

United Republic of Tanzania

Ministry of Finance

JICA Development Study
Support for Capacity Building on Public
Financial Management

Final Report

Main Report

June 2007

Japan International Cooperation Agency

Ernst & Young SN Global Solution

PREFACE

In response to a request from the Government of the United Republic of Tanzania, the Government of Japan decided to conduct the Study for Component 4 (Treasury Management and Accounting) of Public Financial Management Reform Programme (hereinafter referred to as “the Study”) and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA selected and dispatched a study team headed by Mr. Akihiro NAKAGOME of SN Global Solution Co., Ltd. to Tanzania, eight times between August 2005 and May 2007.

The team held discussions with the officials concerned of the Government of the United Republic of Tanzania, and conducted field surveys in the related areas of Component 4. Upon returning to Japan, the team conducted further studies and prepared this final report.

I hope that this report will contribute to the capacity building of Public Financial Management and to the enhancement of friendly relationship between our two countries.

Finally, I wish to express my sincere appreciation to the officials concerned of the Government of the United Republic of Tanzania for their close cooperation extended to the team.

June, 2007

Tadashi Izawa

Vice-President

Japan International Cooperation Agency

June 2007

Mr. Tadashi Izawa
Vice-President
Japan International Cooperation Agency

Letter of Transmittal

Dear Sir,

We are pleased to submit herewith the final report for “*Development Study of Support for Capacity Building on Public Financial Management*”.

The Public Finance Management (PFM) is recognized as an important policy agenda for successful implementation of poverty reduction, sustainable development and economic growth in the developing world. The Government of United Republic of Tanzania (GOT) is implementing the Public Financial Management Reform Programme (PFMRP) along with the implementation of Poverty Reduction Strategy Paper (PRSP) and National Strategy for Growth and Reduction of Poverty (NSGRP or MKUKUTA). JICA Consultant Team worked with Accountant General’s Department (ACGEN), which is the component manager of PFMRP Component 4 and provided technical cooperation for capacity building on the PFM and effective implementation of the PFMRP.

In the Development Study, the JICA Consultant Team conducted the situation analysis on the PFM with the theoretical approach of document and interview surveys and the empirical approach of the analysis of lessons learnt from the JICA Support Activities. Based on the situation analysis, the JICA Consultant Team formulated recommendations for the capacity building on the PFM and the effective implementation of the PFMRP.

We wish to take this opportunity to express the sincere gratitude to the officials of your Agency, the Ministry of Foreign Affairs for their kind support and advice. We also would like to show the appreciation to the officials of ACGEN, MDAs/LGAs, and JICA Tanzania Office, and the Embassy of Japan in Tanzania for their kind cooperation and assistance throughout the field survey. Finally, We hope that the recommendations of the Study Team will contribute to further capacity building on the PFM and the effective implementation of the PFMRP.

Very truly yours,

中込 昭弘

Akihiro Nakagome
Team Leader
Study Team for the Development Study of Support for
Capacity Building on Public Financial Management in the
United Republic of Tanzania.

Japan International Cooperation Agency
Development Study Support for Capacity Building on Public Financial Management
Final Report
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Acronyms

AAG	Assistant Accountant General
ACGEN	Accountant General / Accountant General's Department
AfDB	African Development Bank
BOT	Bank of Tanzania
CPO	Central Payment Office
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DFID	Department for International Development
DP	Development Partner
DWH	Date warehouse
EFD	External Financial Department
ERP	Enterprise Resource Planning
ESAMI	Eastern and Southern African Management Institute
FY	Financial Year
GBS	General Budget Support
GOT	Government of United Republic of Tanzania
IAA	Institute of Accountancy Arusha
IAS	International Accounting Standards
IASB	International Accounting Standard Board
IFM	Institute of Financial Management
IFMS	Integrated Financial Management System
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISA	International Standards of Auditing
ISO	International Organisation for Standard
IT	Information Technology
ITSS	IT Skill Standard
JICA	Japan International Cooperation Agency
JSC	Joint Steering Committee
LGA	Local Government Authorities
LGRP	Local Government Reform Programme
MCC	Millennium Challenge Corporation
MDA	Ministries, Departments and Agencies
MEFMI	Macro Economics and Financial Management Institute
MOEVT	Ministry of Education and Vocational Training
MOF	Ministry of Finance
MOHSW	Ministry of Health and Social Welfare
MOP	Ministry of Planning
MTEF	Medium Term Expenditure Framework
NBAA	National Board of Accountants and Auditors

NSGRP	National Strategy for Growth and Reduction of Poverty
OMG	Object Management Group
OPRAS	Open Performance Review and Appraisal System
PAD	Planning and Analysis Department
PDCA	Plan, Do, Check, Act
PEDP	Primary Education Development Programme
PER	Public Expenditure Review
PFM	Public Financial Management
PFMRP	Public Financial Management Reform Programme
PlanRep	Planning and Reporting Database
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
PPRA	Public Procurement Regulatory Authority
PRSP	Poverty Reduction Strategy Paper
SBAS	Strategic Budget Allocation System
SDU	Systems Development Unit
SFIA	Skill Framework for Information Age
SIDA	Swedish International Development Agency
SQL	Structured Query Language
SSU	Systems Support Unit
TAS	Tanzania Assistance Strategy
TF	Task Force
TFAS	Tanzania Financial Accounting Standards
TIA	Tanzania Institute of Accountancy
Tsh	Tanzanian Shilling
UML	Unified Modelling Language
USAID	US Agency for International Development
VFM	Value for Money
WAN	Wide Area Network



Africa



United Republic of Tanzania

Executive Summary

I Background

The Public Finance Management (PFM) is recognised as an important policy agenda for successful implementation of poverty reduction, sustainable development and economic growth in the developing world. The Government of United Republic of Tanzania (GOT) is implementing the Public Financial Management Reform Programme (PFMRP) along with the implementation of Poverty Reduction Strategy Paper (PRSP) and National Strategy for Growth and Reduction of Poverty (NSGRP or MKUKUTA).

Japan International Cooperation Agency (JICA) conducted “Development Study of Support for Capacity Building on Public Financial Management” from July 2005 to June 2007, as a technical cooperation within the PFMRP framework. JICA Consultant Team worked with Accountant General’s Department (ACGEN), which is the component manager of PFMRP Component 4 and provided technical cooperation for capacity building on the PFM and effective implementation of the PFMRP.

In the Development Study, the JICA Consultant Team conducted the situation analysis on the PFM with the theoretical approach of document and interview surveys and the empirical approach of the analysis of lessons learnt from the JICA Support Activities. Based on the situation analysis, the JICA Consultant Team formulated recommendations for the capacity building on the PFM and the effective implementation of the PFMRP.

II Situation Analysis on Public Financial Management

At first, the JICA Consultant Team conducted the situation analysis on the PFM of the GOT, particularly the ACGEN, in views of institutional development, capacity building, and business process. The ACGEN provides the back-office services to the government sector in the area of

treasury management, debt management and internal audit. The ACGEN plays the key role for the capacity building of the PFM as it provides a variety of training programmes for the accountants and internal auditors of the Ministries, Departments and Agencies (MDAs) and Local Government Authorities (LGAs). In the Development Study, eleven key issues were identified in regard to the PFMRP Component 4.

- ✓ Key Issue 1: Improve and maintain the quality of back-office services of the ACGEN in regard to the PFM;
- ✓ Key Issue 2: Facilitate the data flow among stakeholders;
- ✓ Key Issue 3: Improve the efficiency of business operations at SSU (Systems Support Unit);
- ✓ Key Issue 4: Establish the skill standards of the ACGEN staff;
- ✓ Key Issue 5: Collect the basic information to facilitate formulating training programmes;
- ✓ Key Issue 6: Expand training for the LGA staff;
- ✓ Key Issue 7: Improve the effectiveness of internal audit at MDAs/LGAs;
- ✓ Key Issue 8: Improve and maintain the quality of system support of the ACGEN;
- ✓ Key Issue 9: Prepare for adoption of the International Financial Reporting Standards;
- ✓ Key Issue 10: Strengthen the information security measures;
- ✓ Key Issue 11: Apply information technology for improvement of institutional management.

III JICA Support Activities

In response to the key issues stated above, the JICA Consultant Team formulated and implemented the JICA Support Activities. The JICA Support Activities consisted of nine training programmes in the priority area of information systems and internal audit.

- ✓ Component 1: Training of IFMS end-users for the LGA staff
- ✓ Component 2: Training of user support skills for the SSU staff
- ✓ Component 3: Training of analytical skills for the SDU (Systems Development Unit) staff

- ✓ Component 4: Training of accounting skills for the SDU staff
- ✓ Component 5: Training of information security management for the SDU staff
- ✓ Component 6: Training of utilisation of information systems for the SDU staff
- ✓ Component 7: Introductory training of internal audit for the internal auditors of the MDAs/LGAs
- ✓ Component 8: Intermediate training of internal audit for the internal auditors of the MDAs/LGAs
- ✓ Component 9: Advanced training of internal audit for the Central Internal Audit Unit staff

The training courses were carried between September 2006 and March 2007, and national training institutions were subcontracted by the JICA Consultant Team for the implementation of the training courses. A total of 145 personnel attended the group training, and 34 sites of MDAs/LGAs were visited for the in-service training. Since the JICA Support Activities were implemented as a part of PFMRP activities in the FY (financial year) 2006/7, the JICA Consultant Team regularly shared the progress of the JICA Support Activities with the ACGEN.

IV Recommendations

Based on the theoretical situation analysis on the PFM and the empirical analysis of lessons learnt from the JICA Support Activities, the JICA Consultant Team formulated 11 recommendations for capacity building on the PFM and effective implementation of the PFMRP.

Recommendation 1: Improve the function of Audit Committee

The Public Finance Regulatory of the Public Finance Act (2001) stipulated the establishment of Audit Committee at the MDAs/LGAs, but there are some MDAs/LGAs where the Audit Committee is non-existent or non-functional. It is recommended that all MDAs/LGAs establish an independent Audit Committee which functions to check the implementation of the effective measures in response to the recommendations by the internal auditors.

Recommendation 2: Improve support for the internal audit at the MDAs

There is a need to improve the capacity of the newly established Central Internal Audit Unit in order to provide the effective support to the internal audit of the MDAs. It is recommended that the Central Internal Audit Unit improve its support capacity for the internal audit at MDAs and conduct monitoring and provision of advices for the improvement of the internal audit functions at MDAs.

Recommendation 3: Appoint the key personnel of internal audit training at MDAs/LGAs

A variety of training courses were implemented as the JICA Support Activities and it is necessary to ensure that the training participants apply the knowledge gained from the training courses to the internal audit at the MDAs/LGAs. It is recommended that each MDA/LGA appoint the key personnel of the internal audit training to ensure the effect of such training courses at the workplace.

Recommendation 4: Increase the status of the internal audit

The MDAs/LGAs should formulate and implement the measures in response to the recommendations by the internal auditors. In this regard, the MDAs/LGAs should recognise the role and importance of the internal audit. It is thus recommended to increase the status of internal audit as a part of the business improvement process.

Recommendation 5: Improve the support for the internal audit at the LGAs

While the Prime Minister's Office - Regional Administration and Local Government (PMO-RALG) supervises the internal audit at LGAs, the ACGEN has provided the training courses to the internal auditors of the LGAs. It is recommended that the PMO-RALG and the ACGEN establish the framework to share the information and provide more efficient support to the LGAs.

Recommendation 6: Improve the capacity of SSU

SSU provides the LGAs with the system support of the IFMS, and it needs to improve the capacity in accordance with the on-going roll out of IFMS. It is recommended to accelerate the capacity building and the infrastructure development of the SSU so as to improve the capacity to support the sustainable operation of the IFMS at the LGAs.

Recommendation 7: Conduct the internal audit workshop for the senior management of the MDAs/LGAs

According to the questionnaire survey of the JICA Support Activities, there is a need to increase the awareness on the role and importance of the internal audit at MDAs/LGAs. In particular, senior management of MDAs/LGAs is supposed to formulate and implement the measures in response to the recommendations by the internal auditors. It is recommended that an internal audit workshop be held so that the senior management will recognise the role and importance of the internal audit.

Recommendation 8: Formulate the skill standards for the internal auditors and the system support staff

A variety of training courses are currently implemented for the capacity building on the PFM, and the JICA Support Activities also provided the training courses for the internal auditors and the systems support staff of the ACGEN. It is recommended that the skill standards for the internal auditors and the systems support staff be developed to facilitate the development of the systemised training programmes.

Recommendation 9: Improve the training courses on accounting for the LGAs

At the LGAs, the personnel have fewer opportunities to attend training programmes. One of training components in the JICA Support Activities taught the issues of the local government accounting to the

SDU staff, and this topic is also useful for the LGAs. It is recommended that the similar course be prepared and conducted for the LGAs.

Recommendation 10: Increase the application skills of the DWH users

The data warehouse (DWH) has been installed for the multifaceted analysis of the IFMS financial data and effective policy making and budget preparation, but the end users have not effectively utilised the DWH. It is recommended that DWH users provide themselves with the supplemental training to leverage the effective application of the DWH.

Recommendation 11: Collect the basic data of the internal audit and the accounting at MDAs/LGAs

The accurate and comprehensive data on the MDAs/LGAs is essential to formulate an appropriate action plan for the capacity building on the PFM. It is recommended to establish a mechanism to collect basic data of the internal audit and accounting regularly for the efficient planning.

V Conclusions

The JICA Consultant Team expects that these recommendations will be included in the PFMRP action plan for further improvement of capacity on the PFM.

Chapter 1 Profile of the Development Study

1.1 Background

The Public Financial Management (PFM) plays an important role for the successful implementation of national agenda of poverty reduction, sustainable development and economic growth in the developing world. For the Government of the United Republic of Tanzania (GOT), the General Budget Support (GBS) is provided by 14 development partners (DPs), and it consists about 20% of the Government finance.¹ Some DPs have utilised the GBS as the main instrument of the development aid, for example, more than 80% of the development assistance from the Department for International Development (DFID) goes to the GBS.² The Government of Japan (GOJ) also provided the GBS of 500 billion yen (about 4.26 million US dollars) to the GOT as a part of the non-project grant aid in March 2004. It is an important issue for both the GOT and DPs to reduce the fiduciary risk of the GBS, and it is expected that the PFM ensures the appropriate utilisation of fund.

The GOT has made a challenge of the PFM, along with the implementation of Poverty Reduction Strategy Paper (PRSP) and subsequent National Strategy for Growth and Reduction of Poverty (NSGRP or MKUKUTA). A number of PFM reform activities have been implemented for institutional development, business process reform and capacity building in the area of policy analysis, budget preparation, treasury management, accounting, procurement, internal and external audit, etc.

In the late 1990s, the Ministry of Finance (MOF) of the GOT embarked upon the Public Financial Management Reform Programme (PFMRP) in cooperation with some DPs in order to strengthen the PFM reform activities. The PFMRP came into the second phase of a five-year programme in the

¹ A. Lawson et. Al., “Does General Budget Support Work?” (2005), Overseas Department Institutes, http://odi.org.uk/PPPG/publications/papers_reports/TzGBSEval_ShortReport.pdf

² DFID Website

Financial Year (FY) 2004/5. In the second phase of the PFMRP, the PFMPR framework was strengthened to facilitate the efficient implementation of the PFMRP activities and the effective linkages among these activities, such as the formulation of the PFMRP Strategic Plan and the PFMRP Interim Plan, the establishment of the PFMRP Basket Fund and Joint Steering Committee (JSC). The major DPs for the PFM have assisted the GOT with a variety of aid modalities, such as the contribution to the PFMRP Basket Fund, the participation in the JSC, and the technical cooperation provided by the respective DPs.

The Japan International Cooperation Agency (JICA) conducted “JICA Development Study for Support of Capacity Building for Public Financial Management” (hereinafter referred to as “the Development Study”) in response to the request from the MOF of the GOT. The JICA Consultant Team provided technical cooperation for the effective implementation of PFMRP activities and capacity building on the PFM. The PFMRP consists of ten components, and the action plan of each component is formulated and implemented by an entity of the MOF or the National Audit Office (NAO). The Development Study aimed to assist the Accountant General’s Department (ACGEN), which is the Component Manager of the PFMRP Component 4 “Treasury Management and Accounting”.

The JICA Consultant Team conducted the situation analysis on the PFM with the theoretical approach of interview and document surveys and the empirical approach of the analysis on lessons learnt from the JICA Support Activities, which were executed as a part of PFMRP activities. Based on the situation analysis, the JICA Consultant Team formulated the recommendations of the capacity building on the PFM and the effective implementation of the PFMRP.

1.2 Structure of This Report

This report comprises of five chapters. The Chapter 1 “Profile of the Study” describes the background, the objectives, the schedule and the methodologies of the Development Study. The following three

chapters comprise of the main subject of this report. The Chapter 2 “Situation Analysis” describes the key issues of the PFM in the GOT based on the theoretical situation analysis in terms of institutional development, capacity building, business process and PFMRP. The Chapter 3 “JICA Support Activities” describes the empirical analysis of lessons learnt from the JICA Support Activities. The JICA Support Activities consisted of nine training components which were implemented as a part of PFMRP activities in the FY2005/6. In the Chapter 4 “Recommendations”, the JICA Consultant Team makes recommendations of the capacity building on the PFM and the effective implementation of the PFMRP. The recommendations consist of 11 items for the institutional development, the capacity building and the business process reform. Finally, the Chapter 5 “Conclusions” summarises this Report.

1.3 Schedule of JICA Development Study

The Development Study was conducted from July 2005 to June 2007, and its schedule is shown in Figure 1.1. The Development Study consisted of three phases. In the first phase, the JICA Consultant Team conducted document and interview surveys for the situation analysis on the PFM of the GOT. In the second phase, the JICA Consultant Team and the ACGEN formulated and implemented the JICA Support Activities, and subsequently analysed the lessons learnt from them. In the third phase, the JICA Consultant Team formulated recommendations on capacity building of the PFM and effective implementation of the PFMRP.

The JICA Consultant Team consisted of four international consultants who belong to Ernst & Young ShinNihon. The JICA Consultant Team carried out the on-site study for eight times during the two years as shown in Table 1.2.

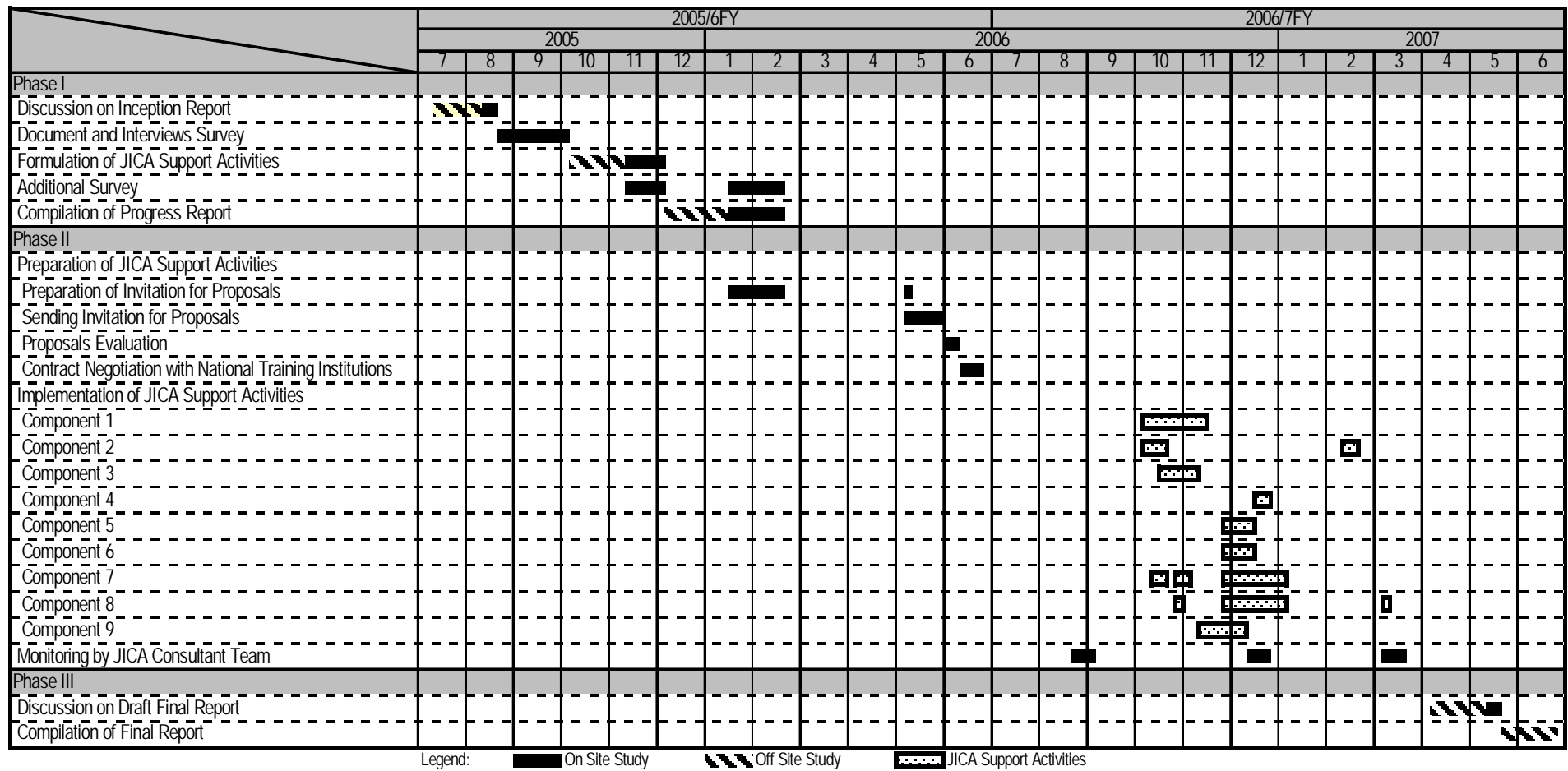


Figure 1.1 Schedule of JICA Development Study

Table 1.2 On-Site Study of the JICA Consultant Team

	Period	Duration	Main Activities
1	13 August, 2005 to 9 October, 2005	58 days	Discussion on the Inception Report Situation analysis
2	19 November, 2005 to 11 December, 2005	23 days	Formulation of the JICA Support Activities
3	21 January, 2006 to 19 February, 2006	30 days	Formulation of the JICA Support Activities
4	5 May, 2006 to 25 June, 2006	52 days	Discussion on the Progress Report Contract negotiation with the national training institutions
5	26 August, 2006 to 10 September, 2006	16 days	Monitoring on preparation of the JICA Support Activities
6	9 December, 2006 to 24 December, 2006	16 days	Monitoring on implementation of the JICA Support Activities
7	3 March, 2007 to 18 March, 2007	16 days	Monitoring and evaluation of the JICA Support Activities
8	12 May, 2007 to 20 May, 2007	9 days	Discussion on Draft Final Report

1.4 Methodology

In the Development Study, the JICA Consultant Team applied theoretical and empirical approaches to analyse the information, and formulated the recommendations on capacity building of the PFM and effective implementation of the PFMRP. The theoretical approach used was the document and interview survey on the current situation and issues of the PFM of the GOT. The sources of the information are listed in Appendix. On the other hand, the empirical approach used was the analysis of lessons learnt from the JICA Support Activities, which consisted of the training programmes for the information systems and the internal audit. In this report, the Chapter 2 describes the theoretical analysis while the Chapter 3 describes the empirical analysis.

1.5 Study Approaches

The JICA Consultant Team adapted the following approaches in the Development Study.

(1) Consistency with PFMRP framework

The Development Study aimed to facilitate the capacity building and the institutional development of the PFM of the GOT and the effective implementation of the PFMRP activities for the ACGEN, by means of the technical cooperation. The Development Study was therefore carried out in consistent with the PFMRP framework. For example, the JICA Support Activities were implemented in accordance with the PFMRP framework, namely, (1) they were carried out from July 2006 to March 2007 as a part of PFMRP activities of the FY 2006/7; (2) the JICA Consultant Team carried out quarterly on-site study for monitoring of the JICA Support Activities, in harmony with the reporting cycle of the PFMRP; (3) the JICA Consultant Team discussed with the ACGEN the progress and disbursement of the funds for the JICA Support Activities accordingly. Also, the recommendations outlined in the Chapter 4 indicate the expected output and Proposed Performance Indicators so as to facilitate the planning and implementation of the action plan by the ACGEN and other entities of the GOT in response to the recommendations of the JICA Consultant Team.

(2) Coordination with Development Strategy

The Tanzania Assistance Strategy (TAS) and the subsequent Joint Assistance Strategy for Tanzania (JAST) advocated the ownership of the GoT in the sector-wide approaches and the aid coordination among the DPs.³ The PFMRP has been implemented in line with this policy, for example, the PFMRP Basket Fund and the JSC have been established to facilitate the dialogue and the information sharing between the GOT and the DPs. The Development Study was also carried out in line with this policy and it respected the ownership of ACGEN on the JICA Support Activities and the information sharing between the JICA Consultant Team and the ACGEN. The JICA Consultant Team also shared the plan

³ “Tanzania Assistance Strategy” (2002), “Joint Assistance Strategy for Tanzania” (2006), Ministry of Finance, Government of Tanzania

and progress on the Development Study with the DPs of the PFM, with the cooperation of the JICA Tanzania Office.

(3) Continuous Improvement of Business Process

The cost incurred by the JICA Consultant Team for the JICA Support Activities consisted of the remunerations of the training institutions (including overhead and administrative expenses incurred), the transportation cost and per diem of the training participants. However, it should be noted that the JICA Support Activities were implemented not for the financial assistance to the existing PFMRP action plans but for the technical cooperation for the empirical analysis to formulate the recommendations on the capacity building of the PFM and the effective implementation of the PFMRP. Therefore, the JICA Consultant Team suggested the improvement of the existing PFMRP activities during the Development Study, as the existing training programmes were reviewed and revised if necessary when the JICA Support Activities were formulated.

For the effective business process reform, the PDCA (Plan-Do-Check-Act) quality control process is widely used in many institutions, and it can be applied for the JICA Support Activities as follows:- (1) Plan: to review the existing PFMRP action plan and formulate the JICA Support Activities; (2) Do: to implement the JICA Support Activities; (3) Check: to analyse the lessons learnt from the JICA Support Activities and formulate the recommendations for the improvement; (4) Act: to update the PFMRP action plan in response to the recommendations. The first three steps (Plan-Do-Check) of the above are covered in the Development Study, and it is expected that the GOT will take into consideration of the recommendations of the Development Study for the PFMRP action plan in the future.

Chapter 2 Situation Analysis

This Chapter describes the situation analysis of the PFM of the GOT mainly the ACGEN, in views of institutional development, capacity building, business process and the PFMRP.

2.1 Current Situation of the PFM

2.1.1 Institutions and Legislations

(1) Ministry of Finance

The Ministry of Finance (MOF) is the key player of the PFM and responsible for the planning and implementation of the PFMRP. The organisation chart of the MOF is shown in Figure 2.1.

(2) Accountant General's Department

The Accountant General's Department (ACGEN) consists of four departments: Financial Management; Expenditure Management; Debt Management; and Systems and Internal Audit. The vote of the ACGEN (Vote 23) is separated from the one of the MOF (Vote 50) and thus it is assumed that the ACGEN has more autonomies and responsibilities. The organisation chart of the ACGEN is shown in Figure 2.2. The main issues of each department are analysed as follows:-

(2-1) Financial Management

The Financial Management Department is tasked with monitoring the accounts by vote and preparing the financial statements of the GOT. The Integrated Financial Management System (IFMS) has been installed in phased since 1997, and it has significantly improved the efficiency and accuracy of the business process at the Financial Management Department. The immediate issues of the Financial Management Department includes the roll-out of the IFMS and timely provision of accounting data to

the stakeholders, and it needs to improve and maintain the quality of services the provider of the accounting information. The adoption of international standards of the Government accounting is an issue to challenge in the medium term.

(2-2) Expenditure Management

The Expenditure Management Department works as the Central Payment Office (CPO) which centralise the expenditure of the Ministries, Departments and Agencies (MDAs). Before the installation of the IFMS the payment was carried out by each MDA and there existed a considerable delay of payment process and a concern on the fraud risk. The introduction of the IFMS and consequent business process reform has enabled the CPO to issue the payment cheque within 24 hours after the request from the MDAs. It made the payment process much more efficient and transparent to prevent the delay of operations and the fraud. The Expenditure Management Department also needs to further improve the services as the back office like the Financial Management Department.

(2-3) Debt Management

The Debt Management Department is responsible for the repayment of the public debt of the GOT and information management by Commonwealth Secretariat - Debt Recovery Management System (CS-DRMS). The immediate issues of the Debt Management Department include reviewing a mechanism to share debt data with the Bank of Tanzania (BOT), which also utilises CS-DRMS for the debt management.

The Debt Management Department has a wing of the Pensions Office, which is responsible for processing the application for pensions for civil servants and the payment to the pensioners. The number of pensioners is approximately fifty thousand.⁴ After the reorganisation in 2001, the Pension

⁴ Interview Survey from ACGEN staff

Office became a division of the Debt Management Department. The Pensions Office has not been computerised and all data is manually administered. The computerisation of the Pensions Office is an immediate issue for the MOF as the Medium Term Strategy of the MOF has prioritised the improvement of efficiency of the pension management.⁵

(2-4) Systems and Internal Audit

The Systems and Internal Audit Department consists of three units: the Systems Development Unit (SDU); the Systems Support Unit (SSU); and the Internal Audit Unit. The first two units are related to the systems support. The SDU is responsible for the systems support of the IFMS for the MDAs (including sub-treasuries), while the SSU is responsible for the systems support of the IFMS for the Local Government Authorities (LGAs). The SSU has a total of five branch offices nationwide; Dar es Salaam; Mwanza; Arusha; Dodoma; and Mbeya. The SDU/SSU consists of the Application Team and the Technical Team, and the former is responsible for support of application software while the latter is responsible for the maintenance and repair of the hardware and networking equipment.

Meanwhile, the Internal Audit Unit has two functions. First, the unit provides the MDAs with the services to improve and ensure the quality of the internal audit such as quality control and provision of training programmes for the internal auditors. Second, the unit conducts the internal audit of the ACGEN (Vote 22 and Vote 23).

During the period of the Development Study, a number of improvement measures have been implemented for the Systems and Internal Audit Department for the institutional development and business process reform. For example, the Central Internal Audit Unit was established in the FY 2006/7 in order to strengthen the support functions of the internal audit to the MDAs and the number

⁵ “Mid-term Strategy Plan 2004-2009”, Ministry of Finance (2004)

of the internal auditors of the ACGEN has doubled. The number of SDU staff also increased to about thirty to fill in the vacancy.⁶

⁶ Interview Survey in March 2007

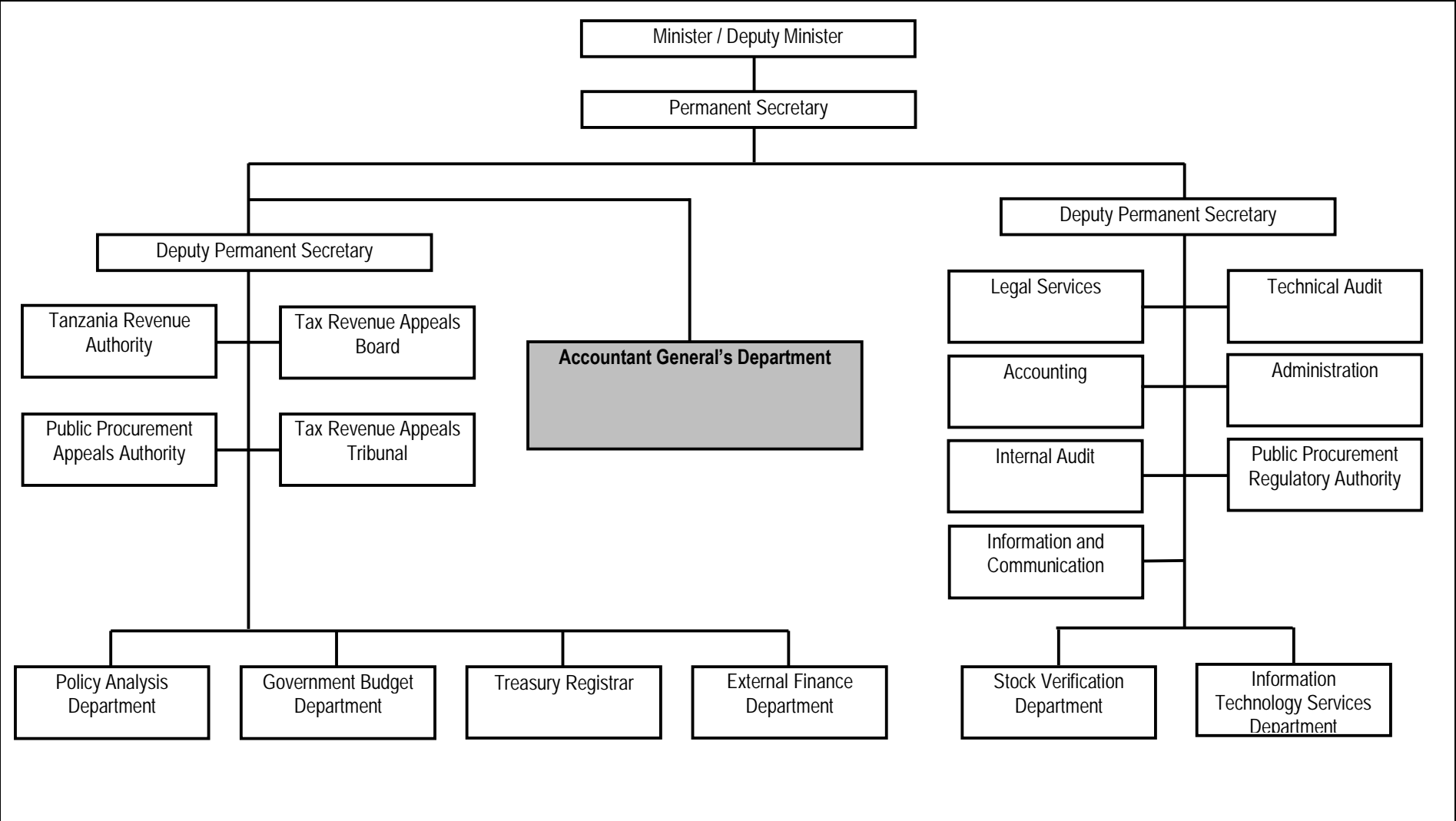


Figure 2.1 Organisation Chart of the Ministry of Finance

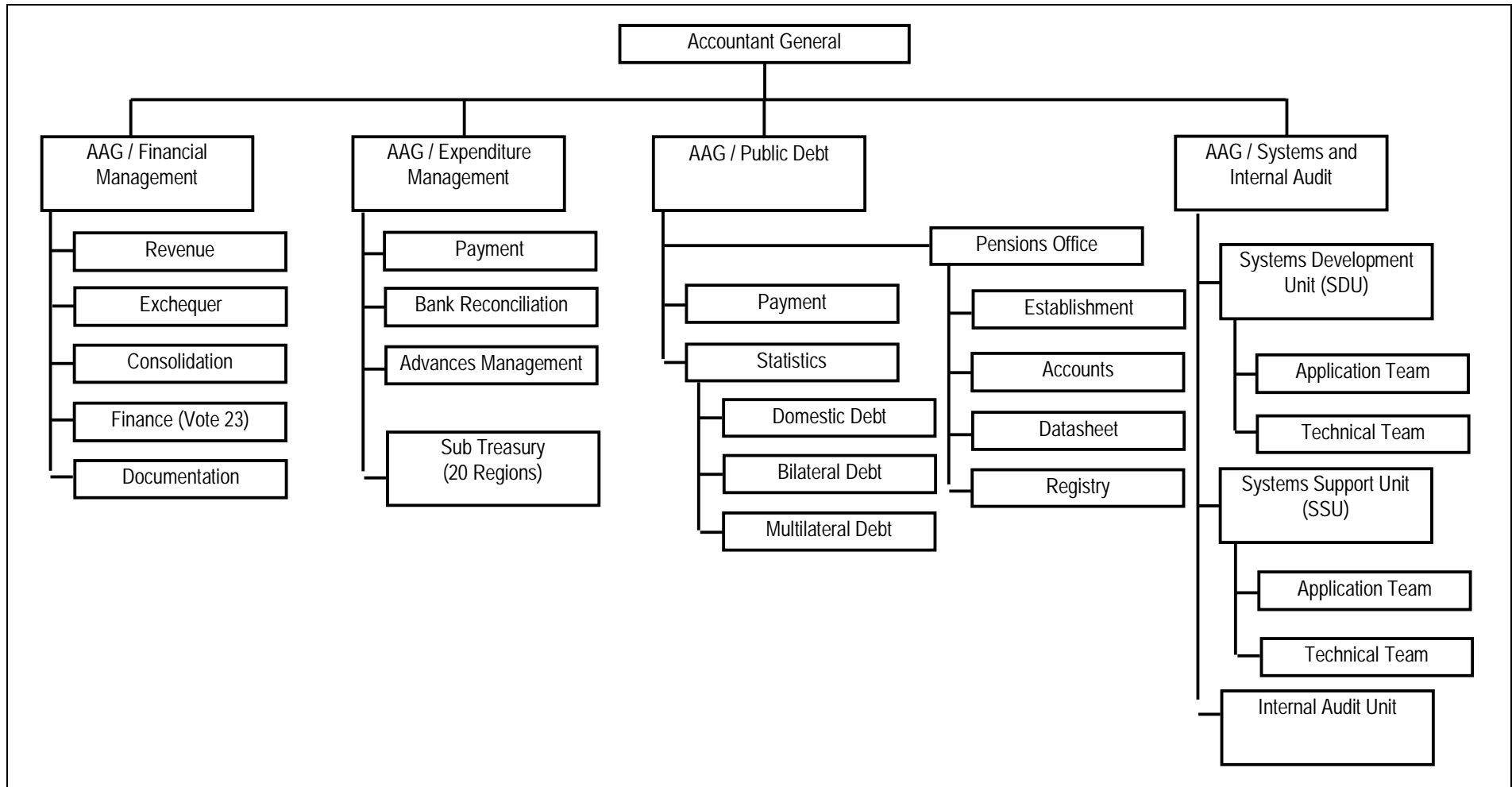


Figure 2.2 Organisation Chart of the Accountant General's Department

(3) Accounts Section at the MDAs/LGAs

There is an accounts unit where the financial transactions are processed at each MDA. The accountants are classified into four ranks: Chief Accountants; Principal Accountants; Senior Accountants; and Assistant Accountant. The number of accountants is dependent on the size of the MDAs. For example, the Ministry of Education and Culture (MOEC), which is one of the largest MDAs, employed a total of 68 accountants and among about half of them were the Assistant Accountants.⁷ In the past the accountants were employed collectively by the MOF and deployed to each MDA, but currently each MDA employs the accountants by itself.

