveness in the use of public money; and report on internal controls effectiveness, governance and risk management systems.

4.2.5 Submission of the audit reports and feedback mechanism

The CAG report comprises the general audit report and detailed management letter. The CAG issues signed audit reports with copies for submission to GF Secretariat and the Auditee. In line with relevant Constitutional provisions, audit reports are submitted to Parliament. National Assembly Public Accounts Committee (PAC) is charged with receiving audit reports. The audit reports are submitted to PAC for deliberations before presenting to the full Parliament. After the discussions, the PAC gives directives to the audited entity on the actions to address the CAG recommendations. The CAG makes a follow-up in the subsequent year to confirm whether the Accounting Officers have

implemented the recommendations made. In cases where no action has been taken, the matter is included in the following year's audit report.

4.3 Quality assurance

4.3.1 Audit manuals

The NAOT has established various manuals to guide its teams in performing audits. The following manuals are currently in use: (i) financial audit manuals for financial audits assignments, (ii) compliance audit manual, and (iii) performance audit manual. The financial audit and the compliance audit manuals are embedded in TeamMate, an audit management software used by the NAOT in documenting its assignments. NAOT uses a web-based teammate for engagements with high-risk clients such as the Bank of Tanzania and the Tanzania Revenue Authority. Audits for small and low-risk clients are performed in offline (manual) teammate files.

4.3.2 Internal quality reviews

NAOT has a Quality Assurance policy and a Quality Assurance Manual to ensure that audits performed by the NAOT are delivered at consistently high standards. The Quality Assurance department within the NAOT performs detailed quality reviews of audit files. The QA review process is based on a sample of audit files, and the results of the QA review are submitted to the CAG for action. In addition, before signing and releasing any report, the CAG appoints a team to perform a quality review of the audit file and report. The team is drawn from senior staff members not involved in the respective audit. NAOT's quality assessment process is designed to ensure that the NAOT's quality control system works effectively and that individual audits are carried out in compliance with International Standards of Supreme Audit Institutions (ISSAIs) and NAOT's laid down standards, rules, practices, and procedures.

4.3.3 AFROSAI and AFROSAI-E self-assessments

The CAG is a member of the African Organization of Supreme Audit Institutions (AFROSAI), established in response to the resolutions of the International Organization of Supreme Audit Institutions (INTOSAI). The AFROSAI has a membership of 54 Supreme Audit Institutions (SAIs), including Audit Courts, Auditors, Controllers-General, and State Inspectorates. CAG Tanzania is a member of the African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E). As a member, NAOT is required to complete an Institutional Capacity Building Framework Self-Assessment annually. The self-assessment covers independence, legal framework, organization and management, human resources, audit standards and methodology, and communication and stakeholder management. In the most recent 2020 ICBF self-assessment by NAOT, which contains 167 questions, NAOT has responded as follows:

- 76% Level 4 compliance (satisfaction of requirements)
- 23% Level 3 compliance (Implemented, but some improvement still needed)

- And 1 % Level 2 compliance (Some achievements have been made, but much work is still required). Areas where more work is needed include improving the IS audit capacity and attracting and retaining skills.

4.3.4 External quality reviews

In November 2019, the World Bank's Global Governance Practice team reviewed NAOT's compliance with the International Standards of Supreme Audit Institutions. The review assessed the suitability of NAOT's methodology to conduct audits of projects financed by the World Bank to comply with ISSAI's professional standards. The assessment focussed on: The independence of the NAOT as a Supreme Audit Institution, quality control processes at NAOT, audit planning, audit execution, reporting, and follow-up of the implementation of recommendations. The review found that the audit methodology in place at NAOT complies with international standards issued by INTOSAI. NAOT's process is solid, robust, and complies with the ISSAI requirements. The procedures are linked to the stages of an audit: audit planning phase, audit execution phase, reporting, and follow-up.

4.4 NAOT capacity assessment

According to NAOT Strategic Plan 2021-2025, the office has employed 927 employees, of which 722 are audit staff, and 205 are non-audit professional staff. Gender-wise, 66% of the team is male, and 33% is female. NAOT has six (6) employees with disabilities. Out of 772 audit staff, 406 are CPA holders.

Currently, over 120 institutions are implementing GF programs in Tanzania. All state institutions have one year end, the 30th of June. As such, the CAG office must audit all state institutions around the same time, thus putting pressure on their staff.

The NAOT Strategic Plan notes that the office faces financial constraints to secure adequate infrastructure for its staff. For instance, NAOT staff posted to the regional offices often lack adequate office ware such as printers and scanners. The NAOT also faces challenges in financing its training /capacity-building programs. The training budget is included under the 'Other Charges' section of the budget. However, the funds released for 'Other Charges' are almost always insufficiently less than approved, and training activities are among the first to be sacrificed. Our discussions with NAOT Human Resources personnel revealed that some of the critical training that auditors require include:

- The government has been on a major digital transformation drive where most transactions and services for the government are performed on digital platforms such as e-procurement, GEPP platform for payments, TANCIS for imports, MUSE for accounting, and many other platforms. The audit teams require such training so that they would be able to audit transactions undertaken through those systems effectively.

- Newly promoted staff also require training in leadership and management soft skills. Many complaints from junior staff relate to specific behaviour and treatment by their immediate seniors
- Update on methodologies and techniques in auditing various government activities, some emerging recently, such as oil and gas.

4.5 Best practices identified

Our review identified the following best practices:

- **Independence of the CAG:** The CAG is an independent Office created under Article 143 of the Constitution of Tanzania. As a result, it has a constitutional role and mandate to enhance accountability in the management of public funds. In addition, there are supporting legislations, namely the Public Finance Act 2001 and the Public Audit Act 2008, that provide adequate legal provisions for the role, powers, and funding of the CAG. A World Bank 2019 Review Report on NAOT's Compliance with ISSAIs found NAOT's independence to be 'compliant' with the requirements of ISSAIs considering the existence of sufficient legal provisions in the constitution, budget laws and Public Audit Act.

- **Established country audit process and enabling legal frameworks:** The CAG follows a well-established audit methodology from planning to reporting, supported by guiding principles, practices, and auditing standards aligned to the International Standards on Supreme Audit Institutions (ISSAIs) requirements. A World Bank 2019 Review Report on NAOT's Compliance with ISSAIs found NAOT's methodologies to be solid, robust and compliant in all aspects of audit planning execution and reporting.

In addition, the auditing carried out by the CAG is supported by enabling legal and institutional frameworks such as Public Finance Act 2001 and the Public Audit Act 2008. Consequently, the CAG can audit the GF grants using well-established audit processes to manage public funds.

- **Experienced human resources with the requisite professional qualifications:** We observed that the CAG team responsible for the audit of GF grants is very skilled in financial audits of development partners funded projects implemented by Government ministries. At least 406 of the over 722 employees of the NAOT are holders of the professional qualification of Certified Public Accountant (CPA-T). In addition, the recruitment of CAG staff is done competitively through a well-defined process, and policies and procedures exist for staff development and retention.
- **Automation of the documentation of financial audit:** The CAG Tanzania has embraced the use of Information Technology (IT) capacity and systems to enhance the efficiency of its operations. Specifically, Teammate, an audit management software, documents the audit process from planning to execution and report phases. This is commendable as it ensures an increase in efficiency and productivity of the entire audit process, including risk assessment, scheduling, planning, execution, review, report generation, trend analysis, reporting, and storage.

- **Adequate quality assurance arrangements:** We observed that adequate quality assurance arrangements are in place during the audit process that the CAG carries out before the audited reports are shared with the auditees. CAG has set up a Quality Assurance team responsible for performing hot and cold reviews of audit files. The Quality Assurance team is guided by the requirements of the International Standard on Quality Control (ISQC) 1. Currently, the Quality Assurance team has prepared policies and procedures to comply with the requirements of ISQC 1. In addition, the NAOT has established audit manuals to guide auditors in executing different types of audits. This ensures that quality audits are delivered. Before being signed by the CAG, all reports are reviewed by quality reviewers selected from senior members of NAOT who are not involved in the audit.

A World Bank 2019 Review Report on NAOT's Compliance with ISSAIs reviewed a sample of audit files and noted that the files contained adequate documentation of all audit procedures, results, and how findings were resolved. This is further evidence that the NAOT has an adequate quality assurance process.