Likewise, there is an accounts unit at each LGA (City/Municipal/District Council). However, many LGAs have vacancy in the post of accountants as they generally have the difficulty to recruit sufficient number of accountants due to the high demand of the accountants at the private sector. For example, Tanga Municipal Council had ten accountants (among them there were five Assistant Accountants) and only half of the posts were filled in.⁸ Also, Muheza District Council had only five accountants.⁹

The ACGEN supervises the accounts unit of the MDAs (including sub-treasuries) and it allocates the funds to the accounts unit of each MDA (including sub-treasuries), distributes circulars in regard to accounting issues, and provides support for the capacity building of the accountants. On the other hand, the Prime Minister's Office - Regional Administration and Local Government (PMO-RALG) supervises the accounts unit of the LGAs, as stipulated in the Local Government Financial Act (1982). However, the ACGEN has extended its support for the capacity building of the accountants of the LGAs in some activities of the PFMRP Component 4. For example, the ACGEN has provided support

⁷ Interview Survey from Ministry of Education and Culture

⁸ Interview Survey from Tanga Municipal Council

⁹ Interview Survey from Muheza District Council

of three year training courses at the Government training institutions to hundreds of accountants of the MDAs/LGAs since FY 2001/2.

(4) Internal Audit section at the MDAs/LGAs

There is an internal audit unit which conducts the internal audit functions at each MDA. The Government internal auditors are classified into four ranks: Chief Internal Auditor; Principal Internal Auditor; Senior Internal Auditor; and Internal Auditor. Most of the internal auditors are at the lowest level according to the questionnaire survey which was conducted between September and October 2006 in the JICA Support Activities. The LGAs have the similar organisation structure of the internal audit section. Like the accounting section, the ACGEN supervises the internal audit functions at the MDAs while the PMO-RALG supervises the internal audit functions at the LGAs.

When the Development Study started at the beginning of the FY 2005/6, there was significant vacancy in the internal auditors at many MDAs/LGAs. For example, the Ministry of Health (MOH) should have 14 internal auditors according to the establishment but only five posts were filled in (September 2005).¹⁰ At the LGAs, for example, there was only one internal auditor at Tanga Municipal Council and Muheza District Council.¹¹

The JICA Consultant Team conducted a snap questionnaire survey to some MDAs/LGAs in February 2007. As shown in Table 2.3, some MDAs/LGAs have filled all the post in the internal auditors. Also, 90% of the respondents in the Table 2.3 answered that the internal audit functions at their organisations had been improved recently. The functions of the internal audit at the MDAs/LGAs are being strengthened by massive recruitment of internal auditors.¹² In the FY 2005/6, more than 700

¹⁰ Interview Survey from the Ministry of Health

¹¹ Interview Survey from Tanga Municipal Council and Muheza District Council

¹² It is not clear whether the number of newly employed internal auditors are included in the questionnaire survey result.

personnel were newly employed as the accountants or the internal auditors of the MDAs/LGAs.¹³ The increase of workforce continues in the FY 2006/7.

Table 2.3 Number of internal auditors at the MDAs/LGAs

	MDA / LGA	Establishment	Actual	Remarks
MDA	Ministry of Health	7	5	
	Ministry of Energy and Mining	6	4	
	Ministry of Education and Vocational Training	16	10	
	National Audit Office	2	2	
LGA	Temeke Municipal Council	6	6	
	Bukoba Municipal Council	3	0	There is an acting internal auditor.
	Arusha Municipal Council	5	3	
	Dodoma Municipal Council	3	1	
	Morogoro Municipal Council	2	2	
	Kibaha District Council	2	2	

Source: Questionnaire Survey (2007)

Also, the Public Finance Regulatory of the Public Finance Act (2001) stipulates the establishment of an Audit Committee at each MDA/LGA. The Audit Committee should consist of between three and five members, including at least one external personnel. The Audit Committee should discuss the internal and external audit reports quarterly, and provide advices to the head of the organisation if necessary.¹⁴ However, according to the questionnaire survey to the internal auditors who attended the JICA Support Activities in 2006,¹⁵ only 68% of participants from the MDAs answered that their

¹³ PFMRP Annual Report FY 2005/6

¹⁴ Public Finance Regulation

¹⁵ The questionnaire survey was conducted on a sample basis, and thus the percentages specified here may be different from the actual rate.

MDAs had established an Audit Committee, and no participants from the LGAs answered that their LGAs had established an Audit Committee.

(4) Legislations and Manual

The legislations and operations manuals related to the PFM were formulated and/or updated in the past few years. The legislations include the Public Finance Act (2001), the Public Procurement Act (2004) and their regulations, and many MDA/LGA accountants received the sensitisation workshop to familiarise themselves with these legislations and regulations. The operation manuals used by the ACGEN are shown in Table 2.4.

Table 2.4 Operation Manuals for the PFM

	Target Organisations	Manual
Financial Management and Expenditure Management	Accounts unit of the MDAs/LGAs	IFMS accounting procedures and IFMS users manual
Debt Management	ACGEN, Policy Analysis Department, External Finance Department	Debt Management Institutional framework, CS-DRMS User manual
Pensions Management	Pensions Office	Pensions payment manual
Internal Audit	Internal audit unit of the MDAs/LGAs	Internal Audit Manual

Source: Interview Survey

(5) International Accounting Standards

The international standard such as the International Finance Reporting Standards (IFRS), International Accounting Standards (IAS), and International Standards of Auditing (ISA) have been adapted in July 2004, by the National Board of Accountants and Auditors (NBAA), which is the accounting authority in Tanzania.¹⁶ The regulations which do not have international counterparts comply with Tanzania

¹⁶ NBAA web site

Finance Accounting Standards (TFAS) and Tanzania Standards of Recommended Papers (TSRP), and the public sector accounting is stipulated as the TAS No. 24.

2.1.2 Capacity Building

(1) Needs Analysis on the Training Programmes

The accountants and the internal auditors of the MDAs/LGAs have been required to have more knowledge and expertises after the implementation of IFMS. While some MDAs have employed many qualified accountants such as Advanced Diploma and Master degree in financial management or Government accounting,¹⁷ many MDAs/LGAs do not have sufficient number of qualified accountants and internal auditors due to the high demand in the private sector. Thus, the capacity building of the accountants and the internal auditors is an urgent issue for the GOT.

The existing training programmes cover the areas required for the staff in their duties, such as financial management, accounting, internal audit, debt management, information systems for end users and information systems for systems administrators. In 2002, the Open Performance Review and Appraisal Systems (OPRAS) was stipulated by the Public Services Committee (PSC) for the performance evaluation of staff and introduced at the MDAs, and the outcomes of the training programmes are also linked with the performance evaluation of the staff.

(2) Budget for training programmes

The financial sources of the training programmes include the general budget of each MDA/LGA, the budget from sector programmes such as Local Government Reform Programme (LGRP), the project budget provided by the DPs. Many MDAs/LGAs do not have insufficient budget for the training of the

¹⁷ Interview Survey from the Ministry of Education and Culture

accountants and the internal auditors, and the ACGEN has allocated its budget for the MDAs/LGAs to provide the training programmes in the area of accounting, internal audit and information systems.

There are three advantages in the case that the ACGEN collectively provides the fund for the training programmes of the accountants and the internal auditors of the MDAs/LGAs, in comparison with the case that a training course is formulated and implemented by respective MDA/LGA. First, the quality of training programmes is ensured at a certain level. Many training courses sponsored by the ACGEN are customised for the staff of the MDAs/LGAs according to their needs and duties in workplace as the ACGEN discusses with the training institutions. Second, the training participants from the MDAs/LGAs have an opportunity to share the good practices and the issues with other participants. Third, the training courses are operated more efficiently, because of the scale merit.

(3) Planning of Training Programmes

The ACGEN formulates the annual training programmes at the beginning of financial year. The ACGEN plans of training programme specified in the PFMRP Interim Plan (from FY 2004/5 to FY 2008/9) and the Medium Term Expenditure Framework (MTEF) (FY 2005/6) are shown in Table 2.5 and Table 2.6.

Table 2.5 Training Programmes in PFMRP Interim Plan

	Output	Target Group
1	Training programmes and systems for modernising financial management training	ACGEN
2	Public debt staff trained in and possess relevant knowledge and skills	ACGEN (Debt Management)
3	More government accounting staff from regions and local authorities enabled to improve professional knowledge and skills	LGAs
4	SDU enabled to carry out its responsibilities effectively and structured to complement systems development and facilitate training in user departments	ACGEN (SDU)
5	IFMS users in MDAs, sub treasuries and local authorities provided with continuous training and monitored	MDAs, LGAs
6	The number and competence of professional and technical staff of the department increased	ACGEN

Source: PFMRP Interim Plan, 2004

**Table 2.6 Training Programme in Medium Term Expenditure Framework
(FY2005/6)**

	Code	Description
1	B19	Training programmes and systems for modernising financial management
2	B20	Public debt staff trained in and possess relevant knowledge and skills
3	B21	More government accounting staff from region and local authorities enabled to improve professional knowledge and skills
4	B22	SDU enabled to carry out its responsibilities effectively and structured to complement systems development and facilitate training in user departments
5	B23	IFMS end users in MDAs, sub treasuries and local authorities provided with continuous training and monitored
6	B24	To raise the number and increase competence of professional and technical staff by 2009
7	B31C04	Additional training to internal and external auditing staff and accounting offices on the IFMS
8	B31C05	Conduct continual IFMS training and monitoring exercises and general education
9	B32	Staff in the accounting unit have the skill needed for efficient, effective and accountable management of the funds

Source: Mid Term Expenditure Framework Vote 23 2005/6, 2005

(4) Type of training programmes

The ACGEN's training programmes are classified into the long-term courses and the short-term courses according to the duration. The long-term courses provide more general knowledge and in some cases the training participants obtain the academic qualifications like Advanced Diploma and Master Degrees, while the short-term courses provide more practical knowledge related to the duties of the training participants.

(4-1) Long-term training courses

The ACGEN has provided hundreds of accountants of the MDAs/LGAs with three-year training course for the Advanced Diploma in Accounting since FY 2001/2. The training participants attend the full-time course at the Government training institutions, such as the Institution of Financial Management (IFM), Tanzania Institution of Accountancy (TIA) and Institute of Accountancy Arusha

(IAA). The contents not only cover the conventional government accounting but also extend to more general accounting skills in line with the reform of the Government accounting.

Other long-term training courses include the Master degree for the information technology at the overseas training institutions, and for example, a few ACGEN personnel to obtain the Master Degrees at UK institutions.

(4-2) Short-term training courses

Some regional/international training institutions which provide training courses of accounting, debt management, business management, information systems and internal audit for the training participants from the East Africa region, and they include the Eastern and Southern Africa Management Institute (ESAMI), the Macro Economics Financial Management Institute (MEFMI), Crown Agents, Commonwealth Secretariat. The short-term training courses are often offered by the DPs such as World Bank. JICA has a variety of short-term training courses as the Technical Training Participants Programmes for the people in the developing world, but no ACGEN staff attended the JICA courses in recent years. Some training courses attended by ACGEN staff are shown in Table 2.7.

Table 2.7 Short-term Training courses attended by ACGEN staff

Institution	Course Title	Trainees
ESAMI	Financial Planning and Control	2
	Management of Development Programme for Executive Assistants	3
	Financial Management Programme	6
	Goods and Equipment Procurement	1
MEFMI	Facilitation and Presentation Skills Workshop	3
	Portfolio Management Techniques – Financial Sector Management	3
	Financial Programming and Policy Course	3
	CS-DRMS Training	4
	Financial Sector Management – Developing Money and Bond Market	3
	Debt Management Program	4
Foundation of International Development	Diploma in Office Management and Administrations for Secretaries	2
African Renaissance Centre	Debt Analysis and Strategy	1

Source: ACGEN

The short-term courses are also offered by the national training institutions, and many of them are customised course to meet the needs and duties of the training participants in conformity with the request of the ACGEN. Such short-term courses held recently included a variety of IFMS training courses, internal audit courses, and customer care training for the Pensions Office staff.

The IFMS training courses are provided mainly to the accountants of the MDAs/ LGAs and the systems support staff of the SDU/SSU. The internal auditors have not received the IFMS training thought there is a high demand. In the past the IFMS introductory training was offered as a four week course and it focused on the modules of Epicor, which is the ERP application software and core component of the IFMS. However, many end users did not have sufficient skills on personal computers and accounting, as a result some of them were not able to utilise the IFMS effectively by themselves in the beginning. Therefore, the contents have been revised to include the basic skills on personal computers and accounting, and the duration of such training course has been extended to

seven weeks. In addition to the introductory course, some follow-up training courses are also offered when Epicor is upgraded or a new module is installed.

(5) Other mode of training

(5-1) In-service training

The existing training programmes are mostly offered as the group training or the workshop. The in-service training is rarely adapted at the MDAs/LGAs due to lack of human resources. Some internal audit sections had only personnel until the recent massive recruitment of internal auditors, and it was impossible to offer the in-service training in these cases.

(5-2) E-Learning

The E-learning is an alternative and effective mode of training. The benefits of the E-learning include: effective distance education; flexibility of training schedule; effective use of digital contents. However, the E-learning has not been adapted for the PFM training due to lack of infrastructure for E-learning. Also, the ACGEN staff interviewed by the JICA Consultant Team indicated lack of the interaction with lecturers as the weakness of E-learning.

(6) Impact of training programmes

The JICA Consultant Team conducted interview survey with some staff who attended the training programmes funded by the ACGEN for the analysis of impact of such training courses, and most of the respondents gave the positive opinions to the training programmes which they attended in the past. For example, an ACGEN staff who attended the three-year accounting training said that he had become able to analyse the financial statement after the training. Other respondents also indicated that ‘the training course has provided practically useful knowledge’, ‘the training course has provided an opportunity to share an experience with participants from other organisations’, ‘the training course has

fostered the positive attitude towards the duties’, etc. On the other hand, a few respondents cited the unmatched level of the training courses with their skills, namely, the training course was too difficult or too easy for the training participants.

2.1.3 Business Process

(1) Government budget cycle

The financial year of the GOT starts in July and end in June. In joint name of the Ministry of Planning (MOP) and MOF, the budget guideline (budgetary ceiling) for the next financial year is circulated in December, and each MDA estimates the budget from January to March. The budget is adjusted mainly by the Government Budget Department then passed to the National Budget Committee for the Parliament deliberations. The GOT has introduced the Public Financial Review (PER) and Medium Term Expenditure Framework (MTEF), which have facilitated the GOT to forecast the aid amount from the DPs so that the priority areas can be identified and budgeted in the long run.

In the NSGRP which started in the FY 2005/6, three clusters of poverty reduction were introduced and they are ‘growth and reduction of income poverty’, ‘improved quality of life and social well-being, and ‘good governance and accountability’. The introduction of the clusters facilitated the budget allocation to the non-priority sectors too. Along with the introduction of the NSGRP, the Government Policy Analysis Department of MOF developed the Strategic Budget Allocation Systems (SBAS), which have been installed at the MDAs for the budget preparation. In addition, the Government Budget Department has already installed the budget system, the Enhanced MTEF Model, which uses

Epicor planning module.¹⁸ Meanwhile, the LGAs utilise Planning and Reporting Database (PlanRep) for the budget preparation.¹⁹

(2) IFMS

The IFMS has been installed at the MDAs since 1997 in phases. The IFMS terminals at the Government offices in the centre of Dar es Salaam have been connected to the wireless Wide Area Network (WAN) and the servers at the ACGEN. There is an on-going plan to improve the performance of networking facilities of the IFMS. The installation of the IFMS at the LGAs was initiated around 2000, and the number of installation sites increased gradually. The roll out of the IFMS has progressed rapidly since the FY2005/6, and 85 LGAs will be equipped with the IFMS by the end of the FY 2006/7, and 116 LGAs will be equipped with the IFMS by the end of the FY 2007/8.

The core component of the IFMS is the Epicor ERP package software, and the modules installed for the IFMS include: Account Payable; Account Receivable; Cash Management; Purchasing; and General Ledger. In 2005, IT Services Management module was installed at the SDU to facilitate the effective systems support to the end users. According to the PFMRP Interim Plan, there is a plan to install Asset Management module in future.

Also, the ACGEN has installed the data warehouse (DWH) as an extension of the Epicor modules since 2004. The data warehouse maintains huge amount of raw data in a time-series database and facilitates the ad-hoc correlation analysis. The DWH users, including Policy Analysis Department, Government Budget Department and the Permanent Secretary of the MDAs, will be able to conduct the multifaceted analysis on the accounting data in the past to facilitate the policy formulation and

¹⁸ Interface between SBAS and Enhanced MTEF is secured at certain level. Enhanced MTEF Model and IFMS use the same software, and both are online application.

¹⁹ In the local governments which have already introduced IFMS, the budget execution and accounting operation are proceeded, after the budget data formulated by PlanRep converted into IFMS.

budget preparation. The ACGEN has already implemented the physical infrastructure for the DWH and provided the training to the users of the MOF departments.

The systems support to the IFMS end users is provided in three steps. At first, the Application Team of the SDU/SSU receives the inquiries and the operation problems of the IFMS from the end users, identifies the causes of the problems, and provides the solutions if possible. If there is a need to repair the hardware or networking equipment, the problem is escalated to the Technical Team of the SDU/SSU. Finally, if there is a problem which cannot be solved by the SDU/SSU, the systems developer is asked to provide the systems support.

(3) Internal Audit

The internal audit functions have been significantly strengthened such as massive recruitment of internal auditors and provision of training during the last two years when the Development Study was conducted and they are still in the process of reform both at the MDAs/LGAs in order to overcome the weakness. In general, if the internal audit report is satisfactory in its accuracy, appropriateness and coverage, the external auditors can refer to the findings of the internal audit. However, before the reform in the internal audit functions, the quality of the internal audit was not satisfactory at many MDAs/LGAs and as a result the National Audit Office, the external auditor of the GOT, could not refer to the result of internal audit. Another weakness was the low awareness at MDAs/LGAs on the roles and importance of the internal audit. The Internal Audit Section of the MDAs/LGAs formulates the recommendations on the basis of their findings and reports to the head of the organisations through the Audit Committee. In order to ensure the effectiveness of internal audit, it is necessary for the head of organisations to formulate and implement the measures in response to the recommendations. However, due to the low awareness such improvement in the business process is rarely seen in many MDAs/LGAs.

In order to overcome this situation, the GOT has implemented a number of PFMRP activities to strengthen the internal audit functions. For example, in 2004 the ACGEN compiled the Internal Audit Manual which details the standard business procedures of the Government internal audit, distributed a copy to the MDAs, and provided training courses to sensitise the internal Audit Manual. According to the questionnaire survey to the Internal Auditors who attended the JICA Support Activities in the FY 2006/7, 57% of respondents answered that they referred to the Internal Audit Manual for their duties.

(4) Debt Management

The debt management of the GOT is carried out jointly by the Government Budget Department, the External Finance Department and the ACGEN.²⁰ The External Finance Department functions as the ‘front office’ and liaises with the DPs. The Government Budget Department functions as the ‘middle office’, and it assists the front office and conducts appraisals of the new loans. The ACGEN functions as the ‘back office’, and it maintains the public debt data and provides the statistics to the stakeholders.

The GOT utilises Commonwealth Secretariat - Debt Recovery and Management System (CS-DRMS), which is the debt management package software used in dozens of countries. The CS-DRMS has been installed at ACGEN and the Bank of Tanzania (BOT), where the data is updated separately and shared off-line. SDU is responsible for the end user support of CS-DRMS. The problem is escalated to the Commonwealth Secretariat Headquarters in Harare, Zimbabwe if SDU cannot solve.

(5) Pensions Payment

A total of 61 staff²¹ are employed at the Pensions Office under the Debt Management Department and they are engaged in processing application and payment of pensions for about fifty thousand pensioners. The Pensions Office has not been computerised and all data is manually administered.

²⁰ Debt Management Institutional Framework

²¹ Interview Survey from the Pensions Office (September 2005)

Therefore, the operation is prone to delay at the Pensions Office and it takes about four months to process the application for pensions at a peak period.²² After processing the applications, the Pensions Office fills in and sends a datasheet to the MOF where the data is captured into Payroll Systems administered by the Department of Computer Services (DCS).

2.1.4 PFMRP

(1) Outline

The MOF has promoted the PFMRP to improve the PFM of the GOT with the financial and technical cooperation of the DPs. The activities implemented in the PFMRP Phase 1 which started in the FY 1997/8 included the phased installation of the IFMS at the MDAs, business process reform such as the centralisation of payment process at the ACGEN, capacity building, legislations of the Public Finance Act (2001) and the Public Procurement Act (2004), for more efficient and transparent Government financial management.

The PFMRP came into the second phase of a five-year programme in the Financial Year (FY) 2004/5. In the second phase of the PFMRP, the PFMRP framework was strengthened to facilitate the efficient implementation of the PFMRP activities and the effective linkages among these activities, such as the formulation of the PFMRP Strategic Plan and the PFMRP Interim Plan, the establishment of the PFMRP Basket Fund and Joint Steering Committee (JSC). The major DPs for the PFM have assisted the GOT with a variety of aid modalities, such as the contribution to the PFMRP Basket Fund, the participation in the JSC, and the technical cooperation provided by the respective DPs. The PFMRP consists of ten components as shown in Table 2.8, and the action plan of each component is formulated and implemented by an entity of the MOF, Public Procurement Regulatory Authority (PPRA) or the National Audit Office (NAO).

²² Interview Survey from the Pensions Office (September 2005)

Table 2.8 PFMRP Components

Component	Description	Component Manager
Component 1	Policy analysis and development	Policy Analysis Department (PAD)
Component 2	External resources management	External Finance Department (EFD)
Component 3	Budget management	Budget Department (BD)
Component 4	Treasury management and accounting	Accountant General's Department (AGD)
Component 5	Procurement	Public Procurement Regulatory Authority (PPRA)
Component 6	Information and communications technology services	Information Technology Services Department
Component 7	Investment management	Treasury Registrar Department (TRD)
Component 8	Administrative support services	Administration and Personnel Department (APD)
Component 9	External audit services	National Audit Office (NAO)
Component 10	Programme leadership, coordination, monitoring and evaluation	PFMRP Coordination Secretariat

Source: PFMRP Interim Plan, 2004

The main financial resources of the PFMRP consist of the Government general budget, the PFMRP Basket Fund, and the project fund from DPs. The five-year budget of the PFMRP Phase 2 is shown in Table 2.9.

Table 2.9 Budget in PFMRP Interim Plan (From FY 2004/5 to FY 2008/9)

	Component	GOT		DPs		Total	
1	Policy analysis and development	1.6	(5%)	5.3	(13%)	6.9	(10%)
2	External resources management	2.7	(9%)	0.1	(0%)	2.8	(4%)
3	Budget management	1.3	(4%)	1.7	(4%)	3.0	(4%)
4	Treasury management and accounting	11.8	(38%)	10.9	(27%)	22.7	(31%)
5	Procurement	7.2	(23%)	1.1	(3%)	8.4	(12%)
6	Information and communications technology services	1.5	(5%)	3.0	(7%)	4.5	(6%)
7	Investment management	0.7	(2%)	4.4	(11%)	5.0	(7%)
8	Administrative support services	0.8	(3%)	3.9	(10%)	4.7	(7%)
9	External audit services	1.3	(4%)	7.3	(18%)	8.6	(12%)
10	Programme leadership, coordination, monitoring and evaluation	2.3	(7%)	3.3	(8%)	5.6	(8%)
	Total	31.3	(100%)	41.0	(100%)	72.2	(100%)

Unit: 1 billion Tshs

Source: PFMRP Interim Plan, 2004

(2) Institutional Framework of PFMRP

The institutional framework of the PFMRP is detailed in the PFMRP Operations Manual. The PFMRP consists of ten components, and the action plan of each component is formulated and implemented the Component Manager. The existing entities and line staffs of the GOT have become the Component Manager, except the PFMRP Secretariat for the Component 10 (Programme leadership, coordination, monitoring and evaluation). At the beginning of the PFMRP Phase 2, the PFMRP Secretariat did not have sufficient number of workforces, but it has been improved since the FY 2005/6.

(3) PFMRP Basket Fund

PFMRP Basket Fund is established with the contributions from the DPs which cooperate with the PFMRP, and it is one of the financial sources for the PFMRP activities. The DPs started the provision of funds in the FY 2004/5, and the GOT started the utilisation of the funds in the FY 2005/6.

According to the PFMRP Annual Report for the FY 2005/6, the actual expenditure was substantially lower than the plan as shown in Table 2.10.²³ The total budget for the PFMRP was 23,813 million Tshs whereas the actual expenditure was 9,936 million Tshs. Among them the budget from the PFMRP Basket Fund was 13,442 million Tshs whereas the actual expenditure was 4,689 million Tshs. The PFMRP Annual Report for the FY 2005/6 indicated three reasons of low utilisations of the funds; (1) procurement of goods and services was delayed; (2) some project funds were not disbursed as scheduled; and (3) some information on the disbursement of the project funds was not provided.

Table 2.10 PFMRP Budget and Actual Expenditure

Component	Budget	Actual Expenditure
1. Policy analysis and development	1,394,580,000	326,210,388
2. External resources management	107,200,000	107,200,000
3. Budget management	810,553,800	557,983,167
4. Treasury management and accounting / Programme leadership, coordination, monitoring and evaluation	7,773,489,200	956,817,034
5. Procurement	3,513,953,000	422,142,000
6. Information and communication technology services	369,290,000	187,665,367
7. Investment management	660,850,000	268,380,495
8. Administrative support services	5,152,560,000	3,861,259,030
9. External audit service	5,168,505,523	3,812,478,975
Total	23,813,641,523	9,936,890,594

Source: PFMRP Annual Report 2005/6 (2006)

(4) Progress of PFMRP

The PFMRP Annual Report 2005/6 stated the following achievements of the PFMRP Component 4:

(1) Timely production of financial reports. The final Government accounts were submitted to the

²³ The execution balance of the Tanzanian budget as of FY2005/6 fiscal year is carrying over to FY2006/7 execution.

Controller and Auditor General on time; (2) Training sessions for 28 staff from MDAs and LGAs on internal audit and 130 employees of MDAs and LGAs were trained in IFMS; (3) All Regions and MDAs upcountry were connected to IFMS at sub-treasuries; (4) SSU was established at five zones; (5) Further roll out of IFMS to 19 Ministry of Defence stations and 48 LGAs. The actual expenditure of the Components of 4 and 10 in the FY 2005/6 was about 957 million Tshs, including 244 million Tshs from PFMRP Basket Fund and 507 million Tshs from the project funds, and the remainder was from the Government Budget.

The achievement of the PFMRP Component 4 in the first quarter of the FY 2006/7 included: (1) finalisation of recruitment of over 700 accountants and internal auditors; (2) 58% of donor programmes and budget support were integrated into the IFMS for financial control (the target of 75% donor programmes and budget support to be captured within IFMS by the end of the FY 2006/7). The budget of the PFMRP Components of 4 and 10 in the FY 2006/7 was 6,153 billion Tshs, including 2,027 Tshs from the PFMRP Basket Fund.

Some PFMRP Components were implemented slowly at the beginning of PFMRP Phase 2, but their progress has also been improved by the technical cooperation of some DPs. For example, the Components for the Procurement and the External Audit have received the technical support from African Development Bank (AfDB) and USAID / Millennium Challenge Corporation (MCC), and Sweden National Audit Administration respectively. While the quality of external audit may need to be improved further, the external audit report was submitted within nine months from the end of financial year, the deadline was met for the first time.

2.2 Situation Analysis

The JICA Consultant Team identified 11 key issues of the capacity building on the PFM as follows.

2.2.1 Situation Analysis on Institutional Development

Key Issue 1: Improve and maintain the quality of back-office services of the ACGEN in regard to the PFM

The ACGEN functions as the ‘back-office’ of the PFM for the GOT, as it has provided the GOT with the infrastructure and capacity building necessary for the PFM and facilitated the operations of accounting at the MDAs/LGAs. For example, the ACGEN is responsible for the IFMS administration and it has provided the MDAs/LGAs with the facilities and the training courses for their staff. The services provided by the ACGEN have enabled the MDAs/LGAs to benefit from the accurate and effective accounting system with their minimal investment. For the debt management, the ACGEN maintains the CS-DRMS database and it has provided the debt data to the stakeholders. For the internal audit, the ACGEN is tasked with the development of the Internal Audit Manual and the provision of necessary training to the internal auditors of the MDAs/LGAs. In any case, the ACGEN plays the key role to support the basis of the PFM such as the infrastructure development and the capacity building and to facilitate the business operations at the MDAs/LGAs. Therefore, the improved quality of the services provided by the ACGEN will significantly contribute to more effective and efficient operations of the MDAs/LGAs.

The ACGEN (Vote 23) has a separate vote from the MOF (Vote 50), and thus their action plans are formulated and implemented under the ownership of the ACGEN itself. Given the autonomous budget, the ACGEN is able to provide the extensive and effective public financial services for the MDAs/LGAs. It is thus important to note that the goal of action plan of the ACGEN is to contribute to the institutional development, capacity building and business process reform of the MDAs/LGAs.

Key Issue 2: Facilitate the data management among stakeholders

There are two important aspects on the data management for the ACGEN to facilitate the effective PFM. One is for the data collection, and the ACGEN needs to maintain accurate and comprehensive

data. The other is for the data provision, and ACGEN needs to provide financial data required by the stakeholder timely.

There are three main issues in the aspect of data collection. First, many MDAs/LGAs do not have sufficient capability to capture data into the systems accurately and timely. Some organisations in the Government sector, particularly the LGAs, have insufficient number of qualified staff due to the high demand of accountants in the private sector. As a result, the SDU/SSU staff visit the workplace of the MDAs/LGAs frequently to facilitate the day-to-day operations of the IFMS, in addition to the support by telephone and e-mail. The recruitment and capacity building of staff at the MDAs/LGAs are essential to improve the IFMS operations for the effective PFM, as they are responsible for capturing the accurate and comprehensive financial data into the IFMS. This issue has been prioritised in the PFMRP and some action plans have already been formulated and implemented, such as employment of over 700 accountants and internal auditors at the MDAs/LGAs, provision of long-term and short-term training courses for the MDA/LGA staff, and the institutional development of the SDU/SSU to improve the support capacity.

Second, some accounting data are not captured and inputted into the information systems, though it is important to collect the financial data comprehensively for the effective allocation of the financial resources and monitoring within the framework of the NSGRP. However, the data of some project fund are not always timely accessible by the GOT, and it fails to capture the data into the IFMS. For example, the financial sources of the PFMRP consist of the Government budget (including the Government Budget Support from the DPs), the PFMRP Basket Fund, and the project funds. The first two sources are always managed by the GOT and all the transactions should be automatically recorded in the IFMS and monitored by the GOT. The project funds which are managed by the Government special account are treated likewise. On the other hand, if the project funds are disbursed directly by the DPs to the project, the GOT will not be able to know the disbursement unless they are informed by the DPs. In this regard, the GOT (implementing agencies and the External Finance Department of the MOF) request the DPs to provide the information on the project expenditure timely. However, the

MOF staff interviewed by the JICA Consultant Team indicated the information required was not always obtainable from the DPs timely. The PFMRP Annual Report for the FY 2005/6 also pointed out that the failure to receive some disbursement information of the project funds for the PFMRP.

Third, many MDAs/LGAs still depend on the fragile information infrastructure. For example, frequent blackout often prevents the IFMS operations at the Government buildings in Dar es Salaam and in some cases the MDAs accountants have to come to the ACGEN temporarily for data capture where a back-up power generator is equipped. The situation is worse in the regions and the LGAs where the electricity supply is more unstable. Also, the maintenance of computer hardware and networking is prone to delay in the regions and LGAs. The improvement of information infrastructure is prioritised in the PFMRP and the computer and networking equipment is being added or upgraded.

For the aspect of data provision, the ACGEN administrates the application systems for the PFM, such IFMS and CS-DRMS to facilitate producing reports of financial data for the use of the stakeholders. The IFMS has significantly contributed to the efficient reporting on the Government finance, and the ACGEN has now prepared and produced the financial statements within the six months of the financial year end as stipulated in the Public Finance Act, and the National Audit Office submitted the Audit Report within the nine months of the year end in the FY 2005/6.

In addition, the data warehouse (DWH) has been installed to facilitate multifaceted analysis of the financial data by the policy makers of the GOT. The ACGEN has already provided necessary services of the systems installation and training programmes for the end users including the Policy Analysis Department and Government Budget Department. However, the DWH has not been effectively utilised by the end users so far according to the interviews with the ACGEN and other stakeholders. There are two reasons considered for this issue. First, the DWH users usually require many kinds of information, not only the information provided by the DWH but also the social and economic statistics and sector statistics. If an information tool for these statistics is developed and utilised, it is expected that the use of DWH will also be enhanced accordingly. Second, the application skills of the DWH

end users need to be improved. The DWH, unlike the conventional pre-set reporting facilities of information systems, requires the end users to customise the data analysis and reporting according to their needs. Therefore, in addition to the training for the operation of DWH, the end users need to have a skill for the effective utilisation and analysis of data, such as cluster analysis and regression analysis of the statistics and the data mining. Also, the practice at the workplace will facilitate the improvement of such skills.

Key Issue 3: Improve the efficiency of business operations at SSU

The LGAs play an important role on the PFM as substantial amount of the development fund is allocated to the LGAs along with the implementation of the Local Government Reform Programme (LGRP) and consequent decentralisation process. Roughly 5% of the revenue and 20% of the expenditure of the whole GOT is managed by the 114 LGAs.²⁴ The roll out of the IFMS to the LGAs is carried out in phases, and all LGAs will be equipped with the IFMS by the FY 2007/8.

It is anticipated that the roll out of the IFMS to the LGAs will increase the demand of the systems support, which is provided by the Systems Support Unit (SSU) of the ACGEN. Thus, there is an urgent need to strengthen the workforce of the SSU. SSU has five branch offices nationwide and a total of about 20 staff, and their workload is already high even at the time the IFMS roll out is still on-going. Though it is expected that many IFMS end users will gradually improve their skills through the day-to-day operations, the current number of SSU workforces will be overloaded in near future. Also, it is necessary to streamline the operations of the SSU and establish a mechanism to deliver the efficient systems support with a small number of staff. For example, the PMO-RALG also provides the LGAs with the systems support for the systems other than the IFMS, and there will be a need to harmonise the systems support of the ACGEN and PMO-RALG to deliver the efficient systems support services.

²⁴ Local Government in Tanzania, <http://www.logintanzania.net/lgafinance.htm>, (Accessed on 16 April, 2007)

2.2.2 Situation Analysis on the Capacity Building

Key Issue 4: Establish the skill standards of the ACGEN staff

A variety of training programmes are carried out in the PFMRP. It is important that the training courses should be designed to meet the duties and level of the trainees. According to the interview surveys to the ACGEN staff, many respondents described the training courses they received in the past were effective for their duties. On the other hand, a few respondents cited the unmatched level of the training courses with their skills, namely, the training course was too difficult or too easy for the trainee. These were the answers for the group training conducted by a regional training institution. Since these training institutions usually accept a variety of trainees from different countries and provide the training on more general issues than specific issues which are closely related to the duties of training participants, such training courses may sometimes not conform to the needs of the training participants fully.

The ACGEN formulates a training plan annually. However, there is a need to point out that the skill standards have not been documented. The skill standards, indicating all levels of required skills in each duty, are used as an effective reference in formulating the training courses for the staff.

For example, many training courses are designed for the internal auditors in accordance with the ISO9001 series which require the internal audit as a mandatory process. Also, in 1974 the Internal Audit Association in the United States started the examination of Public Internal Auditors, which is now conducted in about 50 countries and about 50,000 people have passed the examination. Some countries have developed the skill standards which are useful to develop the training courses in relation to the information technology, such as Skill Framework for Information Age (SFIA) in the United Kingdom and Information Technology Skill Standards (ITSS) in Japan. It is anticipated that the establishment of skill standards will facilitate the development of the systemised training courses for the staff.

For this purpose, the skill and training requirements by level of staff should be established and documented so as to ensure appropriate training courses developed and provided to the ACGEN staff.

Key Issue 5: Collect the basic information to facilitate planning training programmes

At the beginning of every financial year, the ACGEN management formulates the annual training plan based on the medium term plans. The situation analysis based on the comprehensive information facilitates planning of the training programmes appropriate to the duties and level of trainees. The information required includes details on each staff such as skill level, duties, academic and professional qualifications, training experiences, job experiences, etc. However, such information is not always readily available and as a result the ACGEN management has to invest a lot of time in formulating the annual training programmes

To encounter this issue, it is anticipated that an information system to support decision making, such as a database to contain the personnel data including training history, will facilitate formulating the appropriate training programmes for each staff effectively. Also, there is a need to formulate a mechanism which facilitates to incorporate the achievement of the training into the performance evaluation of staff, which is now administered by the OPRAS.

Key Issue 6: Expand training for the LGA staff

In spite of increasing roles on the PFM, at the LGAs the personnel have fewer opportunities to attend training programmes due to geographical and financial constraints, in comparison with the MDAs. While the introduction of the LGRP gave more authorities and autonomies in accessing the financial sources to the LGAs, many of them still have limited sources for the training of their staff. Also, most of training institutions are located in Dar es Salaam and other urban areas, and the rural LGAs have difficulty to join the training courses.

It is necessary to expand training for the LGA staff to support the sustainable PFM. The training courses for the LGAs should contain basic subjects in consideration of the skill levels of the trainees.

It is also important to note that the training courses for the LGAs staff should be designed to cover more basic elements than those for the MDAs staff in consideration with their skill level. In fact, the IFMS end users training for the LGAs staff contain the introduction of accounting and personal computers. The ACGEN has extended its assistance of training programmes to the LGAs such as a long-term training course for the accountants and a short-term training course for IFMS end users, and there is a need to continue the provision of training programmes to the LGAs staff for the sustainable and self-reliant operations of the PFM.

2.2.3 Situation Analysis on the Business Process

Key Issue 7: Improve the effectiveness of internal audit at MDAs/LGAs

The GOT has implemented the policy to leverage the internal audit at the MDAs/LGAs in recent years. The objectives of the internal audit functions are not only to ensure that the financial transactions are processed according to the regulations and accounting principals, but also to facilitate the improvement of performance of the business operations by formulating the recommendation to the head of the organisations on the basis of their findings from the analysis on the business procedures and internal control mechanism. In view of this, the internal audit should function as the performance auditing (Value for Money) as well as the financial accounting auditing.

There are two key issues to improve the effectiveness of internal audit at MDAs/LGAs. First, there is a need to improve the capacity of internal auditors to ensure quality of the internal audit. Most of the past and existing activities in relation to the internal audit reforms focus on this issue, such as the compilation and distribution of the Internal Audit Manual, the reorganisation of the Internal Audit Unit, massive employment of Internal Auditors at the MDAs/LGAs and provision of training courses

to the Internal Auditors. In addition, there will a need to have a mechanism to ensure the quality of internal audit functions at workplaces, such as the provision of in-service training, and regular review of internal audit reports.

Second, there is a need to raise the awareness among senior management at MDAs/LGAs on the roles and importance of the internal audit, so as to ensure that the recommendations by internal auditors will be appropriately considered for the improvement of the business operations. For this purpose, an awareness workshop is being planned by the ACGEN, and there will be a need to implement it as soon as possible to ensure that the recommendations of the internal auditors are adequately considered by the senior management of the organisations and the measures are formulated and implemented in response to such recommendations.

For the improvement of the business process, the concept of the PDCA management cycle is often preferably applied in management standards such as ISO. The PDCA management cycle consists of a series of four stages for the improvement of the business process: (1) Plan: to formulate a business plan based on the past achievement and forecast; (2) Do: to implement the business plan; (3) Check: to evaluate the operations and identify the issues of the business plan; (4) Act: to formulate and implement the measures in response to the identified issues. The first issue of the quality of internal audit is related to the (3) Check, and the second issue of the awareness of senior management is related to the (4) Act.