- **Continuous communication and engagement with key stakeholders:** Our review of the audit process observed that CAG focuses on communication with the auditees throughout the audit process. In each phase of the audit, the auditees are reminded to pay attention and actively participate during the audit process by the CAG through various sequential channels, as detailed in Section 3.3.3 of this report. As seen in our review of CAG audit reports, management responses confirm this as part of the findings.
- **Use of self-assessments to improve performance:** CAG uses the ICBF questionnaire in general self-assessments. We were able to review the latest ICBF self-assessment performed in 2020. The continuous use of the results of annual self-assessments to improve performance is one of the key factors that has made the CAG a leading performer amongst the AFROSAI-E members.
- **MOU with other state actors performing similar functions:** The CAG has an MOU with PPRA, IAGD, and PCCB, allowing information sharing among the actors, forming joint teams on special assignments, and the referral of findings requiring the attention or action of other actors. Where available, the CAG also adopts portions of the PPRA report to compile an annual audit report for an entity. This collaboration has been confirmed and also been confirmed by PPRA, IAGD and PCCB, and our comparison of CAG reports and PPRA reports revealed that, indeed, CAG incorporates PPRA findings in his audit report.
- **Existence of supporting institutions:** We observed the presence of support from the National Board of Accountants and Auditors (NBAA), the umbrella body for the accountancy profession in Tanzania. Its crucial function is to promote professional competence and practice standards among members of the NBAA. The NBAA is a member of the Pan-African Federation of Accountants

(PAFA) and the International Federation of Accountants (IFAC). The existence of supporting institutions has had a positive impact on CAG operations and staffing.

- **Presence of report-sharing platform:** We observed that the audited reports for Government Ministries, Departments, and Agencies, including of GF, are available to the public on the CAG Tanzania portal. The audited reports are also presented to the Parliament and relevant committees for action. In addition, the CAG is developing a citizen engagement framework with the assistance of the World Bank to engage the public in understanding the key messages in the audited reports. This will enhance the scrutiny of the use of public funds.

4.6 Challenges encountered

Our review identified the following challenges faced by the CAG:

- **Limited resources:** According to the CAG's 2021-2025 Strategic Plan, the office lacks the necessary financial resources to:
 - Build its own office space in regional offices.
 - Finance training programs for its staff on emerging sectors such as oil and gas and auditing digital platforms.
 - Finance the purchase of working equipment, including laptops.
- **Inadequate knowledge of the programmatic aspects of the GF grant:** The CAG GF audit team highlighted a lack of understanding of the programmatic aspects of the GF grant. This meant the audits were focused on financial transactions with little knowledge of programmatic objectives. The audit scope was limited, and the depth of the review was compromised. Our examination of the work performed by the IAGD revealed that, for assignments related to qualitative programmatic reviews, donors seem to prefer the IAGD over the CAG, and the IAGD seems technically capable of addressing such tasks. As a result, deeper working relationships must be fostered between the IAGD and the CAG.
- **Gaps in follow-up and disposal of audit recommendations:** The CAG noted, in the 2020 GF HIV grant audit report, that the audit findings reported year to year remained unresolved. Mechanisms to resolve the audit queries were either weak or slow to implement. The CAG had recommended stern action/measures against units not resolving audit queries. The results were yet to be observed.
- **Late submission of financial statements:** Clients submitted their financial statements late, which resulted in prolonged Late submission of Financial Statements by the client, extending their review. Implementers should submit the Financial Statement according to the approved audit plan, which will harmonize audit execution timing.
- **Capacity challenges due to using the same accounting year as the rest of the public service:** Over 120 institutions are implementing GF programs in Tanzania. All state institutions have one

year end, the 30th of June. As such, the CAG office must audit all state institutions, including those funded by GF grants, around the same time, thus putting pressure on the NAOT staff. Some donors have an accounting year-end that falls into the off-peak period, making it easier for the CAG office to audit their grants.

- **Poor audit preparedness by implementing partners:** The audit process has been made more difficult due to the poor quality of record keeping and financial statements submitted for audit. For instance:
 - Some implementing partners submit incomplete financial statements, with significant deficiencies known to the implementing partners themselves.
 - Some implementing partners fail to fully utilise the Epicor system, necessitating manual financial statement preparation. This manual intervention increases errors, omissions, or misstatements in financial statements.
 - Challenges have been faced with some implementers struggling to reconcile financial statements to the underlying accounting system data and the Progress Update Report due to failure to maintain a consistent chart of accounts.
- **Recruitment and reward system:** The CAG faces challenges in attracting and retaining staff due to limited independence in the human resources recruitment, management, and reward system. The President's Office - Public Service Management and Good Governance manage all recruitment and rewarding processes. Thus, the CAG has limited ability to determine his team's recruitment and reward as this is centrally controlled.
- **Delay in payment of reimbursable audit costs:** There has been a delay in releasing the reimbursable audit costs charged to facilitate expenses such as travel and subsistence for audit teams. This has the effect of delaying the commencement of the fieldwork.

4.7 Areas of improvement

The following areas of improvement were noted that could be adopted by the CAG to improve its performance:

- **Appointment of CAG:** Although adequate legal provisions safeguard the independence of the CAG once in office, the appointment process may not always result in the 'best man for the job' since it is vested in the President alone. A 2016 study by N'geni on the "Theoretical Aspects Underpinning Public Sector Audit and Financial Accountability in Tanzanian Local Government Authorities (LGAs)" found that NAOT's independence may be compromised by lack of autonomy concerning the appointment of the Controller and Auditor General (CAG). In Tanzania, CAG is appointed by the President of the United Republic, and there is no need to be approved by the parliament, potentially threatening CAG's independence.

- **Communication of updates on audit procedures:** There is a need for regular, timely, and adequate communication of Global Fund updates by Global Fund on procedures and audit reporting requirements. Auditors' and Implementers' plans may be inadequate if updated audit procedures and reporting requirements are not communicated in time. There is a need for the updates on audit and reporting requirements from Global Fund to be shared on time such that they are incorporated into the audit process at the early stages of the process.
- **Training of CAG audit staff handling Global Fund projects:** We gathered from our discussions with CAG staff executing GF audits that they only received a two-day training on the GF audit aspect. There are regular changes that happen with GF programming. The audit team requires more training to fully appreciate the GF programs and expectations on the audit of GF programs.
- **Value for money assessments in GF audit:** One of the requirements for the audit of GF projects is that the auditor must perform a value-for-money assessment. The definition of 'Value for money audit is an independent examination to assess whether the use of funds or resources is performed economically, efficiently, and effectively. The auditor would be required to evaluate the use of resources and funds against the intended objective, purpose, vision, and mission of projects, entities, or organizations. As such, this can only be achieved if the auditor considers the outcomes of GF projects. The CAG reports are mainly financial in nature. Questions remain about whether the teams are adequately capacitated to address the programmatic matters of the health sector. For example, while their reviews verify the existence of monitoring and evaluation reports, it is still unclear whether the contents of the M&E are verified and corroborated.
- **Availability of audited reports:** While audited reports for MDAs are made available to the public on the CAG Tanzania portal, we noted delays in updating the portal. During our assessment, the most recent reports updated in the CAG portal were for the financial year 2015-2016. This will enhance the scrutiny of the use of public funds. These delays in updating reports on the CAG portal make reports unavailable in good time for public scrutiny.

5. PUBLIC PROCUREMENT REGULATORY AUTHORITY

5.1 Procurement in the health sector of Tanzania

According to the Accountability Framework of the MoH, procurement of goods, services, and works in the health sector must follow national procurement procedures as defined in the Public Procurement Act 2011 and the Public Procurement Regulations of 2013. Each procuring entity must prepare an annual procurement plan consistent with its budget allocation for appraisal by stakeholders. These plans endeavour to integrate all anticipated procurement by Government and Cooperating Partners. To the extent possible, all procurement follows the plan, and quarterly progress reports on implementing the procurement plan are availed to stakeholders. Routine, pooled procurement by MoH and DPs through the national procurement and standard logistics management systems is the preferred option where feasible and adequate systems are in place. Other procurement modalities are used in the case of specialised procurement or requirements outside the scope or capacity of the national procurement system. In all relevant circumstances, procurements and donations follow the “Guidelines for medicines and medical supplies donation in Tanzania Mainland, 2015”. DPs and other Government funding sources are encouraged to work towards the use of Government procurement procedures, provided that the implementation of those procedures is in line with national regulations and complies with international standards, taking into account the legal obligations of the DPs/funders and agreements entered into in their respective bilateral or other agreements with GoT. Transparency, efficiency, cost-effectiveness, and value for money are procurement principles.

Procurement is subject to oversight by Public Procurement Regulatory Authority (PPRA). There is complete, timely, and proactive disclosure of procurement plans, activities and audits, and information on contracts and exposure of fraudulent companies and companies blocked per the procurement law, including through the use of the MoH and PO RALG websites and other means to make this information publicly and widely available. It goes without saying that in delivering health services, significant funding is allocated to procuring health supplies. As a result, the role that PPRA plays in ensuring transparency and accountability in the health sector cannot be over-emphasized. This chapter discusses the role of PPRA in aiding accountability and transparency in government-managed health programs.

5.2 Establishment of PPRA

The Public Procurement Regulatory Authority (PPRA) is a regulatory body established under the Public Procurement Act 2004, as repealed by the Public Procurement Act, 2011, and charged with the responsibility of regulating and overseeing the implementation of the Act to deliver value for money and other socioeconomic outcomes to the public. The Authority is charged with regulatory functions

and vested with oversight powers and responsibilities on all public procurement activities carried out by all public bodies in mainland Tanzania. The objectives of PPRA are to ensure the application of fair, competitive, transparent, non-discriminatory, and value-for-money procurement standards and practices; set standards for the public procurement systems in the United Republic of Tanzania; monitor compliance of procuring entities; and build, in collaboration with Public Procurement Policy Division and other relevant professional bodies, procurement capacity in the United Republic. PPRA's Vision is "A public procurement system with integrity, offering best Value for Money." Its mission is "To regulate public procurement system and promote best practices to attain the best value for money and other desired socio-economic outcomes."

5.3 PPRA's core functions

The functions of PPRA as per Section 9 of the Public Procurement Act No.7 of 2011 can be summarised as follows; (1) Advising public sector bodies on procurement principles, practices and documentation;- (2) Monitoring, inspecting and reporting procurement systems and activities of public entities (3) publishing of data on public procurement opportunities, awards and any other information of public interest; (4) Monitoring the award and implementation of public contracts to ensuring impartiality and value for money and (5) Institute audits at initiation, implementation, and completion of procurement contracts.

5.4 Types of audits carried out

PPRA is mandated under the Public Procurement Act (PPA) to conduct procurement audits and report annually to the Minister for Finance and Planning. A procurement audit is an annual event, and the number of entities to be audited and the procurement sample depends on the available financial resources. The Authority uses risk-based criteria to determine which procuring entity to audit. All procuring entities with a volume of procurement above TZS 20 billion are audited annually. Due to limited resources, the Authority currently fails to cover more than 25% of the procuring entities. It is important to note that each entity is responsible for its procurement activities. The PPRA's role is to monitor and ensure such activities are performed transparently and under procurement guidelines. PPRA performs its monitoring role through numerous avenues, including:

- a. **Reports by internal and external auditors:** According to Public Procurement Act (PPA) Section 48 (2&3), each public body's internal auditor must include in their quarterly audit report whether there was compliance with the Public Procurement Act and its regulations. The report must be submitted to PPRA by Accounting Officers of Public Entities within 14 days of receiving it from their internal audit units. In the annual audit report, the external auditor of each public entity is also required to state whether there was compliance with the public procurement act.

Upon receipt, PPRA considers this report for any violations, if any, as reported by the internal auditors.

- b. **Procurement audits:** PPRA, through its monitoring and compliance division, would comprehensively review a sample of entities. The review would cover all procurement aspects, from planning, execution, and contract management, to ensure the procurement entity complies with all procurement guidelines in its processes.
- c. **Compliance audits:** PPRA would select a sample of material procurement contracts for a procuring entity and perform a detailed review of the contract.
- d. **Special audits:** where a specific concern has been reported or encountered, the PPRA can undertake or be called to undertake a special audit through its investigative and anti-corruption arm.

5.5 Health sector-specific audits

PPRA does not typically plan its audits in terms of sectors, i.e. PPRA's audit is based on the procurement volume undertaken by a procuring entity as opposed to the industry under which the procuring entity falls. The Ministry of Health, Medical Stores Department, Referral Hospitals, and other entities in the Health Sector are generally included in the sample of audited entities. Recently in May 2022, PPRA carried out audits financed under COVID-19 Funds, including projects in the Health Sector. (The report is still in progress). In the 2019/2020 financial year, PPRA conducted a Procurement Audit in hospitals, health centres, and dispensaries. The Government of Tanzania (GoT) and the World Bank, through the MoH, developed a program to support hospitals to strengthen primary health care implemented from the FY 2015/2016 to 2019/2020, under which the Ministry disbursed significant funding to hospitals, health centres, and dispensaries to improve the quality of health services provided to the community. In April 2019, the Ministry engaged PPRA to conduct a procurement audit on this program to establish whether the funds disbursed were appropriately used for the intended purpose. The audit involved hospitals, health centres, and dispensaries from thirty Councils. The audit covered funds disbursed for Health Basket Fund (HBF), Result Based Financing (RBF), and Capacity Building. The objective of the audit was to establish whether procurement and contracting activities using funds sent directly to health facilities' bank accounts complied with applicable policies, procedures, and guidelines issued by the President's Office Regional Administration and Local Government (PO-RALG).

In this special audit, PPRA developed six compliance performance indicators to assess each audited health facility's compliance with applicable policies, procedures, and guidelines. The indicators were: Institutional setup and performance; Preparation and implementation of Annual Plan and Activity Action Plan; Tendering Processing; Contract preparation, Formation, and Implementation; Quality of Executed works and supplied goods; and Recordkeeping.

Our reading of this report and the analysis of the findings made by PPRA of this report left us with two conclusions;

- PPRA's procurement and compliance audits provide extensive detail on the status of procurement units as well as the procurements undertaken by the respective public entity
- Including various experts, including legal, investigative, and procurement professionals in the audit teams, enables the audit to exhaustively review the procurement aspects of the entity, making the findings and recommendations relevant. Such quality might be difficult to achieve under a financial audit by CAG.

5.6 Submission and deliberation of PPRA reports

PPRA reports are submitted to the Paymaster General and the relevant competent authority or the accounting officer of the public entity audited. The recommendations can also be referred for further action by other actors like PCCB and CAG. The Authority's Chief Executive Officer may inform that person of the report's substance where an account of the Authority reflects adversely upon any person. The Parliamentary committees also scrutinize the PPRA reports.

5.7 Collaborations with other state actors

An MOU has been established amount three state actors, including the PPRA, the CAG, and the PCCB. The MOU, among other things, allows for information sharing among the actors and referral of cases encountered by, say, the PPRA in its monitoring activities, which it considers to be of interest to the CAG or PCCB. In addition, the CAG adopts parts of PPRA's reports in its reports on a public entity. The MOU also allows for resource sharing; for example, the CAG can request a procurement specialist from PPRA to be included in an audit team where the CAG assesses that procurement risks are likely to be significant to his audit.

PPRA also closely worked with the Ethics Secretariat and National Construction Council. It also continued working with key procurement stakeholder institutions, namely the Public Procurement Appeals Authority (PPAA), Government Procurement Services Agency, Procurement and Supplies Professional and Technicians Board, and the Ministry of Finance through Public Procurement Policy Division (PPD) as well as Internal Auditor General's Division. The Authority also collaborated with professional oversight bodies such as the Contractors Registration Board (CRB), Architects and Quantity Surveyors Registration Board (AQRB), as well as the Engineers Registration Board (ERB) in procurement-related matters.

5.8 PPRA Audit teams' capacity and quality

PPRA establishes teams based on each procuring entity or specific assignment that would have been included in that year's audit plan. The primary expectation for an auditor in the PPRA is to have a good appreciation of the country's procurement laws and regulations. The PPRA audit teams also include technical staff and experts in line with the assignments' requirements. For instance, a procurement audit in the health sector would typically have a person knowledgeable about health sector activities. As a result, PPRA does not allocate its staff per sector; instead, the allocation is per assignment or entity.

PPRA staff members have attended various training, including e-procurement, public-private partnership projects, general management courses, contracts management, procurement audits, legal aspects of tenders and contracts, and procurement ethics. As training is a continuous process, PPRA has identified gaps in its staff's skills which include: procurement and management of PPP projects; auditing of procurement processes within electronic procurement systems; value for money issues to be considered in monitoring procurement of medicines and medical equipment; and management of framework contracts for the procurement of medicines.

5.9 Best Practices

The specific focus on procurement practices in PPRA reports is significant in addressing accountability in the public sector. The procurement process represents one significant process outside the payroll, in which public entities incur expenditure. It is also substantial that PPRA's audits are mandated and legally supported through an act of parliament. PPRA's report has also been made an integral part of the CAG report, rendering more legitimacy to its findings. Our review of CAG reports has also confirmed this. The PPRA also has whistle-blowing and complaints platforms through which the general public and suppliers can report procurement malpractices. This is especially handy when competing suppliers feel they have been mistreated. In general, procurement in the health sector benefits from the centralisation of procurement of health supplies through the Medical Stores Department. This is important because procurement processes can easily be monitored and audited, over and above the benefits of scale in procurement.