Key Issue 8: Improve and maintain the quality of system support of the ACGEN

SDU/SSU provides the systems support to the end users of the MDAs/LGAs, and their functions have been strengthened along with the roll out of IFMS. In the last two years during the Development Study, some measures were taken such as the employment of additional SDU staff and provision of training programmes to the SDU/SSU staff.

Most of the IFMS end users answered in the interview survey of the JICA Consultant Team that they were satisfied with the systems support by the SDU/SSU. However, the SDU/SSU still sometimes need to dependent on the systems developer to solve the problems due to the insufficient support capacity, according to the interviews with the SDU/SSU staff. The improvement of the support capacity of SDU/SSU will facilitate self-reliant and efficient delivery of the support services by SDU/SSU, which will have a positive impact for the improvement of operations at the MDAs/LGAs.

The SDU/SSU staff usually receive the training programmes on the operation and administration of Epicor software, which consists of the core part of the IFMS. According to the interviews with the SDU/SSU staff, other training courses required for their duties include networking and database administration (particularly, product specific courses like SQL Server, Oracle, Cisco), analytical skills to understand the issues of end users more effectively, and accounting skills which are practically useful for their duties.

Key Issue 9: Prepare for adoption of the International Financial Reporting Standards

The International Financial Reporting Standards (IFRS) was formulated by the International Accounting Standards Committee (IASC) and it has been widely adopted around the world, while the International Public Sector Accounting Standards (IPSAS) was formulated for the public sector accounting on the basis of the IFRS. In Tanzania, the IFRS is in the process of adoption and the IPSAS will be introduced in phases from the MDAs. However, few accountants of the GOT have deep understanding of the IFRS/IPSAS and thus there will be a need to conduct a training or workshop before adoption of the IPSAS.

Key Issue 10: Strengthen the information security measures

IFMS has been gradually been implemented and operated as the critical systems on the PFM since 1997. In accordance with the roll-out and expansion of the IFMS, the role of the ACGEN in the systems administration has become more important. There is a need to strengthen the information

security management as the information security threats are widening, such as computer virus, spy-wares, computer fraud, and cracking. The IFMS and CS-DRMS contain confidential data on the public finance, and thus the ACGEN, in association with the Department of Computer Services (DCS) of the MOF, needs to implement the preventive measures against the security threats.

Also, the awareness of the IFMS users on the information security is also essential to improve the security. The end users, particularly at the LGAs, have generally less knowledge on the security issues due to lack of up-to-date information. For this purpose, SDU/SSU is expected to play a role to educate the security issues as a part of the systems support.

Key Issue 11: Apply information technology for improvement of management

The information technology is utilised at the ACGEN for the critical systems for treasury management and debt management as well as the general use like document production and Internet access, and there will be more areas to utilise the information technology to improve the operations of the ACGEN, such as communication and decision making. In regard to the external communication, the ACGEN should utilise the e-mail facilities more often. Currently, the telephone is mostly used as the communication method with the IFMS end users, while the use of e-mail is occasional. The Wireless Wide Area Network (WAN) of the IFMS covers most of the government buildings in Dar es Salaam and such a network infrastructure should be used effectively for the inter-ministerial communication. The information technology should also be utilised to accumulate and share the knowledge among staff for the effective and efficient decision making. For example, introduction of knowledge management may facilitate the improved operations of the ACGEN. The management will be able to access the accurate information and useful knowledge necessary to make the right decision for the operations and institutional management. Even at the staff level, sharing the knowledge and experiences through the information systems will facilitate improving the institutional capacity.

2.3 Summary of Chapter 2

The Chapter 2 described the situation analysis on the PFM of the GOT based on the theoretical approach of document and interview surveys in the area of institutional development, capacity building, business process and PFMRP. The situation analysis focused on the ACGEN, which is the Component Manager of the PFMRP Component 4. The key issues identified in this Chapter should be taken into consideration when formulating the action plan of PFMRP activities.

Chapter 3 JICA Support Activities

This Chapter describes the lessons learnt from the JICA Support Activities, which was formulated on the basis of the situation analysis and implemented in FY 2005/6.

3.1 Formulation of JICA Support Activities

3.1.1 Process of Formulation

The JICA Support Activities were formulated by JICA Consultant Team and ACGEN in three steps. Firstly, information systems and internal audit were selected as the priority areas for the JICA Support Activities. Secondly, nine training courses among the priority area were formulated as the components of the JICA Support Activities. Finally, institutional framework and tentative schedule were formulated.

3.1.2 Conditions of the JICA Support Activities

In addition to the 11 key issues identified in Chapter 2, the JICA Consultant Team also considered the following six conditions:-

Condition 1: The JICA Support Activities should facilitate mitigating the fiduciary risk.

The GBS from the DPs is rapidly increasing in the recent years. It is said that in general the GBS is an effective tool of the development aid, as it facilitates the harmonisation of the development aid and the reduction of the transaction cost for the institutional arrangement. On the other hand, as a disadvantage, the GBS may increase the fiduciary risk. In the scheme of the GBS, the recipient countries are responsible for the appropriate management of the fund disbursed by the DPs. For this purpose, the

PFMRP is expected to improve the capacity and accountability on the PFM, and mitigate the fiduciary risk. Therefore, the JICA Support Activities were designed to mitigate the fiduciary risk.

Condition 2: The JICA Support Activities should be designed and implemented in accordance with the PFMRP framework.

The PFMRP is a national programme being implemented by the GOT in cooperation with the DPs. A number of activities are carried out in accordance with the PFMRP Interim Plan and annual action plans, and the PFMRP Basket Fund has been activated since FY 2005/6. The JICA Support Activities were designed and implemented in accordance with the PFMRP framework, and the proposed components of the JICA Support Activities were incorporated into the 2006/7 action plan. Also, the plan and progress of the JICA Support Activities was shared with the GOT and DPs.

Condition 3: The JICA Support Activities should feature practical elements.

The PFMRP is designed to conform to the institutions of the MOF so that it will be able to facilitate the capacity building through day-to-day operations. The JICA Support Activities, consisting of a number of the training programmes, featured practical elements in order to improve the day-to-day operations.

Condition 4: The JICA Support Activities should harmonise with the assistance of other DPs.

Since the PFMRP is an extensive programme, the harmonisation among the DPs is essential. The JICA Consultant Team took note of this issue and shared the information of the JICA Support Activities with the stakeholders. Also, the JICA Support Activities was designed and implemented in harmony with the assistance of other DPs to make more synergy effects. Several DPs have already provided substantial assistance for the PFM, and the JICA Support Activities utilised the achievements of these assistance for improved efficiency of the development aid.

Condition 5: The JICA Support Activities should effectively utilise the national and foreign resources.

In order to ensure the effectiveness of the training courses of the JICA Support Activities, the JICA Consultant Team contracted some training institutions to carry out the training courses. While it is preferable in general that the national institutions are contracted in terms of cost-effectiveness, overseas institutions may also be considered if the topic of the proposed training course covers more advanced and international issues.

Condition 6: The JICA Support Activities should be sustainable assistance.

The duration of the JICA Support Activities is about one year. However, since they are carried out in the PFMRP framework which will last until FY 2008/9, the JICA Support Activities was not designed as a standalone project but a part of the PFMRP activities for the sustainable assistance to respond to the medium and long term issues.

3.1.3 Priority Area of the JICA Support Activities

The 11 key issues specified in Chapter 2 are classified into four areas as shown in Table 3.1, namely, (1) information systems; (2) internal audit; (3) international standards of accounting; and (4) ACGEN management. These areas were considered as the candidates of the JICA Support Activities.

Table 3.1 Priority Area and Key Issues

	Key Issues	Information Systems	Internal Audit	International Standards of Accounting	ACGEN Management
1	Improve and maintain the quality of back-office services of the ACGEN in regard to the PFM	✓	✓	✓	
2	Facilitate the data flow among stakeholders	✓			
3	Improve the efficiency of business operations at SSU (Systems Support Unit)	✓			
4	Establish the skill standards of the ACGEN staff	✓	✓	✓	✓
5	Collect the basic information to facilitate formulating training programmes				✓
6	Expand training for the LGA staff	✓	✓	✓	
7	Improve the effectiveness of internal audit at MDAs/LGAs		✓		
8	Improve and maintain the quality of system support of the ACGEN	✓			
9	Prepare for adoption of the International Financial Reporting Standards			✓	
10	Strengthen the information security measures	✓			
11	Apply information technology for improvement of institutional management	✓			

The JICA Consultant Team discussed with the ACGEN and other stakeholders, and it was agreed that information systems and internal audit would be selected as the priority areas for the JICA Support Activities. While the other two areas, namely, international standard of accounting and ACGEN management are also worthwhile to support, the direct target groups of these areas would be more limited, i.e., the former will support the staff of MDAs where the IPSAS will be applied for the meantime, and the latter strategic area will support the ACGEN management. Therefore, these areas were not considered as the JICA Support Activities. On the other hand, it is anticipated that the support on the information systems and internal audit will contribute to the capacity building of the PFM of the MDAs and LGAs more directly and extensively. In addition, the GOT promotes the roll out of information systems such as the IFMS and the massive reform of government internal audit in

order to achieve the appropriate and transparent PFM, and thus the direct support to these areas by the JICA Support Activities responded to the urgent needs of the GOT.

3.1.4 Components of JICA Support Activities

The JICA Consultant Team discussed with the ACGEN and other stakeholders, and nine components of the JICA Support Activities were formulated in the priority areas of information systems and internal audit. The JICA Support Activities consisted of six components in information systems and three components in internal audit as shown in Table 3.2.

Table 3.2 Components of JICA Support Activities

	Priority Area	Component	Target Group
1	Information systems	Training of IFMS end-users	Accountants of LGAs
2	Information systems	Training of user support skills	SSU staff
3	Information systems	Training of analytical skills	SDU staff
4	Information systems	Training of accounting	SDU staff
5	Information systems	Training of information security management	SDU staff
6	Information systems	Training of utilisation of information systems	SDU staff
7	Internal audit	Introductory training of internal audit	Internal Auditors of MDAs/LGAs
8	Internal audit	Intermediate training of internal audit	Internal Auditors of MDAs/LGAs
9	Internal audit	Advanced training of internal audit	Central Internal Audit Unit staff

Component 1: Training of IFMS end-users for LGA staff

The Component 1 was the training of IFMS end-users for LGA staff. The roll out of IFMS to the LGAs is accelerated as 47 LGAs were newly equipped with the IFMS in FY 2006/7. Accordingly, it is planned to provide staff of LGAs with the IFMS end-users training, and some of them were trained in the Component 1.

Component 2: Training of user support skills for SSU staff

The Component 2 was the training on user support skills for SSU staff. SSU needed to strengthen its capacity to provide the appropriate level of systems support to the increasing number of IFMS installation sites. Since the number of IFMS installation sites at the LGAs was doubled in FY 2006/7, and SSU was required to provide more efficient user support. The Component 2 was provided for all SSU staff to acquire effective and efficient user support skills.

Component 3: Training of analytical skills for SDU staff

The Component 3 was the training of analytical skills for SDU staff. The Component 3 was provided for SDU staff to improve their analytical skills covering the concepts and theories of business analysis and data analysis so that they would be able to understand and analyse the issues faced by the end users more appropriately and provide quality support to the MDAs.

Component 4: Training of accounting for SDU staff

The Component 4 was the training of accounting for SDU staff. The Component 4 was provided for SDU staff to acquire practical knowledge on accounting so that they would be able to understand and analyze the issues faced by the end users more appropriately and provide quality support to the MDAs.

Component 5: Training of information security management for SDU staff

The Component 5 was the training of information security management for SDU staff. The ACGEN functions as the administrator of the IFMS which is a critical system of the GOT and contains confidential information, and needs to maintain sufficient capacity and up-to-date knowledge on the information security to deal with the increasing security threat. There was also a need to formulate information security policy to increase the awareness of IFMS end users on the security issues. The Component 5 aimed to increase the capacity of SDU staff who would formulate the appropriate

security measures of the information systems and SDU personnel was dispatched to the ESAMI training course for the information security.

Component 6: Training of utilisation of information systems for SDU staff

The Component 6 was the training of utilisation of information systems for SDU staff. The effective utilisation of extensive data facilitates planning, decision making and back-office services of the ACGEN. The Component 6 aimed to acquire practical knowledge and SDU personnel was dispatched to the ESAMI training course for effective utilisation of information.

Component 7: Introductory training of internal audit for internal auditors

The Component 7 was the introductory training of internal audit for internal auditors of MDAs and LGAs. Along with the reorganisation and massive recruitment of internal auditors as a part of institutional development of internal audit to ensure transparency and accountability, there was an increasing need to provide the inexperienced or untrained internal auditors with basic skills to carry out the internal audit. Therefore, the introductory training of internal audit was provided for the newly recruited internal auditors of MDAs and LGAs as the Component 7.

Component 8: Intermediate training of internal audit for internal auditors

The Component 8 was the intermediate training of internal audit for internal auditors of MDAs and LGAs. While the introductory course focused on the minimum knowledge from the Internal Audit Manual, the intermediate course aimed to improve 'soft skills' which are useful for effective implementation of internal audit, such as presentation skills, reporting and team management.

Component 9: Advanced training of internal audit for internal auditors

The Component 9 was the advanced training of internal audit for Central Internal Audit Unit staff. The reform of internal audit of the GOT was still at the initial stage, and there was a need to formulate and

implement the strategic plan and the action plan to improve the internal audit functions at MDAs and LGAs. The Component 9 aimed to increase the capacity of ACGEN staff who would formulate the support strategy of internal audit and Central Internal Audit Unit personnel was dispatched to the ESAMI training course for the management of internal audit.

3.1.4 Rationales of JICA Support Activities

The rationales of the JICA Support Activities are explained in this section.

(1) Skill standards and JICA Support Activities

As stated in the Key Issue 4 “It is necessary to establish the skill standards for the ACGEN staff”, Formulating training programmes will become more effective by establishing the skill standards. The As there was no such skill standards used by the GOT when the JICA Support Activities were formulated, JICA Consultant Team proposed tentative skill standards with reference to the situation analysis and other documents and formulated the training programmes.

The proposed skill standards for the systems support staff was based on the SFIA 3.0, which is the information technology skill standards used in the United Kingdom, and 12 skill areas were identified as shown in Table 3.3. Each skill area is classified into four levels, namely, junior staff, senior staff, principal staff and management, and each level requires different roles in the skill area. Therefore, the training requirements will be subject to the staff level.

Table 3.3 Skill Areas for Systems Support Staff

	Skill Area	Level 1	Level 2	Level 3	Level 4
1	Help Desk Management and Problems Management	✓	✓	✓	
2	Supplier Management and Procurement			✓	✓
3	Application Support	✓	✓	✓	
4	Business Analysis	✓	✓	✓	
5	Data Analysis	✓	✓	✓	
6	Usability Evaluation	✓	✓	✓	
7	Systems Installation	✓	✓	✓	
8	Systems Software and Database Management System	✓	✓	✓	
9	Capacity Management and Assets Management		✓	✓	✓
10	Security Management	✓	✓	✓	✓
11	Network Management	✓	✓	✓	✓
12	Education and Training	✓	✓	✓	✓

Source: JICA Consultant Team

Four components of the JICA Support Activities corresponded to the proposed skill areas for the systems support staff as shown in Table 3.4. Some existing training courses also covered the skill areas.

Table 3.4 Skill Areas for Systems Support Staff and JICA Support Activities

	Skill Area	Component			
		2	3	5	6
1	Help Desk Management and Problems Management	✓			
4	Business Analysis		✓		✓
5	Data Analysis		✓		✓
6	Usability Evaluation				✓
10	Security Management			✓	

Source: JICA Consultant Team

The proposed skill standards for the internal auditors were based on the training needs analysis conducted by Bannock Consultant as a part of SIDA assistance in 2003 as shown in Table 3.5.

Table 3.5 Skill Areas for Internal Auditors

	Phase	Skill Area	Level 1	Level 2	Level 3
1	Internal audit strategy	General Management			✓
2	Ethics of internal audit	Ethics	✓	✓	✓
3	Various internal audit	Financial audit, procurement audit, systems audit and performance audit	✓	✓	✓
4	Planning	Time management		✓	✓
5	Planning	Resources management			✓
6	Investigation	Leadership			✓
7	Investigation	Business analysis, problem analysis	✓	✓	✓
8	Investigation	Communication	✓	✓	✓
9	Reporting	Compiling report	✓	✓	✓
10	Reporting	Presentation	✓	✓	✓

Source: JICA Consultant Team

Three components of the JICA Support Activities correspond to the skill areas as shown in Table 3.6

Table 3.6 Skill Area for Internal Auditors and JICA Support Activities

	Skill Areas	Component		
		7	8	9
1	General Management			✓
2	Ethics	✓	✓	✓
3	Financial audit, procurement audit, systems audit and performance audit	✓	✓	✓
4	Time management		✓	✓
5	Resources management		✓	✓
6	Leadership		✓	
7	Business analysis, problem analysis	✓	✓	
8	Communication	✓	✓	
9	Compiling report	✓	✓	
10	Presentation	✓	✓	

Source: JICA Consultant Team

(2) Key Issues and JICA Support Activities

The Table 3.7 indicates the relationship between the JICA Support Activities and nine of the eleven key issues which are related to the information systems and internal audit. The key issues 5 and 9 were excluded from the table as they were not covered with the JICA Support Activities.

Table 3.7 Key Issues and JICA Support Activities

Key Issues	Component of JICA Support Activities								
	1	2	3	4	5	6	7	8	9
Key Issue 1: Improve and maintain the quality of back-office services of the ACGEN in regard to the PFM		✓	✓	✓	✓	✓			✓
Key Issue 2: Facilitate the data flow among stakeholders		✓	✓			✓			
Key Issue 3: Improve the efficiency of business operations at SSU (Systems Support Unit)	✓	✓							
Key Issue 4: Establish the skill standards of the ACGEN staff	✓	✓	✓	✓	✓	✓	✓	✓	✓
Key Issue 5: Collect the basic information to facilitate formulating training programmes									
Key Issue 6: Expand training for the LGA staff	✓						✓	✓	
Key Issue 7: Improve the effectiveness of internal audit at MDAs/LGAs							✓	✓	✓
Key Issue 8: Improve and maintain the quality of system support of the ACGEN		✓	✓	✓	✓	✓			
Key Issue 9: Prepare for adoption of the International Financial Reporting Standards									
Key Issue 10: Strengthen the information security measures					✓				
Key Issue 11: Apply information technology for improvement of institutional management						✓			

Source: JICA Consultant Team

(3) Conditions and JICA Support Activities

The proposed JICA Support Activities also response to the six conditions outlined in this chapter as shown in Table 3.8.

Table 3.8 Conditions and JICA Support Activities

	Conditions	Considerations in the JICA Support Activities
1	The JICA Support Activities should facilitate mitigating the fiduciary risk.	The internal audit, which is one of the priority areas of the JICA Support Activities, aims to ensure the appropriate operations at the institutions, and thus it was envisaged that the JICA Support Activities would facilitate utilising development funds more properly and mitigating the fiduciary risk. In addition, the training of the IFMS end user at the LGAs and SDU/SSU staff would improve the capacity of IFMS end users, and it would also facilitate proper reporting of the funds usage and mitigating the fiduciary risk.
2	The JICA Support Activities should be designed and implemented in accordance with the PFMRP framework.	The JICA Support Activities was incorporated into the PFMRP action plan of the ACGEN in FY 2006/7.
3	The JICA Support Activities should feature practical elements.	The JICA Consultant Team proposed tentative skill standards for the staff of systems support and internal audit. The JICA Support Activities was formulated in reference to the proposed skill standards.
4	The JICA Support Activities should harmonise with the assistance of other DPs.	The outcomes of the past SIDA support with regard to the internal audit were utilised to formulate the JICA Support Activities.
5	The JICA Support Activities should effectively utilise the national and foreign resources.	Some national (Tanzanian) institutions and companies were recruited as sub-contractors to implement the JICA Support Activities for cost-effective assistance. Foreign (non-Tanzanian) resources were also utilised in case of unavailability of training components locally.
6	The JICA Support Activities should be sustainable assistance.	All components of the JICA Support Activities were not a standalone project but an activity which required continuous support.

Source: JICA Consultant Team

(4) PFMRP Interim Plan and JICA Support Activities

The JICA Support Activities are formulated within the PFMRP framework in a board context. The PFMRP Interim Plan indicated five intermediate outcomes for the Component 4 (Treasury Management and Accounting), and the JICA Support Activities respond to the intermediate outcomes as Table 3.9.

Table 3.9 PFMRP Interim Plan and JICA Support Activities

Intermediate Outcomes of Component 4 as specified in the PFMRP Interim Plan	Component of JICA Support Activities								
	1	2	3	4	5	6	7	8	9
1. Improved human resource capacity development for enhanced IFMS application	✓	✓	✓	✓	✓	✓			
2. Public Financial Management best practices promoted and enhancement of stakeholders' participation							✓	✓	✓
3. Conductive working environment ensured for efficient and effective service delivery		✓				✓			
4. Financial management framework and systems throughout the government are more efficient, effective and sustainable							✓	✓	✓
5. Improved accounting of Vote 23, 50 and pension funds to ensure that the MOF is a role model in accounting for funds					✓	✓	✓	✓	✓

Source: JICA Consultant Team

3.2 Institutional Framework of the JICA Support Activities

3.2.1 Outline of Institutional Framework

Along with the PFMRP framework and policy of Tanzanian ownership of the programme, national (Tanzanian) resources were utilised as much as possible when formulating the JICA Support Activities. The training outline was discussed between the JICA Consultant Team and the ACGEN, and then the contents were detailed by the ACGEN and national training institutions which were sub-contracted by the JICA Consultant Team. The institutional framework of the JICA Support Activities is graphed in Figure 3.10.

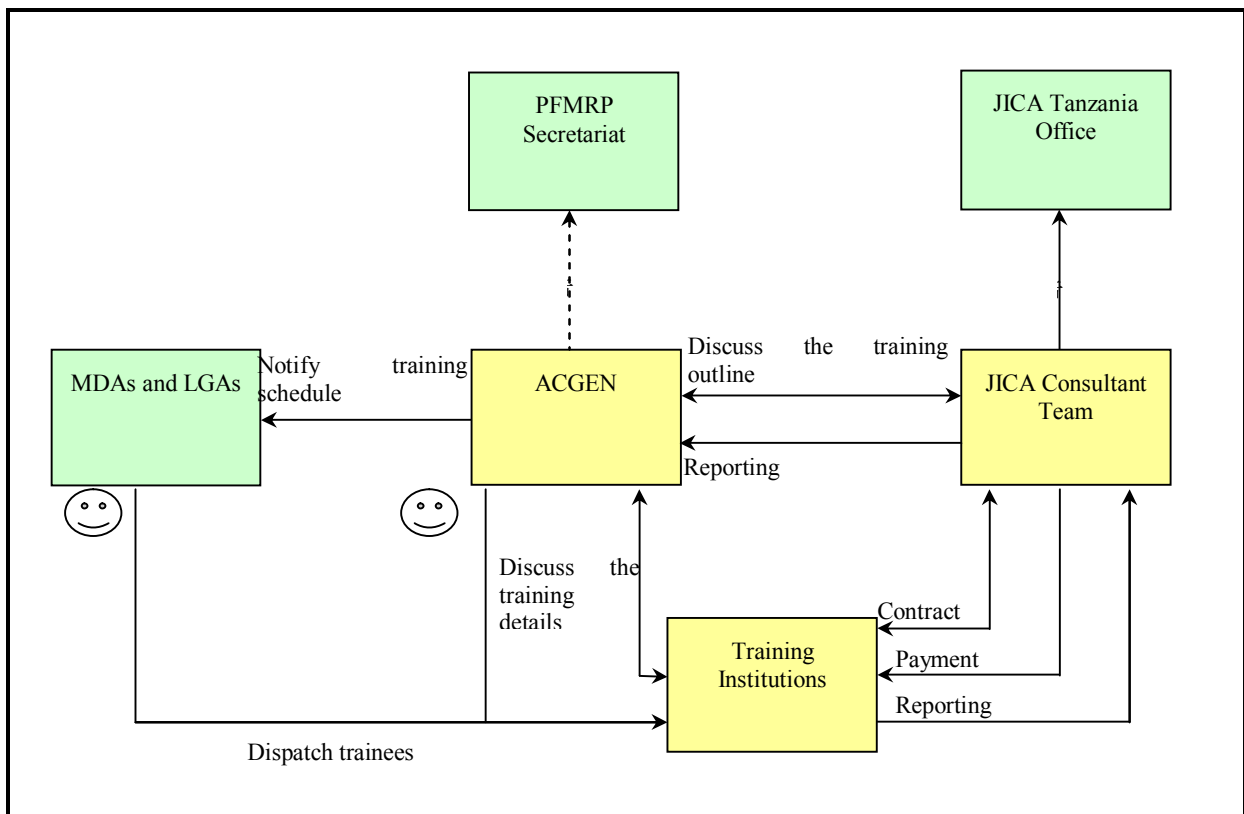


Figure 3.10 Institutional Framework of the JICA Support Activities

The JICA Consultant Team liaised with the national training institutions by e-mail and monitored the progress of the JICA Support Activities during the implementation period of the JICA Support

Activities. Also, the JICA Consultant Team carried out two week on-site monitoring for three times and discussed with the stakeholders for monitoring and coordination of the JICA Support Activities.

3.2.2 Profile of Training Institutions

The JICA Consultant Team sub-contracted national training institutions for the efficient implementation of the JICA Support Activities. The nine support components of the JICA Support Activities were re-arranged into six procurement lots, and the national training institutions were selected based on the proposals method as shown in Table 3.11.

Table 3.11 Procurement Lot and Training Provider of the JICA Support Activities

Lot	Component	Training Provider
Lot A	1. Training of IFMS end users for LGA staff	Learn IT
	2. Training on user support skills for SSU staff	
Lot B	3. Training analytical skills for SDU staff	Learn IT
Lot C	4. Training on accounting for SDU staff	NBAA
Lot D	7. Introductory training of internal audit for internal auditors	Mzumbe University
Lot E	8. Intermediate training of internal audit for internal auditors	Mzumbe University
Lot F	5. Training on information security management for SDU staff	NBAA
	6. Training on utilisation of information systems for SDU staff	
	9. Advanced training of internal audit for internal auditors	

The Lot A and B were commissioned to the Soft Tech Consultants Group (<http://www.stcl.com/>), which is a private company and the sole agent of Epicor application software in Tanzania and East Africa region. Epicor consists of the core modules of the IFMS, and since the introduction of the IFMS in the GOT the company and its affiliates have provided IFMS related services including software, hardware, networking equipment, training and maintenance. In the JICA Support Activities, the JICA Consultant Team contracted Learn IT, which provides training solutions in the group.

The Lot D and E were commissioned to Mzumbe University (<http://www.mzumbe.ac.tz/>), which was established as a national educational institution in 2001. Mzumbe University has a main campus in Mzumbe, about 220 km from Dar es Salaam, and established satellite campus at the centre of Dar es Salaam in 2005. In the same year, Mzumbe University was asked by the ACGEN to design and implement an introductory training for internal auditors of MDAs.

The Lot C and F were commissioned to National Board of Accountants and Auditors (NBAA) (<http://www.nbaa-tz.org/>), which is under the MOF and promotes development of accounting and auditing in the nation. In 2004 NBAA was asked by the ACGEN to design and implement a training course of sensitising Public Procurement Act (2004) for the government accounting staff.

For Lot F, some ACGEN personnel were dispatched to the ESAMI training courses. ESAMI was founded in 1980 as the regional development centre in Eastern and Southern Africa, and has the headquarters in Arusha and branch offices in each member country of the Eastern and Southern Africa region. NBAA was tasked with administrative support of Lot F, including payment to ESAMI for tuitions and transportation cost and per diem to training participants.

3.3 Progress of JICA Support Activities

The progress of the JICA Support Activities is summarised in Table 3.12.

Table 3.12 Progress f JICA Support Activities

Lot	Name	Recipients	Number	Institution	Period
Lot A	1. Training of IFMS end user	Accountants of LGAs	15	Learn IT	From 2 October, 2006 to 24 November, 2006
	2. Training of user support skills	SSU staff	20	Learn IT	From 2 October, 2006 to 19 October, 2006
	2. In-service training of user support skills	SSU staff	5 sites	Learn IT	From 5 February, 2007 to 9 February, 2007
Lot B	3. Training of analytical skills	SDU staff	15	Learn IT	From 18 October, 2006 to 10 November, 2006
Lot C	4. Training of accounting	SDU staff	15	NBAA	From 18 December, 2006 to 22 December, 2006
Lot D	7. Introductory training of internal audit (Group 1)	Internal Auditors of MDA/LGA	24	Mzumbe Univ.	From 11 September, 2006 to 22 September, 2006
	7. Introductory training of internal audit (Group 2)	Internal Auditors of MDA/LGA	25	Mzumbe Univ.	From 25 September, 2006 to 6 October, 2006
Lot E	8. Intermediate training of internal audit (Group 1)	Internal Auditors of MDA/LGA	12	Mzumbe Univ.	From 24 October, 2006 to 28 October, 2006
	8. Intermediate training of internal audit (Group 2)	Internal Auditors of MDA/LGA	16	Mzumbe Univ.	From 5 March, 2007 to 9 March, 2007
Lot D/E	7 & 8. In-service training of internal audit	Internal Auditors of MDA/LGA	29 sites	Mzumbe Univ.	From 30 November, 2006 to 3 January, 2007
Lot F	5. Training of information security (ESAMI)	SDU staff	1	NBAA	From 27 November, 2006 to 15 December, 2006
	6. Training of utilisation of information systems (ESAMI)	SDU staff	1	NBAA	From 27 November, 2006 to 15 December, 2006
	9. Advanced training of internal audit (ESAMI)	Internal Audit Unit staff	1	NBAA	From 13 November, 2006 to 8 December, 2006

3.3.1 Component 1: Training of IFMS end users for LGA staff

(1) Summary

The Component 1 was the training of IFMS end users for the LGA staff. The roll out of the IFMS is rapidly progressing as 47 LGAs were newly equipped with the IFMS in the FY 2006/7. The IFMS end user training was scheduled for the staff of LGAs where the IFMS would be installed, and the Component 1 covered some participants of such training. The seven week group training was provided to the 15 personnel who were selected from some LGAs. The contents of the group training in the Component 1 are specified in Table 3.13.

Table 3.13 Contents of Component 1

	Subject	Contents	Duration
1	Computer Basics	<ul style="list-style-type: none"> - Basic concept of information technology - Using computer and managing files - Spreadsheet 	13 days
2	Core Functionalities of Epicor	<ul style="list-style-type: none"> - General ledger - Accounts payable - Accounts receivable - Cash management - Purchasing 	13.5 days
3	LGRP Procedure and Controls	<ul style="list-style-type: none"> - Database set up - Chart of Accounts classification - Payment process - Supply of goods and services - Management of imprest - Accounting for salaries - Bank account management - Period end procedures 	11 days
4	Reports	<ul style="list-style-type: none"> - FRx report and native reports - Intelligence explorer and crystal reports 	1.5 days
5	Practical Session and Evaluation	<ul style="list-style-type: none"> - Revision and recap 	1.5 days

Source: Learn IT Final Report, (2007)

According to the training provider, 75 personnel also attended the IFMS end user training from January to February 2007 and its budget was provided by the ACGEN. Another 75 personnel more will be covered by the end of FY 2006/7.

(2) Analysis

The training programme included the subjects of computer literacy and accounting procedures for about two weeks each, as some participants did not have sufficient experience of using personal computers and the business process would be significantly changed after the installation of the IFMS. The contents of the Component 1 is the same as the one which was provide to the LGAs staff by Learn IT as an introductory training on the IFMS.

According to the questionnaire survey to the trainees, all training participants responded that the contents and quality of the training course met the requirements for their duties. The assessment was carried out four times during the group training, and six participants got the “A” mark (80% or more), eight participants got the “B” mark (70% or more) and one participant got the “C” mark (60% or more), and thus the participants got at least basic skills and knowledge to operate the IFMS at their workplace. However, there will be a need to provide the continuous systems support to the participants from the LGAs as indicated by the training institution.

3.3.2 Component 2: Training of systems support skill for SSU staff

(1) Summary

The Component 2 was the training of systems support skill for SSU staff. It aimed to improve the capacity of all SSU personnel to provide the efficient and effective systems support to the increasing number of IFMS end users at the LGAs, and consisted of the group training and the in-service training. The group training focused on IT Services Management module of Epicor which would be installed at

five SSU sites in near future, and 20 SSU staff attended the training course. The contents of Component 2 are shown in Table 3.14.

Table 3.14 Contents of Component 2

	Subject	Contents	Duration
1	Basic skills	- Time management - Assertiveness - Problem solving - Decision making	1 day
2	Change management	- Change management	1 day
3	User training	- Training needs assessment - Training techniques and methods	1 day
4	Help Desk	- IT Service Management (Epicor)	3 days

Source: Learn IT Final Report, (2007)

The Component 2 was the six days course, and all SSU staff attended 10 days briefing session on the IFMS roll out which was also organised by Learn IT as requested and sponsored by the ACGEN itself before the Component 2.

For the in-service training, five lecturers of the training institution visited the SSU offices and studied the working environment and business process at the SSU. According to the initial plan agreed between the ACGEN and the training institution, the in-service training would be provided to focus on the use of IT Service Management module at the end of January 2007. However, since the installation of the module was delayed after April 2007, the JICA Consultant Team discussed with the training institutions and the ACGEN, and as a result the contents of the in-service training were revised to focus on the issue of general systems support skills required for the duties of the SSU. The in-service training was conducted at the first week of February, 2007, and attended by a total of 15 SSU staff at five sites.

(2) Analysis

According to the questionnaire survey to the trainees, all training participants responded that the contents and quality of the training course met the requirements for their duties. In the in-service training, the lecturers of the training institution observed the current situation of the SSU. According to the observation, some SSU sites will need to improve the infrastructure of the office necessary to deliver the effective systems support. For example, Dodoma branch does not have a proper office, while there was no test environment installed at Arusha and Mwanza branches. On the other hand, Dar es Salaam office, which is annexed to the SDU, has fairly good facilities including the training room. Also, the existing SSU staff has already been overloaded though the roll out of the IFMS to the LGAs was still in the middle of process and there will be a need to expand the workforce of the SSU and/or improve the efficiency of the operations of SSU. Another issue raised by the SSU staff in the in-service training was that some end users cannot describe their problem appropriately to the SSU, and as a result SSU staff has to provide the on-site support to the end users even for a minor problem which may be solved by the end users by themselves.

3.3.3 Component 3: Training of analytical skills for SDU staff

(1) Summary

The Component 3 was the training of analytical skills for SDU staff. The systems support staff needs to be familiar with both accounting and information technology in order to deliver the effective the systems support. The Component 3 aimed to provide the group training on analytical skills which would cover the concept and theory of standard methods applied in different phases of systems development. The contents of the Component 3 are shown in the Table 3.15.

Table 3.15 Contents of Component 3

	Subject	Contents	Duration
1	Requirement Analysis	- Summarising business goal - Getting functional specifications - Customer requirements specifications	4 days
2	Techniques for requirements modelling and analysis	- Unified Modelling Language (UML)	9 days
3	Systems Development	- Preparing system requirements document - Quality assurance - Preparing for users acceptance testing	5 days

Source: Learn IT Final Report, (2007)

The group training of the Component 3 was attended by 15 SDU staff. Two staff were absent from some parts of the training course due to their duties at the office. The half-day training was provided and 7 staff attended the morning session while 8 staff attended the afternoon session. The contents of the two sessions were the same.

(2) Analysis

The training course focused on the concept and theory of business analysis and data analysis, so that SDU staff would be able to acquire the analytical skills to understand the issues of end users and provide more effective solutions. The SDU staff learnt the Unified Modelling Language (UML) throughout the training course. The UML was adapted as the standard of the Object Management Group, the consortium of companies which have the object oriented technology, and it is used as a de-facto standard for object oriented systems development.

According to the questionnaire survey to the trainees, all training participants responded that the contents and quality of the training course met the requirements for their duties. However, there will be a need to provide the continuous systems support to the participants as indicated by the training institution.

3.3.4 Component 4: Training of accounting skills for SDU staff

(1) Summary

The Component 4 was the training of accounting skills for the SDU staff. The group training was provided to improve the knowledge of the SDU staff on the accounting required for their duties so that they would be able to understand the situations and issues of the end users and provide more effective support. The training programmes introduced a variety of topics on the accounting at LGAs where the IFMS roll-out was on-going. The contents of the Component 4 are shown in Table 3.16.

Table 3.16 Contents of Component 4

	Subject	Duration
1	Introduction to Local Government Accounting and Finance	2 hours for each session
2	Introduction of Epicor based Financial Management and Accounting System in LGAs	
3	Cash management in the LGAs	
4	Bank account and imprest management in LGAs	
5	Accounting for salaries, staff loans and advances	
6	The procurement and stores management in Local Government Authorities	
7	Procedures for closing books of account	
8	Financial statements for Local Government Authorities	
9	Local Government Capital Development Grant System (LGCDG)	
10	The role of internal audit in LGAs	

Source: NBAA Final Report (2007)

The group training of the Component 4 was attended by 15 SDU staff. The half-day training was provided and 7 staff attended the morning session while 8 staff attended the afternoon session. The contents of the two sessions were the same.

(2) Analysis

Since the SDU staff has experienced to support the MDAs in their duties and they should know the accounting procedures of the MDAs, the training focused on the difference between the MDAs and LGAs so that the training participants was able to understand more efficiently.

It was found out in the questionnaires and interview surveys from the training participants that the training contents were prepared in line with their duties. On the other hand, the lecturer of the training institution commented that the training participants were exhausted because of the half-day training, particularly, the training participants of the afternoon session had to attend the training after the exhaustive work in the morning.

3.3.5 Component 5: Training of the Information Security Management for SDU staff

(1) Outline

The Component 5 is the training of information security management for the SDU staff. Ms. Neema Mpembe of the Technical Team of the SDU attended the ESAMI (Eastern and Southern Africa Management Institute) group training titled as “IT Control Security” in Arusha from 27 November, 2006 to 15 December, 2006. The training venue was initially planned as Durban in the Republic of South Africa, but it was changed due to the reasons caused by ESAMI. The contents of the Component 5 are shown in Table 3.17.

Table 3.17 Contents of Component 5

	Contents
1	Threats to security of information systems
2	Information systems control and security measures
3	Security systems for networking and electronic communication facilities
4	Legal requirements and legislation provisions of data integrity and privacy
5	Risk analysis methodologies
6	Disaster [contingency] planning
7	Principles and techniques for data security system design and data encryption
8	Information systems security planning and computer fraud

Source: ESAMI web site

(2) Analysis

The training consisted of three topics, namely, risk analysis, information security policy and legal issues. According to the training participant, the contents of information security policy were different from her expectation and she claimed about it to the training institutions with other training participants. Meanwhile, the training contents of the legal issues met the level of her expectation, but they focused the issues related to the Internet rather than the issues on information technology as a whole. In fact, another SDU staff attended the same ESAMI course in the past and he also claimed that the course contents were too easy for him.

The IFMS information security policy is being formulated by the SDU and the training participant has applied her knowledge gained from the training course. The security policy will be completed by the end of 2007, and it will target the IFMS end users at the MDAs, but will also be useful for the IFMS end users at the LGAs.