5.10 Challenges encountered

PPRA faces a challenge of capacity and funding to audit all PEs annually. The Authority fails to cover over 25% of the procuring entities it should be auditing. The authority has established zonal offices to improve its outreach, but lack of adequate funding hinders its ability to have a sufficient workforce to cope with the workload. The authority also faces challenges in achieving its objective of strengthening the linkage between public procurement management and the national anti-corruption

drive. PPRA finds it difficult to receive adequate feedback from PCCB on recommendations referred to PCCB by PPRA. The MOU signed with the PCCB provides a good starting point to resolve this challenge, and deeper working relationships and information sharing between PPRA and PCCB should be encouraged.

5.11 Areas of improvement

PPRA recognizes that the internal audit function embedded within each procuring entity is critical in detecting non-compliance with procurement guidelines. As such, PPRA acknowledges a need to build the capacities of internal audit unit staff in procuring entities to carry out effective procurement audits. PPRA also need to improve its abilities in auditing procurement processes within electronic procurement systems by developing automated monitoring systems for electronic and international procurement activities.

6. INTERNAL AUDITOR GENERAL

Public entities are required to have in-house internal audit functions within their structures. Internal audit functions must carefully balance the need to assure processes and controls internally to management against maintaining their independence. Most public entities are structured so that internal audit functions report administratively to the Accounting Officer of the public entity while functionally reporting to the audit committee of the public entity. In discharging its duty as the custodian of public finance management systems, the Ministry of Finance established the Internal Auditor General Division (IAGD) to enhance the internal audit functions within the MDAs and LGAs. The IAG's role of supervising internal audit functions in MDAs and LGAs is critical in improving accountability with health sector institutions.

6.1 Establishment of the IAGD

The IAGD is a division under the Ministry of Finance established under Section 37 of the Public Finance Act 2001 (amended in 2010). The President appoints the Internal Auditor General from amongst qualified persons in accountancy, auditing, or financial matters.

6.2 Vision, Mission, and Goals

The Ministry of Finance and Planning (MoFP) aspires to be the centre of excellence in managing the macro-economy and financial systems for enhancing economic growth. The Internal Auditor General's Division contributes to this vision by aspiring to provide world-class internal audit services on control, risk management, and governance processes. The Ministry of Finance promotes economic growth and micro-economic stability through prudent economic and financial policies. The Internal Auditor General's Division contributes to this mission by providing independent, objective assurance and consulting services and improving public entities' risk management control and governance processes. The Internal Auditor General Division has adopted core values which include Objectivity, Integrity, Confidentiality, Competency, Service Excellence, Innovation, and Teamwork.

6.3 Functions

Sec 38 of the Public Finance Act requires the Internal Auditor General to be responsible to the Paymaster General for developing internal audit policies, rules, standards, manuals, circulars and guidelines and ensuring control and proper accountability of public monies and property. In executing the functions above, the Internal Auditor General is required to (1) scrutinize audit reports from MDAs and compile a summary of significant audit observations, (2) undertake continuous audit risk management and develop and supervise the implementation of internal audit strategy and annual internal audit programmes; (3) collaborate with the CAG, Accountant General, Accounting Officers, and Professional Standards Settings Authorities on audit matters; (4) develop and manage the quality

internal audit cadre and enhance the capacity of Audit Committees; and (5) undertake special and investigative audits as well as evaluate systems of Government revenue collections for proper accountability.

6.4 Funding of the IAGD

The IAGD budget is included as part of the Ministry of Finance budget. In the past, the division was incorporated under the Paymaster General's vote. Recently, the division has been allocated its vote. This is a significant improvement since it introduces considerable autonomy in the activities of the IAGD. The office of the IAGD is also able to generate its funds by charging fees for services rendered to private players.

6.5 The impact of the IAGD

The IAGD has significantly impacted the independence and quality of internal audit functions. This has been achieved through the following:

- **Receiving and reviewing internal audit reports:** The IAGD provides an avenue through which internal auditors embedded within each MDA can independently report on their work. Internal auditors are required to submit quarterly reports from the internal auditor. The IAGD scrutinizes these reports and develops a summary of internal audit findings that might require further follow-up.
- **Developing and establishing audit committee guidelines:** In 2019, the IAGD published the audit committee guidelines to give detailed guidelines on the audit committee's responsibilities and functionalities. This is expected to have the effect of standardizing and enhancing the conduct of audit committees.
- **Developing and rolling out Guidelines for Developing and Implementing Risk Management Frameworks:** The Guidelines provide practical guidance to public sector organisations in developing and implementing customized risk management frameworks. The Guidelines also aim to instil a changing culture within the public sector by embedding risk awareness in every aspect of governance and at every level of management and strengthening risk management policies, structures, and procedures for identifying and responding to identified risks. In the same year, the IAGD also developed the Guidelines for Developing and Implementing Fraud Risk Management Frameworks in the Tanzanian public sector. These Guidelines focus primarily on how public sector organisations can design internal control systems that are adequate to deter, detect and respond to fraud.
- **Developing and rolling out the Code of ethics for internal auditors in public entities:** The code of ethics guides the conduct of Internal Auditors in MDAs, RS, LGA, and Donor Funded Projects. This Code of Ethics aims to promote an ethical culture in the profession of Internal

Auditing in the public sector. Internal audit ethics, as interpreted by this code of ethics, include Integrity, objectivity, independence (including political neutrality and avoidance of conflict of interest), confidentiality, professional behaviour and competency, and due care. On an annual basis, the Internal Auditors in the public sector are required to sign an undertaking confirming that they are fully conversant with their ethical responsibilities and will fully comply with these requirements when discharging their duties.

6.6 Health sector-specific engagements

The IAGD has, in the recent past, enlisted for engagements in the health sector. In May 2019, the IAGD released a report on the ‘Independent Internal Control Assessment and Transactional Audit of the Global Fund Grants’ commissioned by Global Fund under Article 6.3.2 of Global Fund regulation. The engagement was guided by the Global Fund’s terms of reference, which aimed to ascertain the adequacy and effectiveness of current grant implementation arrangements, identify challenges encountered and help enhance the achievement of specific Global Fund Grant objectives. The specific purposes of the grant included ensuring that patients have access to quality-assured drugs on time; available grant funds are spent in an economical, efficient, and effective manner; and accurate and timely data is available to support decision-making. The IAGD evaluated the internal control environment related to the Global fund grant. The assessment addressed compliance with applicable laws and grant agreements; controls over fixed assets and cash management; procurement of health (implemented by the medical stores' department) and non-health supplies under the GF grant; and financial management controls over the accuracy and completeness of transactions.

In May 2022, the IAGD released a report on the ‘Independent Verification of Health Service Results Supported by the Health Basket’ commissioned under the HBF Memorandum of Understanding. Under the MOU, the IAGD was tasked to provide credible verification of results obtained in the field by using a sample of recipients of the HBF disbursements. This involved the independent verification of Health Services results reported by the implementing agencies and confirmation of the data quality.

6.7 IAGD Audit team capacity and quality improvement

The IAGD oversees internal audit functions for 486 public entities. Quarterly, the IAGD must issue a report to the CAG and the Pay Master General summarizing key issues noted by the internal audits performed. A total of 1,409 staff is executing this workload out of a requirement of 2,406 employees. The IAGD also has an MOU with CAG, which allows joint participation in special engagements. The division also works with PWC, the GF Local Agent in Tanzania, for GF-funded HIV/ Malaria and TB programs. The IAGD has commissioned an independent consultant to undertake the training need assessment for their staff to improve the capacity within the division.

To standardize and ensure quality in the internal audit activities, the IAGD is developing sector-specific manuals that guide internal auditors on the audit program, procedures, and protocols to be adhered to in the respective audit. The manuals are being developed to assist Internal Auditors with techniques for auditing specific projects in Public Sector. The manuals provide a systematic approach designed to keep the audit focused on key aspects of projects to ensure that the audit objectives are achieved, as well as providing simplified and basic techniques which Internal Auditors can apply in any audit assignment in the related sector. The main aim of the manuals is to assist Internal Auditors in delivering quality audits in the Public Sector. By our review, the IAGD had a manual for auditing procurement processes and construction projects undertaken by public sector entities.

6.8 Best practices

As noted in Section 6.5 above, the IAGD has significantly impacted the independence and quality of internal audit functions embedded within public entities through; (1) receiving and reviewing internal audit reports; (2) developing and establishing audit committee guidelines; (3) developing and rolling out Guidelines for Developing and Implementing Risk Management Frameworks; and (4) developing and rolling out the Code of ethics for internal auditors in public entities. In addition, reviewing the scope, findings, and recommendations made by the IAGD division in its reports for the health sector, we noted that the IAGD is technically capacitated to provide an in-depth understanding and review of control systems and qualitative program issues in the health sector. The IAGD can synthesize information from different sources and derive sound and informative conclusions in its reports. The IAGD is also technically capacitated to address non-conventional assurance requirements such as outcomes verification and impact assessments by developing dynamic methodologies and approaches responsive to varying terms of reference. The focus and strength of the IAGD in handling programmatic matters in health sector audits are apparent.