3.3.6 Component 6: Training of utilisation of information technology for SDU staff

(1) Summary

The Component 6 was the training of utilisation of information technology for the SDU staff. Mr. Victor Bwemero of the Technical Team of the SDU attended the ESAMI group training titled as “Managing Electrical Records” in Arusha from 27 November, 2006 to 15 December, 2006. The training venue was initially planned as Durban in the Republic of South Africa, but it was changed due to the reasons caused by ESAMI. The contents of the Component 6 are shown in Table 3.18.

Table 3.18 Contents of Component 6

	Contents
1	Principles of records management
2	Introduction to electronic records management system
3	Managing current electronic records
4	Valuing electronic records
5	Legal aspects of electronic records
6	Provision of on effective records management service
7	Cost benefit analysis of electronic documents
8	Setting retention policies for electronic records

Source: ESAMI website

(2) Analysis

At the beginning of the training course, the training participant felt that the course was irrelevant to him as he was one of the few participants from information technology section. However, he became gradually interested in the training programme as it may be applied in the ACGEN as well. In the group training, he also had an opportunity to interact with the trainees from other African nations and he felt that the computerisation of the GOT was still behind, except the financial management.

After the training course, he is compiling a proposal for computerisation of Pensions Office where all data is manually processed.

3.3.7 Component 7: Introductory training of internal audit for internal auditors of the MDAs/LGAs

(1) Summary

The Component 7 is the introductory training of internal audit for the internal auditors of the MDAs/LGAs. Along with the reorganisation of internal audit functions and massive recruitment of internal auditors at the MDAs/LGAs, the introductory training of internal audit was necessary to provide the newly recruited internal auditors of MDAs/LGAs with the basic skills required for their duties. The Component 7 consisted of the group training and the in-service training. At first, the internal auditors of the MDAs/LGAs attended the group training, which was conducted in two groups. In the past the training institution provided similar training course and it was pointed out that the duration of the course was short. Therefore, in the JICA Support Activities, the training institution revised the contents of the training course largely and the duration became doubled to two weeks. The contents of the group training of the Component 7 are shown in Table 3.19.

Table 3.19 Contents of Component 7

	Contents	Duration
1	Internal audit overview and contemporary issues	1 day
2	Internal audit professional standards, ethics and legal basis in Tanzania	1 day
3	Internal audit stakeholders and relationships	1 day
4	Interviewing skills	0.5 day
5	Work-paper documentation	0.5 day
6	Internal controls nature, types and testing	0.5 day
7	Conduct of audit field work and developing audit findings	0.5 day
8	Audit program, risk assessment and audit planning	1 day
9	Audit of specialised transactions	1 day
10	Fraud investigations	0.5 day
11	Value for money audit	0.5 day
12	Procurement and contract audit	0.5 day
13	Audit of computerised accounts and basics of IT audit	0.5 day
14	Report writing, exit conferences and presentation skills	1 day

Source: Mzumbe University Final Report, (2007)

The Component 7 was attended by a total of 49 internal auditors in two groups. The training course was held at Muslim University in Morogoro.

For the in-service training, five lecturers of the training institution visited a total of 29 sites where the training participants work and they studied the internal audit process at the MDAs/LGAs and provided advices to the training participants. The visited sites are listed in Table 3.20.

Table 3.20 Sites for in-service training of Component 7 and Component 8

	Organisations
MDAs	Ministry of Finance, Accountant General’s Department, Ministry of Foreign Affairs, Ministry of Health, Ministry of Education and Vocational Training, Primary Education Development Programme (PEDP), High Court, Ministry of Justice, Defence Forces, Ministry of Natural Resources and Tourism, Ministry of Energy, Ministry of Home Affairs, Ministry of Industry and Trade, Electrical Commission, Ministry of Water Resources, Ministry of Community Development, Ministry of Land, Ministry of Agriculture, Land Reform Commission, Ministry of Science Technology and Higher Education
LGAs	Arusha City Council, Tanga Municipal Council, Moshi Municipal Council, Morogoro Municipal Council, Kilosa District Council, Dodoma City Council, Dar es Salaam City Council, Temeke Municipal Council, Bagamoyo District Council

Source: Mzumbe University Final Report, (2007)

The in-service training was also held for the Component 8, whereas the contents of such in-service training were the same.

(2) Analysis

According to the questionnaires survey from the training participants, all participants answered that most of the training aspects met their requirements. However, 45% of the training participants answered that the duration of the group training should be extended further. Also, many training participants suggested the necessity to organise an awareness workshop on the internal audit for the head of their organisation. It was also found that the internal auditors have few opportunities to interact and share information with each other, 19% of the training participants had an experience to discuss with the internal auditors from other organisation.

The in-service training clarified that the situation of the internal audit significantly differs among the organisations in terms of human resources, infrastructure at the office, and quality of internal audit report. The lecturer of the in-service training also emphasised that the in-service training was effective to know the situations surrounded by the training participants who could not express their issues in the discussion session of the group training.

3.3.8 Component 8: Intermediate training of internal audit for the internal auditors of the MDAs/LGAs

(1) Summary

The Component 8 is the intermediate training of internal audit for the internal auditors of the MDAs/LGAs. The intermediate training courses aimed to improve the effectiveness of internal audit and focused on 'soft skills' such as the presentation, reporting and team management. The Component 8 consisted of two modes of training, namely, group training and in-service training like the Component 7. The group training was conducted for a one week from 24 October, 2006 to 28 October 2006 at Muslim University in Morogoro. However, many training candidates were unable to attend the group training due to their duties or overlapping the schedule with other training course, and as a result the number of the training participants was only while the initial plan was 30. Therefore, additional training was provided from 5 March, 2007 to 9 March, 2007 and 16 people attended the course. In addition, a questionnaire survey was conducted to the senior management of the training participants in the October session for the training institutions to improve the contents of the training programme. As a result, in the March session the action plan for the organisation of each participant was formulated so as to apply the knowledge learnt from the course more effectively. The contents of the Component 8 are shown in Table 3.21. The in-service training was held along with the one for the introductory course.

Table 3.21 Contents of Component 8

	Contents	Duration
1	Contemporary practice of internal audit, new roles and responsibilities	1 day
2	The assurance and consulting service and related issues on internal audit independence	0.5 day
3	Governance, risk management processes, building a risk-based audit work plan and role of internal audit	0.5 day
4	Change management, communication and leadership and role of internal auditors as change agents	0.5 day
5	Process consulting and internal consulting skills for auditors management processes and role of internal audit	0.5 day
6	Coordination and managing the internal audit function, time management and improving audit operations	0.5 day
7	Compliance, audit and exposure to rules and regulations governing the public sector in Tanzania e.g., Public Procurement Act (2004)	1 day
8	Internal audit customers and techniques of stakeholders management	0.5 day
9	Report writing, exit conference and presentation skills for internal auditors	0.5 day

Source: Mzumbe University Final Report, (2007)

(2) Analysis

According to the questionnaires survey from the training participants, all participants answered that most of the training aspects met their requirements. However, 64% of the training participants answered that the duration of the group training should be extended further.

3.3.9 Component 9: Advanced training of internal audit for Central Internal Audit Unit staff

(1) Summary

The Component 9 was the advanced training of internal audit for the Central Internal Audit Unit staff. Mr. Gabriel Mwero, who was appointed as the head of Central Internal Audit Unit, attended the ESAMI group training titled as “Managing Internal Audit Functions” in Mbabane, Swaziland from 13 November, 2006 to 8 December, 2006. The contents of the Component 9 are shown in Table 3.22.

Table 3.22 Contents of Component 9

	Contents
1	The standards for the Professional practice of Auditing
2	Management Principles relevant to the Auditing profession
3	Audit charters, statements of Authority and Responsibilities
4	Relationship with various stakeholders
5	Ethical issues relating to the practice of Auditors
6	Governance and the Auditor

Source: ESAMI web site

(2) Analysis

The training participant felt that the training course was useful for his duties as it contained a lot of interesting topics such as good governance. He indicated the weakness of the training course that there was only one facilitator throughout the four week course and that though he delivered the effective lecture the training may have become more profound with more lecturers. After the training course, he has drafted the strategy plan of Central Internal Audit Unit.

3.4 Lessons Learnt from the JICA Support Activities

3.4.1 Outline of Analysis

In this section, the result of the JICA Support Activities is analysed. At first the JICA Consultant Team evaluated the JICA Support Activities in terms of efficiency, effectiveness, impact, relevance and sustainability. Since the JICA Development Study and the JICA Support Activities were conducted as a part of the PFMRP activities, the aspect of harmonisation and synergy effects with the other PFMRP activities were considered. The JICA Consultant Team extracted the lessons learnt from the JICA Support Activities in accordance with the key issues identified in Chapter 2. In addition, the

JICA Consultant Team came up with some considerations on the institutional framework for the operations and aid modality of the JICA Support Activities.

The JICA Support Activities consisted of capacity building programmes which usually take some time to appear the effect. Since it is only a few weeks or a few months after the JICA Support Activities, the evaluation in the report is a tentative one.

3.4.2 Evaluation of JICA Support Activities

The JICA Support Activities were evaluated in terms of efficiency, effectiveness, impact, relevance and sustainability. The viewpoints for the evaluation are specified in Table 3.23.

Table 3.23 Viewpoint of the evaluation for the JICA Support Activities

Issues	Viewpoint
Efficiency	- Efficiency of utilisation of the fund - Efficiency of utilisation of human and physical resources - Institutional framework for the efficient implementation
Effectiveness	- Comparison between the expected output and the achievement - Satisfaction of the training participants
Impact	- Spill over effects envisaged in future
Relevance	- Relevance with the policy of the GOT
Sustainability	- Sustainability of the JICA Support Activities

(1) Efficiency

(1-1) Efficiency of utilisation of the fund

The cost incurred by the JICA Consultant Team for the JICA Support Activities consisted of the remunerations of the training institutions (including overhead and administrative expenses incurred), the transportation cost and per diem of the training participants. The transportation cost and per diem were paid in exchange of authentic receipts. Upon the estimation of the cost of the JICA Support

Activities, the JICA Consultant Team referred to the training cost in the past and the GOT regulation of the transportation and per diem for the civil servants. The JICA Consultant Team adapted the proposal method for the procurement in line with the JICA guideline of procurement of national consultants, and conducted price negotiation with the national consultants awarded the bid.

As a result, the total amount of the actual expenditure of the JICA Support Activities was 30,038,000 JPY (about 306 million Tshs) while the budget was 37,745,000 JPY (about 385 million Tshs)²⁵, and about 80% of the budget was actually disbursed. The reasons of discrepancy between the budget and actual disbursement in spite of the successful implementation of all components of the JICA Support Activities include: (1) the actual expenditure for the transportation cost and per diem was lower than the estimation of the JICA Consultant Team; (2) The training venue for the Components of 5 and 6 was changed from Durban, the Republic of South Africa to Arusha, and the domestic rate was applied; (3) fluctuation of foreign currency rate affected as the budget was estimated in JPY while the cost was expensed in USD or Tsh.

(1-2) Efficiency of utilisation of human and physical resources

The JICA Support Activities utilised the national resources and infrastructures which were readily available to ensure the efficient and sustainable assistance. For example, the contents of the Component 7 were based on the past one week training course conducted by Mzumbe University, and they were updated and revised in conform to the request from the training participants and the ACGEN to extend the duration and the contents of the training programme.

²⁵ JICA Standard Rate in April 2007, 1Tsh=0.098 JPY

(1-3) Institutional framework for the efficient implementation

As shown in Figure 3.10, the JICA Support Activities were implemented jointly by the ACGEN, national training institutions, and the JICA Consultant Team. They liaise with each other and discuss the issues raised during the implementation.

According to the initial plan, all JICA Support Activities were supposed to finish by the end of December 2006 because of two reasons. First, the lessons learnt from the JICA Support Activities should be utilised for the improvement of other PFMRP activities in the earliest time. Second, the training programmes should be conducted during the off-peak seasons in order to facilitate mobilisation of training participants as the GOT would be in the peak period from January towards the end of the FY for the budget preparation.

As a result, six components of the JICA Support Activities were completed by the end of December, 2006, and other three components were also finished by March, 2007. The delay of the implementation of the JICA Support Activities was minimal and did not have negative impact. The in-service training of the Component 2 (training of systems support skills for SSU staff) was initially scheduled for January, 2007 but it was postponed to the beginning of February, 2007 due to the delay of installation of IT Service Management modules of the Epicor at the SSU sites. The in-service training of the Component 7 (introductory training of internal audit for the internal auditors of the MDAs/LGAs) was finished at the beginning of January, 2007 due to the communication problem with some MDAs/LGAs at the initial stage, which was solved later on.

On the other hand, there was a substantial change from the initial plan to implement the Component 8 (intermediate training of internal audit for the internal auditors of the MDAs/LGAs), as the group training at the end of October, 2006, was attended by 12 people, which was less than half of the initial plan, due to the communication problem with the MDAs. Therefore, upon the approval of the JICA, in March, 2007, the additional group training was conducted for the internal auditors who failed to attend

the October session, and 16 participants attended the course as the communication problem with the MDAs/LGAs was solved.

(2) Effectiveness

(2-1) Comparison between the expected output and the achievement

All components of the JICA Support Activities were implemented. For the number of training participants, seven components met the target in the initial plan. However, the Component 7 (introductory training of internal audit for the internal auditors of the MDAs/LGAs) was attended by 49 people (82%) while the initial target was 60, and the Component 8 (intermediate training of internal audit for the internal auditors of the MDAs/LGAs) was attended by 28 people (93%) while the initial target was 30, because of logistic problems and cancellation by some training candidates. These sorts of internal audit training will be continued as the PFMRP activities.

(2-2) Satisfaction of the training participants

According to the questionnaire and interview survey with the training participants, all components met the needs of training participants for their duties. Therefore, it is assumed that the JICA Support Activities had at least an immediate effect among the training participants.

(3) Impact

In general the impact of training programmes can be accessed after a certain period, as it may take some time to improve the quality of work of business process the as an impact. Therefore, it is suggested that more comprehensive evaluation be conducted in a few years to analyse the impact from various perspectives.

However, the JICA Support Activities aimed to provide the skills necessary for the duties of training participants, and some indications of positive impacts have already been observed. For example, the

ACGEN personnel who attended the ESAMI group training courses are engaged in formulating improvement plan in their respective spheres. Also, the JICA Support Activities introduced the in-service training partially, which may have more direct effects on the improvement of quality of services at the workplaces.

(4) Relevance

The JICA Support Activities were designed and implemented to meet the target of the PFMRP action plan. For example, the performance indicators of the PFMRP Component 4 in the FY 2006/7 included the number of staff trained in the internal audit skills (target: 150, standard: 120) and the number of staff trained in the IFMS (target, standard: 200). The JICA Support Activities contributed to these performance indicators directly. For the internal audit, a total of 78 personnel were trained in the Component 7 (introductory training of internal audit for the internal auditors of the MDAs/LGAs, 49), Component 8 (intermediate training of internal audit for the internal auditors of the MDAs/LGAs, 28) and Component 9 (advanced training of internal audit for the internal auditors of the MDAs/LGAs, 1) while for the IFMS, a total of 35 personnel were trained in the Component 1 (Training of IFM end users for LGAs staff, 15), Component 2 (Training of systems support skills for the SSU staff, 20).

Another performance indicator for the PFMRP Component 4 in the FY 2006/7 was that the ratio of donor programmes and budget support to be captured within IFMS. In this regard, the JICA Consultant Team reported timely the disbursement result of the JICA Support Activities twice in December, 2006 and March, 2007.

(5) Sustainability

The JICA Support Activities utilised the national resources and infrastructures readily available, and thus the GOT will be able to implement the similar activities by themselves in the future. Also, the ACGEN has already formulated and implemented some training programmes by themselves to incorporate the lessons learnt from the JICA Support Activities such as internal audit training courses.

Some training programmes are continued after the JICA Support Activities such as the Component 1 (training of IFMS end users for LGAs staff), Component 7 (introductory training of internal audit for the internal auditors of the MDAs/LGAs), and Component 8 (intermediate training of internal audit for the internal auditors of the MDAs/LGAs)

3.4.3 Lessons Learnt from the JICA Support Activities

The lessons learnt from the JICA Support Activities are summarised in three aspects; (1) key issues and JICA Support Activities; (2) consideration of institutional framework; (3) consideration of aid modality.

(1) Key issues and JICA Support Activities

(1-1) Key Issue 1: Improve and maintain the quality of back-office services of the ACGEN in regard to the PFM

The Components of 1 (training of IFMS end users), 7 (introductory training of internal audit) and 8 (intermediate training of internal audit) were provided to the MDAs/LGAs staff. The participants from the MDAs/LGAs responded in the questionnaire survey that the training courses provided met their needs. It is anticipated that the MDAs/LGAs will request further services from the ACGEN in the future.

(1-2) Key Issue 2: Facilitate the data flow among stakeholders

The Components of 3 (training of analytical skills) and 6 (training of utilisation of information systems) provided SDU personnel with the training related to the data flow. It is anticipated that the participants of these components will apply the knowledge gained from the training courses in their duties, such as development of interface between IFMS and CS-DRMS, computerisation of Pensions Office.

(1-3) Key Issue 3: Improve the efficiency of business operations at SSU (Systems Support Unit)

The in-service training of the Component 2 (training of systems support skills) clarified the insufficient capacity of the SSU in terms of human resources and physical infrastructure. It is thus necessary to accelerate the improvement plan of the SSU along with the roll out of the IFMS to all LGAs.

(1-4) Key Issue 4: Establish the skill standards of the ACGEN staff

Many participants of the Components of 7 (introductory training of internal audit) and 8 (intermediate training of internal audit) answered in the questionnaire survey that the course duration should be extended because there were many subjects contained in the short period of the training courses. The contents should be reviewed and updated if necessary for the future training courses as it is observed that some subjects were duplicated between the two components of the internal audit training.

(1-5) Key Issue 5: Collect the basic information to facilitate formulating training programmes

The Component 7 (introductory training of internal audit) and 8 (intermediate training of internal audit) provided the training to the internal auditors of MDAs/LGAs where ACGEN contacted to notify the training schedule. However, there was a communication problem in the beginning as some MDAs/LGAs had no contract person or failed to provide feed back to the ACGEN. Therefore, it is necessary to establish a mechanism for the ACGEN to collect the basic information accurately and comprehensively from the MDAs/LGAs.

(1-6) Key Issue 6: Expand training for the LGA staff

The Components of 1 (training on IFMS end users), 7 (introductory training of internal audit), 8 (intermediate training of internal audit) were attended by the LGA staff, who responded in the

questionnaire survey that the training course met the needs for their duties. It is necessary to provide further training as requested by the LGAs in future.

(1-7) Key Issue 7: Improve the effectiveness of internal audit at MDAs/LGAs

There were three kinds of training courses by level for internal audit in the JICA Support Activities, namely, the Components of 7 (introductory training of internal audit), 8 (intermediate training of internal audit), 9 (advanced training of internal audit). Many participants indicated in the interview and questionnaire surveys that the appropriate measures are not always taken in response to the recommendation by the internal auditors. Therefore, for the effective internal audit functions, it is important for the senior management of each MDA/LGA to recognise the role and importance of the internal audit and implement appropriate measures in response to the recommendations by internal auditors.

(1-8) Key Issue 8: Improve and maintain the quality of system support of the ACGEN

The Components of 2 (training of systems support skills), 3 (training of analytical skills), 4 (training of accounting skills), 5 (training of information security management), and 6 (training of utilisation of information systems) provided training to the SDU/SSU staff. They are expected to apply the knowledge gained from the training courses in their duties so as to improve the quality of systems support.

(1-9) Key Issue 9: Prepare for adoption of the International Financial Reporting Standards

No component of the JICA Support Activities was meant for this key issue, and there will be a need to implement an activity for this key issue.

(1-10) Key Issue 10: Strengthen the information security measures

The participant of the Component 5 (training of information security management) has started formulating the IFMS security policy for the MDAs.

(1-11) Key Issue 11: Apply information technology for improvement of institutional management

The Component 6 (training of utilisation of information systems) was attended by the SDU staff. There are a variety of group training courses offered by many training institutions to meet this key issue and it is necessary to establish the training standards and system support staff should attend the training courses.

(2) Consideration of institutional framework

The ACGEN has already provided plenty of training programmes in the PFMRP. Therefore, the JICA Consultant Team discussed with the ACGEN only the outline of the training programmes, while the training participants and schedule was decided by the ACGEN. Since all components were implemented according to the initial plan, it has empirically proved that the ACGEN has the sufficient capacity as an implementing agency.

(3) Consideration of aid modality

Since late 1990s, many development programmes have adapted new aid modalities as the aid coordination framework in Tanzania, such as GBS, sector programmes, basket fund, etc. On the other hand, there is often a criticism against the project-type assistance that the information on the project is not disclosed and the recipient country fails to allocate the local cost and human resources necessary to achieve results from such project. In response to the criticism to the project-type assistance, the JICA Consultant Team shared the information of the JICA Support Activities timely with the ACGEN and

other stakeholders. For example, the expense of the JICA Support Activities was reported to the ACGEN on a quarterly basis in accordance with the reporting cycle of the PFMRP.

The project fund is one of the main financial sources of the PFMRP together with Government budget and PFMRP Basket Fund, and it is effectively utilised for the implementation of the PFMRP activities. The important thing for the development partners to promote the PFMRP is to apply a variety of aid modalities according to the situation and needs of the recipient countries, rather than to restrict their aid to a certain modality. If the project-type assistance is provided within the framework of the development programmes like the PFMRP, it is important to take special care of sharing information with the stakeholders, improving the efficiency of aid delivery, and respecting the ownership of the recipient country, so as to overcome the weakness of the project-type assistance.

3.5 Summary of Chapter 3

This Chapter describes the lessons learnt from the JICA Support Activities, which was formulated on the basis of the situation analysis and implemented in FY 2005/6. The JICA Support Activities consisted of nine components for the training programmes on the information systems and internal audit. The institutional development in the areas of information systems and internal audit is on-going along with the implementation of the PFMRP, and it is necessary for the ACGEN to improve the capacity of the increasing workforce to provide more efficient and effective services to the stakeholders.

Chapter 4 Recommendations

This Chapter describes the recommendations on the capacity building of the PFM and the effective implementation of the PFMRP, on the basis of the situation analysis described in Chapters 2 and 3.

4.1 Summary of Recommendations

Following the situation analysis of the PFM of the GOT, the JICA Consultant Team formulated 11 recommendations on the capacity building of the PFM and the effective implementation of the PFMRP in the future. The recommendations consist of 11 items, including 6 items for the institutional development, 4 items for the capacity building, and 1 item for the business process reform. The recommendations are summarised in Table 4.1.

Table 4.1 Summary of Recommendations

	Area	Recommendation	Expected Output	Action Plan	Owner	Link
1	Institutional Development	Improve the function of Audit Committee	Increased effectiveness of internal audit	1.1 Conduct situation analysis of Audit Committee at MDAs/LGAs	ACGEN	
				1.2 Establish the Audit Committee at all MDAs/LGAs	MDAs, LGAs	
				1.3 Include more external human resources in the Audit Committee	MDAs, LGAs	
				1.4 Increase awareness on role of Audit Committee	ACGEN	7.1
				1.5 Compile 'Audit Committee Handbook'	ACGEN	
				1.6 Conduct follow-up survey	ACGEN	
2	Institutional Development	Improve support for internal audit at MDAs	Improved functions of internal audit at MDAs	2.1 Improve support capacity of Central Internal Audit Unit	ACGEN	
				2.2 Develop and improve the training programmes for the internal auditors of MDAs	ACGEN	
				2.3 Provide in-service training for the internal auditors of MDAs	ACGEN	
3	Institutional Development	Appoint a key personnel of internal audit training at MDAs and LGAs	Increased effectiveness on delivery of the internal audit training	3.1 Appoint the key personnel for internal audit training at MDAs/LGAs	MDAs, LGAs	
				3.2 Provide training to the key personnel	ACGEN	8.1
4	Institutional Development	Increase status of internal audit	Improved institutional framework of the internal audit	4.1 Increase awareness on role and importance of internal audit at MDAs/LGAs	ACGEN	7.1
				4.2 Review the status of internal auditors	MDAs, LGAs	
5	Institutional Development	Improve support for internal audit at LGAs	Institutional framework to support the sustainable internal audit functions at LGAs	5.1 Establish an institution to provide internal audit support to the LGAs	PMO-RALG	
				5.2 Establish the mechanism to share information on internal audit between PMO-RALG and ACGEN	PMO-RALG, ACGEN	

(Continued)

	Area	Recommendation	Expected Output	Action Plan	Owner	Link
6	Institutional Development	Improve the capacity of SSU	Increased capacity to support the sustainable operations of IFMS at LGAs	6.1 Increase SSU workforce and provide necessary training	ACGEN	
				6.2 Improve infrastructure at SSU offices	ACGEN	
7	Capacity Building	Conduct internal audit workshop for senior management of MDAs and LGAs	Increased awareness among senior management of MDAs/LGAs for improved effectiveness of internal audit	7.1 Prepare and organise internal audit workshop for senior management of MDAs/LGAs	ACGEN	
				7.2 Conduct follow-up survey	ACGEN	
8	Capacity Building	Formulate skill standards for internal auditors and systems support staff	Improved efficiency and effectiveness on delivery of training programmes to the internal auditors and systems support staff	8.1 Formulate skill standards and training standards of internal auditors	ACGEN	
				8.2 Formulate skill standards and training standards of systems support staff	ACGEN	
				8.3 Review and update the skill standards and training standards	ACGEN	
9	Capacity Building	Improve training courses on accounting for LGAs	Improved capacity on the PFM at LGAs	9.1 Review training programmes for LGA staff	PMO-RALG, ACGEN	
				9.2 Provide training programmes to LGA staff	PMO-RALG	
10	Capacity Building	Increase the application skills of DWH users	Improved capacity to utilise DWH for more effective policy and budget preparation	10.1 Identify the skills required for DWH operations	PAD, Govt. Budget Dept.	
				10.2 Review the utilisation of DWH	ACGEN	
11	Business Process Improvement	Collect basic data on internal audit and accounting	Improved planning on internal audit and accounting	11.1 Collect basic information on internal audit and accounting regularly from MDAs/LGAs	ACGEN, PMO-RALG	
				11.2 Manage and share information	ACGEN, PMO-RALG	

4.2 Recommendations on Institutional Development

There are seven recommendations on the institutional development for the PFM, and among them five recommendations are for the internal audit and the other two recommendations are for the systems support.

4.2.1 Recommendation 1: Improve the function of Audit Committee

(1) Summary of Recommendation

It is recommended that all MDAs/LGAs establish an independent Audit Committee which functions to check the implementation of the effective measures in response to the recommendations by the internal auditors.

(2) Rationale

The Public Finance Regulatory of the Public Finance Act (2001) stipulated the establishment of Audit Committee at the MDAs/LGAs. The Audit Committee should and discuss the internal and external audit reports quarterly, and provide advices to the head of the organisation if necessary, and thus it ensures the effectiveness of the internal and external audit. Also, the Audit Committee should play a role to monitor that the appropriate measures were taken by the senior management in response to the recommendations of the internal and external auditors. However, according to the questionnaire survey conducted during the JICA Support Activities to the internal auditors of the MDAs/LGAs, some respondents answered that the Audit Committee of their MDAs/LGAs was non-existent or non-functional. In particular, the situation might be worse in the LGAs as no respondents from the LGAs answered that their LGAs had established an Audit Committee.

Also, the members of the Audit Committee should be selected to ensure the independence from the organisation for the effective functions of the Audit Committee. The external resources for the member of the Audit Committee will facilitate to provide more recommendations on the issues of performance and fraud.

In some organisations the Audit Committee functions well to achieve its objectives. It is necessary to replicate these examples as the 'good practice' of the Audit Committee to all MDAs/LGAs.

(3) Action Plan

(3-1) Conduct the situation analysis of the Audit Committee

At first, the ACGEN should conduct the situation analysis of the Audit Committee of the MDAs/LGAs in terms of establishment of the Audit Committee and record of activities, by reviewing the minutes of the meeting of such Audit Committee submitted by the MDAs/LGAs. If the information from the minutes is not sufficient to conduct the situation analysis, a questionnaire survey should be conducted to supplement the information necessary to formulate the action plan.

(3-2) Establish the Audit Committee at all MDAs/LGAs

If the Audit Committee is found non-existent or non-function at a MDA/LGA, the ACGEN or the PMO-RALG should recommend the MDA/LGA to establish a functional Audit Committee according to the Public Finance Regulation.

(3-3) Increase the number of external human resources as the member of the Audit Committee

It is also recommended that more external human resources or the temporary staff be included as the member of the Audit Committee. According to the Public Finance Regulation, at least one external person should be appointed as a member of the Audit Committee. The JICA Consultant Team

recommends that the external people be appointed more than the minimum as stipulated in the Public Finance Regulation, as often seen in the world. For example, the Canadian Government recommends that the majority of the members of their Audit Committee be the external people. The advantage of inclusion of more external resources in the Audit Committee is to facilitate the discussion on the sensitive issues which may be difficult to solve by internal people only. In the future, it is proposed that a rotation system be established for the members of the Audit Committee so that the MDAs/LGAs will be able to share the expertise with each other and ensure the candidates for the external resources.

(3-4) Improve awareness on the role and importance of the Audit Committee

While the role of the Audit Committee is stipulated in the Public Finance Regulation, each MDA/LGA may have different recognition on the roles and importance of the Audit Committee. Therefore, in addition to the institutional development of the Audit Committee, it is proposed that the awareness workshop as stated in the Recommendation 8 be held to improve and share the awareness on the roles and importance of the Audit Committee among the senior management of the MDAs/LGAs.

(3-5) Compile the 'Audit Committee Handbook'

The ACGEN compiled and distributed the Internal Audit Manual to the internal auditors of the MDAs/LGAs in 2004. Meanwhile, there have been no manual developed for the members of Audit Committee. Therefore, it is proposed that the 'Audit Committee Handbook' be compiled to introduce the good practice on the Audit Committee and distributed to the members of the Audit Committee of the MDAs/LGAs for more effective functions of the Audit Committee throughout the GOT. The 'Audit Committee Handbook' should include the contents which are not outlined in the Public Financial Regulation (e.g., detail procedures to respond to the recommendations by internal and external auditors, good practice of the Audit Committee)

(3-6) Conduct the follow-up survey

The follow-up survey should be conducted to study whether the improvement action plan has been implemented at the MDAs/LGAs as stated above. For this purpose, the minutes of the Audit Committee meeting should be examined or a questionnaire survey should be conducted.

(4) Timeframe

This recommendation should be implemented as soon as possible.

(5) Expected Outcome

The expected outcome is the increased effectiveness of the internal audit at the MDAs/LGAs.

(6) Proposed Performance Indicators

(6-1) Establishment of the Audit Committee

The effectiveness of this recommendation can be measured from the establishment of the Audit Committee. This indicator is obtainable from the minutes of the Audit Committee meeting which should be held on a quarterly basis at each MDA/LGA, and/or the questionnaire survey from the MDAs/LGAs.

(6-2) Independence of the Audit Committee

The performance indicator to evaluate the independence of the Audit Committee for the institutional development includes the ratio of external resources in the member of the Audit Committee and the status of formulation and implementation of the rotation systems of the members of the Audit Committee, etc. The indicators are used to evaluate the transparency of the Audit Committee, and they can be obtainable from the minutes of the Audit Committee meetings and/or a questionnaire survey.

(6-3) Quality of Audit Committee

A qualitative analysis should be conducted to review the minutes of the Audit Committee meeting. Also, there is a need to examine if measures to improve the quality of the Audit Committee are taken.

4.2.2 Recommendation 2: Improve support for internal audit at MDAs

(1) Summary of Recommendation

It is recommended that the Central Internal Audit Unit improve its support capacity for the internal audit at MDAs and conduct monitoring and provision of advices for the improvement of the internal audit functions at MDAs.

(2) Rationale

The ACGEN has provided the support to improve the internal audit functions at the MDAs. In the FY 2006/7, the Central Internal Audit Unit was established and thus there is a need to improve the capacity of the newly established Central Internal Audit Unit in order to provide the effective support to the internal audit of the MDAs. It is suggested that in future the Central Internal Audit Unit provide the training programme instead of the training institutions for more sustainable and self-reliant internal audit functions and support mechanism.

(3) Action Plan

(3-1) Improve support capacity of Central Internal Audit Unit

At first, there is a need to improve the support capacity of the Central Internal Audit Unit. The staff of the Central Internal Audit Unit should have not only the knowledge on the internal audit functions but also the supporting skills in order to deliver the effective support to the internal auditors of the MDAs. Thus it is suggested that the staff of the Central Internal Audit Unit attend the training programmes to

improve the support skills such as the communication skills and continuously improve their capacity through their duties.

(3-2) Develop and improve the training programmes for the internal auditors of the MDAs

The support by the Central Internal Audit Unit should include the development and provision of training programmes to the internal auditors of the MDAs. Such training programmes should be developed in cooperation with the training institutions and/or external consultants who have expertise in the capacity building on the internal audit.

(3-3) Provide in-service training for the internal auditors of the MDAs

The systems support by the SDU to the IFMS end users at the MDAs will be a good example when formulating the detailed plan of the support of the internal audit to the MDAs by the Central Internal Audit Unit. The SDU regularly visits the workplace of the IFMS end users and provides the in-service training to facilitate the IFMS operations. It is suggested that the support for the internal audit functions be provided likewise, namely, the Central Internal Audit Unit should visit the Internal Audit section of the MDAs to provide the in-service training in regard to audit plan, working paper and reporting for the efficient improvement of the quality of the internal audit functions at the MDAs.

(4) Timeframe

This recommendation should be implemented as soon as possible.

(5) Expected Outcome

The expected outcome is the improved function of internal audit as the MDAs.

(6) Proposed Performance Indicators

(6-1) Support capacity of the Central Internal Audit Unit

This performance indicator can be measured by the number of staff at the Central Internal Audit Unit.

(6-2) Support record of the Central Internal Audit Unit

The frequency of support services provided by the Central Internal Audit Unit can be measured. The services include the group training, in-service training and ad-hoc advices to the internal audit unit of the MDAs.

4.2.3 Recommendation 3: Appoint a key personnel of internal audit training at MDAs/LGAs

(1) Summary of Recommendation

It is recommended that each MDA/LGA appoint the key personnel of the internal audit training to ensure the effect of such training courses at the workplace.

(2) Rationale

A variety of training courses were implemented as the JICA Support Activities and it is necessary to ensure that the training participants apply the knowledge gained from the training courses to the internal audit at the MDAs/LGAs. Therefore, it is essential that the internal auditors of the MDAs/LGAs improve their knowledge by themselves at the workplace in addition to the group training and in-service training provided by the training institutions and/or the Central Internal Audit Unit. Thus, it is recommended that one of the internal auditors at each MDA/LGA be appointed as the key personnel for the internal audit training who facilitates all kinds of training and other capacity building activities for the internal audit functions.

(3) Action Plan

(3-1) Appoint the key personnel for internal audit training at the MDAs/LGAs

It is recommended that a key personnel be appointed for the internal audit training at each MDA/LGA. The roles of the key personnel include the needs analysis of the internal audit training and contact with the ACGEN and the training institutions. In the medium term, the key personnel should be able to provide the in-service training to the other staff at the MDAs/LGAs.

It is proposed that such key personnel have already received the group training of the internal audit such as the JICA Support Activities and sufficient experience of the internal audit. The Chief Internal Auditor or other senior personnel of the internal audit section should be appointed as the key personnel, depending on the establishment of the organisation.

(3-2) Provide training to the key personnel

In the medium term, it is proposed that the key personnel provide the in-service training of the internal audit to the other staff in the MDAs/LGAs, so that the capacity building for internal audit will be more self-reliant and sustainable at the MDAs/LGAs.

(4) Timeframe

This recommendation should be implemented in the medium term.

(5) Expected Outcome

The expected outcome is the increased effectiveness on delivery of the internal audit training.

(6) Proposed Performance Indicators

(6-1) Appointment of the key personnel at the MDAs/LGAs

The proposed performance indicator is the number of the key personnel appointed at the MDAs/LGAs, and it will be obtainable from the questionnaire survey.

(6-2) Training for the key personnel at the MDAs/LGAs

Another indicator proposed is the number of the key personnel trained necessary to provide the in-service training to other staff of the MDAs/LGAs.

4.2.4 Recommendation 4: Increase status of internal audit

(1) Summary of Recommendation

It is thus recommended to increase the status of internal audit as a part of the business improvement process.

(2) Rationale

The MDAs/LGAs should formulate and implement the measures in response to the recommendations by the internal auditors. In this regard, the MDAs/LGAs should recognise the role and importance of the internal audit. Also, there is a need to develop the infrastructure necessary to carry out the duties of the internal auditors such as proper office and personal computers and allocate sufficient budget for the investment to the human and physical resources for the internal audit functions at many MDAs/LGAs.

(3) Action Plan

(3-1) Increase Awareness on the role and importance of internal audit at the MDAs/LGAs

To raise the status of the internal audit, some activities should be implemented concurrently, for awareness on the internal audit and institutional reform. For the awareness on the internal audit, it is necessary to organise a workshop to increase the awareness of the senior management of the MDAs/LGAs on the roles and importance of the internal audit. The contents of the proposed workshop is detailed in the Recommendation 8.

(3-2) Review the status of internal auditors

It is also proposed as a part of institutional reform that the Chief Internal Auditor report directly to the head of the MDAs/LGAs, so as to eliminate the risk that the head of the organisations are not informed of the recommendations of the internal auditors.

Another measure to increase the status of the internal auditors is to upgrade the treatment of the internal auditors. Most of the internal auditors currently employed are at the lowest level.. Along with the provision of training to the internal auditors, the number of higher positions should be increased so as to attract more excellent candidates for the internal auditors.

(4) Timeframe

This recommendation should be implemented in the medium term.

(5) Expected Outcome

The expected outcome is the improved institutional framework of the internal audit at the MDAs/LGAs.

(6) Proposed Performance Indicators

(6-1) Number of internal auditors

The proxy indicator will be the number of internal auditors in comparison with the establishment at the MDAs/LGAs. If the status of internal auditors increases, there will be more staff who are motivated to work as the internal auditors. The indicator will be obtainable from the questionnaire survey from the internal audit unit of the MDAs/LGAs.

(6-2) Number of qualified internal auditors

The number of internal auditors who have academic or professional qualifications is another performance indicator to be proposed. The qualifications include Advance Diploman, Master Degrees, Certified Public Accountant, and other international qualification such as Certified Internal Auditors of the Institution of Internal Audit. This indicator is obtainable from the questionnaire survey to the MDAs/LGAs.

4.2.5 Recommendation 5: Improve support for internal audit at the LGAs

(1) Summary of Recommendation

It is recommended that the PMO-RALG and the ACGEN establish the framework to share the information and provide more efficient support to the LGAs.

(2) Rationale

While the Prime Minister's Office - Regional Administration and Local Government (PMO-RALG) supervises the internal audit at LGAs, the ACGEN has provided the training courses to the internal auditors of the LGAs. Thus, it is recommended that the PMO-RALG and the ACGEN establish the framework to share the information and provide more efficient support to the LGAs.

(3) Action Plan

(3-1) Establish an institution to provide internal audit support to the LGAs

The PMO-RALG has established a support unit for the information systems. It is proposed that a support unit for the internal audit be established to provide the effective support of the internal audit to the LGAs.

(3-2) Establish the mechanism to share information on internal audit between PMO-RALG and ACGEN

The Central Internal Audit Unit was established to provide the support of internal audit functions to the MDAs, and it is anticipated that the unit will develop the know-how of support of the internal audit gradually. It is expected that such know-how will be also useful for the support of the internal audit functions at the LGAs, and thus it is proposed that the ACGEN and the PMO-RALG organise a joint workshop annually or biannually to facilitate sharing the information for mutual cooperations.