6.9 Challenges encountered

The IAGD's independence could be challenging because the division is responsible to the Paymaster General. The Ministry of Finance funds the IAGD and has recently been granted a separate vote. Although the funding arrangement is improving (i.e., through having its vote), more work is required to enhance the ability of the IAGD to function independently.

6.10 Areas of improvement

The IAGD requires capacitation, or in the alternative, collaboration from other assurance providers in addressing financial and technology-related components of their engagements. In addition, in discharging its function of improving and monitoring internal audit functions embedded in public

sector entities, the IAGD needs to hasten the development of standardised sector-specific manuals to ensure uniformity and quality of work performed by internal auditors.

7. ETHICS SECRETARIAT

Ethical leadership of public entities is at the heart of addressing the accountability question in the public sector. This is precisely because the leaders of public entities are the custodians of all the systems and processes to ensure accountability and transparency within their respective entities. This chapter discusses the Ethics Secretariat for its role of monitoring adherence to ethical behaviour by the key management staff of MDAs.

7.1 Historical Background of the Ethics Secretariat

The history of Leadership Ethics in Tanzania can be traced back to 1962 when the Government introduced the National Ethics in the Republic Constitutional of 1962. In 1965 the Permanent Commission of Inquiry was established to investigate complaints of abuse of power in the Public Service. In 1967 the Government introduced the Arusha Declaration, which intended to ensure that Party and Government Leaders observed ethical standards stipulated in the Leadership Code. To ensure the implementation of the Leadership Code, the Government established the Committee for the Enforcement of the Leadership Code, which later was transformed into the Commission in 1987. However, due to global socio-economic and political reforms, the Commission was abolished in 1993. After the abolition of the Commission, no other institution could monitor Public Leadership Ethics, which led to widespread abuse of power. Therefore, establishing an institution to monitor Public Leadership Ethics was necessary to restore public trust and confidence in the Government. To bridge this gap, the Constitutional of the United Republic of Tanzania 1977 (Cap. 2) was amended, and Article 132 was enacted, establishing the Ethics Secretariat.

Ethics Secretariat has been conferred with the mandate to supervise the implementation of the Public Leadership Code of Ethics Act No. 13 of 1995 (PLCEA). The ES is headed by the Ethics Commissioner, appointed by the President and the Head and Chief Executive of the Ethics Secretariat. The President also supports the staffing of the Secretariat and their taking of the oath of secrecy regarding matters handled by them.

7.2 Vision, Mission, and Values

The ES's vision is 'An effective and trusted institution promoting and monitoring public leaders' ethical conduct.' The ES's mission is 'To ensure ethical public leadership standards are adhered to through promoting and monitoring public leaders' ethical conducts to instil confidence in the public to enhance national development.

7.3 Functions of the Ethics Secretariat

The Ethics Secretariat is charged with receiving verifying asset and interest declarations required by public leaders under the constitution or any other law. The ES also receive and investigates allegations and notifications of breach of the code by all public leaders. The ES also conduct public surveys and awareness campaigns on ethics requirements for public leaders. The ES executes these functions through two departments, namely the Public Leaders Ethics Promotion Division and the Public Leaders Ethics Enforcement Division. The Public Leaders Ethics Promotion Division's activities include civic education of public leaders and the public on the PLCEA, conducting research on compliance with ethical behaviour by public leaders and developing preventive policies, measures and guidelines for public leaders. The activities of the Public leaders ethics enforcement division include administration of the declaration of assets, interests and liabilities by public leaders and investigation of complaints on alleged breaches of the 'Code of Ethics by the Public Leaders'.

7.4 Key strategic issues for the Ethics Secretariat

The ES's strategic plan has identified the following critical issues it has to be addressed:

- **Promotion of ethical behaviour among public leaders and citizens:** Ethical behaviour amongst Public Leaders is a crucial issue that may be measured regarding adherence to ethical standards. The ethical standards include accurate disclosure of assets and interests and proper use of powers and public resources.
- **Developing National Ethics Policy:** The National Ethics Policy in Tanzania must be established to resolve ethical challenges arising from social, political, and economic problems. Several national ethics guidelines serve a particular purpose in their respective institutions and are not coordinated and harmonized.
- **Automation of ES systems and processes:** Automation (computerization) of ES systems and processes is a strategic tool to transform and integrate business processes and systems to improve performance and enhance service delivery to customers. It facilitates the institution and empowers staff with the ability and capability to increase efficiency, effectiveness, and equity. Currently, ES systems and processes are semi-automated, hindering achieving ES goals and objectives.
- **Management of conflict of interest: Conflict of interest has been a challenge regarding** public leaders' decision-making responsibilities. Over the years, public leaders' performance of their duties was affected by their conflict of interest by allowing their affiliations and interests to compromise official decision-making. In that regard, the issue of conflict of interest is a challenge in adequately utilizing the national resources and leads to inefficiency in government operations.

7.5 Best practices

The issue of Ethics in public leaders is taken seriously in Tanzania, as evidenced by establishment of the Ethics Secretariat. The Ethics Secretariat has a direct line of communication with the country's President. This enables the president to deploy ethical leaders in the public sector and monitor their adherence to ethical standards throughout their deployments. The Ethics Secretariat's constitutional mandate, as provided for under Article 132, and the existence of political will at the top corridors of power is a strength that must be encouraged. The ES collaborates with other watchdog institutions with related mandates, such as PCCB, CAG, and police. Working with other institutions that perform similar mandates makes it easy and possible to consult each other and share and exchange basic information. The ES also provides avenues for the public to report ethical violations through whistleblowing platforms, including hotlines and complaints 'desks'.

7.6 Challenges encountered

The ES does not have prosecutorial power, and its investigative arm is limited in its capabilities. As a result, the ES relies on other organs, such as the PCCB and CAG, to execute the investigations and prosecutions. Although there is a collaboration between ES and other state actors, ES struggles with a robust feedback mechanism for monitoring its stakeholders' progress in implementing various roles and responsibilities. In addition, funding inadequacy also hinders the execution of its action plans. Currently, the ES is understaffed and struggling to procure the latest technology required for its activities.

7.7 Areas of improvement

The ES's investigative reports are secretive. This is because, in most cases, the subject of investigation is a politically connected individual hence sensitive in that regard. Similarly, some allegations of ethics violations may be in the public domain. The ES seems to struggle to balance the need for feedback to the general public concerning investigation findings versus maintaining its investigations' confidentiality. This has the effect of eroding public trust and perception of the ES's effectiveness.

8. PREVENTION AND COMBATING CORRUPTION BUREAU

Government investigative arms enhance accountability and transparency in the health sector. One of the investigative arms of the government is the Prevention and Combating of Corruption Bureau (PCCB). This chapter discusses the role of PCCB as a corruption-bursting and investigative arm of the state and an organ key in resolving corruption concerns within MDAs.

8.1 Establishment of PCCB

The Prevention and Combating of Corruption Bureau is a public institution established under the Prevention and Combating of Corruption Act No. 11 of 2007. The Minister of State coordinates the Bureau's anti-corruption in the Office of the President, responsible for good governance and coordinating anti-corruption activities. The Good Governance Coordination Unit supports the Minister, also in the Office of the President. PCCB's vision is 'To be the best institution to prevent and fight corruption.' The Bureau's mission is 'To prevent and fight corruption.'

8.2 Functions

The function of the Bureau is to take necessary measures to prevent and combat corruption in the public, parastatal and private sectors. Thus, the PCCB, among other things, is responsible for preventing corruption through strengthening and coordinating anti-corruption efforts and systems. To achieve this goal, the PCCB conducts research and systems analysis, monitors the use of public resources, and brings together stakeholders to set strategies. The PCCB carries out investigative tasks as provided for under the PCCB Act Cap329. Implementing the duty to investigate begins by receiving various complaints and information from confidential and open sources. These sources include reports or referrals by the CAG, Financial Intelligence Unit, reports from citizens walking into the Bureau offices, and information received through letters, e-mails, and telephone calls. Other criteria measure the Bureau's performance, the number of investigations conducted, the number of investigations concluded, the number of prosecutions, the number of convictions, the number of acquittals, and the number of anti-corruption awareness campaigns conducted.

8.3 Financing of PCCB

PCCB is funded through appropriations by Parliament. The PCCB's budgetary allocations are based primarily on its Strategic Plan, which is reflected in the Medium-Term Expenditure Framework. The PCCB's Strategic Plan captures and reflects its trifold mandate of i) detection, investigation, and prosecution of corruption cases; ii) raising public awareness and enlisting public support; and iii) corruption prevention through research, diagnostics, and analyses that lead to the strengthening of public administration systems.

8.4 Collaborations with other state actors

The Bureau is mandated by Sec 45 and 46 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, as well as the private sector, especially financial institutions. PCCB has an MOU with CAG and PPRA for information sharing.

8.5 Best practices

Best practices noted for PCCB include:

- The PCCB works closely with the public in combating corrupt practices. The Bureau is accessible to the public through hotlines and whistleblowing platforms on its website, offices and other public places.
- The PCCB also have prosecutorial powers subject to the directions of the Director of Public Prosecutions. This enables the Bureau to pursue and prosecute corruption offences effectively.
- The work of the Bureau is given legal legitimacy through an act of parliament and political muscle through the presidential appointment of the Bureau's leadership.
- Tanzania has generally improved the supporting legal for fighting corruption by promulgating the Access to Information Act in 2016. The act's purpose is to allow the public to access certain information related to the operations of government bodies. This enables interested members of the public to keep an eye on and obtain information related to transactions in the public sector.
- Tanzania also established a special 'Economic, Corruption and Organised Crime Court' in November 2016 to expedite corruption cases.

8.6 Challenges

The PCCB faces the following challenges:

- Inadequate resources hinder the Bureau's ability to investigate and prosecute corruption fully. According to Afrimap's 2015 review report, the Bureau only managed to investigate 20% (1 100) of the complaints received (5 456) in a year. Only 31% (343) dockets of the complaints investigated were forwarded and approved for prosecution. This is attributed mainly to the lack of resources to investigate all complaints received.
- The Bureau and Tanzania, in general, have no program of witness protection. As a result, potential witnesses are discouraged from coming forward for fear of victimisation.

- There is a challenge in PCCB's legal framework as it does not provide an oversight mechanism that is independent of the executive and parliament. PCCB Director General does not have specified security of tenure. This makes the Bureau susceptible to political influence.

8.7 Areas of improvement

The PCCB can improve in the following areas:

- A review study undertaken by Afrimap in 2015 on the "Effectiveness of Anti-Corruption Agencies in East Africa" noted that while an act of parliament establishes PCCB, there is a need to strengthen its legal status by making it a constitutional body. Having expression in the constitution would enhance and secure PCCB's existence; the appointment, tenure and removal procedures for PCCB leadership; and its autonomy and independence.
- While we did not receive direct input from PCCB regarding its funding mix, the 2015 study by AFRIMAP noted that PCCB requires financial independence and sustainability. Donors fund some critical projects of the Bureau, and the unreliability of donor support may cause sustainability problems for the Bureau's programs.
- Fighting corruption and organised crime requires PCCB to invest in the capacity and infrastructure of its administrative and human resources. There is a need to continuously assimilate emerging technology and investigative methods to deal with corruption in the digital era and cross-border offenders. The legal minds in PCCB must match or exceed the expensive lawyers hired by organised criminals.
- PCCB seems to be operating in secrecy. The Bureau should establish and implement a functional feedback mechanism that provides the public with regular feedback on what happens to their tip-offs and updates on the PCCB's investigative and prosecutorial activities.

9. OTHER STATE ACTORS

Transparency and accountability in the public sector are issues receiving attention from several institutions of the state that have not been discussed in the preceding section. This chapter will briefly look at the roles played by other state actors in promoting accountability within the public sector in Tanzania.

9.1 The Accountant General

The existence of an Accountant General enhances accountability and transparency in the health sector. The Accountant General is provided for under Section 7 of the Public Finance Act, which includes establishing the Accountant General's office under the Permanent Secretary of the Ministry of Finance and Planning. The President appoints the Accountant General, and their responsibility is to compile and manage government accounts and ensure safe custodianship of public money and properties.

9.1.1 Role in accountability

The Accountant General plays a significant role in promoting accountability as the chief policy maker and reviewer of all accounting functions for government entities. The Accountant General's roles and powers include: (1) specifying the basis of the accounting to be adopted and the classification system to be used there and ensuring that a proper system of account is established in each MDA and LGA and that all money received and paid by the Government is brought promptly and adequately to account; (2) refuse payment on any voucher which is wrong or deficient in content, or that contravenes any legislation or agreement; (3) report in writing any apparent defect noted in a reporting entity's control of revenue, expenditure, cash, stores and other property of the Government and any breach or non-observance noted on financial regulations, directions or instructions; (4) ensure that adequate provisions exist for the safe custody of public money, securities and accountable documents; and (5) take precautions against the occurrence of fraud, embezzlement or carelessness by the maintenance of efficient checks including surprise inspections.

9.1.2 Best practices

The Accountant General's role of specifying accounting policies to be followed by government entities harmonises the accounting and financial management practices implemented by government entities, thus ensuring uniformity. The Accountant General also provides an additional layer of defence against fraud and errors by reviewing transactions executed by government departments.

9.1.3 Challenges

There seems to be a duplication of duties concerning the policy-making and monitoring role between the Accountant General and the Treasury Registrar. Whilst it is good to have more eyes looking at the

financial affairs of government departments, duplication may result in inefficient allocation of resources and ineffectiveness in the monitoring function, as one department may defer its role to the other.

9.1.4 Areas of improvement

There is a need for strong collaboration and information sharing between the Accountant General, the Internal Auditor General and the Comptroller and Auditor General. This is because, whilst the three offices might have different approaches to executing their work, sound financial management and accountability are the overall objectives they all seek to achieve.

9.2 Treasury Registrar

The Treasury Registrar (TR) is an arm of the state established to own all government assets on behalf of the government. The TR has three roles, namely: (i) custodian role, whereby the TR is required to Keep/ Store stocks and assets of the Public Institutions and Statutory Corporations on behalf of the Government; (ii) Advisory role, whereby the TR is charged with advising the Government on the investment and management of Public Institutions and Statutory Corporations; and (iii) Oversight, Supervisory & Regulatory Role, whereby the TR is charged with the Control and monitoring the performance of Public Institutions and Statutory Corporations.

9.2.1 Role in accountability

The TR promotes accountability in public sector entities through discharging its oversight, supervisory and regulatory role. This role requires the TR to (1) strengthen the accountability and performance of the public institution to ensure the organization's effectiveness in increasing revenue, reducing unproductive expenditures and gaining profit; (2) carry out regular management audits on the public institution and statutory corporation to identify the shortcomings and advise on remedial actions required; (3) prepare and provide various circulars and guidelines to increase effectiveness and efficiency in public institutions and statutory corporations; (4) approve the adoption, application or amendment of financial regulations to ensure the proper accounting of the income and expenditure of public institutions and statutory corporations; and (5) set financial targets and other performance criteria (Performance Indicators) to be pursued by any public institution and statutory corporation.

9.2.2 Best practices

The TR, thus, has an ultimate responsibility to ensure control and good management and governance practices are adhered to in public sector entities that fall under his armptit. The TR has the power to effect changes in the management of public sector entities where it is of the opinion that good management and governance are lacking. As such, the TR has a specific interest in ensuring accountability mechanisms are functional such that public entities' core objectives are met and safeguarding Government assets and investments.

9.2.3 Challenges

There seems to be a duplication of duties concerning the policy-making and monitoring role between the Accountant General and the TR. Whilst it is good to have more eyes looking at the financial affairs of government departments, duplication may result in inefficient allocation of resources and ineffectiveness in the monitoring function, as one department may defer its role to the other.

9.2.4 Areas of improvement

The TR's control over the management and governance of public entities may clash with the roles of the Governing Board of respective public entities. It is understood that the TR is the shareholder (government) representative controlling Governing Boards on behalf of the government. This is a welcome arrangement as long as this control does not infringe on the roles of the Governing Boards.

9.3 National Board of Accountants and Auditors (NBAA)

The National Board of Accountants and Auditors is an accounting professional and regulatory body operating under the Ministry of Finance and Economic Affairs, the sole body to certify accountants in Tanzania. NBAA's mission is 'To Protect Public Interest and Create Value to Stakeholders by registering members, setting standards, and developing and regulating accountancy profession'.

9.3.1 Role in accountability

NBAA's role of developing the technical competence of the accounting profession is critical in ensuring quality in those charged with auditing and accounting in Tanzania. The regulatory role of NBAA ensures discipline and ethical conduct by the members of the profession.

9.3.2 Best practices

The NBAA is very active in developing the accounting profession through seminars on current and emerging audit and accounting issues and certification of qualified accountants and auditors in the country. NBAA is empowered to deregister and prohibit offending members and audit firms from practising audit and accounting in the country. NBAA also provides an avenue through which the public can report offending individual members of the profession. Its powers are derived from an Act of Parliament, rendering legal muscle to the activities of the Board.