(4) Timeframe

This recommendation should be implemented in the medium term.

(5) Expected Outcome

The expected outcome is the institutional framework to support the sustainable internal audit functions at LGAs.

(6) Proposed Performance Indicators

(6-1) Support Capacity of internal audit functions of the LGAs

The number of support staff who provide the support of the internal audit functions at the LGAs is a proposed indicator to evaluate the support capacity. It will be obtainable from the PMO-RALG.

(6-2) Service provided to the internal auditors of the LGAs

The frequency of services of the internal audit functions provided to the LGAs by the PMO-RALG and/or the ACGEN is another indicator. The service will include the group training, the in-service training and provision of ad-hoc advices.

(6-3) Institutional framework for the support of internal audit functions to the LGAs

Since it is recommended that the PMO-RALG and the ACGEN provide the support of the internal audit functions of the LGAs jointly, the frequency of communication between two support organisations including the joint workshop will be a performance indicator.

4.2.6 Recommendation 6: Improve the capacity of SSU

(1) Summary of Recommendation

It is recommended to accelerate the capacity building and the infrastructure development of the SSU so as to improve the capacity to support the sustainable operation of the IFMS at the LGAs.

(2) Rationale

SSU provides the LGAs with the system support of the IFMS, and it needs to improve the capacity in accordance with the on-going roll out of IFMS. It is recommended to accelerate the capacity building

and the infrastructure development of the SSU so as to improve the capacity to support the sustainable operation of the IFMS at the LGAs.

(3) Action Plan

(3-1) Increase SSU workforce and provide necessary training

There are four staff at each of five SSU sites, and they are classified into the Application Team and the Technical Team. Suppose that each LGA will have 3 or 4 IFMS end users, the five SSU sites will need to provide the support to about 350 to 450 end users altogether. However, the existing workforce of the SSU is already overloaded, and there is a need to increase the workforce of the SSU along with the roll out of the IFMS to all LGAs to maintain the quality of systems support to the IFMS end users of the LGAs. It is proposed that the number of SSU staff at each site be increased to at least 8 (40 in total). In the event of expansion of workforces at the SSU, it will be necessary to review the role of each SSU staff in order to deliver the efficient support to the end users. For example, it is proposed that the staff at each SSU site consist of one manager to supervise the systems support functions, four or five staff for the Application Team (one staff is responsible for about 4 to 6 LGAs), and two or three staff for the Technical Team.

(3-2) Improve infrastructure at SSU offices

The current situation on the infrastructure development differs at SSU offices. Therefore, it is proposed that the standard for the infrastructure (office, personal computers, communication devices and network equipment) be formulated and implemented. It is noted that the proposed infrastructure should include: (1) systems test environment to reconstruct the problems occurred at end users site and (2) back up facilities to rent during the maintenance and repair of the computers and networking equipment of the LGAs.

(4) Timeframe

This recommendation should be implemented as soon as possible.

(5) Expected Outcome

The expected outcome is the increased capacity to support the sustainable operations of IFMS at the LGAs.

(6) Proposed Performance Indicators

(6-1) Capacity of SSU staff

The number of SSU staff and their qualification can be used as the performance indicator to evaluate the capacity of the SSU.

(6-2) Physical infrastructure

It is necessary to confirm whether the physical infrastructure is installed according to the standards.

(6-3) Quality of user support

The quality of systems support to the LGAs by the SSU can be measured by the frequency of support, and the downtime of the LGAs. These indicators are obtainable from the log report of systems support maintained by the SSU.

4.3 Recommendations on Capacity Building

There are four recommendations for capacity building on the PFM.

4.3.1 Recommendation 7: Conduct internal audit workshop for senior management of MDAs and LGAs

(1) Summary

It is recommended that a workshop be held to increase the awareness of senior management of the MDAs and LGAs about the role and importance of internal audit. The target group of such workshop will include the top management (Permanent Secretary for MDAs and Director for LGAs) and deputies, head of administration department and systems department, and the members of Audit Committee. Good practice of internal audit should be introduced in the workshop, so that the value of internal audit will be shared by the participants and internal auditors, and that mobilisation of resources for internal audit at MDAs and LGAs will be facilitated.

(2) Rationale

The functions of the internal audit at the MDAs/LGAs are being strengthened by recruitment of internal auditors as well as other countermeasures. However, if the senior management of the MDAs/LGAs does not recognize the role and importance of the internal audit, or support the internal auditor's business procedure appropriately, its scope of work will be limited. As a result, the outcome of the work will be also limited because the purpose of the internal audit is to report the issues faced by the organization to the senior management in order for them to formulate and implement the measure in response to the recommendation. Thus, it is recommended to recognize the role and importance of the internal audit as well as to provide such opportunities.

(3) Action Plan

(3-1) Prepare and organise internal audit workshop for senior management of the MDAs/LGAs

Based on the results of JICA Support Activities, the ACGEN has started to consider conducting workshop and is now contacting the relevant training institutions. The JICA Consulting Team evaluates this as a favorable action. In order for the workshop to be successful, the following items to be covered in the workshop: (1) Objective, procedures, and effectiveness of internal audit, (2) Comparison between external audit and internal audit (including collaboration on procedures), (3) Role and responsibility of the audit committee and the senior management, and (4) Formulation of an action plan to be conducted at each MDAs/LGAs as the workshop output.

(3-2) Conduct follow up survey

The internal audit report and the minutes of Audit Committee meeting should be regularly reviewed to confirm that the head of the MDAs/LGAs have sufficient awareness on the roles and importance of the internal audit functions.

(4) Timeframe

This recommendation should be implemented as soon as possible.

(5) Expected Outcome

The expected outcome is the increased awareness among senior management of MDAs/LGAs for improved effectiveness of internal audit.

(6) Proposed Performance Indicators

(6-1) Workshop participants

The number of participants for the awareness workshop should be used as the primary performance indicator. At the time of workshop, it is proposed that a questionnaire survey be conducted to confirm that the senior management have deeper understanding on the roles and importance of the internal audit functions.

(6-2) Effectiveness of the internal audit

The deeper understandings of the senior management on the roles and importance of the internal audit functions will lead to the appropriate measures taken in response to the recommendations of the internal auditors. The effectiveness of the internal audit can be qualitatively measured, for example, from the internal audit report and questionnaire survey from the internal auditors.

4.3.2 Recommendation 8: Formulate skill standards for internal auditors and systems support staff

(1) Summary

It is recommended that the skill standards for the internal auditors and the systems support staff be developed to facilitate the development of the systemised training programmes.

(2) Rationale

A variety of training courses are currently implemented for the capacity building on the PFM, and the JICA Support Activities also provided the training courses for the internal auditors and the systems support staff of the ACGEN. The ACGEN formulates a training plan annually. However, there is a need to point out that the skill standards have not been documented. The skill standards, indicating all

levels of required skills in each duty, will be used as an effective reference in formulating the training courses for the staff.

(3) Action Plan

(3-1) Formulate skill standards and training standards of internal auditors

It is recommended to formulate the skill standards for the internal auditors of the MDAs/LGAs. The proposed skill standards as shown in Table 3.5 may be used as the basis. Consequently, the training standards should be formulated from the skill standards to identify to training courses required for the skill development of internal auditors.

(3-2) Formulate skill standards and training standards of systems support staff

It is recommended to formulate the skill standards for the systems support staff of the SDU/SSU. The proposed skill standards as shown in Table 3.3 may be used as the basis. Consequently, the training standards should be formulated from the skill standards to identify to training courses required for the skill development of the systems support staff.

(3-3) Review and update the skill standards and training standards

The skills required for the internal auditors and systems support staff may be changed in a medium and long term due to the external factors such as social and economic factors and innovation of technology. Thus, it is recommended that the skill standards and training standards be reviewed at least once in three years and updated if necessary along with the circumstances.

(4) Timeframe

This recommendation should be implemented as soon as possible.

(5) Expected Outcome

The expected outcome is the improved efficiency and effectiveness on delivery of training programmes to the internal auditors and systems support staff.

(6) Proposed Performance Indicators

(6-1) Training status for the internal auditors and systems support staff

The training status for the internal auditors and systems support staff is the primary indicator for the implementation of the training courses. The number of participants for the training courses will be used as the quantitative indicator.

4.3.3 Recommendation 9: Improve the training courses on accounting for the LGAs

(1) Summary of Recommendation

It is recommended to provide more training courses to the accountants of the LGAs by enhancing the contents provided in the JICA Support Activities.

(2) Rationale

At the LGAs, the personnel have fewer opportunities to attend training programmes. One of training components in the JICA Support Activities taught the issues of the local government accounting to the SDU staff, and this topic is also useful for the LGAs. It is recommended that the similar course be prepared and conducted for the LGAs.

(3) Action Plan

(3-1) Review training programmes for LGA staff

It is proposed that the contents used for the Component 4 of the JICA Support Activities be reviewed and revised for the use of LGA staff in cooperation with the training institution.

(3-2) Provide training programmes to LGA staff

The revised contents should be implemented as a training programme for the accountants of the LGAs. The venue and duration of the training course should be carefully considered to achieve the efficient delivery of the training programme, as the transportation cost and per diem of the training participants must be considered as a part of expense.

(4) Timeframe

This recommendation should be implemented in the medium term.

(5) Expected Outcome

The expected outcome is the improved capacity on the PFM at the LGAs.

(6) Proposed Performance Indicators

(6-1) Implementation of the training programmes

The number of training participants and LGAs to be covered are used as the primary performance indicators.

(6-2) Quality of PFM at the LGA.

The outcome of the training will be the improved capacity of the LGAs staff for the improved PFM at the LGAs. Therefore, it is necessary to analyse whether the PFM is improved in the LGAs qualitatively from the internal and external audit report.

4.3.4 Recommendation 10: Increase the application skills of DWH users

(1) Summary of Recommendation

It is recommended that DWH users provide themselves with the supplemental training to leverage the effective application of the DWH.

(2) Rationale

The data warehouse (DWH) has been installed for the multifaceted analysis of the IFMS financial data and effective policy making and budget preparation, but the end users have not effectively utilised the DWH. The DWH requires the end users to customise the data analysis and reporting according to their needs. Therefore, in addition to the training for the operation of DWH, the end users need to have a skill for the effective utilisation and analysis of data. It is thus recommended that DWH users provide themselves with the supplemental training to leverage the effective application of the DWH.

(3) Action Plan

(3-1) Identify the skills required for DWH operations

The training programme provided by the ACGEN in relation to the DWH was about the operation of the application software. On the other hand, the end users may require other skills for the effective utilisation of the DWH, for example, cluster analysis, regression analysis, the data mining, relational database, SQL languages. It is recommended that the end user departments of the DWH, namely,

Policy Analysis Department and Government Budget Department identify the skill areas required for the effective utilisation of the DWH, and formulate and implement the training programmes for their staff.

(3-2) Review the utilisation of DWH

The ACGEN should regularly (at least annually) review the utilisation status of the DWH and examine whether the DWH is effectively used.

(4) Timeframe

This recommendation should be implemented as soon as possible.

(5) Expected Outcome

The expected outcome is the improved capacity to utilise DWH for more effective policy and budget preparation.

(6) Proposed Performance Indicators

(6-1) Training of staff

The proposed performance indicator is the number of staff trained in the skills related to the utilisation of the DWH, such as data mining, regression analysis, cluster analysis, relational database, and the concept of SQL.

(6-2) Utilisation of DWH

Another indicator is obtainable from the systems log to examine how often the end user utilise the DWH.

4.4 Recommendation on Business Process Reform

There are three items of recommendations on the business process reform.

4.4.1 Recommendation 11: Collect basic data on internal audit and accounting

(1) Summary of Recommendation

It is recommended to establish a mechanism to collect basic data of the internal audit and accounting regularly for the efficient planning.

(2) Rationale

The GOT has rapidly implemented the action plans to strengthen the internal audit functions at the MDAs/LGAs, and there will be a need to pursue the outcome of such action plans and evaluate the achievement for the continuous capacity building and business process reform. The accurate and comprehensive data on the MDAs/LGAs is essential to formulate an appropriate action plan for the capacity building on the PFM, and it is recommended to establish a mechanism to collect basic data regularly for the efficient planning.

The ACGEN and the PMO-RALG provides the support for the internal audit functions at the MDAs and LGAs respectively, while the ACGEN has provided the training programmes to the internal auditors of some LGAs. Therefore, it is recommended to establish a mechanism to share the basic information of the internal audit at the LGAs between the ACGEN and the PMO-RALG for more efficient delivery of the support to the internal audit functions.

(3) Action Plan

(3-1) Collect basic information on internal audit and accounting regularly from the MDAs/LGAs

It is proposed that the ACGEN and the PMO-RALG jointly collect the basic information on the internal audit regularly from the MDAs/LGAs. The basic information should include the situation of: (1) human resources (establishment and actual number of staff in the section, profile of the staff (name, rank, job experience, academic and professional qualifications, training history); (2) facilities (office, furniture, computer and networking facilities, manual); and (3) status on the internal audit functions (whether the internal audit plan and internal audit report were compiled). A questionnaire survey should be conducted at least once a year to update such basic information. Likewise, it is also effective to collect the basic information on the accounting as well.

(3-2) Manage and share information

Since the ACGEN provides the support of internal audit functions at the MDAs while the PMO-RALG provides the support of internal audit functions at the LGAs, it is appropriate that the basic information will be collected by each supervising organisation, and the information should be shared among them. The information collected from the MDAs/LGAs should be captured into the database or a spreadsheet file so that it will be easier to retrieve the necessary information as and when required.

(4) Timeframe

This recommendation should be implemented as soon as possible.

(5) Expected Outcome

The expected outcome is the improved planning on internal audit and accounting.

(6) Proposed Performance Indicators

(6-1) Amount of collected information

The primary indicator will be the amount of collected information from the internal audit section of the MDAs/LGAs, such as the response rate to the questionnaire survey.

4.5 Summary of Chapter 4

This Chapter describes the recommendations on the capacity building of the PFM and the effective implementation of the PFMRP, on the basis of the situation analysis described in Chapters 2 and 3. It is anticipated that these recommendations will be included in the PFMRP action plan for further improvement of capacity on the PFM.

Successful implementation of PFMRP is an important agenda for the GOT and the development partners, as many development programmes have adapted new aid modalities as the aid coordination framework. A number of PFMRP activities have been implemented in the areas of institutional development, business process and capacity building and the GOT has attained a certain progress of the improvement of the PFM. It is anticipated that the recommendations of the JICA Consultant Team will further improve the PFMRP and contribute to the capacity building on the PFM.

Appendices

Lot A: Training of IFMS end users for LGA staff / Training on user support skills for SSU staff

Lot B: Training analytical skills for SDU staff

Lot C: Training on accounting for SDU staff

Lot D: Introductory training of internal audit for internal auditors

Lot E: Intermediate training of internal audit for internal auditors

Lot F: Training on information security management for SDU staff

Training on utilisation of information systems for SDU staff

Advanced training of internal audit for internal auditors

Final Report

JICA Development Study's Support Activities

Lot A Training Programmes

1. Training of Local Government Staff (IFMS End User Training)
2. Training of staff of Systems Support Unit (User Support Skills)
3. Follow up training of staff of Systems Support Unit (User Support Skills)

Lot B Training Programmes

1. Training of system support staff of the Accountant General's Department (Analytical Skills)

The logo for LearnIT features the text "LearnIT" in a bold, italicized, sans-serif font. The letters are black and set against a white background. A thick, black, curved line sweeps under the text from the left, starting below the 'L' and ending under the 'T', creating a sense of motion or a swoosh.

February 2007

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Background

A contract was signed in June, 2006 between JICA Consultant Team and Learn IT, a subsidiary company of Soft-Tech Consultants Ltd, for provision of Training Services under Lot A and Lot B with respect to the Development Study for Component 4 of Public Financial Management Reform Programme. Learn IT was commissioned to provide the following training:

Lot A

1. Training of Local Government staff (IFMS end User Training)
2. Training of staff of Systems Support Unit (User support Skills)
3. Follow up training of staff of Systems Support Unit (User Support Skills)

Lot B

1. Training of System Support Staff (Analytical Skills) from the Accountant General's Department.

Following signing of Contract, discussions were held with the Accountant General's department with respect to training objectives, approach and participant selection and availability. The training objectives were defined so as to complement the ongoing / planned IFMS activities. Tutors / practitioners from the Soft-Tech Group of Companies were identified so as to deliver a combination of concept and practical sessions.

This Final Report presents for each course, the

- Training Approach and methodology
- Training contents and time tables (Please refer to Appendix 1 for the detailed time table)
- Facilities and training materials
- Training participants
- Key personnel to be assigned for the services (Please refer to Appendix 2 for the CVs)

Training of Local Government staff (IFMS End User Training)

Training Approach and methodology

Hands on training was conducted in a fully equipped computer laboratory at Learn IT premises for a total of 15 participants with Accounting background and experience of working in Accounts Section of Local Authorities. The training focused on:

- Computer literacy
- Epicor Product Functionalities
- IFMS procedures and Controls based on Local Authority model.

Training contents and time tables

Computer literacy

This module was based on ICDL (International Computer Driver's License) modules listed below:

- Basic Concepts of Information Technology
- Using Computers and Managing Files
- Spreadsheets

All Participants have appeared for the ICDL certification examinations.

Epicor Product Functionalities

Participants were trained on the following modules using demonstration data:

- General Ledger
- Accounts Receivable
- Accounts Payable

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- Cash Management
- Purchasing

IFMS Procedures and Controls based on Local Authority Model

- Critical setup parameters
- Chart of accounts classification and set up
- Payment processes
- Supply of Goods and services
- Imprest Management
- Salary accounting
- Bank account management
- Period end procedures
- Reports and inquiry tools

This training was conducted for a total of 36 days from 2nd October – 13th November 2006. Sessions were conducted from Monday – Friday from 9.00 am – 1.00 pm and 2.00 – 5.00 pm and on Saturdays from 9.00 am – 1.00 pm. Assessments were carried out on a regular basis.

Detailed training schedule inclusive of the assessment schedule is presented in Appendix 1-A

Facilities and training materials

Training was conducted in fully equipped computer laboratories at Learn IT premises.

Training materials used were:

- ICDL Course materials

- Epicor training manuals for each module listed under Product functionalities
- Accounting Procedure manual for Local Authority

Training participants

The participants were selected by the Accountant General's Department. Presented below is the list of participants.

No	Name	Local Authority
1	Mariam Nkala	Mbeya City Council
2	Adeline Msuva	Iringa Municipal Council
3	Mfalme Uledi	Kondoa District Council
4	Macrina Mapunda	Mtwara mikindani District Council
5	Mwajuma Kilua	Dodoma Municipal Council
6	Elems Salvatory (Instead of Godwin Kashaga)	Songea Municipal Council
7	Zawadi Zuberi	Dodoma Municipal Council
8	Ibrahim Msura	Kahama District Council
9	Flora Mwakasitu	Morogoro Municipal Council
10	Azimio Machibya	Bukombe District Council
11	Cornello Sima	Mwanza District Council
12	Abdul Dachi (Instead of Abdallah Mkali)	Morogoro District Council
13	Bernadetha Mango	DSM City Council
14	Elizabeth Sisa	Temeke Municipal Council
15	Markdonald Mori	Temeke Municipal Council

Cumulative Attendance – End User Training

Presented below is the cumulative attendance for the End User training participants.

S/N	Name	Site	Total No. Of Days	No. Of days attended						Cumulative Attendance %	
				Week 1	Week 2	Week 3	Week 4	Week 5	Week 6		
1	Ms Mariam R. Nkalla	Mbeya City Council	36	3	6	6	6	6	4	31	86
2	Miss Adelina E. Msuva	Iringa Municipal Council	36	6	6	6	6	6	6	36	100
3	Mr. Mfaume U. Mfaume	Kondoa District Council	36	6	6	6	6	6	6	36	100

S/N	Name	Site	Total No. Of Days	No. Of days attended						Cumulative Attendance %	
				Week 1	Week 2	Week 3	Week 4	Week 5	Week 6		
4	Miss Macrina H. Mapunda	Mtwara mikindani DC	36	6	6	6	6	6	6	36	100
5	Mrs. Mwajuma M. Kitua	Dodoma Municipal Council	36	6	6	6	6	6	6	36	100
6	Mr. Elems Salvatory	Songea District Council	36	6	6	6	6	6	6	36	100
7	Mr. Zuberi H. Kassimu	Dodoma Municipal Council	36	6	6	6	6	6	6	36	100
8	Mr. Ibrahim M. Massanja	Kahama District Council	36	6	6	6	6	6	6	36	100
9	Mrs. Flora Mwakasitu	Morogoro Muniपाल Council	36	6	6	6	6	6	6	36	100
10	Mr. Azimio Machibya	Bukombe District Council	36	4	6	6	6	6	6	34	95
11	Mr. Cornery C. Sima	Mwanza City Council	36	6	6	6	6	6	6	36	100
12	Mr. Abdul R. Dachi	Morogoro District Council	36	6	6	6	6	6	6	36	100
13	Mrs. Bernadetha B. Maungo	Dar es Salaam City Council	36	6	6	6	6	6	6	36	100
14	Mrs. Elizabeth P. Sisa	Temeke Municipal Council	36	6	6	6	6	6	6	36	100
15	Mr. Mcdonald E. Mori	Temeke Municipal Council	36	6	6	6	6	6	6	36	100

A total of 15 participants attended the sessions

- 12 participants showed 100% attendance
- 1 participant showed 95% attendance
- 1 participant showed 86% attendance

Cumulative Assessment – End User Training

Presented below is the cumulative assessment for the End User Training participants

S/N	Name	Site	Assessment I		Assessment II		Assessment III		Assessment IV		Cumulative	
			Marks%	Grade	Marks%	Grade	Marks%	Grade	Marks%	Grade	Marks%	Grade
1	Ms Mariam R. Nkalla	Mbeya City Council	65	C	70	C	71	A	69	C	69	C
2	Miss Adelina E. Msuva	Iringa Municipal Council	79	B	74	B	72	B	70	C	74	B
3	Mr. Mfaume U. Mfaume	Kondoa District Council	70	C	81	A	89	A	68	C	77	B
4	Miss Macrina H. Mapunda	Mtwara mikindani DC	76	B	81	A	83	A	91	A	83	A
5	Mrs. Mwajuma M. Kitua	Dodoma Municipal Council	73	B	82	A	92	A	69	C	79	B
6	Mr. Eiems Salvatory	Songea District Council	81	A	85	A	78	B	73	B	79	B
7	Mr. Zuberi H. Kassimu	Dodoma Municipal Council	88	A	69	C	78	B	90	A	81	A
8	Mr. Ibrahim M. Massanja	Kahama District Council	65	C	68	C	78	B	80	B	73	B
9	Mrs. Flora Mwakasitu	Morogoro Municipal Council	90	A	83	A	73	B	76	B	81	A
10	Mr. Azimio Machibya	Bukombe District Council	87	A	83	A	92	A	90	A	88	A
11	Mr. Cornery C. Sima	Mwanza City Council	80	B	87	A	90	A	91	A	87	A
12	Mr. Abdul R. Dachi	Morogoro District Council	78	B	76	B	70	C	66	C	73	B
13	Mrs. Bernadetha B. Maungo	Dar es Salaam City Council	69	C	79	B	81	A	80	B	77	B
14	Mrs. Elizabeth P. Sisa	Temeke Municipal Council	72	B	74	B	84	A	90	A	80	B
15	Mr. Mcdonald E. Mori	Temeke Municipal Council	90	A	82	A	79	B	89	A	85	A

15 participants took all the 4 assessments of which

- 6 participants were rated – Grade A
- 8 participants were rated – Grade B
- 1 participants were rated – Grade C

Participant Feedback

Participants were requested to complete the course evaluation form focusing on criteria such as Training objective, Training Delivery and Comments.

- All the 15 participants rated Training Objectives as “met”.
- All the 15 participants rated Training Delivery as “satisfactory”

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Participant Comments

- All the participants remarked that the overall approach to the training was good and the training delivery by the tutors was excellent.
- All the participants found the tutors to be hardworking & adept. They further commented that the tutors tried their best to make sure that each one of them had understood the concepts.

Key personnel

This Training was conducted by Mr. David Kagoro.

Training of staff of Systems Support Unit (User support Skills)

Training Approach and methodology

The System Support Unit (SSU) for Local Authorities consists of both Application Team and Technical Team stationed in 5 Regions. The 20 participants were in Dar es Salaam for participating in 10 days of briefing sessions conducted by Soft-Tech for the purposes of preparing the SSU for provision of support with respect to planned roll out of commitment accounting to both Phase 1 and Phase 2 Councils. Training on User Support Skills was delivered as a logical continuation of these planned briefing sessions.

Since the Accountant General's Department has already purchased Epicor based ITSM (IT Service Management) software licenses for Help Desk operations at the Regional Centers.

This training therefore focused on

- Basic set of Soft skills required for provision of support
- Help Desk software

Training contents and time tables

The briefing sessions, while outside the scope of this assignment, were included in the schedule due to the logical transition into training on Support skills. The training duration was therefore 10 days for briefing sessions and 6 days for support skills. The modules for the 6 days training were:

- Basic soft skills
- Change management
- User Training
- Help Desk – IT Service Management

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The briefing sessions was scheduled from 2nd -16th October 2006; whereas, the training on Support Skills was scheduled from 17th – 19th October 2006.

Training was conducted from Monday – Friday, 9.00 am – 1.00 pm and 2.00 – 4.00 pm and on Saturdays from 9.00 am – 1.00 pm.

Detailed Course outline including assessment is presented in Appendix 1-B

Facilities and training materials

Concept sessions were conducted in theory rooms, whereas, the hands on training on Help Desk software were conducted in fully equipped Computer laboratories at Learn IT premises. Participants were divided in Application team and Technical team for the hands on training.

Training materials consist of:

- Presentations, notes and case studies on Basic Soft Skills
- Epicor ITSM Manual

Training participants

No	Name	Location	Support Type
1	Zawadi Yusuph	Arusha	Application
2	Elinawinga Massawe	Arusha	Application
3	Nicholaus J. Bukumbi	Dodoma	Application
4	Elisa Rwamiago	Dodoma	Application
5	Mmaka Mwinyaka	Mbeya	Application
6	Augustino Mmanda	Mbeya	Application
7	Mbwana Msangi	Mwanza	Application
8	Gonda Emmanuel	Mwanza	Application
9	Nicholaus Nlinika	Dar es Salaam	Application
10	Ndrile Kimoi	Dar es Salaam	Application
11	Charles Nyahende	Dar es Salaam	Application
12	Pembe Athumani	Arusha	Technical
13	Ireneus Kagashe	Arusha	Technical
14	Sutte R. Masuha	Dodoma	Technical
15	Archibold Kundesai	Dodoma	Technical
16	Onesmo Lyimo	Mbeya	Technical
17	Deodatus Kayombo	Mbeya	Technical

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18	Emmanuel Budigira	Mwanza	Technical
19	Jonas Kilima	Mwanza	Technical
20	Juma s.Maganga (instead of Siverian Katarama of DSM)	Mwanza	Technical

SSU – User Support Skills Training

Cumulative Attendance – Application Team

Presented below is the cumulative attendance of the SSU – Application and Technical Team participants.

S/N	Name	Site	Total No. of Days	No. of days attended		Cumulative	
				Week 1	Week 2	Attendance %	
1	Ms Zawadi I. Yusuf	Arusha	6	2	4	6	100
2	Mr. Elinawinga Massawe	Arusha	6	2	4	6	100
3	Mr. Nicholaus J. Bukumbi	Dodoma	6	2	4	6	100
4	Me Elisa J. Rwamiago	Dodoma	6	2	4	6	100
5	Mr. Mmaka R. Mwinjaka	Mbeya	6	2	4	6	100
6	Mr. Augustino S. Manda	Mbeya	6	2	4	6	100
7	Mr. Mbwana J.K. Msangi	Mwanza	6	2	4	6	100
8	Mr. Emmanuel W. Gonda	Mwanza	6	2	4	6	100
9	Mr. Nicholaus L. Ntinika	DSM	6	2	4	6	100
10	Mr. Nndrille Kimoi	DSM	6	2	4	6	100
11	Mr. Charles Nyahende	DSM	6	2	4	6	100
12	Mr. Juma S. Maganga	Mwanza	6	2	4	6	100

A total of 12 participants have attended the sessions

- All 12 participants showed 100% attendance

Cumulative Attendance – Technical Team

S/N	Name	Site	Total No. of Days	No. of days attended		Cumulative	
				Week 1	Week 2	Attendance %	

1	Mr. Mzee A. Pemba	Arusha	6	2	4	6	100
2	Mr. Ireneus Kagashe	Arusha	6	2	4	6	100
3	Mr. Sutte R. Masuha	Dodoma	6	2	4	6	100
4	Mr. Archibold Kundesai	Dodoma	6	2	4	6	100
5	Mr. Onesmo Lyimo	Mbeya	6	2	4	6	100
6	Mr. Deodatus Kayombo	Mbeya	6	2	4	6	100
7	Mr. Emmanuel Y. Budigila	Mwanza	6	2	4	6	100
8	Mr. Jonas C. Kilima	Mwanza	6	2	4	6	100

A total of 8 participants have attended the sessions

- All 8 participants showed 100% attendance

Participant Feedback

Participants were requested to complete the course evaluation form focusing on criteria such as Training objective, Training Delivery and Comments.

Application Team:

- All the 12 participants rated Training Objectives as "met".
- All the 12 participants rated Training Delivery as "satisfactory"

Technical Team:

- All the 8 participants rated Training Objectives as "met".
- All the 8 participants rated Training Delivery as "satisfactory"

Participant Comments

- All the participants remarked that the overall approach to the training was good and the training delivery by the tutors was excellent.
- All the participants found the tutors to be hardworking & adept. They further commented that the tutors tried their best to make sure that each one of them had understood the concepts.

Key personnel

- Soft Skills Training
 - Mr. Osman Mdee – Academic Head, LearnIT
- Hands on ITSM Training –
 - Technical team – Mr. Stephen Jutta – Assistant Manager, SATCOM Call Center

- Application Team – Mr Erasto Kivuyo – Epicor Consultant, Soft-Tech Consultants Ltd

Follow up training of staff of Systems Support Unit (User Support Skills)

Training Approach and methodology

The Support visit was initially proposed towards end January, 2007, based on the assumption that installation of the national IFMS Network will be completed. However, this particular project has been delayed upto April 2007 and therefore the Support visits were carried out during the first week of February, following consultation with the Accountant General's Department on the change in objectives and approach..

Training contents and time tables

The course was delivered in a practical and involving manner. The blend of methods used included:-

- Meeting with the Management
- Introduction and objectives of Support Desk
- Incidence Recording and Resolution
- Help Desk Support Cycle, support mechanism & call escalation
- Problem solving Technique, Decision making & Training needs
- System support services, Do's for the support team and prohibited actions.
- Preparation of Monthly Report
- LGRP / RAS contact directory
- Review and Recap

Facilities and training materials

A total of 5 training Sessions were held at the 5 Regional offices
Training material used was::

- LGRP Help Desk Support Training – Systems Support Unit Procedures

Training participants

S/N	Name	Designation	Region
1	Ms Zawadi I Yusuf	Application Specialist	Arusha
2	Mr. Massawe Elinawinga	Application Specialist	Arusha
3	Mr. Kagashe Ireneus	Technical Specialist	Arusha
4	Mr. Archibold Kundasai	Technical Specialist	Dodoma
5	Mr. Nicholas James	Application Specialist	Dodoma
6	Mr. Elisa J Rwamiago	Application Specialist	Dodoma
7	Mr. Charles Nyahende	Application Specialist	Dar es Salaam

S/N	Name	Designation	Region
8	Mr. Nicholas Lucas Ntinika	Application Specialist	Dar es Salaam
9	Mr. Nndrille Kimoi	Application Specialist	Dar es Salaam
10	Mr. Augustino S Manda	Application Specialist	Mbeya
11	Mr. Deodatus Kayombo	Technical Specialist	Mbeya
12	Mr. Mmaka Ramadhani Mwinjaka	Application Specialist	Mbeya
13	Mr. Juma Maganga	Application Specialist	Mwanza
14	Mr. Emmanuel W Gonda	Application Specialist	Mwanza
15	Mbwana Msangi	Application Specialist	Mwanza

Cumulative Attendance

Presented below is the cumulative attendance of the SSU for the User Support Skills

S/N	Name	Designation	Zonal Reform	No. of days attended	Cumulative Attendance %	
				Week 1		
1	Ms Zawadi I Yusuf	Application Specialist	Arusha	5	5	100
2	Mr. Massawe Elinawinga	Application Specialist	Arusha	5	5	100
3	Mr. Kagashe Ireneus	Technical Specialist	Arusha	5	5	100
4	Mr. Archibold Kundasai	Technical Specialist	Dodoma	5	5	100
5	Mr. Nicholas James	Application Specialist	Dodoma	5	5	100
6	Mr. Elisa J Rwamiago	Application Specialist	Dodoma	5	5	100
7	Mr. Charles Nyahende	Application Specialist	Dar Es Salaam	5	5	100
8	Mr. Nicholas Lucas Ntinika	Application Specialist	Dar Es Salaam	5	5	100
9	Mr. Nndrille Kimoi	Application Specialist	Dar Es Salaam	5	5	100
10	Mr. Augustino S Manda	Application Specialist	Mbeya	5	5	100
11	Mr. Deodatus Kayombo	Technical Specialist	Mbeya	5	5	100
12	Mr. Mmaka Ramadhani Mwinjaka	Application Specialist	Mbeya	5	5	100
13	Mr. Juma Maganga	Application Specialist	Mwanza	5	5	100
14	Mr. Emmanuel W Gonda	Application Specialist	Mwanza	5	5	100
15	Mbwana Msangi	Application Specialist	Mwanza	5	5	100

A total of 15 participants attended the sessions; out of them

- All 15 participants showed 100% attendance

Participant Feedback

- The Training was very satisfactory, as it will help to support more sites at a time.
- All the participants remarked that the training was very good and the system is very useful.

General Comments

For all sites visited the participants raised the following concerns:

- Lack of test environment required for diagnosis and troubleshooting.
- Lack of administrative support required to oversee problem registration and reporting.
- Lack of documentation registers for registering incidence calls and solutions provided.
- End users do not have the required skills to present a problem adequately, thus making provision of support difficult.

Individual site Comments

- Dodoma site –Lack of a proper office
- Arusha site -They have an office with enough computers but do not have test environment for problem diagnosis and troubleshooting.
- Dar es Salaam site - full equipped, air-conditioned environment with training room, and security camera. They also benefit from in-house training
- Mwanza site- They have an office with enough computers but do not have test environment for problem diagnosis and troubleshooting.

Key personnel

- | | |
|-------------------|---------------|
| ▪ Emmanuel Mark | Mbeya |
| ▪ Emmanuel Olotu | Mwanza |
| ▪ Salma Pamui | Arusha |
| ▪ James Kabagile | Dodoma |
| ▪ Deogratius Sway | Dar es salaam |

Training of System Support Staff (Analytical Skills)

Training Approach and methodology

The objective of this training was to equip the System Development Unit (SDU) of the Accountant General's Department with a systematic approach of analyzing emerging requirements with respect to IFMS functionalities and reports and to enable them to document these requirements.

The training focused on

- Techniques of analyzing requirements
- Documenting requirements by use of diagrams and flow charts.
- Preparation of test plans
- Preparation for user acceptance testing

Practical assignments with respect to IFMS sites such as Local Authorities, Tanzania Revenue Authority, Central Government systems, were provided, whereby participants applied the concepts learnt to the production systems.

Training contents and time tables

Training was conducted in 2 batches of 8 and 7 participants in the morning and afternoon respectively. This arrangement was made on request from the Assistant Accountant General who was concerned about continuity of IFMS support to the MDAs.

Sessions were conducted from Monday – Friday from 9.00 am – 1.00 PM for Batch 1 and from 2.00 – 6.00 pm for Batch 2

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The duration of this training was 18 days from 18th October – 14th November 2006. (There were no additional cost implications with the exception of daily allowances for the participants for additional 6 days)

Detailed schedule is presented in Appendix 1-C.

Facilities and training materials

Training materials consist of presentations and notes. In addition, trial UML (Unified Modeling Language) software was provided to the participants for purposes of flow-charting.

Training participants

Batch 1		
No	NAME	DESIGNATION
1	Victus Paul <i>(Instead of Dora Kiama)</i>	SDU -Application
2	Anthony Mfaume	SDU -Application
3	Christina Ngonyani	SDU -Application
4	Hassan Mbegalo	SDU -Application
5	Fundi Makama	SDU -Application
6	Siverian Katarama <i>(Instead of Stanley Mlula)</i>	SDU -Technical
7	Victor Bwemero	SDU -Technical
8	Maarifa Sheria	SDU -Technical
Batch 2		
No	NAME	DESIGNATION
1	Neema Mpembe	SDU -Technical
2	Adam Mshangama	SDU -Technical
3	Jones Kabwoto	SDU -Technical
4	Vicky Jengo	SDU -Application
5	Mariana Lamosai <i>(Instead of Peter Kajiru)</i>	SDU -Application
6	Veronica Kishale	SDU -Application
7	Nchambi E. Ng'hwani <i>(Instead of Charles Ngesi)</i>	SDU -Application

Cumulative Attendance – Analytical Skills Training Batch 1

Presented below is the cumulative attendance for the Analytical Skills Training.

S/N	Name	Designation	Total No. Of Days	No. Of days attended					Cumulative Attendance %	
				Week 1	Week 2	Week 3	Week 4	Week 5		
1	Victor Bwemero	SDU - T	18	3	3	5	5	2	18	100
2	Sheria Maarifa	SDU - T	18	3	3	5	5	2	18	100
3	Siverian Katarama	SDU - T	18	3	3	5	5	2	18	100
4	Fundi Makama	SDU - A	18	3	3	5	5	2	18	100
5	Victus Paul	SDU - A	18	3	3	5	5	2	18	100
6	Anthony Mfaume	SDU - A	18	3	3	5	5	2	18	100
7	Christina Ngonyani	SDU - A	18	3	3	5	5	2	18	100
8	Hassan Mbegalo	SDU - A	18	3	3	5	5	2	18	100

A total of 8 participants attended the sessions

- All participants showed 100% attendance

Cumulative Attendance – Analytical Skills Training Batch 2

S/N	Name	Designation	Total No. Of Days	No. Of days attended					Cumulative Attendance %	
				Week 1	Week 2	Week 3	Week 4	Week 5		
1	Neema Mpembe	SDU-T	18	3	3	5	5	2	18	100
2	Adam Mshangama	SDU-T	18	3	3	5	5	2	18	100
3	Jones Kabwoto	SDU-T	18	3	3	5	5	2	18	100
4	Vicky Jengo	SDU – A	18	3	3	4	5	2	17	94
5	Mariana Lamosai	SDU – A	18	3	3	5	5	2	18	100
6	Veronica Kishala	SDU – A	18	0	2	4	4	1	11	61
7	Nchambi E. Ng'hwani	SDU – A	18	3	3	5	5	2	18	100

A total of 7 participants have attended the sessions

- 5 participants showed 100% attendance
- 1 participant showed 94% attendance
- 1 participant showed 61% attendance

Participant Feedback

Participants were requested to complete the course evaluation form focusing on criteria such as Training objective, Training Delivery and Comments.