9.3.3 Challenges

NBAA derives its funding from member contributions as well as seminar fees. The Board needs to ensure that fundraising does not overshadow members' compliance with membership requirements.

9.3.4 Areas of improvement

There has been some discontent with the CPA(T) qualification process because of its lack of emphasis on practical skills. One can qualify as a CPA by passing the examinations with no valuable exposure, making the qualification more of a theoretical process than producing a member with in-depth

experience in practical issues of the profession. The Board needs to streamline the qualification process.

9.4 Parliament's Oversight Committees

One of the critical functions of the Parliament in Tanzania is 'Scrutinising government policy and administration, including proposal for expenditure'. In discharging this function, the Parliament of Tanzania has established several committees, including the Public Accounts Committee (PAC), Local Authorities Accounts Committee (LAAC) and Public Investments Committee. As alluded to in different sections of this report, reports generated by various oversight agencies, such as the CAG, PPRA and IAGD, are submitted for deliberation by the PAC and the LAAC. As such, the most crucial oversight role in Parliament is performed by the PAC and the LAAC. Significantly, these two committees are chaired by members of the opposition.

9.4.1 Role in accountability

The PAC and the LAAC review the CAG's external audit reports for MDAs and Local Government Authorities (LGAs) and hold relevant ministers and accounting officers accountable for their performance. The PAC can make recommendations to be followed up by the responsible MDA. The PAC also can call for a select committee of Parliament to be established to probe deeper into queries raised by the CAG. Directives issued by the PAC and LAAC provide additional political muscle to the work of the various oversight bodies.

9.4.2 Best practices

Members of the opposition chair the PAC and the LAAC. This, coupled with the parliamentary protections afforded to MPs when doing their work, is vital in promoting effective monitoring of public accounts. The Parliamentary Committees also have the power to direct remedial action, including prosecution and recovery action, against culprits named in adverse audit findings.

9.4.3 Challenges

The PAC and LAAC have no enforcement mechanism to ensure their directives have been followed. Parliament relies, in general, on directing other departments to execute its directives.

9.4.4 Areas of improvement

The PAC and LAAC reports are reported to the general assembly and subjected to a vote by the general assembly, where the majority rule applies. This might not always result in the desired result since the individual parliamentarians have political party affiliations whose interests might be affected by the PAC and LAAC reports.

10. SUMMARY OF FINDINGS

10.1 Summary

10.1.1 The health sector in Tanzania

Tanzania's health sector has numerous state actors providing audit and accountability services. The country has a policy of decentralized management of health services. The MoH oversees the implementation of the health sector policy and strategic plan per its political and technical mandate. The Ministry's partnership framework enables inputs from all relevant stakeholders to improve the population's health. The partnership framework provides for the intersectoral collaboration between the MoH and other ministries, institutions, religious organisations, social organisations, the private sector, and DPs at all levels. The framework also provides for Public Private Partnership between the Ministry and private sector, NGOs and DPs in ensuring access to health care in the country through the Sector Wide Approach to planning (SWAp) for health. The health system in Tanzania is financed by multiple sources, including the government budget, national and private health insurance systems and development partners. There are three ways through which Development Partners can channel funds into the health sector, namely through the exchequer system, through the centralised Health Basket of Financing and direct funding of health facilities by DPs. The DP universe has an estimated average of at least thirty-five donors, running over 500 vertical programs across the health sector. Due to the multiplicity of the funding arrangements, there is a need for solid coordination of resources and outcomes. The MoH is responsible for harmonizing the resource allocation in the health sector and leading the coordination efforts, encouraging all health sector partners to align and engage with the GoT annual planning, budgeting and reporting arrangements.

10.1.2 Controller and Auditor General

All state institutions of the health sector, including MoH, PO-RALG, Regional Authorities and LGAs, are audited by the CAG annually per Public Audit Act 2008. In addition, the Partners can commission and carry out periodic external reviews based on mutually determined terms of reference. The CAG is an independent Office created under Article 143 of the Constitution of Tanzania, charged with the primary oversight and assurance role of ensuring accountability within the three arms of government. The CAG is funded partly from the national budget and fees set for services rendered. The CAG performs different audits, including financial, compliance, special, performance, forensic and IT audits. CAG audit methodologies are generally compliant with international standards, and comprehensive manuals have been established to guide audit teams in the execution of their work. The CAG has a team dedicated to quality assurance, performing hot and cold reviews of audit files and reports. As a member of AFROSAI-E, NAOT must complete an ICBF Self-Assessments annually, and the latest self-assessment shows that CAG is generally compliant with ICBF requirements. CAG audit reports are scrutinized by the National Assembly's Public Accounts

Committee. The CAG has a dedicated audit team for GF audits. The GF audit follows a general audit process, with some adaptations to address GF requirements. Implementers are required to submit the financial statements for audit by 30 September of every year. The audit of GF funds is documented in Teammate. The audit procedures embedded in Teammate are customized to incorporate GF audit guidelines.

This mapping exercise identified several best practices for the CAG, including the existence of an adequate legal framework for the independence and function of the CAG; the presence of a well-established audit methodology; the availability of qualified and experienced staff; automation of the documentation of audits; adequate quality assurance arrangements; use of self-assessments to improve performance; existence MOU with other state actors performing similar functions; and the existence of supporting institutions. The challenges encountered by CAG in Health sector audits include inadequate knowledge of the programmatic aspects of the GF grant; gaps in follow-up and disposal of audit recommendations; late submission of financial statements by auditees; capacity challenges due to the use of the same accounting year as the rest of the public service; poor audit preparedness by implementing partners; and limited independence on recruitment and rewarding system; and delay in payment of audit-reimbursable costs. Areas of improvement have been noted, including communication of updates on GF's required audit procedures, training of CAG audit staff handling GF projects, and value for money assessments in GF audit to be improved by including health sector experts in GF audits.

10.1.3 Public Procurement Regulatory Authority

According to the Accountability Framework of the MoH, procurement of goods, services and works in the health sector must follow national procurement procedures as defined in the Public Procurement Act 2011 and the Public Procurement Regulations of 2013. The Public Procurement Regulatory Authority (PPRA) is a regulatory body established under the Public Procurement Act, 2011 and charged with regulating and overseeing the implementation of the Act to deliver value for money and other socioeconomic outcomes to the public. PPRA procurement and compliance audits provide extensive detail on the status of procurement units. The PPRA audit teams include various experts, including legal, investigative and procurement professionals, enabling the audit to review the procurement aspects of the entity exhaustively. PPRA enjoys a great degree of independence in determining its activities and reporting. PPRA reports receive the attention of the Paymaster General and scrutiny of the Parliament's Public Accounts Committee. PPRA has an MOU with CAG and PCCB. The MOU, among other things, allows for information sharing among the actors and referral of cases encountered. PPRA faces a challenge of capacity and funding to audit all PEs annually. The Authority fails to cover over 25% of the procuring entities it should be auditing.

10.1.4 Internal Auditor General

The Office of the IAGD was established as a division under the Ministry of Finance, headed by the Internal Auditor General appointed by the President to provide independent, objective assurance and consulting services and improve risk management control and governance processes in public entities. Since its establishment in 2010, the IAGD has undertaken some important initiatives, which include receiving and reviewing internal audit reports for public sector internal auditors; developing and establishing audit committee guidelines; developing and rolling out Guidelines for Developing and Implementing Risk Management Frameworks; and developing and rolling out the Code of ethics for internal auditors in public entities. The IAGD is well-skilled to provide an in-depth understanding of control systems and perform qualitative evaluations. However, the IAGD must be capacitated to address their engagements' financial and technology-related components. The division is also currently understaffed, with a staff establishment of 50% of the required staffing level. The IAGD is currently developing sector-specific manuals that guide- internal auditors with a systematic approach to audits of each sector.

10.1.5 Ethics Secretariat

The Ethics Secretariat makes significant contributions towards ethical leadership in public entities. The ES receives asset and interest declarations and investigates any breaches of ethical standards, among other functions. The Ethics Secretariat has a direct line of communication with the President of the country, evidence of the strong political will to ensure ethical standards are adhered to in the public sector. Although the ES collaborates with other state actors, it struggles from a lack of a robust feedback mechanism for monitoring the progress of implementing ethical standards.

10.1.6 Prevention and Combating of Corruption Bureau

The existence of PCCB, with its investigative function, enhances accountability and transparency in the health sector. PCCB, among other things, is responsible for preventing corruption through strengthening and coordinating anti-corruption efforts and systems. Where corruption is suspected, PCCB can investigate and prosecute the offenders. PCCB has established working relationships with CAG, PPRA, law enforcement agencies, and the private sector.