Batch 1

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- All the 8 participants rated Training Objectives as "met".
- All the 8 participants rated Training Delivery as "satisfactory"

Batch 2

- All the 7 participants rated Training Objectives as "met".
- All the 7 participants rated Training Delivery as "satisfactory"

Participant Comments

- All the participants remarked that the overall approach to the training was very good and the training delivery by the tutors was excellent.

Key personnel

Concept sessions were conducted by Osman Mdee, Academic Head, Learn IT

Practical sessions were conducted by Ulka Shah, Assistant Manager, Software Development, Soft-Tech Consultants Ltd.

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Appendix 1 - Training schedules

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A – End User Training on IFMS

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Epicor Based Integrated Financial Management System End User Training - LGRP		September	October	November	December
ID	Task Name	Start	Finish	Duration	
1	1 LGRP - End User Training	02/10/06	13/11/06	42 days	
2	1.1 Computer Basics - IC DL	02/10/06	14/10/06	13 days	
3	1.1.1 Basic Concepts of Information Technology	02/10/06	05/10/06	4 days	
4	1.1.2 Using Computer and Managing Files	05/10/06	09/10/06	3.5 days	
5	1.1.3 Spreadsheets	09/10/06	13/10/06	4 days	
6	1.1.4 Assessments - IC DL Certification	13/10/06	14/10/06	1.5 days	
7	1.2 Core Functionalities	14/10/06	28/10/06	13.5 days	
8	1.2.1 General Ledger	14/10/06	18/10/06	3 days	
9	1.2.1.1 Client/Server overview	14/10/06	19/10/06	3 days	
10	1.2.1.2 sBackOffice Interface	14/10/06	18/10/06	3 days	
11	1.2.1.3 Setting up of the General Ledger	14/10/06	18/10/06	3 days	
12	1.2.1.4 Establishing Beginning Balances	14/10/06	18/10/06	3 days	
13	1.2.1.5 Daily Transaction Processing	14/10/06	18/10/06	3 days	
14	1.2.1.6 Periodic Processing	14/10/06	18/10/06	3 days	
15	1.2.1.7 General Ledger Standard Reports & Intelligence Explorer	14/10/06	18/10/06	3 days	
16	1.2.2 Accounts Payable	18/10/06	20/10/06	3 days	
17	1.2.2.1 Setting up Accounts Payable	18/10/06	20/10/06	3 days	
18	1.2.2.2 Creating Vendors & Processing Vouchers	18/10/06	20/10/06	3 days	
19	1.2.2.3 Processing Payments	18/10/06	20/10/06	3 days	
20	1.2.2.4 Voucher Adjustments, Debit Memo & Payment Adjustments	18/10/06	20/10/06	3 days	
21	1.2.2.5 Reconciling Accounts Payable to the General Ledger	18/10/06	20/10/06	3 days	
22	1.2.2.6 Accounts Payable Reports & Intelligence Explorer	18/10/06	20/10/06	3 days	
23	1.2.3 Accounts Receivable	20/10/06	23/10/06	2.5 days	
24	1.2.3.1 Setting up Accounts Receivable	20/10/06	23/10/06	2.5 days	
25	1.2.3.2 Creating Customers	20/10/06	23/10/06	2.5 days	
26	1.2.3.3 Processing Invoices	20/10/06	23/10/06	2.5 days	
27	1.2.3.4 Processing cash Receipts/Adjustments	20/10/06	23/10/06	2.5 days	
28	1.2.3.5 Processing Credit Memos	20/10/06	23/10/06	2.5 days	
29	1.2.3.6 Reconciling Accounts Receivable to the General Ledger	20/10/06	23/10/06	2.5 days	
30	1.2.3.7 Accounts Receivable Case Study	20/10/06	23/10/06	2.5 days	
31	1.2.3.8 Assessment III Cash Management and Accounts Receivable Functions	20/10/06	23/10/06	2.5 days	
32	1.2.4 Cash Management	23/10/06	25/10/06	2 days	

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ID	Task Name	Duration	Start	Finish	September	October	November	December
33	1.2.4.1 Setting up Cash Management	2 days	23/10/06	25/10/06				
34	1.2.4.2 Process Manual Transaction	2 days	23/10/06	25/10/06				
35	1.2.4.3 Bank Reconciliation	2 days	23/10/06	25/10/06				
36	1.2.5 Purchasing	3 days	25/10/06	28/10/06				
37	1.2.5.1 Setting up Purchasing & Receiving	3 days	25/10/06	28/10/06				
38	1.2.5.2 Create Purchase Order	3 days	25/10/06	28/10/06				
39	1.2.5.3 Receiving	3 days	25/10/06	28/10/06				
40	1.2.5.4 Matching & Payments	3 days	25/10/06	28/10/06				
41	1.2.5.5 Reports	3 days	25/10/06	28/10/06				
42	1.2.5.6 Purchasing Case Study	3 days	25/10/06	28/10/06				
43	1.3 LGRP Procedures & Controls	11 days	28/10/06	08/11/06				
44	1.3.1 LGRP Database basic system setup	1 day	28/10/06	30/10/06				
45	1.3.2 Chart of Accounts Classification	1 day	30/10/06	31/10/06				
46	1.3.3 Payment Processes	2 days	31/10/06	01/11/06				
47	1.3.4 Supply of Goods and Services	2 days	01/11/06	03/11/06				
48	1.3.5 Assessment IV - Payment & Purchasing	0.5 days	03/11/06	03/11/06				
49	1.3.6 Management of Imprest	1 day	04/11/06	04/11/06				
50	1.3.7 Accounting for Salaries	1 day	04/11/06	05/11/06				
51	1.3.8 Bank Account Management	1 day	06/11/06	07/11/06				
52	1.3.9 Period End Procedures	1.5 days	07/11/06	08/11/06				
53	1.4 Reports	3 days	08/11/06	11/11/06				
54	1.4.1 FRx Reports and Native reports	1.5 days	08/11/06	10/11/06				
55	1.4.2 Intelligence Explorer and Crystal Reports	1 day	10/11/06	11/11/06				
56	1.4.3 Assessment V - Bank Reconciliation & Imprest Management	0.5 days	11/11/06	11/11/06				
57	1.5 Practical Session & Evaluation	1.5 days	11/11/06	13/11/06				
58	1.5.1 Revision & Recap	1 day	11/11/06	13/11/06				
59	1.5.2 implementation preparation requirements	0.5 days	13/11/06	13/11/06				

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B – Training on User Support Skills

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ID	Task Name	Duration	Start	Finish	06 Oct '06	15 Oct '06
1	1 LGRP - SSU Training	16 days	02/10/06	19/10/06	S	S
2	1.1 Briefing Sessions (FMS Roll-Out)	10 days	02/10/06	12/10/06	S	S
3	1.2 User Support Skills	6 days	13/10/06	19/10/06	S	S
4	1.2.1 Basic Skills	1 day	13/10/06	13/10/06	S	S
5	1.2.1.1 Time management	1 day	13/10/06	13/10/06	S	S
6	1.2.1.2 Assertiveness	1 day	13/10/06	13/10/06	S	S
7	1.2.1.3 Problem Solving	1 day	13/10/06	13/10/06	S	S
8	1.2.1.4 Decision making	1 day	13/10/06	13/10/06	S	S
9	1.2.1.5 Case Study - Problem Solving	1 day	13/10/06	13/10/06	S	S
10	1.2.2 Change Management	1 day	14/10/06	14/10/06	S	S
11	1.2.2.1 Change drivers	1 day	14/10/06	14/10/06	S	S
12	1.2.2.2 The Change Process	1 day	14/10/06	14/10/06	S	S
13	1.2.2.3 Managing change	1 day	14/10/06	14/10/06	S	S
14	1.2.2.4 Case Study - Managing Change	1 day	14/10/06	14/10/06	S	S
15	1.2.3 User Training	1 day	16/10/06	16/10/06	S	S
16	1.2.3.1 Training needs assessment	1 day	16/10/06	16/10/06	S	S
17	1.2.3.2 Training techniques and methods	1 day	16/10/06	16/10/06	S	S
18	1.2.3.3 Adult Learning	1 day	16/10/06	16/10/06	S	S
19	1.2.3.4 Case Study - Training Techniques and Methods	1 day	16/10/06	16/10/06	S	S
20	1.2.4 Help Desk - IT Service Management	3 days	17/10/06	19/10/06	S	S
21	1.2.4.1 Incident and Problem Management	1 day	17/10/06	17/10/06	S	S
22	1.2.4.1.1 Incident and Problem Management Overview	1 day	17/10/06	17/10/06	S	S
23	1.2.4.1.2 Incident Management Activities	1 day	17/10/06	17/10/06	S	S
24	1.2.4.1.3 Acceptance and Registration of Incidents / Service Re	1 day	17/10/06	17/10/06	S	S
25	1.2.4.1.4 Classification of Incidents and Initial support	1 day	17/10/06	17/10/06	S	S
26	1.2.4.1.5 Service Request	1 day	17/10/06	17/10/06	S	S
27	1.2.4.1.6 Incident Matching	1 day	17/10/06	17/10/06	S	S
28	1.2.4.1.7 Analysis and Diagnosis	1 day	17/10/06	17/10/06	S	S
29	1.2.4.1.8 Solution and Restoration	1 day	17/10/06	17/10/06	S	S
30	1.2.4.1.9 Incident Closure	1 day	17/10/06	17/10/06	S	S
31	1.2.4.1.10 Progress monitoring	1 day	17/10/06	17/10/06	S	S
32	1.2.4.1.11 Problem Control - Identification and Registration	1 day	17/10/06	17/10/06	S	S
33	1.2.4.1.12 Error Control - Error Registration and Evaluation	1 day	17/10/06	17/10/06	S	S

Final Report

Epicor Based Integrated Financial Management System: Training on User Support Skills System: Support Unit - LGRP		01 Oct '06	08 Oct '06	15 Oct '06
ID	Task Name	S	S	S
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Final Report

C – Training on Analytical Skills

Final Report

ID	Task Name	Duration	Start	Finish	W-3	W-2	W-1	W1	W2	W3	W4
1	1 Analytical Skills	18 days	18/10/06	10/11/06							
2	1.1 Summarizing business goals	0.75 days	18/10/06	18/10/06							
3	1.1.1 Importance of a project proposal	1 hr	18/10/06	18/10/06							
4	1.1.2 Prince II	2 hrs	18/10/06	18/10/06							
5	1.2 Getting functional specifications	1.5 days	18/10/06	20/10/06							
6	1.2.1 Techniques for getting requirements - Interviewing, shadowing, focus	3 hrs	18/10/06	19/10/06							
7	1.2.2 Requirements - SMART (Specific, Measurable, Attainable, Realistic, T	3 hrs	19/10/06	20/10/06							
8	1.3 Customer Requirements Specification	1.5 days	20/10/06	23/10/06							
9	1.3.1 Customers Requirements Specification	2 hrs	20/10/06	20/10/06							
10	1.3.2 Template for Customers Requirements Specification	1 hr	20/10/06	20/10/06							
11	1.3.3 Tips for writing effective Customers Requirements Specification	1 hr	23/10/06	23/10/06							
12	1.3.4 Exercise: Prepare CRS (Reports)	2 hrs	23/10/06	23/10/06							
13	1.4 Techniques for requirements modeling and analysis	9 days	23/10/06	03/11/06							
14	1.4.1 Introduction to UML	3 hrs	23/10/06	24/10/06							
15	1.4.2 Use cases	6 hrs	24/10/06	25/10/06							
16	1.4.3 Sequence diagrams	3 hrs	26/10/06	26/10/06							
17	1.4.4 Collaboration diagrams	3 hrs	26/10/06	27/10/06							
18	1.4.5 Activity diagrams	3 hrs	27/10/06	30/10/06							
19	1.4.6 State chart diagram	1.5 hrs	30/10/06	30/10/06							
20	1.4.7 Deployment diagram	1.5 hrs	30/10/06	30/10/06							
21	1.4.8 Component diagram	1.5 hrs	31/10/06	31/10/06							
22	1.4.9 Class diagram	1.5 hrs	31/10/06	31/10/06							
23	1.4.10 ER - Diagram	3 hrs	31/10/06	01/11/06							
24	1.4.11 Dataflow Diagrams	3 hrs	01/11/06	02/11/06							
25	1.4.12 Systems Development - RUP approach	4 hrs	02/11/06	03/11/06							
26	1.4.13 Exercise: Prepare CRS (System)	2 hrs	03/11/06	03/11/06							
27	1.5 Preparing System Requirements Document	3 days	03/11/06	08/11/06							
28	1.5.1 Role of SRS	2 hrs	03/11/06	06/11/06							
29	1.5.2 Problem Analysis	1 hr	06/11/06	06/11/06							
30	1.5.3 UML as a tool for Requirements Analysis	1 hr	06/11/06	06/11/06							
31	1.5.4 Other tools/methods for Analysis	1 hr	06/11/06	06/11/06							
32	1.5.5 Requirements specification	1 hr	07/11/06	07/11/06							
33	1.5.6 Validation	0.5 hrs	07/11/06	07/11/06							
34	1.5.7 Metrics	0.5 hrs	07/11/06	07/11/06							

Final Report

ID	Task Name	Duration	Start	Finish	W-3	W-2	W-1	W1	W2	W3	W4
35	1.5.8 Risk assessment and Management	1 hr	07/11/06	07/11/06							
36	1.5.9 Planning and Monitoring	1 hr	07/11/06	07/11/06							
37	1.5.10 Template for SRS	1 hr	08/11/06	08/11/06							
38	1.5.11 Exercise:Prepare SRS (System)	2 hrs	08/11/06	08/11/06							
39	1.6 Quality assurance - Requirements Analysis	1.5 days	08/11/06	10/11/06							
40	1.6.1 Setting up Testing Strategy	1 hr	08/11/06	08/11/06							
41	1.6.2 Preparation of test categories	1 hr	09/11/06	09/11/06							
42	1.6.3 Preparation of test plans	1 hr	09/11/06	09/11/06							
43	1.6.4 Preparation of test cases	1 hr	09/11/06	09/11/06							
44	1.6.5 Exercise:Prepare Testcases and Testplan (System)	2 hrs	09/11/06	10/11/06							
45	1.7 Preparing for Users Acceptance Testing	0.75 days	10/11/06	10/11/06							
46	1.7.1 Preparation of test categories	0.5 hrs	10/11/06	10/11/06							
47	1.7.2 Conducting a Users Acceptance Testing	0.5 hrs	10/11/06	10/11/06							
48	1.7.3 Reviewing results from Users Acceptance Testing and feedback	0.5 hrs	10/11/06	10/11/06							
49	1.7.4 Templates for Users Acceptance Testing	0.5 hrs	10/11/06	10/11/06							
50	1.7.5 Exercise:Prepare UAT document	1 hr	10/11/06	10/11/06							
51	1.8 Training complete	0 hrs	10/11/06	10/11/06							

Final Report

Follow up Training – User Support Skills

Final Report

ID	Task Name	Duration	Start	Finish
1	1 Support Skills	5 days	05/02/07	09/02/07
2	1.1 DAY 1	1 day	05/02/07	05/02/07
3	1.1.1 Meeting with the Management	0.25 days	05/02/07	05/02/07
4	1.1.2 Introduction - Help desk Support	0.25 days	05/02/07	05/02/07
5	1.1.3 Objective of Help Desk Support	0.25 days	05/02/07	05/02/07
6	1.1.4 Case Study and Discussion	0.25 days	05/02/07	05/02/07
7	1.2 DAY 2	1 day	06/02/07	06/02/07
8	1.2.1 Incidence Recording and Resolution	0.2 days	06/02/07	06/02/07
9	1.2.2 Help Desk Support Cycle	0.2 days	06/02/07	06/02/07
10	1.2.3 Support Mechanism	0.2 days	06/02/07	06/02/07
11	1.2.4 Call Escalation	0.2 days	06/02/07	06/02/07
12	1.2.5 Case Study and discussion	0.2 days	06/02/07	06/02/07
13	1.3 DAY 3	1 day	07/02/07	07/02/07
14	1.3.1 Problem Solving Technique	0.25 days	07/02/07	07/02/07
15	1.3.2 Decision Making	0.25 days	07/02/07	07/02/07
16	1.3.3 Training Needs	0.25 days	07/02/07	07/02/07
17	1.3.4 Case Study and Discussion	0.25 days	07/02/07	07/02/07
18	1.4 DAY 4	1 day	08/02/07	08/02/07
19	1.4.1 System Support Services	0.25 days	08/02/07	08/02/07
20	1.4.2 Do's for the support team	0.25 days	08/02/07	08/02/07
21	1.4.3 Actions Prohibited to the supporter	0.25 days	08/02/07	08/02/07
22	1.4.4 Case Study and discussion	0.25 days	08/02/07	08/02/07
23	1.5 DAY 5	1 day	09/02/07	09/02/07
24	1.5.1 Monthly Report	0.25 days	09/02/07	09/02/07
25	1.5.2 LGR/PAS Contacts	0.25 days	09/02/07	09/02/07
26	1.5.3 Review and Recap	0.25 days	09/02/07	09/02/07
27	1.5.4 Case study and discussion	0.25 days	09/02/07	09/02/07

REPORT ON JICA DEVELOPMENT STUDY'S SUPPORT ACTIVITIES FOR PFMRP COMPONENT 4 – LOT C TRAINING ON ACCOUNTING SKILLS

1. Introduction

The Japan International Cooperation Agency (JICA) embarked upon a two-year Development study in July 2005. In the financial 2006/2007 various training programmes have been conducted under the sponsorship of JICA for capacity building of staff of the Tanzania Accountant General's Department as well as other Central and Local Government Departments.

The Accountant General's Department is responsible for smooth operations of the Integrated Financial Management System (IFMS) and provides systems support to end users of the Central and Local Government Departments. The planned expansion of the modules and roll out of the IFMS make the role of the system support staff more important.

In order to provide the quality systems support to the end users, the systems support staff of the Accountant General's Department needed sufficient knowledge and skills on both information systems and accounting. As for the skills on the accounting, as it was pointed out, the systems support staff who have the computer qualifications needed to have more knowledge on the accounting for more appropriate understanding of the needs and problems of the end users. The improvement of the accounting knowledge of the systems support staff will facilitate the user-friendly systems support, hence the need for the training on accounting skills.

2. Training on System Support Staff

On 23rd June 2006, the National Board of Accountants and Auditors (NBAA) entered into a contract for services with the Japan International Cooperation Agency (JICA) Consultant Team to provide training on accounting skills to 15 staff from the Accountant General's Department. The training for the System Support Staff for the Local Government Authorities was conducted in Dar es Salaam at NBAA Mhasibu House from 18th to 22nd December 2006.

3. Training Objectives

This training had the following objectives:

- (i) To impart participants with the knowledge, skill and understanding of the audit function.
- (ii) To help develop capacity of the System Support Staff to enhance public accountability, internal controls and good governance in financial matters.

- (iii) To provide members of the System Staff with the opportunity to read understand and discuss on the provision of the financial legislations (the Local Government Authority Financial Memorandum, Act and the Public Finance Act 2001) including their regulations plus sharing experiences.
- (iv) Exchange views on the requirements of best practices and reveal operational weaknesses that need to be improved to comply with these laws.
- (v) Institutionalize the use of the Audit Committees, Tender Board Committee as management tools and not as merely instruments of replying queries.
- (vi) Enable members of the System Support staff understand and apply the principles of good governance in their daily operations.
- (vii) To enable the System Support Staff to have knowledge and skills on the Integrated Financial Management System in the LGAs.
- (viii) To give more exposure on how to manage electronic records and IT control and security programs.
- (ix) To give clear interpretations and applications of auditing standards.
- (x) To exchange views on the requirements on the best practice and reveal operational weaknesses that need to be improved to comply with the law.

4. Methodology

The Training was conducted under a participatory method which included the following activities:

- Clarifying of important terms and explaining on areas of emphasis by facilitators;
- Group exercises which included answering of questions after every session.

5. Participants

The training registered 15 participants, which is 100 percent of the expected participants. A list of participants giving their names is shown hereunder.

LIST OF PARTICIPANTS TO THE ACCOUNTING SKILLS TRAINING HELD AT MHASIBU HOUSE IN DAR ES SALAAM ON 18TH TO 22ND DECEMBER 2006

S/N	NAME
1	Ms Neema Mpembe
2	Mr. Adam Mshangama
3	Mr. Siverian Katarama

4	Mr. Jones Kabwoto
5	Ms. Vicky Jengo
6	Ms. Stella Nguma
7	Mr. Fundi Makama
8	Ms. Dora Kiama
9	Mr. Victor Bwemero
10	Mr. Maarifa Sheria
11	Mr. Stanley Mlula
12	Mr. Ndrille Kimoi
13	Mr. Jirabi Masige
14	Mr. Ntambo L. Mahinya
15	Ms Tatu Mikidari

6. Facilitators

Facilitators for this training were:

Mr Ludovick S.L. Utouh
 Mr. Pius Maneno
 Mrs Laurencia Ndali

7. Workshop Coverage

The training process was guided by the talking notes and the power point presentations prepared by the facilitators. Each participant was supplied with a copy of the presentation notes.

Major topics which were covered during the training were as follows:-

Training on Accounting Skills

- Introduction to Local Government Accounting and Finance
- Introduction of epicor based Financial Management and Accounting System in LGAs
- Cash management in the LGAs
- Bank account and imprest management in LGAs
- Accounting for salaries, staff loans & advances
- The procurement and stores management in Local Government Authorities
- Procedures for closing books of account

- Financial statements for Local Government Authorities
- Local Government Capital Development Grant System (LGCDG)
- The role of internal audit in LGAs

8. Assessment of the Training

In accordance with the evaluation of the training by the participants, the training was found to be:

- Very useful and relevant to the System Support staff.
- Very educative as it covered a wide range of issues pertinent to System Support staff.
- The time allocated for the training was too short.


9. Cost Analysis on reimbursable

The Training had a total financial costs of USD 31,117 As shown in Appendix “B”.

10. Conclusion


We would like to extend our appreciation to JICA, Accountant General’s Staff and you personally for the cooperation shown and trust in giving us such a noble assignment which gave us opportunity to participate in the National Building process through imparting knowledge.

SUBMITTED




SESSION ONE


INTRODUCTION TO LOCAL GOVERNMENT ACCOUNTING AND FINANCE




1




Legal Aspects and General Overview of Financial Management




2



Local Government Finance Act No. 9 of 1982, provides for revenues and the management of funds and resources of LGA.




3



Section 40 (1) of the Act requires LGAs proper books of accounts to record the following: -


- the receipt and expenditure of moneys by the LGA
- the assets and liabilities of the LGA.



4

General Overview of Financial Management


- Financial management comprises of processes and actions taken by political and administrative leaders of a LGA
- Allocation of Finance.
- Controlling resources.
- Financing decisions.



5

Features of a Good Financial Management System in the LGA

- *Accountability and value for money.*
- Adequate, timely, and relevant financial information
- *Planning and Budgeting.*
- *Mobilization of Revenue.*
- Financial and non-financial performance measurements
- Strong systems, controls and audit processes.



6

Ways and Means for Accomplishing Financial Management Activities

- Management methods.
- Accounting.
- Budget methods
- Financial analysis
- Management Information Systems;
- Auditing.



7

Introduction to Accounting, Fundamental Accounting Principles and Policies



- Accounting is the process of analyzing, recording, classifying, reporting and interpreting the financial data of a LGA.



8

The Accounting Process



- Recording
- Classifying
- Summarizing
- Interpreting
- Communicating /Reporting



9

Branches of Accounting



- Financial Accounting
- Management Accounting
- Taxation
- Auditing
- Financial Management



10

Role of Accounting to the LGA

- To manage the approved organizational and financial systems framework.
- To assist the LGA to formulate a realistic medium term financial plan and annual budget.
- To provide prudent, professional and impartial financial advice.



11

Accounting Principles



- Business Entity:
- Going Concern:
- The Money Measurement:
- The Consistency Principle:
- The Accrual Principle:
- The Conservatism /Prudence Principle:
- Objectivity (cost):



12

Accounting Policies



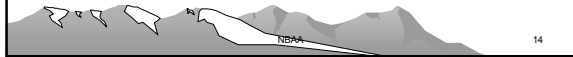
- The basic purposes in the disclosure of accounting policies are mainly two:-
- To explain to the final accounts reader, the basis of preparation of authority accounts, and
- To explain the particular policy followed where there are several options available.



13

Important issues in accounting policies

- Content
- Capital Receipts
- Basis of Capitalization
- Treatment of Grants
- Depreciation Methods
- Basis of Valuation of Other Assets
- Debt redemption
- Pensions
- Loan /Debt Interest



14

International Accounting Standards (IASs) & their application to LGAs



- 1. IAS No. 1, IAS No. 2, IAS No. 7, IAS No. 8, IAS No. 10, IAS No. 16, IAS No. 17, IAS No. 18, IAS No. 19, IAS No. 20, IAS No. 23, IAS No. 24, IAS No. 34, IAS No. 36, IAS No. 37, IAS No. 40,



15

Thank you for listening!



16

SESSION TWO



INTRODUCTION OF EPICOR BASED FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEM IN LGAs



1

GLOSSARY OF TERMS



2

ACCRUAL ACCOUNTING BASIS



Accrual basis recognizes transactions and events when they occur rather than when cash is paid or received. Assets, Liabilities, Revenues, Expenditure & Net Worth are recognized



3

Modified Accrual Basis



- Similar to accrual accounting except that only financial assets are recognized. This excludes the cost of asset acquisition and consumption



4

Accounts Payable



Amounts approved for payment but cheques/cash not yet issued



5

Accounts Receivable



Amounts receivable from third parties but cash/cheques not yet received.



6

Activity



A related group of tasks usually consistent with a budget line.



7

Amortization



Repayments of principal



8

Asset



A resource controlled by the **LGA** as a result of past events from which future economic benefits are expected to flow



9

Capital Expenditure



All payments made towards the purchase or creation of capital assets



10

Capital Revenue includes:

All unrequited, non-repayable, non-compulsory transfers for capital purposes from government, non-government and individual sources.



11

Loans & Grants for Capital Purposes:



Includes proceeds from sale of capital assets.



12

Chapter (GFS)



GFS has nine chapters defining type of transaction and treatment for GFS purposes, Derived from Sub-Chapter.



13

Chart of Accounts



List of budget/accounting classification codes to be applied to every transaction.



14

Commitment



Procurement Decision which bind the Local Authority to make a Payment (Purchase Order, Contract, Lease etc).



15

Conditional Grants



A grant which has specific requirements as to how and on what the money may be spent.



16

Cost Centre



A group of related activities under the control of one Manager for which it is possible to define a budget.



17

Current Revenue



All non-repayable, required and unrequired, from compulsory contributions (e.g. Tax) and all non-repayable required receipts from fees and charges.



18

Deposits



Cash/Cheque, which are received by a Local Authority for safe keeping but belong to a third party.



19

Development Financing



Capital or Recurrent Financing aimed at supporting activities designed to increase socio-economic welfare.



20

Donor



External Financing Institution



21

Expense Account



An account for recording Capital & Recurrent Expenditure Transactions



22

General Ledger



A balanced database holding the balances on all accounts



23

Government Finance Statistics (GFS)



An classification and reporting system designed to show the impact of government operations on the rest of the economy.



24

Grants



All unrequited, non-repayable, non-compulsory receipts from government, other governments and international organizations for current or capital purposes.



25

Imprest



An accountable advance



26

Item (GFS)



GFS Economic Classification of transactions



27

Liability



An obligation arising from past events the settlement of which is expected to result in an outflow of economic benefits.



28

Performance Budgeting



A budgeting methodology which requires each manager to relate the objectives to achieved in terms of outputs to the inputs required to achieve the required outputs.



29

Programme



A high level aggregation of related activities/projects.



30

Project



A Project is a temporary umbrella description for a number of distinct but inter-related activities.



31

Recurrent Expenditure



towards the upkeep, operation and running costs of Local authority services.



32

Retirement (of imprest)



Repayment of an accountable Advance by return of advance or production of receipts.



33

Sub-Activity



A specific task, which is considered worth accounting for separately, within an activity.



34

Sub-Chapter (GFS)



Principal group of inflows and outflows, useful for economic/financial analysis between the Government and the rest of the economy.



35


Sub-Item (GFS)




A further breakdown of items.



36




SYSTEM OVERVIEW



37

Finance Function – Tasks


- The primary tasks of the finance function of a Local Authority are to:
 - Ensure proper management of the authorities financial affairs. Assist the Local Authority to formulate realistic Financial Plan.
 - Provide prudent, professional, and impartial financial advice
 - Provide accurate, complete, timely, consistent and transparent periodic financial accounts.




38

Finance Function – Tasks-ctd

- Bring to the notice of the appropriate authorities any pecuniary loss.
- Provide annual statutory accounts for submission to the members, taxpayers and donors .




39




Accounting Principles

Epicor will facilitate moving in a stepwise fashion from the current primarily cash based accounting.

Modules of Epicor:




40




Accounting Principles

Epicor will facilitate moving in a stepwise fashion from the current primarily cash based accounting system towards an accrual bases system.




41



Epicor – An Introduction

- System Manager
- Accounts Payable
- Accounts Receivable
- Cash Management
- General Ledger
- Report Writers FRx & Crystal Reports



42

Security



Extensive security procedures are built into the system to prevent unauthorized voucher entry, voucher authorization and/or production of cheques.



User Identity and Passwords

Operator and Manager Identity will take a standard form however administrator identities will take non standard form.



Scope of Procedural Changes

There will be a shift in emphasis from maintaining a multitude of manual books to one where the system handles mundane work.



Roles of Key Actors




- System Administrator
- Authorising Staff
- Operators (Accounts Staff)
- Certifying Officers (Managers)
- Cheques Signatories
- The Systems Manager




THANK YOU FOR LISTENING!






SESSION THREE

CASH MANAGEMENT IN THE LGAs




1




THE IMPORTANCE OF ASSET MANAGEMENT

- WHAT ARE ASSETS
- TYPES OF ASSETS
 - FIXED
 - INVESTMENTS
 - CURRENT
 - INVENTORIES (STOCKS)
 - DEBTORS (ACCOUNTS RECEIVABLE)
 - SHORT TERM INVESTMENTS
 - CASH AND CASH EQUIVALENTS




2




ASSET MANAGEMENT

- WHY THE NEED FOR ASSET
MANAGEMENT
 - LOOKING FOR EFFICIENT AND
EFFECTIVE USE OF THE LGA ASSETS
 - ESTABLISHING VALUE FOR MONEY FOR
THE USE OF LGA ASSETS
 - SAFE UPKEEP OF THE LGA ASSETS
INCLUDING THE RIGHT OWNERSHIP




3




WHY ASSET MANAGEMENT?

- Assets are normally high value items
- Assets useful life extends beyond one
financial year
- Assets are used to generate the entity's
revenue over a period of time
- Assets are highly susceptible to theft, mis-
appropriation and outright theft




4




CASH PLANNING

- WHY THE NEED FOR CASH PLANNING
 - Cash is a scarce resource
 - Need therefore to maximize its use
 - The use of cash in LGAs must add value to
the concerned LGAs (the three Es)
 - Cash is the most liquid asset in the LGAs,
hence its susceptibility to mis-use.




5



CASH PLANNING -CTD

- CASH PLANNING BASED ON APPROVED
BUDGET
 - Cash planning should be based on approved
revenues and expenditure estimates budget
 - Appropriate budgets must have the necessary
approvals
 - Cash planning facilitates the smooth implementation
of the approved budget
 - Cash planning for the year to be broken down into
shorter periods of time say 1 or 3 months rolled into
the 12 month period



6

CASH PLANNING - CTD



- ANNUAL CASH FLOW PLANS
 - A break down of the approved budget prepared for the full year following the budget approval, setting out projected cash inflows and cash outflows month by month
 - The purpose of the annual cash plan is to assist in the delivery, or execution, of the approved budget



7

CASH PLANNING - CTD



- The annual cash flow plan should reflect all known information about planned revenues and expenditures (factors such as irregular capital expenditure patterns, variations in the timing of donor grant receipts, and the precise timing of new borrowing are likely to mean variation in the monthly patterns of cash inflows and outflows from year to year)



8

CASH PLANNING - CTD



- For the annual cash plan to serve its purpose, it is critical that it should be comprehensive in coverage, i.e. that all revenues and expenditures should be included and that it should reflect the approved budget



9

PARTICIPANTS TO CASH PLANNING IN LGAs



- The consolidated annual cash plan should be based on inputs from the following:-
 - The full Council
 - The Finance and Administration Committee
 - The Council Management
 - The council's Budget Committee



10

PARTICIPANTS TO CASH PLANNING IN LGAs - ctd



- The Ministry of Finance
- The Ministry responsible for Local Governments
- The Regional Administrative Secretaries
- Donors
- Tax authorities
- The electorate



11

PAST TRENDS IN CASH PLANNING

- Past patterns can help establish likely month to month inflows of tax and non-tax revenue receipts
- These should be adjusted for any economic and regulatory changes and recent trends
- Likely to be predictable receipts, significant amounts and highly variable throughout the year



12

TREATMENT OF GRANTS AND LOANS

- External grants and loan receipts are partly known in advance
- Due dates for payment of interest and principal amounts on external loans are known at the time of borrowing and should be reported accordingly



13

TREATMENT OF GRANTS AND LOANS - ctd

- Amounts should be projected in local currency equivalent and supported by a full breakdown of the currency and interest basis (fixed or floating) of each payment (to allow the Cash Management unit to update the annual cash plan for exchange and interest rate movements)



14

CASH PLANNING AT TWO LEVELS

- CASH PLANNING TAKES PLACE AT TWO LEVELS AS FOLLOWS:-
 - Macro or “top down” approach by the MOF in the light of country’s revenue, expenditure and borrowing developments
 - Micro or “bottom up” approach by the LGA’s based on their up-coming commitments and consequent cash requirements
- It is the harmonization of the two that brings about an effective cash planning and management system.



15

CASH MANAGEMENT

- Cash management is concerned with having adequate liquidity to pay bills as they become due
- Involves monetary liquidity planning linking the key players i.e MOF, CB, MDA, LGAs, RAs etc
- Cash management attempts to minimize the amount of cash and cash equivalents held by an entity without adversely affecting its activities



16

CASH MANAGEMENT - ctd

- Three factors account for the growth of cash management in both the public as well as private sectors, namely:-
 - Scarcity of cash
 - Economic growth
 - High interest rates



17

FUNCTIONS OF CASH MANAGEMENT

- Cash management results into the following functions:-
 - Speeding up of receipt processing
 - Management of payment float
 - Timing purchases to obtain better values
 - Provides accurate internal and external information for control purposes
 - Maximizes the yield on short term investments within an acceptable level of risk.



18

FUNCTIONS OF CASH MANAGEMENT - ctd

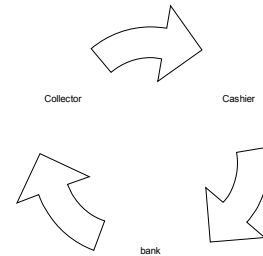
- Helps in forecasting and monitoring cash flows i.e.
 - LGAs are required to prepare cash flow forecasts for their respective Councils
 - These cash forecasts are required to be prepared in compliance to the International Public Sector Accounting Standards (IPSASs) and the Epicor Based financial Management & Accounting System into Local Authorities Accounting Procedures Manual of December 2004



19

REVENUE ACCOUNTING IN LGAs

- The LAFM requires that:-
 - Each RC shall maintain a RCCB recording serially amounts collected and name of payee
 - Collectors of revenue-----Cashier
 - Cashier-----Bank
 - Preparation of debtors (Accounts Receivables) by type and age analysis
 - Revenue registers to be kept for cash and debtor income



20

REVENUE ACCOUNTING IN LGAs - ctd

- Ensure that all income for the LGA is recorded
- All recorded income is properly coded in accordance with the new Chart of Accounts for Epicor
- Maintain records for sundry debtors eg. Rents
- Record business licence reference numbers
- Maintain registers for different revenue sources eg rents, market rents etc
- Maintain a register of property tax payers



21

NEED FOR PROPER RECEIPTING AND ACCOUNTING

- The capacity of LGAs to deliver services is dependent on their ability to raise and secure revenues
- Fundamental to the efficient collection of revenue is a proper receipting and accounting system of the revenues collected
- Such system ensures that all LGA revenues are collected, received and promptly banked
- Compares collections against budget
- Maintenance of an adequate cash flow from revenue is also essential to ensure liquidity.



22

OBJECTIVES OF THE REVENUE ACCOUNTING PROCESS

- Issuance of a valid receipt for all LGA revenue
- Correct classification of LGA revenues
- All LGA revenue is promptly banked in the appropriate bank accounts
- Monitor collection against budgets
- Maintaining of an audit trail of all LGA revenue transactions
- System is secure with adequate safeguards and levels of internal check



23

LGA REVENUE SYSTEMS

- There are three types of revenue systems in LGAs as follows:-
 - Billed revenues
 - Monitored revenues
 - Cash revenues



24

BILLED REVENUES

- Examples of billed revenues in LGAs are as follows:-
 - Property tax, a Dr is raised in the property tax system and tax payers are advised of amount due, where need arises penalties and interest will be raised
 - Income from property tax is recognized immediately a debit is raised as the value is known and fixed
 - Outstanding liabilities at year end to be accrued in the B/S as debtors, making provision for bad debts where necessary



25

BILLED REVENUES - ctd

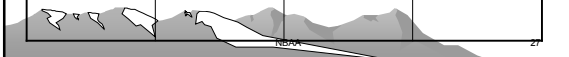
Posting a Dr	Account	Debit	Credit
Property Taxpayer.s Account	xxxxxxx	25,000	
Property Tax control Account	801010		25,000



26

BILLED REVENUES - ctd

Posting a Dr	GFS A/C	Debit	Credit
Property Tax debtors	801010	25,000	
Land Tax Revenues	049101		25,000



27

MONITORED REVENUES

- The monitored revenue system is applicable where the taxpayer is known but the amount receivable is uncertain eg. Development levy, business licences etc
- Taxpayer details are maintained in accounts Receivable but only a reminder is sent out instead of a demand note; no specific amount is specified and no debit note is raised.



28

MONITORED REVENUES - ctd

- Monitored revenues are treated as cash income items with recognition at the time of receipt of cash – Ref to chapter 3 for the relevant accounting treatment
- Taxpayers who are in arrears at year end will be identified but the value will not be known. Amounts will only be known with actual payments



29

CASH REVENUES

- All other revenues of LGAs for the time being shall be treated as cash income items with recognition at the time of receipt of cash
- In due course, other income sources like housing rental, stall rental etc may become billed revenues or monitored revenues within the Epicor system



30

COLLECTION, RECEIPTING AND BANKING

- Revenue collection is currently a manual process and is the responsibility of revenue collectors who are required to:-
 - Collect revenue and issue numbered receipts
 - On a daily basis analyse the collection and transcribe to a revenue collectors Cash Book (RCCB)
 - The revenue collectors cash book will list all receipts issued, analyse them by classification types of payments and amounts, and record the total value of the cash/cheques
 - Hand over all revenue collected for the period to the Finance Dept cashier together with the receipts and a signed copy of the RCCB

31

COLLECTION, RECEIPTING AND BANKING – ctd.

- At the end of each day, the Cashier should:-
 - Summarise the RCCB's ensuing amounts are consolidated by classification codes correctly and complete in duplicate a Bank pay in slip showing the total revenue collected.
 - Ensure the cash/cheques are equal to the value shown on the summary RCCB.
 - Any shorts/overs should be reflected in the RCCB
 - Deposit all monies collected after reconciliation, retaining one copy of the bank pay in slip for attachment to the summary RCCB.