10.1.7 Other state actors

The Accountant General's office compiles and manages government accounts and ensures safe public money and property custodianship. The TR as the shareholder representative in all government-owned entities has an ultimate responsibility to provide control and ensure good management and governance practices are adhered to in public sector entities that fall under his armpit. NBAA plays an essential role in regulating the accounting profession, thus ensuring the availability of competent auditors and accountants and ensuring discipline and ethical conduct by the domain members. In discharging its function of scrutinising government policy and administration, including the proposal

for expenditure, the Parliament has established the PAC and the LAAC. These two committees review CAG, PPRA and IAGD reports and issue directives to accounting officers on resolving findings raised in the information. Notices issued by the PAC and LAAC provide additional political muscle to the work of the various oversight bodies.

10.2 Lessons Learnt

It is apparent that the audit and accountability arrangements in Tanzania's public sector, in general, and the health sector, in particular, involve numerous state actors. Through mapping the roles of each state actor, the following lessons have been learnt:

- There is a need to keep monitoring and improving the health sector's funding and funds flow structure to eliminate duplication of efforts and activities. Stakeholders in the health sector must weigh the pros and cons of centralizing and decentralizing the delivery of health services and the funds' flow mechanisms, such as direct funding by development partners instead of financing through the health basket fund. While development partners may favour direct funding due to the need to control the reporting and outcomes of the grant, the health basket fund might minimize the risk of duplicating health service efforts as well as providing a more efficient way of deploying audit and accountability processes- and resources.
- Given the numerous actors seized with the audit and accountability efforts in the health sector and the varying skill sets each actor possesses, there must be collaboration amongst the actors. There is an existing MOU between the CAG, PCCB and PPRA. CAG and IAGD, Ethics Secretariat, and other actors also have a working relationship. Such collaborations must be encouraged, upgraded and enhanced.
- Whilst CAG plays a central role in auditing public sector entities and the health sector, the audits can be improved by including programmatic reviews as part of the audit procedures. The CAG audits are vital in financial review; however, a holistic view can be obtained if the audit includes evaluating the funding versus the programmatic objectives and outcomes. Such qualitative evaluations might require experts with specific knowledge of health service delivery.

10.3 Conclusion

This mapping exercise has shown that many players contribute to and complement each other in delivering audit and accountability. As such, although CAG remains central as an audit service provider for public sector entities in Tanzania, a comprehensive plan of assistance must also consider the contribution made by other state players, as discussed. There is a need for corroborative platforms between CAG and other state actors, especially PPRA and IAGD. This is because of the unique dimension these actors bring to the audit process, which would otherwise be heavily biased toward the financial aspects without their involvement.

Appendix 1: List of officials interviewed

No	Name	Designation
National Audit Office (NAO)		
1	Mr Charles E. Kichere	Controller and Auditor General
2	Mr Benja Majura	Deputy Auditor General responsible for the Central Government Account
3	Mr Rajadin Kyamuhanga	Chief Auditor General – Health Programs
4	Dr Sussane Kibona	Director Human Resources
5	Mr Seleman Mwamba	Deputy Director Planning and Budgeting
Public Procurement Regulatory Authority (PPRA)		
6	Mr Eliakim C Maswi	Chief Executive Officer
7	Hannah C. Mwakalinga	Director of Corporate Services
8	Mr Ayoub Kusui	Director of Monitoring and Compliance
9	Mr Christopher E. Mwakibinga	Chief Internal Auditor
Prevention and Combating of Corruption Bureau (PCCB)		
10	Mrs Sabina Saja	Director of Research and Compliance
11	Mr Akida Ayoub	Director of Human Resource
Internal Auditor General Division		
12	Mr Mwanyika Semroki	Deputy Internal Auditor General -Local Government Authorities (LGAs)
13	Mr Leonard Mkude	Accountant General

Appendix 2: List of documents and websites reviewed

GENERAL

- The Constitution of the United Republic of Tanzania
- Health Sector Strategic Plan – five CMA (Accountability Framework)
- Medium-Term Strategic Planning and Budgeting Manual
- World Bank – Tanzania Health Sector Public Expenditure Review 2020 report
- Ministry of Health’s Health Sector Strategic Plan July 2021 – June 2026 (HSSP V)
- Understanding the Budget Process in Tanzania A Civil Society Guide by HakiElimu & Policy Forum
- <https://www.mof.go.tz/>
- <https://www.moh.go.tz/>
- <https://parliament.go.tz>
- <https://www.nbaa.go.tz>

Controller and Auditor General

- NAOT’s Strategic Plan 2021-2025
- ICBF Self Assessments for 2019 and 2020
- NAOT’s Global Fund Audited Report for 2020
- World Bank’s Review Report on NAOT Compliance with ISSAIs-2019
- NAOT’s Financial Audit Manual
- CAG’s Report on the Audit of Global Fund – HIV Program 2020-2021
- NAOT’s Compliance Audit Manual
- Public_Audit_Act_2020
- NAOT’s Quality Assurance Policy
- NAOT’s Quality Assurance Manual
- Academic paper: Theoretical Aspects Underpinning Public Sector Audit and Financial Accountability in Tanzanian Local Government Authorities (LGAs) By Flavianus Benedicto Ng’eni.
- Public Finance Act 2001
- Visited <https://www.nao.go.tz/>
- Review of Global Fund audit procedures

Public Procurement Regulatory Authority

- PPRA Medium-Term Strategic Plan

- Annual Performance Evaluation Report Financial year 2019-2020
- Annual Performance Evaluation Report Financial year 2020-2021
- The Public Procurement Act RE 2022
- <https://www.ppra.go.tz/>

Prevention and Combating of Corruption Bureau

- Prevention and Combating of Corruption Act CAP 329
- PCCB self-assessment report, Jun 2010
- <https://www.pccb.go.tz/>
- Afrimap's 2015 Review Report on the Effectiveness of Anti-Corruption Agencies in East Africa Kenya, Tanzania and Uganda

Internal Auditor General's Division

- Audit committee guide for public sector entities
- Code of Ethics for internal audit services in the public sector
- IAGD's Audit manual for construction projects
- IAGD's Report on Global Fund Audit, dated May 2019
- Guide for Developing and implementing risk management framework in the public sector
- Guide for Developing and implementing fraud risk management framework in the public sector
- IAGD's Report on Independent Verification of Health Service Results Supported by the Health Basket Fund
- IAGD's Public procurement audit manual
- IAGD's Quality assurance and improvement program- procedures manual

Ethics Secretariat

- The Public Leadership Code of Ethics (Assets and Liabilities Statement) Reg, 1996
- The Public Leadership Code of Ethics (Control; Of Conflict of Interest) Regulations 2020
- The Public Leadership Code of Ethics (Integrity Pledge) Regulations 2020
- The Public Leadership Code of Ethics Act cap 398, revised 2020
- The Interpretation of Laws (The Rectification of Printing Errors) (The Public Leadership Code of Ethics Act (Revised edition of 2020) Order, 2021
- ES' Medium Term Strategic Plan 2018/2019 – 2022/2023
- ES' Communication Strategy
- <https://ethicssecretariat.go.tz/>

Appendix 3 Data Collection Tool

QUESTION	RESPONSE
Name of institution	
Name and contact details of respondent	
Role of respondent	
Overall (legal) mandate of the institution	
The specific mandate of the institution in monitoring and/or enforcing audit for health programs	
Does the audit function of the institution include both government and donor-funded health programs?	
If YES for both, give examples of how the institution recently carried/ carries out their auditing function on government health programs?	
If YES for both, give examples of how the institution recently carried/ carries out their auditing function on donor-funded health programs?	
If NO to either, what would it take to extend their audit function to government/ donor-funded health programs?	
Specific mandate of the institution in monitoring and/or enforcing of accountability arrangements for health programs	
Does the accountability function of the institution include both government and donor-funded health programs?	
If YES for both, give examples of how the institution recently carried/ carries out their accountability function on government health programs?	
If YES for both, give examples of how the institution recently carried/ carries out their accountability function on donor-funded health programs?	
If NO to either, what would it take to extend their audit function to government/ donor-funded health programs?	
What would you say has contributed or can contribute to your successful execution of your audit/ accountability function	
What are the key lessons you've learned in performing the audit and/ or accountability function on health programs?	
What innovations, adaptations and creative approaches have you established and would recommend to other institutions?	
What challenges does the institution face in performing their audit/ accountability function?	
What recommendations can be suggested for strengthening the capacity of this institution to perform the oversight function?	
Which other stakeholders are you aware of who are engaged in similar mandate as your institution?	
What reference documents would be helpful to review/consult? [these could be GoT policy frameworks that define the role of the institution; recent reports on challenges and/or recommendations for strengthening internal capacity et cetera].	
Recommendations	