32

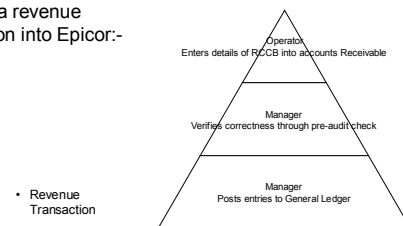
COLLECTION, RECEIPTING AND BANKING – ctd.

- On completion of the reconciliation and banking process:-
 - Individual receipts should be immediately posted to the relevant manual debtor records
 - The summary RCCB and bank pay in slip should be sent immediately to the Epicor Operator for processing in the Accounts Receivable Module of Epicor in Batch Mode
 - In Epicor, a general receipt debtor has been established to facilitate this process

33

COLLECTION, RECEIPTING AND BANKING – ctd.

- Process involved in entering a revenue transaction into Epicor:-



34

COLLECTION, RECEIPTING AND BANKING – ctd.

- On receiving the summary RCCB and bank pay in slip, the Operator will log on to the Accounts Receivable module of Epicor and enter the details of each revenue item from the summary RCCB. This will involve the following:-
 - Entering and saving the Receipt Data – Operator
 - Running the transaction edit list - operator

35

COLLECTION, RECEIPTING AND BANKING – ctd.

- Operator should pay particular attention to:-
 - Ensuring the correct revenue codes and cash accounts are used
 - That no posting backlog is allowed ie. All summary RCCB's should be entered within one day of receipt

36

COLLECTION, RECEIPTING AND BANKING – ctd.

- Manager's Responsibility are:-
- Once the Operator has completed entry of the summary RCCB, the Manager should log on to the system and:-
 - Verify correctness of the receipt data entry
 - Post the transactions to the General Ledger



37

COLLECTION, RECEIPTING AND BANKING – ctd.

- Once posted, the GL will be updated as shown below:-

Posting a Receipt	GFS Account	Dr.	Cr.
Revenue A/C	050811		25,000
Revenue Cash	2308xx	25,000	



38

MUNICIPAL AND CITY COUNCILS

- Front Office Cashiers are responsible for collection of revenues who are required to:-
 - Collect monies from the public for billed, monitored, unbilled and dues from revenue collectors
 - Billed dues could be property taxes, monitored dues could be development levies, business licences, city service levies etc, unbilled dues relate to all other revenues paid by the public while revenues due from revenue collectors can be any of the above three



39

MUNICIPAL AND CITY COUNCILS - ctd

- Billed Dues
- On cash payment, the FOC will access the property tax database to review the current status of the personal account of the taxpayer
- System will establish whether additional penalties or interest on arrears need to be calculated
- The FOC record the receipt against the taxpayer's personal account and print out a receipt

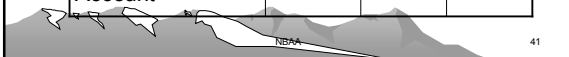


40

MUNICIPAL AND CITY COUNCILS - ctd

- Accounts Receivable

Posting a Receipt	Account	Debit	Credit
Property Tax Control Account	801010	25,000	
Property Taxpayer's Account	xxxxxx		25,000



41

MUNICIPAL AND CITY COUNCILS - ctd

- General Ledger

Posting a Receipt	GFS A/C		
Revenue Cash A/C	2308xx	25,000	
Property Tax Debtors	801010		25,000



42

MUNICIPAL AND CITY COUNCILS - ctd

- Monitored Dues
- On tendering of cash by the public for settlement of a monitored due, the FOC will access the relevant database to review the current status of the personal account of the taxpayer.
- System will indicate whether additional penalties or interest on arrears need to be calculated
- The FOC will record the receipt of the offered sum against the taxpayer's personal account indicating period, creating an invoice and printing out a receipt



43

MUNICIPAL AND CITY COUNCILS - ctd

- On creation of the Invoice
- Accounts Receivable

Posting a Liability	Account	Dr	Cr
Payer's Personal A/C	801010	25,000	
Levy/Licence Control A/C	xxxxxx		25,000



44

MUNICIPAL AND CITY COUNCILS - ctd

- General Ledger

Posting a Liability	Account	Dr	Cr
Levy/Licence Debtors	801010	25,000	
Licence or Levy Revenues	05xxxxx or 07xxxxx		25,000

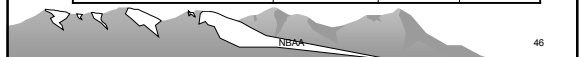


45

MUNICIPAL AND CITY COUNCILS - ctd

- On Settlement of the Invoice
- Accounts Receivable

Posting a Receipt	Account	Dr.	Cr.
Levy/Licence Control A/C	xxxxxx	25,000	
Payer's Personal A/C	801010		25,000



46

MUNICIPAL AND CITY COUNCILS - ctd

- General Ledger

Posting a Receipt	GFS A/C	Dr.	Cr.
Revenue cash A/C	2308xx	25,000	
Levy/Licence Debtors	801010		25,000

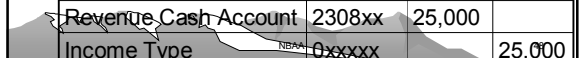


47

MUNICIPAL AND CITY COUNCILS - ctd

- Unbilled Dues
- The FOC will record a non Accounts Receivable receipt for all non billed or monitored received cash
- General Ledger

Posting a Receipt	GFS A/C	Dr	Cr
Revenue Cash Account	2308xx	25,000	
Income Type	0xxxxx		25,000



MUNICIPAL AND CITY COUNCILS - ctd

- Collectors: Collection & Receipting
- Collection of revenues outside of the City & Municipal offices lies with Revenue Collectors whose functions are similar to the FOC except that the RC will hand over collected revenue to the Finance Department Front Office Cashier



49

MUNICIPAL AND CITY COUNCILS - ctd

- The posting will be as follows:-

Posting a Receipt	GFS A/C	Dr	Cr
Revenue Cash Account	2308xx	25,000	
Collector (Name) Control A/C	xxxxxx		25,000



50

END OF BUSINESS

- At the end of business each day, the FOC shall extract a system report which details revenue collected on the day.
- Report shows revenue collected from the public and lists totals collected from each collector and a grand total
- The FOC shall reconcile cash in till with this report and submit the cash, system report and all collectors RCCBs and attach 2nd copy receipts to the Back Office Cashier (BOC)



51

END OF BUSINESS - ctd

- The BOC shall:-
 - Ensure that the cash tendered equals the total of the system report
 - Ensure that all RCCBs listed on the report are attached
 - Ensure that all 2nd copy receipts are attached
- The BOC shall complete the bank pay in slips for the cash and cheques and deposit the same into the bank



52

END OF BUSINESS - ctd

- The BOC on return from the bank, shall attach copies of the pay in slips to the report, RCCBs and the 2nd copy receipts and everything to the Revenues Accountant (RA)



53

REVENUE SECTION ACTIVITIES

- The duties of the Revenue Section includes the following:-
 - To clear out each collector's personal control accounts of the previous day to the appropriate destination codes



54

OTHER SOURCES OF FUNDING TO LGAs



- The manual deals with the treatment of other sources of funding for LGAs as follows:-
 - Conditional & unconditional Grant receipts
 - Development Project receipts
 - Basket Funding



55

SESSION 4

BANK ACCOUNT AND IMPREST MANAGEMENT IN LGAs



1

BANK ACCOUNT MANAGEMENT COVERAGE

- Objectives of bank account management
- Relationship of LGA bank accounts with the Epicor system
- Bank Reconciliation
- Bank Charges/overdrafts/Deposit Interest
- Development Project Bank accounts



2

OBJECTIVES OF BANK ACCOUNT MANAGEMENT

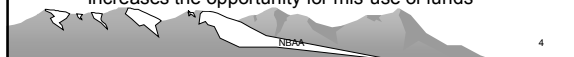
- LGAs are concerned that the use of funds that have been earmarked for specific purposes are properly protected so that they may only be used for those purposes
- This is normally the case with conditional grants, donor funds and deposits held on behalf of 3rd parties
- Traditionally, the means of achieving this has been through the creation and management of a number of bank accounts sometimes up to over 500



3

RELATIONSHIP OF LGA BANK ACCOUNTS WITH THE EPICOR SYSTEM

- Separate bank accounts of necessity necessitates the maintenance of separate cheque books, vouchers filing systems, authorising signatures and the preparation of separate monthly bank statements.
- The maintenance of multiple bank accounts creates the following problems:-
 - Creates extra work
 - Exacerbates liquidity problems
 - Increases the opportunity for mis-use of funds



4

RELATIONSHIP OF LGA BANK ACCOUNTS WITH THE EPICOR SYSTEM - ctd

- Instead of improving controls and accountability in the LGAs, a large number of the operational bank accounts has the reverse effect
- In making HoD signatories for the bank accounts maintained specifically for their services which emphasises their fiscal responsibilities, it ends up removing some of the valuable internal checks



5

RELATIONSHIP OF LGA BANK ACCOUNTS WITH THE EPICOR SYSTEM - ctd

- Epicor is capable of handling numerous bank accounts
- However, it also employs a number of controls that obviate the need for separate bank accounts and negates many of the previous arguments, notably:-
 - Groups of classification can be defined at various levels such that payments against those codes may only proceed if sufficient revenues have been recorded for the defined group



6

RELATIONSHIP OF LGA BANK ACCOUNTS WITH THE EPICOR SYSTEM

- ctd

- Multiple cash accounts within a bank account, whereby payments against defined ranges of Section Codes or projects could be controlled according to individual cash book balances. All cheques would be drawn against a single bank account. Bank reconciliation exercises would consolidate the data from all cash books within this single bank account.
- In regard to development projects, project managers would be designated as the "supervisor", such that they would need to sign on to Epicor and authorise payment of vouchers. No payment against the project code would proceed without that authorisation.



7

RELATIONSHIP OF LGA BANK ACCOUNTS WITH THE EPICOR SYSTEM

- ctd

- Epicor validates all payments to ensure that:-
 - Payments will only be effected where uncommitted budget is greater than payments
 - Payments will only be effected where available cash in the cash book is equal to or greater than the payments to be made
 - It is only when there is sufficient liquidity that posting to Accounts Payable module will be done after which cheques will be generated



8

RELATIONSHIP OF LGA BANK ACCOUNTS WITH THE EPICOR SYSTEM

- ctd

- The long term objective should be that transactions will be processed through one bank account
- In the long term, it is also intended that cheques be written directly from the Epicor into computerized continuous cheque stationery, which will need to be specially produced by the bank



9

RELATIONSHIP OF LGA BANK ACCOUNTS WITH THE EPICOR SYSTEM

- ctd

- Epicor therefore provides an opportunity to review and rationalize the number and nature of bank accounts in LGAs
- With Epicor, the number of bank accounts should progressively be reduced to eventually include only:-
 - A single revenue account
 - A deposit account
 - A single grant account
 - A single project bank accounts



10

BANK ACCOUNTS

- For every physical bank account that an authority holds, it is necessary to setup a corresponding cash account in Epicor.
- A Cash Account form exists on the Maintenance Set up menu where details of all bank account details may be set up for each cash account
- As far as possible LGAs should minimize the number of operational bank accounts



11

BANK RECONCILIATION

- All bank accounts should be reconciled with the corresponding Epicor cash accounts on a periodic basis and at least monthly
- It is recommended that there should be a continuous reconciliation in order to ensure smooth reconciliation
- Banks should provide regular bank statements preferably daily



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BANK RECONCILIATION - ctd

- Reconciliation would be done in the Cash Management module of Epicor
- At this first stage of implementation, it is recommended that the reconciliation be undertaken by manually entering reconciliation data.
- Where and when banks can provide reconciliation data on computer diskettes, then consideration may be given to moving to more efficient forms of data entry



13

BANK RECONCILIATION - ctd

- Epicor facilitates reconciliation by:-
 - Facilitating the matching of all the debit and credit entries in the Cash Accounts with those in the Bank Accounts and
 - Generating mismatch reports of those transactions not matched



14

BANK RECONCILIATION - ctd

- Epicor then prepares a reconciliation statement showing the following:-
 - Bank Account balance
 - Un-presented cheques
 - Un-credited revenue
 - Bank Adjustments
 - Cash Account balance



15

BANK RECONCILIATION - ctd

- The principal steps in reconciliation are as follows:-
- Enter the Cash Management module and select the Cash Account associated with the bank account being reconciled
- Select:-
 - Un-reconciled transactions
 - The type of transactions you wish to reconcile
 - the period to be reconciled
 - The sequence in which you wish to reconcile by date or by document



16

BANK RECONCILIATION - ctd

- Any debits/credits which appear on the bank statement which are not identifiable as un-presented cheques, recognised un-cleared receipts or valid bank charges should immediately be followed up with the bank
- Failure to follow up on discrepancies undermines the entire purpose of bank reconciliation.



17

BANK RECONCILIATION - ctd

- It is recommended that the TR submit a bank reconciliation report for all bank accounts within 14 days of the end of the month



18

TREATMENT OF BANK CHARGES & OVERDRAFT/DEPOSIT INTEREST

- Bank charges are charges made by the provision of its services
- Overdraft interest occurs where an authority runs a negative balance on its current account
- Bank deposit account interest arises where the Bank has agreed to pay interest on credit account balances



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TREATMENT OF BANK CHARGES & OVERDRAFT/DEPOSIT INTEREST - ctd

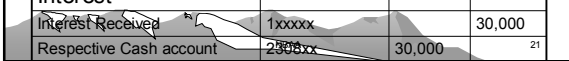
- Actual charges for bank charges and interest or receipts will usually first be recognised from the bank statement and the attached debit/credit notes
- Prior to entry of the transactions into the Epicor, calculations should be performed to verify their correctness
- Accounting entries for these transactions are as follows:-



20

TREATMENT OF BANK CHARGES & OVERDRAFT/DEPOSIT INTEREST - ctd

Cash Management Module	Chart of Accounts	Debit	Credit
Bank Charges			
Bank Charges Account	261129	5,000	
Respective Cash Account	23xxxx		5,000
Bank O/D Interest charges			
Interest Paid	26xxxx	25,000	
Respective Cash account	23xxxx		25,000
Deposit Account Interest			
Interest Received	1xxxxx		30,000
Respective Cash account	23xxxx	30,000	



21

DEVELOPMENT PROJECT BANK ACCOUNTS

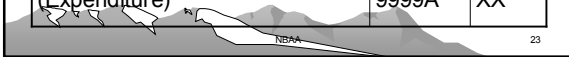
- The principles for opening of development project grant remain the same as above
- In the case of a project bank account, the project code will identify clearly the cash account (bank account) and all revenue and expenditure passing through the account. The accounting entries will be as follows:-



22

DEVELOPMENT PROJECT BANK ACCOUNTS - ctd

	Costs Centre	GFS/ Account
Project grant Cash account	A99xxxA 9999A	23xxx x
Project Grant Account (Revenue)	A99xxxA 9999A	17XX XX
Project Expense Account (Expenditure)	A99xxxA 9999A	25XX XX



23

DEVELOPMENT PROJECT BANK ACCOUNTS - ctd

- Attaching the project reference in this manner will facilitate:-
 - Accounting for receipt of the grant and it's deposit in the specific bank account
 - Control of the utilisation of the grant against the bank account



24

MANAGEMENT OF IMPRESTS COVERAGE

- Objectives of the Imprest system
- Process
- Imprest
- Replenishment
- Cash Retirement of an Imprest



25

OBJECTIVES OF THE IMPREST SYSTEM

- Facilitate small value cash payments
- Record, control and account for the issue of an imprest
- Provide for a mechanism of retirement of imprests



26

PROCESS

- Council Directors may approve the issue of imprests to staff for intended purposes and within limits agreed by the Councils.
- Need to have an efficient payment and recovery mechanism in place
- Accurate record keeping
- Imprests to staff shall be treated in the same manner as an advance except that rather than charging the initial advance to an Advance Holding account, an Imprest Holding Account shall be charged.



27

IMPREST

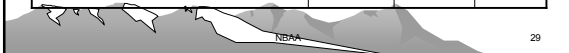
- Payment of imprest shall be made through the Accounts Payable module
- Need setting up a vendor reference in the name of the Director or Employee
- Authority is dependent on the SO confirming that a debtor has been set up in Accounts Receivable.
- A summary example of the accounting entries involved are as follows:-



28

IMPREST - ctd

Imprest- Invoice AR	Account Code	DR	CR
Staff Imprest Control	801040	100,000	
Staff Imprest Clearance	504040		100,000
Imprest Issue	Account Code	DR	CR
Staff Imprest Clearance	504040	100,000	
Staff Accounts Payable	504010		100,000
On cheque production			
Staff Account Payable	504010	100,000	
Cashbook Account	23xxxx		100,000



29

REPLENISHMENT OF A STANDING IMPREST

- Replenishment to be supported by a PV and supporting documents
- Details of payments made to be entered into the AP module and a cheque produced restoring the value of the imprest



30

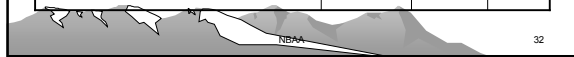
CASH RETIREMENT OF AN IMPREST

- Retirement whether in full or in part will affect the value of the outstanding imprest balance
- Cash repayment through cashier, cashier issues a receipt; the receipt voucher posted to the AR module to the credit of the Employees Imprest account as with an advance
- The following accounting entry will result:-



CASH RETIREMENT OF AN IMPREST

Cash Repayment – Receipt Voucher	Account Codes	Debit	Credit
Imprest Control Account	801040		92,000
Cash Book Account	23xxxx	92,000	



ARREARS MONITORING AND RECOVERY

- Imprests should be subject to the same level of control as loans and advances
- In addition all outstanding imprests should be retired prior to the year end.



SESSION 5

ACCOUNTING FOR SALARIES, STAFF LOANS & ADVANCES



• ACCOUNTING FOR SALARIES



COVERAGE

- Main Epicor Related objectives in accounting for salaries and deductions
- Monthly payroll
- Salaries Voucher
- Accounting for PAYE
- Payment Vouchers
- Unclaimed Salaries
- Checks and validations



MAIN EPICOR – RELATED OBJECTIVES IN ACCOUNTING FOR SALARIES

- Ensure that all personal emoluments are brought into account on a gross basis,
- Ensure that all statutory and non-statutory deductions and their remittances are fully accounted for and
- Ensure that any outstanding loans, advances or imprests are deducted from terminal benefits



MONTHLY PAYROLL

- Each month, Treasury prepares a number of computerized schedules analysing a local authority's payroll:-
 - According to section
 - According to pay stations within a section,
 - As listings of deductions, payable to third parties; and
 - As individual pay advice slips



MONTHLY PAYROLL - ctd

- Make up of a payroll can be viewed as being comprised of four main elements:-
 - Gross pay
 - Statutory deductions
 - Non-statutory deductions
 - Employer's contributions



SALARIES VOUCHER

- The payroll schedules show the computation of gross pay, amounts of statutory and non-statutory deductions and hence the determination of the net pay figure
- On receipt of the Section-wise summary payroll schedules from the Treasury, Payroll Accountants should prepare and enter Salary Vouchers into the GL using the appropriate Functional Code together with the relevant Accounts/GFS codes.

SALARIES VOUCHER - ctd

- One Salary Voucher should be prepared for each Section
- This Salary Voucher provides the financing for vouchers to be passed in Accounts Payable module for payment of salaries
- An example is shown below to illustrate possible entries

SALARIES VOUCHER - ctd

Salary Voucher	Accounts/GFS codes	DR	CR
Personnel Emoluments – Basic Pay	250101	320,000	
Personnel Emoluments – Salary Adjustments	250107	30,000	
Allowances – Medical Expenses	250307	30,000	
Allowances- Transport	250317	20,000	
Net Salary Expenses	2305xx		300,000
Contribution to Insurance Schemes	2305xx		20,000
Income Tax – PAYE	2305xx		25,000
Contribution to LGPF	2305xx		10,000
Union Contributions	2305xx		15,000

SALARIES VOUCHER - ctd

Salary Advances Deductions	2305xx		12,000
Imprest Recovery	2305xx		8,000
Other salary Deduction	2305xx		10,000

SALARIES VOUCHER - ctd

- The Salary Voucher will have the effect of:-
 - Creating a commitment and accounting for the gross salaries and allowances that are payable, against the correct expense accounts
 - Funding the net salary and various statutory deduction personal accounts; against which the liability for deductions may be created and payment vouchers may be processed
 - The following entry will be done:-

ACCOUNTING FOR PAYE

- This will require additional entries to account for PAYE since the amount of grant received from Treasury is net of calculated taxes which are withheld by Treasury for onward remittance to the appropriate recipients
- The salary adjustment will have the effect of increasing the size of the grant and offsetting the amount that had been credited to the PAYE account via the Salary Voucher

ACCOUNTING FOR PAYE - ctd

Salary Voucher	Account Code	DR	CR
Grants received	180xxx		25,000
Income Tax- PAYE	230522	25,000	

PAYMENT VOUCHERS

- After the the processing of the Salary Vouchers, PVs may be prepared through Accounts Payable
- Dr the respective net pay or deduction account and Cr. The LGA's liability
- The accounting transactions will be as follows:-

PAYMENT VOUCHERS - ctd

Net Salary Voucher	Account Code	Debit	Credit
Net salary Expenses	2305xx	300,000	
Staff Accounts Payable	504010		300,000
Net Salary Payment			
Staff accounts Payable	504010	300,000	
Cash	2308xx		300,000

PAYMENT VOUCHERS - ctd

External Deduction Voucher	Account Code	DR	CR
Contribution to Insurance schemes	2305xx	20,000	
Contribution to LGPF		10,000	
Union Contributions		15,000	
Other Salary Deductions		10,000	
Salary Deductions Payable			55,00
External Deduction Payment			
Salary Deductions Payable		55,000	
Cash			55,000

PAYMENT VOUCHERS - ctd

- Separate net salary cheques will be prepared in favour of each pay station within a Section
- The total of all net salary cheques must not exceed the amount credited to the Net Salary Control Account through the Salary Voucher
- Credit Memos may also be prepared in respect of internal transfers, to update the repayment records of the staff involved
- Where the LGA adds to the amounts deducted from employees eg. In case of contributions to LAPF, the PV will debit the LAPF Personal Account with the cumulative deductions

PAYMENT VOUCHERS - ctd

- An additional line will be added to the Voucher, debiting the expense item in the recurrent budget with the LGA's contribution
- In such a situation, the following entries will be made:-

PAYMENT VOUCHERS - ctd

LAPF Payment Voucher	Account Code	Dr	Cr
Deductions from Employees	230523	10,000	
Council's Contribution	25xxxx	10,000	
Accounts Payable- Payee Account	5040xx		20,000
On Cheque Production			
Accounts Payable- Payee Account	5040xx	20,000	
Cashbook Account	2308xx		20,000

UNCLAIMED SALARIES

- Salaries remaining unclaimed after 10 days should be re-banked
- Paying Officer should return the un-claimed salary to Cashier and receive a Receipt Voucher, indicating the employees name, cheque no., section. The amount and period to which the salary relates.
- Where separate bank accounts have been established for third –party deposits, any unclaimed salaries should be deposited to that bank account

UNCLAIMED SALARIES - ctd

- If a separate bank account has not been established, unclaimed salaries may be deposited to the General Ledger Account. The entries that shall arise will be as follows:-

Receipt Voucher	Account Code	Dr	Cr
Unclaimed Salaries Holding Account	2305xx		47,000
Cashbook – Deposit Bank Account	2308xx	47,000	

WRITE-BACK OF UNCLAIMED SALARIES

- If it is established that unclaimed salaries will not be claimed for whatever reason, then they should be re-credited to the Salaries Expense Accounts
- In any event, unclaimed salaries should be re-credited to the Section's salary account after a reasonable (as shall be defined by Treasury) period has lapsed. Where a separate "deposit" bank account is employed, the transfer will entail drawing a cheque from one Council bank account for depositing in another. The accounting entries will be as follows:-

WRITE-BACK OF UNCLAIMED SALARIES

Payment Voucher Holding Account	Account Code	Dr	Cr
Unclaimed Salaries Holding Account	2305xx	47,000	
Accounts Payable- Payee Account	594010		47,000
On Cheque Production			
Accounts Payable	504010	47,000	
Cashbook – Deposits Bank Account	2308xx		47,000
Receipt Voucher			
Section's Salary Expense Account	25xxxx		47,000
Cashbook – General Fund	2308xx	47,000	

CHECKS AND VALIDATIONS

- Epicor will accept input only where a valid Chart of Account codes exists.
- Epicor exercises budgetary, funding and liquidity checks eg.
 - It will not pay where insufficient budget exists
 - It will not pay where insufficient funds exists

ACCOUNTING TREATMENT OF STAFF LOANS AND ADVANCES

- A PAPER PRESENTED TO SYSTEM SUPPORT STAFF OF LGAs IN A TRAINING CONDUCTED BY THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS (NBAA) FROM 18TH TO 22ND DECEMBER, 2006 AT THE NBAA BOARDROOM

COVERAGE:-

- Purpose and scope
- Creation of Debtor Record
- Payment of Advance/Loan
- Repayment of an Advance/Loan by Payroll deductions
- Interest charges
- Write-off of Irrecoverable Advances
- Checks, Balances and Controls

PURPOSE & SCOPE

- Ensure that advances are paid in compliance with the approved scheme and are within the set limits
- Ensures that employee debts are accurately recorded and debt recovery properly instituted
- To facilitate the availability of accurate and up-to-date information on balances of advances owed by individual staff members, in order that:-

PURPOSE & SCOPE - ctd

- When staff leave the LGA services, balances can be identified and recovered from their terminal benefits
 - List of outstanding staff debtors can easily be compiled for decision making purposes
 - Fresh advances to employees who have outstanding advances can be blocked
- Using the Epicor system, the generation of new loans and salary advances will involve the co-ordination of three separate but inter-dependent activities as explained in the below paras

CREATION OF DEBTOR RECORD

- Prior to making an advance or a loan, staff will need to be set up in the Accounts Receivable module as Debtors using the staff cheque number as the "customer" reference
- The date by which the debt should be fully cleared must be entered to enable ageing analysis and assist with arrears monitoring and recovery.

CREATION OF DEBTOR RECORD - ctd

- The accounting entries are as shown below:-

Advance - Invoice	A/C code	Staff Check	DR	CR
Staff Advance Clearance Account (Liability)	501030	-		100,000
Staff Advances Control Account (Assets)	801030	123456	100,000	



CREATION OF DEBTOR RECORD - ctd

- In the case of staff loans the account codes Staff Loans Clearance Account (501020) and Staff loans Control Account (801020) shall be used.
- In Accounts Receivable, the following processes takes place:-
- Receive authorized application-----Create Staff as a Debtor in Accounts Receivable-----Enter Invoice for the amount of advance-----Print Invoice-----Post the Invoice eg.
 - DR Staff Advance
 - CR Advance Clearance



PAYMENT OF ADVANCE/LOAN

- Payment of the advance or loan will be made through the Accounts Payable module
- It will require a vendor reference ; the staff cheque number
- Authorization for printing of cheques dependent on SO confirming that a Debtor has been set up in Accounts Receivable, invoice generated, salary amendment form generated & salary register updated.



PAYMENT OF ADVANCE/LOAN - ctd

- An example of the accounting entries involved for Advances and the Epicor related steps are as follows:-

Advance- Payment Voucher	Account Code	DR	Cr
Staff Advance Clearance A/C	501030	100,000	
Staff Accounts Payable	504010		100,000



PAYMENT OF ADVANCE/LOAN - ctd

On Cheque Production	Account Code	Dr	CR
Staff Accounts Payable	504010	100,000	
Cash Book Account	2308xx		100,000



PAYMENT OF ADVANCE/LOAN - ctd

- In Accounts Payable , the following processes takes place:-
 - Enter standard voucher-----Match Voucher with Invoice-----Approve Voucher-----Post Voucher---Generation of Epicor Payment-----Approval of Payment-----generate Payment by Dr. Advances holding Account and Cr. Payee A/C-----Print Unposted Payment list----Print cheque-----Post the Payment by Dr. Payee A/C and Cr. Cash Book A/C



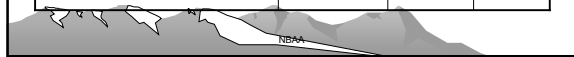
REPAYMENT BY PAYROLL DEDUCTION

- No procedural changes are necessitated by the introduction of Epicor, to the way in which deductions from salaries are initiated
- A salary journal will be passed in General Ledger charging the salary expense account with the gross pay and funding the net salary and salary deduction accounts as explained below:-



REPAYMENT BY PAYROLL DEDUCTION - ctd

Fund Net & Deduction Accounts	Account Code	DR	CR
Gross Pay Expense Account	25xxx	200,000	
Salary Deduction Personal Accounts	2305xx		20,000
Salary Advance Deductions Clearance Account	2305xx		30,000
Net Salary Expense	2305xx		150,000



REPAYMENT BY PAYROLL DEDUCTION - ctd

- Salaries and amounts due to external creditors will then be paid through Accounts Payable module as follows:-

Advance-Payment Voucher	Account Code	Dr	Cr
Net Salary Expenses	2305xx	150,000	
Staff Accounts Payable	504010		150,000



REPAYMENT BY PAYROLL DEDUCTION - ctd

- On cheque production, the following journal entry will be passed:-

	Account Code	Dr	Cr
Staff Accounts Payable	504010	100,000	
Cash Book Account	2308xx		100,000



REPAYMENT BY PAYROLL DEDUCTION - ctd

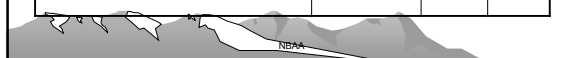
- The net salary payment will have the following entry:-

Net Salary Payment	Account Code	Dr	Cr
Staff Account Payable	504010	150,000	
Cash Account	2308xx		150,000



REPAYMENT BY PAYROLL DEDUCTION - ctd

External Deduction Voucher	Account Code	Dr	Cr
Salary Deduction Clearance Accounts	2305xx	20,000	
Salary Deduction Payable	50405x		20,000
External Deduction Payment			
Salary Advance Deductions Clearance Accounts	50405x	20,000	
Cash Account	2308xx		20,000



REPAYMENT BY PAYROLL DEDUCTION - ctd

- A credit memo will then be entered repaying the amount deducted for repayment of the advance/loan as follows:-

Repayment of Advance				
Staff Advance Deductions Clearance A/C	2305xx		30,000	
Salary Advance Control	801030			30,000

REPAYMENT BY PAYROLL DEDUCTION - ctd

- The process taking place shall be as follows:-
- Salary Deduction amount----Prepare Salary Voucher by, Dr. Gross Pay and Cr. Advance deduct Holding A/C-----Post Salary voucher---- Prepare Credit Memo in Accounts Receivable---- -Post Credit Memo by Dr. advance Deduct hold A/C and Cr. Staff advance A/C

REPAYMENT BY PAYROLL DEDUCTION – Cash Payments

Cash Repayment – Receipt Voucher	Account Code	Staff Cheque	DR	Cr
Salary Advance Account	801030	123456		92,000
Cash Book Account	23xxxx	-	92,000	

INTEREST CHARGES

- Councils may charge interest on advances as penalties for defaulting on agreed repayment schedules

Interest Charge- Invoice	Account Code	Staff Check	Dr	Cr
Salary Advance Control Account	801030	123456	6,500	
Finance Dept- Interest/Received Account	29xxxx			6,500

WRITE-OFF OF IRRECOVERABLE ADVANCES

- Debts which are deemed irrecoverable and have formally been approved for write off need to be cancelled in the Accounts Receivable module.
- The accounting entries will be generated through a Credit memo as follows:-

WRITE-OFF OF IRRECOVERABLE ADVANCES - ctd

Advance Write-off- credit memo	Account code	Staff Cheque	Dr	Cr
Salary Advance Control Account	801030	123456		23,000
Finance Dept – write-off expense Account	29xxx		23,000	

CHECKS, BALANCES AND CONTROLS

- A number of checks must be carried out regularly to ensure that the system is being properly operated and maintained eg
 - Salary Holding accounts – balance should be zero
 - Advance Holding Accounts – balance should also be zero
 - Advance Control Account – balance in the GL must agree with the total of all individual “advance debtors” from the Accounts Receivable module.



SESSION SIX

THE PROCUREMENT AND STORES MANAGEMENT IN LOCAL GOVERNMENT AUTHORITIES

NBAA

1

THE PROCUREMENT LEGAL FRAMEWORK IN TANZANIA

- Constitution of URT
Articles, 27, 145, 146
- The Local Government
Finances Act no.9 of
1982-(S.65)
- The Public
Procurement Act no.21
of 2004-(S.28)
- Local Government
Procurement
Regulations ,2002

NBAA

2

Planning the Procurement

- All procurement of consultancy, goods and services should be derived from the LGA Procurement Plan and Budget.

NBAA

3

Council Tender Board

- Composition (R5-
LGPGWR 2002)
 - Chairman-Council
Director
 - Council treasurer
 - HOD –Dept which is
doing procurement
 - District Administrative
Secretary
 - Other two HoDs
appointed by CD

NBAA

4

METHODS OF PROCUREMENT

- International competitive tendering
- National competitive tendering
- Restricted tendering
- International/ national shopping
- Single source procurement

NBAA

5

Purchasing (ordering)

- Receive quotations
- Prepare LPO
- CA approves and prints LPO
- Return LPO to SO
- Send LPO to Supplier
- Receive goods

NBAA

6

STORES



- Receipt of stores
 - Procedures
 - Examination
 - recording
- Stores accounting
 - Stores vouchers
 - Stores ledger

NBAA

7

PAYMENTS FOR GOODS AND SERVICES



- All payment through bank account
- Separate cash book mirrors for each bank account
- No payment without proper supporting documents

NBAA

8

Payment Voucher



- Name and address
- Details of goods/services
- Quantities, rates, etc
- LPO reference
- Invoice number
- Total amount due to supplier
- Authority for expenditure
- Confirmation of funds availability
- Coding, chart of accounts,
- Authorization
- Other supporting docs

NBAA

9

Setting up Vendor Records



- Does vendor record exist of this supplies?
 - Yes –Re-use Reference number
 - No-Create new vendor reference
- Types of suppliers
 - Employees
 - Supplies
 - Utilities & services
 - Other

NBAA

10

Payment process



- Enter payment voucher in AP
- Verification (pre-audit) & approval by Manager
- Generate payment
- Approve payment
- Print cheques
- Sign cheques
- Post
- Document retention

NBAA

11

THE END

THANK YOU!



NBAA

12



SESSION SEVEN

PROCEDURES FOR CLOSING BOOKS OF ACCOUNT



1

LOCAL AUTHORITY FINANCIAL MEMORANDUM

- Accounts shall be prepared on the basis of accruals principle
- Accounts to be prepared within 3 months of financial year-end.
- Financial statements stated
- Supporting schedules to be made available



2

PROCEDURES

- Financial year ends 30th June
- Rectify any imbalances and coding errors
- Reconcile all cash books
- Reconcile Subsidiary Ledgers with General Ledger
- Make final adjustments journal entries



3

Stock Taking and Fixed Assets verification.

- documents should be prepared
- briefings for personnel who will participate
- Stores should be prepared
- Update inventory and fixed assets registers



4

Close payroll & Pass the final journal



- Prepare payroll returns
- Post the payroll journal to GL



5

Closing activities

- Stocks of postage and revenue stamps are verified.
- Petty cash and imprest surrendered to the cashier, receipted and banked
- Obtain bank statements
- Bank Balance confirmation
- Post and close all cashbooks
- Prepare bank reconciliation



6

Closing activities

- Close the subsidiary ledgers and extract schedules
- Pass journal entries to reflect accruals, adjustments and provisions.
- finalise trial Balances for all cost centres.
- Reconcile schedules of subsidiary Ledgers with GL control account
- Compute annual depreciation



Closing activities

- Ascertain – possible contingencies
- Review final adjustment journal entries.
- Post final journal entries to the GL
- Close the GL and extract a Trial Balance.



Prepare draft financial statements.

- Ascertain that all schedules are prepared, adequately reconciled, and support the draft financial statements.
- Submit draft accounts to Management for review and comments.
- All supporting schedules and explanatory notes are re-checked and verified.
- Consider events subsequent to Balance sheet date.
- Review final draft financial statements and incorporate management comments and events subsequent to Balance sheet date.



AUDITING

- Send draft financial statement to External Auditors and invite them to start the audit.
- Ensure that all documents required for audit are ready



The end!

Thank you!





SESSION EIGHT

FINANCIAL STATEMENTS FOR LOCAL GOVERNMENT AUTHORITIES



1

Objectives

- Give stakeholders clear information about the authority's activities.
- Make it easier for stakeholders to make comparisons of and judgements on the performance of their authorities.
- Help elected members form judgements about the performance of their authorities.



2

Consolidated Recurrent Account (FS)

- Total corporate receipts by main type.
- Net recurrent expenditure of main services
- Total net recurrent expenditure
- Surplus or deficit



3

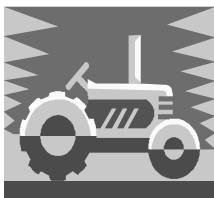
Consolidated Balance Sheet

- Fixed assets
- Current assets/current liabilities
- Other assets/liabilities
- Authority net worth
- Fund balances



4

Capital Expenditure



- Amounts of major individual projects



5

ACCOUNTING POLICIES

- Corporate receipts, customer and client receipts
- Employee costs
- Unremitted Statutory and Other Deductions
- Supplies and Services



6

ACCOUNTING POLICIES CTD



- Interest
- Contingencies
- Adjustments
- Fixed Assets
- Revaluations
- Disposals
- Transfers of Assets
- Charges to Revenue



7

ACCOUNTING POLICIES CTD

- Government and donor Grants
- Investments
- Overheads
- Pension Costs
- Post Balance sheet Events
- Reserves and Provisions
- Provisions for Bad and Doubtful Debts



8

THE STATEMENT OF ACCOUNTS

- The Treasurer's Report
- The Accounting statements
- Notes to the Accounts



9

Accounting statements

- The Consolidated Recurrent Account
- Fund summary Recurrent accounts
- Service and Responsibility Centre Recurrent accounts
- The Consolidated Balance sheet
- Fund Balance sheets
- Cash Flow Statements



10

Consolidated Recurrent Account (1)

- **Corporate Receipts**
- Receipts in respect of land taxes, development levy, city services levy, business licences, general central government transfers and other receipts not directly attributable to the operation of a service.
- Percentage of total corporate receipts each source represents.
- Sub-total of corporate receipts



11

Consolidated Recurrent Account (2)

Service Financial Data

- Gross expenditure (including provisions and exceptional items, if any) of each service/department with personnel, operations and repairs, alterations and maintenance costs separately identified.
- Percentage of total authority gross expenditure allocated to personnel, operations and repairs, alterations and maintenance.
- User charge and other service related receipts for each service/department.
- Surplus or deficit of each service/department
- Level of self financing for each service/department in percentage terms
- Sub-total of net cost of services/departments



12

Consolidated Recurrent Account (3)

Corporate Adjustments

- Net current surplus or deficit
- Surplus or deficit on trading undertakings, including dividends from companies where not included above
- Interest earned and interest paid
- Extraordinary items/prior year adjustments
- Net corporate surplus/deficit



Consolidated Recurrent Account (4)

Fund Status

- Total of fund balances brought forward
- Contributions to and from reserves (optional)
- Total of fund balances carried forward. Exp



Fund Summary Recurrent Accounts

- Summary recurrent accounts are similar in format to the consolidated recurrent account but present the financial position of a single fund rather than the whole local authority.



Responsibility Centre and Service/Department Recurrent Accounts

It should follow the standard GFS form of accounts and show:

- The Mission Statement
- For each vote head
- Prior year actual receipts or expenditure
- Accounting year approved budget
- Accounting year actual receipts or expenditure
- Sub-totals and percentage of total gross expenditure for
- Service receipts
- Employees expenditure
- Premises related expenditure
- Goods and services
- Recurrent maintenance
- Transfers
- Net surplus or deficit
- Percentage variance between actual and budget



Consolidated Balance Sheet-disclosures

- Fixed assets
- Long term investments
- Current assets
- Short term investments
- Cash at bank and in hand
- Current liabilities
- Creditors
- Capital Discharged
- Fund balances
- Reserves
- General fund balances



Cash Flow Statements

- Recurrent Activities
- Service of Finance
- Capital Activities
- Financing



PRODUCTION OF FINANCIAL REPORTS

- Monthly Report
- Quarterly Report
- Annual Accounts and Report



The end!

Thank you!





SESSION NINE

LOCAL GOVERNMENT CAPITAL DEVELOPMENT GRANT SYSTEM (LGCDG)



1

COVERAGE

- Rationale
- The Capacity Building Grant
- The Capital Development Grant
- Implementing the LGCDG System
- Oversight Mechanism
- Flow of funds
- The LGCDG Cycle



2



Rationale

The ultimate objective of the LGCDG system is to contribute to the goals and objectives laid down in the 2025 Development vision, the MKUKUTA and the decentralization policy:



3



It is expected that the introduction and eventual nationwide consolidation of the system will enable LGAs to delivering improved infrastructure and services relevant to its citizens.



4



The LGCG system has been designed to provide for a transparent and performance based system for allocation of development grants to local government authorities in Tanzania.

The system introduces two separate grant mechanisms: the Capacity building Grant (CBG) and the Capital Development Grant (CDG).



5



The two grant programmes are mutually supportive as activities financed under the CBG ultimately will enable the LGAs to better meet the Minimum Conditions controlling access to the CDG.



6



The system is innovative as it unifies and consolidates a number of parallel funding channels for local government development grants.

All Local Government Authorities are in principle eligible for CBGs and CDG s.



7



The Capacity Building Grant (CBG)

Investment Menu

- The CBG is designed to support training and capacity building activities targeting LGA leaders and administrative staff throughout Tanzania.



8



Training courses are currently being developed under the responsibility of PO-RALG to meet the immediate training needs of LGAs faced with the task of implementing the LGCDG system. These courses are expected to cover the following areas:



9



- LGA legislation, Roles and Responsibilities;
- Management and Leadership Skills in LGA
- LGA Budgeting and budget Management
- LGA Financial Management and Control;
- Procurement and Contract Management;
- LGA Revenue Mobilization and O & M Budgeting;



10



- LGA Development Planning and Strategic Planning;
- Project Preparation, Investment, Appraisal, and safeguard policies;
- Project Monitoring and Evaluation;
- Data Collection, Information Management and Record Keeping; and
- Human Resource Management in LGAs;



11



It is expected that the training needs of the LGAs will change as the LGAs draw experiences from implementing the LGCDG system. Accordingly, the training menu will become increasingly demanded throughout the 3-year implementation period.



12



Grant Access Criteria

In order to qualify for the Capacity Building Grant, LGAs must provide:

1. A Capacity Building Plan; and
2. Timely submitted reports on utilization of any previously received CBGs (applicable from year two earliest).



13



Resources

The LGCDG system is funded through the Government Budget, a World Bank loan (LGSP), and through earmarked funds from a number of bilateral DPs channeled through the LGRP CBF.

The CBG will be allocated horizontally between the eligible LGAs according to the approved determinants:



14



The Capital Development Grant - Investment Menu

The CDG will enable LGAs to finance infrastructure construction and rehabilitation in accordance with a centrally established investment menu.



15



Councils are requested to spend 80% of the grant within key poverty reduction areas, as defined in the MKUKUTA. This ensures clear link between the LGCDG system and the general policy strategy and framework.



16



Examples of projects financed at HLG level include, by sector:

- Water supply: Solar and wind-powered pumps;
- Sanitation: Septic tanks;
- Education: Classrooms;
- Health: Health centres;
- Roads: District road bridges; and
- Administration: Ward offices.



17



Examples of projects financed at LLG level include, by sector:

- Water supply: Small water storage schemes;
- Sanitation: Septic tanks;
- Education: Classrooms;
- Health: Maternity houses for single parents;
- Roads: Rehabilitation of rural access roads; and
- Administration: Market places.



18



Finally, LGAs should take note that the CDG cannot be used for any of the following expenditure categories:

- Salaries and recurrent costs;
- Micro-credit;
- Land purchase; and
- Transport costs (only under certain conditions).



19



Minimum Conditions

In order to qualify for the CDG, LGAs will further have to satisfy a number of Minimum Conditions (MCs). The MCs are easily verifiable and concern LGA capacities and standards with regard to:



20



- A. Financial management
- B. Fiscal management
- C. Planning and budgeting;
- D. Procurement;
- E. Council's functional processes; and
- F. Project implementation, monitoring, and evaluation capacity.



21



The principle behind the MCs is to ensure that funds are properly used and in compliance with GoT requirements, as derived from laws, regulations, and guidelines.



22



Resources

The total CDG pool is calculated as the total population of the LGAs that have passed the Minimum Conditions multiplied by USD1.50. Consequently, the size of the CDG for each qualified LGA will on average correspond to the size of their population multiplied by USD1.5.



23



The participating LGAs are required to provide co-financing corresponding to minimum 5% of the CDG amount from year 2 onwards. The requirement is introduced on the following grounds:



24



- To promote LGA ownership and commitment to the investments;
- To establish clear linkage between costs and benefits of LGA services;
- To ensure long-term sustainability of the investments;
- To strengthen incentives for raising revenue collection; and
- To direct the attention of LGAs towards development investments.



25



Implementing the LGCDG System PO-RALG

PO-RALG is responsible for implementing the LGCDG system. The responsibility rests specifically with the Director for LG.

The Director's responsibilities include:



26



- Coordination of the overall implementation;
- Preparation and implementation of work plans, preparation of budgets and semi-annual progress reports;
- Timely disbursement of funds;
- Financial management and reporting;
- Procurement;



27



- Audit follow-up where required;
- Monitoring and evaluation; and
- Management of environmental and social impacts in coordination with NEMC. RS will, as part of its existing duties, support PO-RALG in monitoring and advising LGAs as appropriate.



28



District and sub-district level

Implementation structures at district and sub-district level follow standard GoT procedures.



29



Participation Agreement

The implementation of the system is for each Council subject to signature of a Participation Agreement.

Two separate agreements have been developed: One for all Councils other than those that are part of the LGSP Universe.

The second agreement applies exclusively to Councils that are part of the LGSP Universe.



30



The Agreement stipulates the main definitions and grant conditions as described above. The Agreements also set out the specific obligations of the two parties and the government's rights and remedies.



31



Oversight Mechanism

The following oversight bodies are in place at central level: the LGCDG Steering Committee, the LGCDG Technical Committee, and the LG Capacity Building Consultative Group.



32



LGCDG Steering Committee

The LGCDG Steering Committee meets at least quarterly and is comprised of the following members:

- PS PMO, chair; PS PO-PP; PS MoF;
- PSs of five sector ministries (i.e. MoWLD, MoH, MoEC,
- PS MoLHS; MoW, MoAFS);
- PS of any other Ministry if deemed necessary; and
- PS PO-RALG (Secretariat).



33



The Steering Committee takes decisions following established GoT practice and is responsible for:

- Discussing and approving changes in allocation formulae and procedures;
- Approving assessment reports and identifying LGAs meeting grant access criteria;
- Making final administrative decisions on appeal;
- Approving LGA grant allocations;
- Approving changes to the Assessment Manual.



34



LGCDG Technical Committee

The LGCDG Technical Committee meets at least quarterly and is comprised of the following members:

- DPS PO-RALG (chair)
- Director of LG (secretariat),
- Heads of Department from MoF, PO-Planning and Privatisation, the 5 sector ministries (i.e. MoWLD, MoH, MoEC, MoW, MoAFS) and MLHSD;



35



- Management team PO-RALG, LGRP Programme Manager and relevant Outcome managers;
- ALAT;
- NEMC;
- Selected LGA representatives; and
- Contributing DP representatives.



36



The Technical Committee will have meetings with a broad representation of members and strive to reach consensus regarding the recommendations to be made to the PS, PO-RALG. The TC will perform the following functions:



37



Share experiences on the LGCDG system design and make relevant recommendations on the Assessment Manual, the assessment process, allocation formulae etc. to the PS, PO-RALG or through the PS, PO-RALG to the Steering Committee as appropriate;



38



- Review work plans, budgets and progress reports for the LGCDG system (including the CBG and CDG) as well as annual assessment reports, and make recommendations on the basis of the benchmarks to the PS, PO-RALG or through the PS PO-RALG to the SC and interested Development Partners.



39



Local Government Capacity Building Consultative Group

The LG Capacity Building Consultative Group, which includes major CG and LG stakeholders, has been established to discuss :

- LGA Capacity needs;
- Standardization of training materials;
- Mechanisms of quality assurance; and
- Coordination.



40



Flow of funds

The LGCG system allocates development grants to LGAs.

Funds are provided to LGCDG from different sources through different funding modalities, all resources are channeled into one funding pool, the Consolidated Fund of the government of Tanzania.



41



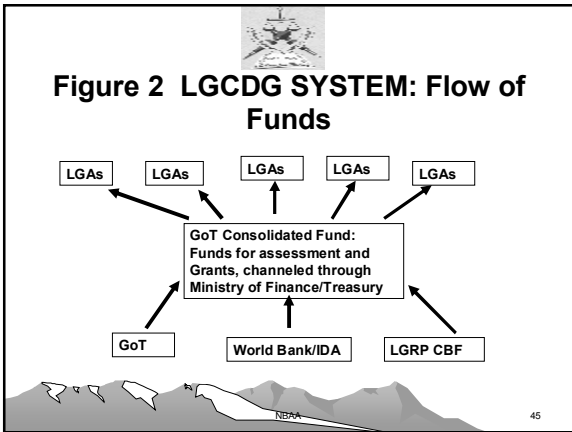
DPs will release funds to the Consolidated Fund according to their specific financial agreements with the Government of Tanzania.



42

The LGCDG Steering Committee approves release of funds from the Consolidated Fund to the LGAs. Fund release is for the initial transfer subject to LGA submission of satisfactory Development Plan and budget and ability to meet the grant access minimum conditions and, for subsequent transfers, also subject to satisfactorily financial and physical progress reporting.

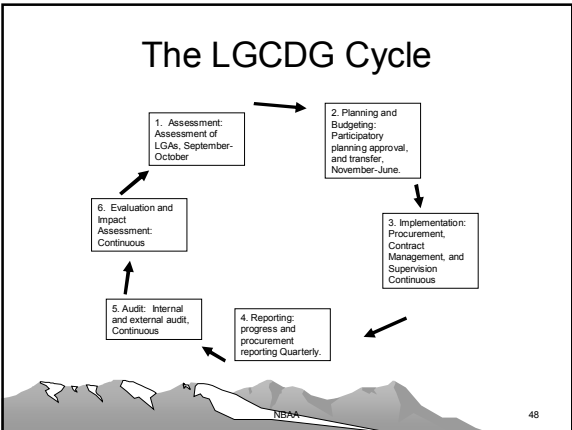
Technically, funds will be released from the Consolidated Fund following PO-RALG requests to the Ministry of Finance/Treasury.
The flow of funds is depicted overleaf:



The LGCDG Cycle

The LGCDG cycle, depicted in Figure 3 overleaf, describes the steps to be followed for implementing the Capacity Building and Capital Development Grants under the LGCDG system.

- *Assessment*
- *Planning and budgeting*
- Implementation of the Capacity Building Plan
- Reporting
- Audit
- Evaluation and impact assessment





THANK YOU FOR LISTENING!





SESSION 10 THE ROLE OF INTERNAL AUDIT IN LGAs



1



Coverage

- Internal Auditing Theory and Role
- Internal Control Systems In LGAs
- Internal Audit Planning and Quality Control
- Value for Money Audit
- Fraud Investigations



2



Internal Auditing Theory and Role

What is Internal Auditing

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations.



3



It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach in evaluating and improving the effectiveness of risk management, control, and governance processes.



4



The definition points out issues on Internal Audit Function:

- It is an *objective activity*- i.e. it can be provided in-house or be outsourced.
- It is an *assurance and consulting activity*
- Its scope is not just financial but it is concerned with key issues in *control, risk management, and governance*.



5



Legal Basis and Need for IAF in LGAs in Tanzania

- Section 45(1) of the Local Authority Finance Act No. 9 of 1982
- Local Authority Financial memorandum- Revised edition June 2004
- The Public Finance Regulations 2001: Regulation 28.



6



Roles and Functions of Internal Auditors in LGAs

- Review and report on the controls over revenues, custody of receipts, and utilization of financial resources



7



- Review the reliability and integrity of financial and operating data
- Assess the conformity with financial and operational policies and procedures
- Review and report the system in place for the safeguard of assets and their existence



8



- Review and report on operations and programmes of the LGA compared with budgets.
- Review and report of actions by Heads of Departments (HoDs) on audit reports
- Review and report on controls over computerised operations.



9



Internal Control Systems In LGAs

What is Internal Control System

The internal control system is defined as methods both financial and otherwise, which are established by LGA management to:



10



- Safeguard its assets
- Ensure reliability of records
- Promote operational efficiency; and
- Monitor adherence to policies and directives



11



Why Internal Controls are of Interest to the Internal Auditor

Internal audit's objective is to review the organization's system of internal control, provide assurance to the Finance, Administration, Planning Committee and Management.



12



i.e the IAF has to check:

- That controls in place are *adequate to guard against risks* identified
- That the controls are *operating effectively*



13



Categories and Types of Internal Controls

- Preventive controls: prevents risks from occurring (e.g. authorization)
- Detective controls: (detect if any problem have occurred e.g. reconciliations)
- Corrective controls: (address any problem that have occurred e.g. follow-up procedures).



14



• Characteristics of an Effective Internal Control System

- Honest, capable employees in place
- A clearly defined, formal plan of operation
- Separation or segregation of operations
- An appropriate system of authorization



15



- Sound accounting practices
- Adequate physical controls over assets and records
- Independent checks on performance.



16



Limitations on the Effectiveness of Controls

- Management see that the cost of implementing a control is far greater the benefits (*cost versus benefits*)
- There is a *collusion* between staff operating separate control functions
- There is human error or carelessness.



17



Ascertaining and Recording the System

- Ascertain using:
- Statues and regulations
- Interviews, observations and discussion
- Inspection and Internal Control Questionnaires (ICQs)



18



Record the system by:

- Narrative description
- Flowcharts
- Combination of notes and flowcharts



19



Evaluation of Controls

Evaluate the system by reference to control objectives:

- Completeness-is everything there?
- Existence/ occurrence - is it real?
- Valuation/ measurement – is it properly valued?
- Title – does it relate to the LGA?
- Disclosure – is it properly described?



20



Performing Compliance Tests

Compliance tests provide audit evidence that internal control procedures are being applied as prescribed:

- Look and inspect signatures. (Authorization).
- Observe and discuss the procedures.
- Make a critical assessment of reconciliations
- Check the documents within a sequence if they are actually with no omissions or duplications.



21



Internal Control Questionnaires

- ICQ is a compliance testing tool and seek direct and precise answers about *compliance* with expected procedures.
- Usually being answered YES/NO
- It is used as a checklist.
- Answers indicate a control weakness or strength.



22



Performing Substantive Tests

Also known as *weakness tests*, they are tests which usually are done after the compliance tests. They fall into two categories:

- Test of transactions and balances and
- Analytical reviews.



23



Internal Audit Planning and Quality Control

- Annual Audit Planning
- Planning for Individual Engagements
- Preliminary Survey
- Audit Programs
- Sampling Techniques
- Random Sampling



24



- Interval Sampling
- Cluster Sampling
- Collecting Good Audit Evidence
- Working Papers
- Quality Assurance of Audit Assignments



25



Audit **Procedures** in Key Systems in LGAs

Need for Preliminary Survey and Planning

Audit of specific systems and operations in the LGA should be preceded by the following issues:



26



- Preliminary survey for familiarization
- Annual/ Engagement Planning
- Specific audit programs and
- Establishment of quality control measures



27



Generic Systems in LGAs

- Purchase systems
- Income systems
- Wages and salaries systems
- Cash systems
- Fixed (non-current) Assets systems
- Stocks and stores systems



28



Cash Systems

- **Cash Receipts**
- **Cash Payment**
- **Bank Reconciliations**
- **Petty Cash**
- **Wages and Salaries Systems**
- **Fixed Assets**
- **Stores and Stocks**



29



Value for Money Audit

Meaning of VFM

- It seeks the balance between inputs consumed and the outputs produced.
- It is defined as the method of achieving a specified level of output at the most economical cost to maximize the benefits available at the lowest cost.



30



- LGAs use their funds to procure inputs (e.g. Staff time, and other resources),
- How the inputs are used to produce outputs (goods & services), and
- How the outputs produce outcomes (effects on users).



31



The 3Es

Economy

- Economy is related with the acquisition of resources on the best possible terms.
- Auditors try to determine whether the resources have been acquired:
 - in the right amount,
 - at the right place, and the right time,
 - of right kind and
 - At the right cost.



32



Efficiency

- It is the use of resources to achieve a given level of output.
- It is concerned with the relationship between inputs and outputs.
- The consideration is on both quality and quantity of both input and output.



33



Effectiveness

- Efficiency is concerned with the match between intents and outcomes.
- Effectiveness is asking as to whether the LGA is achieving its objectives



34



VFM Audits Scope and Areas for Audit

- VFM audits are suitable for areas like:
- The internal audit department
- Management services



35



- Data processing
- Manpower management
- Asset management
- Ordering and tendering procedures



36



Steps in VFM Audit

- *Planning*
- *Controls*
- *Documenting*
- *Testing*
- *Efficiency*
- *Effectiveness*
- *Investigation*



37



VFM Reporting

- Review results of interviews and data collection to identify any missing factors
- Divide conclusions into factual matters and those resting on opinion



38



- Ensure there is no error of facts as the higher the strategic value of the report the greater is the probability that political capital will be made to embarrass the auditor
- Base recommendations on content of the report



39



Fraud Investigations

- Fraud and Irregularities
- Reasons for Fraud
- Common Types of Frauds
- Internal Auditor's Responsibility in Detecting Fraud
- Techniques for Fraud Detection
- *Determining Risk of Fraud*



40



- ***Understanding the Symptoms of Fraud***
- ***Being Alert to the Symptoms of Fraud***
- ***Investigating of a Fraud***
- ***Important Precautions when Investigating Fraud***
- **Fraud Deterrence Measures**
- **Reporting Fraud**



41



The Five-Attributes Approach

The IIA International requires that the report should indicate:

- the engagement's objective,
- scope,
- applicable conclusions,
- recommendations,.



42



Reporting *specific audit units* the report may use the *5 attributes format* showing:

For example:

- Criteria, Condition,
- Cause Effect/ Risk Exposure
- Recommendation



THANK YOU FOR LISTENING !



THE UNITED REPUBLIC OF TANZANIA



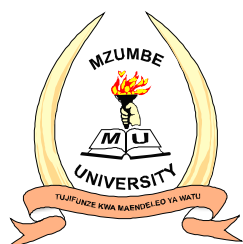
ACCOUNTANT GENERAL'S DEPARTMENT

**Accountant General's Department- JICA Development Study
Programme**

Final Report on

**INTRODUCTORY INTERNAL AUDIT TRAINING
PROGRAMME**

**For Internal Auditors of Ministries, Independent Departments and
Local Government Authorities.**



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ACKNOWLEDGEMENT

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Our sincere thanks also are accorded to all participants of the training programme for their cooperation through sharing of experiences in the sessions that lead to the successful delivery and accomplishment of the training objectives. Also all Accounting Officers of MDAs and LGAs for their warm welcome during the follow-up training of internal auditors.

The limited time and pages will not give us the opportunity to mention each and everyone who in one way or another has helped to the success of the programme. However, we appreciate every effort invested in this work.

LIST OF ABBREVIATIONS

CEO	-	Chief Executive Officer
IA	-	Internal Audit
IIA	-	Institute of Internal Auditors
JICA	-	Japan International Cooperation Agency
LGA	-	Local Government Authority
MDA	-	Ministry, Department and Agency
NBAA	-	National Board of Accountants and Auditor

EXECUTIVE SUMMARY

1.1 Introduction and training of internal auditors

This is a report on consultancy assignment on training of sixty (60) unexperienced or untrained government internal auditors focusing contents on the basic knowledge and skills required for government internal audit. The assignment was contracted by JICA/ Ministry of Finance to a team of consultants from Mzumbe University. The assignment was undertaken in Morogoro Town between September and October 2006. The training was attended by 49 participants i.e 24 participants from batch 1 and 25 participants from batch 2.

Generally all participants (100%) appreciated the course as good and very useful to them. Participants confirmed that the course will assist them to improve on internal audit practices in their work places.

1.2 Status of Internal Audit in the Government of Tanzania

During the training, an internal audit questionnaire survey for MDAs/LGAs was given to participants with a view to establish a rough picture of the status of internal audit function in the Government of Tanzania.

The general summary from the analysis of the questionnaire is:

- Internal audit departments in MDAs/LGAs are now starting (*though at very infant stage*) to function properly as majority of MDAs/LGAs have at least 2 auditors; prepare audit plans; prepare and submit both quarterly and annual reports to Accounting Officers; have plans to employ additional internal auditors;
- Positions held by internal auditors in the MDAs/LGAs range from Internal Auditor to Principal Internal Auditor. However majority are Internal Auditors Grade II and I;
- Majority of MDAs (68%) have established audit committees. However, none (0%) in all LGAs.
- Audit manual is followed to a 57.4% level
- Very little (19%) interaction amongst internal auditors of MDAs/LGAs
- Great need for additional training for internal audit to improve internal audit operations especially in the following priority areas:
 - Auditing in computerized environment including epicor system of computerized accounting (*more than 95%*)
 - Value for Money Audit
 - International Audit Standards and Procurement
 - Regular skills enhancement courses on contemporary internal audit issues building on other courses that have been offered
 - Awareness training to Accounting Officers on contemporary issues of internal audit

1.3 Follow-Up Training to Government Internal Auditors

The follow-up training was carried out for 29 MDAs/LGAs (19 MDAs and 10 LGAs) for 2 days in each MDA/LGA starting from 30th November, 2006 to 17th January 2007. The MDAs/LGAs were selected based on distance and combinations of MDAs and LGAs. Five (5) consultants were involved in the follow-up training.

Generally across the board most of the key internal audit functional areas were found at the state where are being put for proper functioning after training and/or not yet started at all. So training was continued in all those areas at the respective MDAs/ LGAs.

On the positive side there is now greater recognition and appreciation (90%) of the internal audit function in the majority of MDAs/ LGAs. Internal Audits are now Directorates in the MDAs; copies of audit manual are available, some adequate working environment, preparation of audit programmes, reports and establishment of audit committees (though not functioning properly).

1.4 Conclusion and Recommendations

The Introductory Internal Audit training programme has broken a key milestone towards realization of the broad goal of internal audit reforms in the Government of Tanzania-improvement in the quality of government internal audit through equipping internal auditors with skills that will enable them carry out timely and quality internal audit and reporting

A number of issues have been identified which if properly addressed will contribute to that goal. While the identified strengths in internal audit functional areas in MDAs/ LGAs need to be noted for continuity, a key attention however, should be made on the issues that require improvement (areas of weaknesses). These issues also require support both from within and outside the MDAs/LGAs

The participants who have been exposed to the practical training on basic and new issues of contemporary internal audit should act as a catalyst towards improvement of internal audit operations in MDAs/LGAs and hence improved quality of internal audit operations in the country.

Based on the above conclusion, it is recommended that:

- Training on Introductory/Intermediate Internal Audit to all government Internal Auditors is important. As the number of newly employed government internal auditors is large, a practical strategy/ methodology can be worked out between the office of the Accountant General and the training institution;
- Organise awareness workshop on contemporary issues of internal audit to Chief Executive Officers of MDAs/LGAs and selected Heads of Department (eg Finance; Administration, Information Technology). This will also help to sensitize more the

CEOs/ top management of MDAs/LGAs to provide office space for internal audit; allocate more resources to IA departments etc;

- Training in auditing through the computerized accounting system (epicor) to all internal auditors of MDAs/ LGAs is crucial;
- The functionality of Audit Committees in the MDAs/LGAs needs to be worked out so as make Internal Audit departments perform their duties efficiently and effectively.

1.0 BACKGROUND AND GENERAL INTRODUCTION TO THE ASSIGNMENT

The reform process of internal audit functions in the Government of Tanzania has resulted into a recategorisation of internal auditors in the Ministry, Department and Agencies (MDAs) and Local Government Authorities (LGAs) as well as recruiting hundreds of new internal auditors in the MDAs and LGAs at the beginning of 2006/07 financial year.

To that end, the Japan International Cooperation Agency (JICA) embarked upon two-years Development Study in July 2005. The Development Study includes sponsorship of various training programmes to be conducted in the 2006/07 financial year.

The newly recruited (unexperienced or untrained government internal auditors) require introductory training in line with the internal audit manual produced in 2005 while the experienced/ trained government internal auditors require, among other things, “soft -skills” such as presentation and report writing so as to make effective use of the internal audit for the improvement of the operations of the government (MDAs and LGAs).

The Accountant General’s Department which is responsible for supervising the government internal audit launched the introductory and intermediate internal audit courses for internal auditors of the MDAs and LGAs in 2005/06. Similarly, in accordance with massive employment of government internal auditors in the 2006/07 financial year, there is need to conduct more introductory internal audit courses.

2.0 TERMS OF REFERENCE /OBJECTIVES OF THE ASSIGNMENT

The Terms of Reference of the Assignment were as follows:

- Carry out training of sixty (60) unexperienced or untrained government internal auditors focusing contents on the basic knowledge and skills required for government internal audit;
- Undertake administrative work i.e process the payment for per diems and transport costs to the trainee as well as collecting questionnaires from the trainees after completing training;
- Carry out follow-up training of government internal auditors;
- Prepare reports- inception report; progress report and final report.

The expected overall objective to be achieved is improvement in the quality of government internal audit through equipping internal auditors with the skills that will enable them carry out timely and quality internal audit and reporting.

3.0 THE INTRODUCTORY INTERNAL AUDIT TRAINING-PROCESS, METHODOLOGY AND ISSUES

3.1 Training Facilitation, Dates and Venue

The training was conducted by Mzumbe University and it was carried out in Morogoro Town at Muslim University Executive Hall. It consisted of two batches each lasting for two weeks starting from 11th September to 6th October, 2006. The first batch started from 11th to 22nd September, 2006 and it was attended by 24 participants while the second batch started from 25th September to 6th October, 2006 and was attended by 25 participants (*See also Appendix for the detailed training report*)

The training was facilitated by five (5) consultants i.e messrs Peter Mbughuni, Alloyce Maziku, Ernest Mwasalwiba, Davis Meela and Gabriel Komba from Mzumbe University in collaboration with the Accountant General's Department. Invitation of participants to the training venue was done by the Accountant General's Department while the training and course administration was undertaken by Mzumbe University. This included organizing the training venue, participants' stationeries & training materials; delivery of training; lunch and refreshments and payment of participants' perdiems and transport costs.

3.2 Training Methodology

The training methodology emphasized on the acquisition of practical skills by participants. Where applicable, participants' entry knowledge and field skills were highly utilized. The theoretical content was kept at minimum and was used to provoke constructive discussions and experience sharing among the participants and trainers.

Thus, the main training methodology used were brief lectures, brainstorming/ questions and experience sharing through case studies, group discussions and mini- presentations.

3.3 Training contents and evaluation

Training contents for the two weeks course included the following: Internal Auditing Overview and Contemporary Issues; Professional Standards and Ethics (local and International from the IIA) and legal basis in Tanzania; The Assurance and Consulting Services and related issues on independence; Interviewing Skills; Work Paper Documentation; Internal Controls nature, types and testing; Conduct of audit field work and Developing Audit Findings; Audit planning, risk assessment and programs; Audit of specialized transactions; Fraud investigations; Value for Money Audit; Procurement and Contract audit; Audit of computerized

accounts and basics of IT- audit; Report writing, Exit conferences and Presentation Skills

At the end of the course participants were given opportunity to evaluate the training effort. A total of twenty four (24) participants from the 1st batch attended the course while twenty five (25) from the 2nd batch attended the course. Out of 24 participants who attended the 1st batch course, 20 filled the evaluation forms. For the 2nd batch, 24 out of 25 filled the evaluation forms. 5 participants in total for both batches who didn't fill the evaluation forms had some official issues and/ or medical matters to attend at the time when the course evaluation was done.

Generally all participants (100%) appreciated the course as good and very useful to them. Participants confirmed that the course will assist them to improve on internal audit practices in their work places.

A summary of the participants' responses is shown herebelow:

Q No	Question	Batch	RESPONSES		
			Very Good/ Very Relevant/ Very Long	Good/ Relevant/ About Right	Not Good/ Not Relevant/ Too Short
1	Course Content	Batch 1	16 (80%)	4 (20%)	
		Batch 2	22 (92%)	2 (8%)	
		Total	38 (86%)	6 (14%)	
2	Training Methodology	Batch 1	15 (75%)	5 (25%)	
		Batch 2	14 (58%)	10 (42%)	
		Total	29 (66%)	15 (34%)	
5	Course Professionalism	Batch 1	20 (100%)		
		Batch 2	18 (75%)	6 (25%)	
		Total	38 (86%)	6 (14%)	
8	Facilitators'/ Trainers' Effectiveness	Batch 1	14 (70%)	6 (30%)	
		Batch 2	18 (75%)	6 (25%)	
		Total	32 (73%)	12 (27%)	
9	Course Duration	Batch 1		8 (40%)	12 (60%)
		Batch 2		16 (67%)	8 (33%)
		Total		24 (55%)	20 (45%)
10	Course Administration	Batch 1	14 (70%)	6 (30%)	
		Batch 2	17 (71%)	7 (29%)	
		Total	31 (71%)	13 (39%)	

Generally other main issues regarding evaluation of training by both participants and trainers are as follows:

3.3.1 From Participants

- A well organized course
- There is need to have regular courses of this kind preferably twice a year
- Arrange also Intermediate/ Advanced Course for continuation
- Extend the course, especially contemporary practice of Internal Audit to Chief Executive Officers and other Directors/ Heads of Departments
- Implementation of issues discussed need support of senior staff/ top management
- Internal Audit computer software is also recommended
- Audit manuals should be provided to each internal auditor in their respective offices

3.3.2 From Trainers

- The participants were very serious and eager to learn on various internal audit issues. They participated well especially through questions and group discussions and as such it is expected that they gained much in terms of practical aspects surrounding internal audit operations in MDAs/ LGAs;
- Awareness Internal Audit Workshop (*Contemporary Practice and its Role to Achievement of Organisational Objectives and Governance*) to Chief Executive Officers, Directors/ Heads of Department is important. This workshop should be conducted immediately to go hand in hand with the training that has been provided to the technical staff. 2 to 3 days is proposed;
- The issues that have been raised by participants need also to be worked out for more improvement of internal audit operations.

4.0 STATUS OF INTERNAL AUDIT FUNCTION IN THE GOVERNMENT OF TANZANIA

4.1 Summary of Questionnaire Analysis

During the training, an internal audit questionnaire survey for MDAs/LGAs was given to participants. The objectives of the questionnaire were to:

- get input from MDAs and LGAs into development of the Government Internal Audit Training Programme and
- establish a rough picture of the status of internal audit function in the Government of Tanzania

The general summary from the analysis of the questionnaire is:

- Internal audit departments in MDAs/LGAs are now starting (*though at very infant stage*) to function properly as majority of MDAs/LGAs have at least 2 auditors; prepare audit plans; prepare and submit both

- quarterly and annual reports to Accounting Officers; have plans to employ additional internal auditors;
- Positions held by internal auditors in the MDAs/LGAs range from Internal Auditor to Principal Internal Auditor. However majority are Internal Auditors Grade II and I;
 - Majority of MDAs (68%) have established audit committees. However, none (0%) in all LGAs.
 - Audit manual is followed to a 57.4% level
 - Very little (19%) interaction amongst internal auditors of MDAs/LGAs
 - Great need for additional training for internal audit to improve internal audit operations especially in the following priority areas:
 - Auditing in computerized environment including epicor system of computerized accounting (*more than 95%*)
 - Value for Money Audit
 - International Audit Standards and Procurement
 - Regular skills enhancement courses on contemporary internal audit issues building on other courses that have been offered
 - Awareness training to Accounting Officers on contemporary issues of internal audit

4.1 Detailed Questionnaire Analysis

A total of forty seven (47) participants from both introductory and intermediate internal audit courses filled in the questionnaire i.e 33 MDAs and 14 LGAs. The quantitative and qualitative analysis is as follows

(a) Position held by the Participant in the MDA/LGA

Position Held	Number	%ge
Internal Auditors	30	64
Internal Auditors I	4	9
Internal Auditors II	5	10
Senior Internal Auditors	1	2
Principal Internal Auditors	1	2
Head- Internal Audit Department (LGAs)	4	9
Zonal Internal Auditor	1	2
Accountant III	1	2
Total	47	100%

(b) Number of Internal Auditors Currently employed in MDA/LGA

Response (Number of Auditors)	Number of MDAs/LGAs	%ge
Do not know	1	2
1	5	11
2- 5	24	51
6-19	15	32
Above 10	3	4
Total	47	100

(c) Plans to employ additional Internal Auditors

Response			
	Expected No Of Auditors	Frequency (MDAs/LGAs)	%ge
This Year	1-2	3	6
Next Year	2-4	8	17
Do not know		36	77
Total		47	100%

(d) When your Internal Audit Function was established

Response (Years)	Number of MDAs/LGAs	%ge
Do not know	34	72
Before 2000	6	13
After 2000	7	15
Total	47	100%

(e) Is there an Audit Committee

Regarding this question, 32 (68%) MDAs said YES; 11 (23%) MDAs and LGAs said NO and 4 (9%) MDAs and LGAs said DO NOT KNOW.

(f) Internal Audit Plans Prepared in MDA/LGA

Regarding this question, 45 (96%) MDAs and LGAs said YES and 2 (4%) MDAs said DO NOT KNOW.

(g) How Often the Internal Audit Report is Submitted in the MDA/LGA

Response (time period)	Number of MDAs/ LGAs	%ge
Quarterly	40	85
Annually	6	13
Do Not Know	7	2
Total	47	100%

The reports are submitted to the Accounting Officers.

(h) Internal Audit Manual Followed in the MDA/LGA when conducting audits

Response	Number of MDAs/ LGAs	%ge
Always	27	57
Sometimes	20	43
Total	47	100%

(i) Do you Interact with Internal Auditors of Other MDAs or LGAs

Response	Number of MDAs/ LGAs	%ge
Yes	9	19
No	34	72
Do Not Know	4	9
Total	47	100%

For those who responded YES, area in which interact are through meetings, inviting themselves as observers during audit committees sessions and on interpreting complicated issues.

(j) Have you ever been trained in the IA

Response	Number of MDAs/ LGAs	%ge
Yes	10	21
No	37	79
Total	47	100%

Those who said YES, they mentioned the previous training obtained like Course on Audit Manual by Local Government Reform Programme (2005); Foundation in Internal Auditing; Induction Course in Building Internal Audit Manual and NBAA Courses.

(k) Do you think your MDA/LGA needs an additional training?

Response	Number of MDAs/ LGAs	%ge
Yes	45	96
No	1	2
Do Not Know	1	2
Total	47	100%

MDAs/ LGAs which said YES, indicated the following areas of training:

- Auditing in computerized environment including epicor system of computerized accounting (*more than 95%*);
- Value for Money Audit;
- International Audit Standards and Procurement;
- Regular skills enhancement courses on contemporary internal audit issues building on other courses that have been offered;
- Awareness training to Accounting Officers on contemporary issues of internal audit.

5.0 FOLLOW-UP TRAINING OF GOVERNMENT INTERNAL AUDITORS

5.1 Introduction

The programme on training on Introductory Internal Audit also provided for the follow-up training to government internal auditors two (2) to three (3) months after training. The overall objective of the follow-up training was to identify and analyse the effects of introductory and intermediate internal audit trainings that have been provided to government internal auditors (MDAs/ LGAs). Also on the basis of the identified problems and shortcomings, to assist the MDAs/ LGAs in rectifying problems and shortcomings and thus improve their capacity in ensuring quality internal audit functions/ operations. Areas that required assistance/ attention external to the MDAs/ LGAs were noted for recommendations.

5.2 MDAs/ LGAs Covered in the Follow-Up Training

The follow-up training was carried out for 29 MDAs/LGAs (19 MDAs and 10 LGAs) for 2 days in each MDA/LGA starting from 30th November, 2006 to 17th January 2007. The MDAs/LGAs were selected based on distance and

combinations of MDAs and LGAs. Five (5) consultants were involved in the follow-up training as follows:

S/N	MDA/ LGA	NAME OF CONSULTANT(S)	DATES
1	Ministry of Finance/ Accountant General	A. Maziku, P. Mbughuni, E. Mwasalwiba, D. Meela and G. Komba	30 th Nov- 1 st Dec 2006
2	Arusha City Council	Alloyce Maziku	4- 5 th Dec 2006
3	Ministry of Foreign Affairs		20 th Dec 06/ 9 th Jan 07
4	Ministry of Health		22 nd Dec 06
5	Tanga City Council		27 th Dec 2006
6	Moshi Municipal Council		28 th – 29 th Dec 06
7	Ministry of Education and Vocational Training	Peter Mbughuni	19 th – 20 th Dec 06
8	PEDP- Dar-es- Salaam		21 st Dec 06
9	High Court		22 nd Dec 06
10	Ministry of Justice		27 th Dec 06
11	Ministry of Defence Forces		28 th – 29 th Dec 06
12	Morogoro Municipal Council	Ernest Mwasalwiba	19 th Dec 06
13	Kilosa District Council		20 th -21 st Dec 06
14	Dodoma Municipal Council		22 nd and 27 th Dec 06
16	Ministry of Energy		27 th – 28 th Dec 06
17	Ministry of Home Affairs		28 th – 29 th Dec 06
18	Ministries of Industries and Trade	Davis Meela	19 th Dec 06
19	National Electoral Commission		20 th -21 st Dec 06
20	Ministry of Water		22 nd Dec 06
21	Dar-es- Salaam City Council		27 th -28 th Dec 06
22	Ministry of Community Development		28 th – 29 th Dec 06
23	Ministry of Lands		
24	Ministry of Agriculture	Gabriel Komba	19 th – 20 th Dec 06
25	Temeke Municipal Council		21 st Dec 06
27	Law Reform Commission of Tanzania		22 nd Dec 06
28	Ministry of Science,Technology and Higher Educ		27 th – 28 th Dec06
29	Bagamoyo District Council		29 th Dec 06
	Courtesy Call to National Audit Office	A. Maziku, P. Mbughuni, E. Mwasalwiba,	11/1/2007

5.3 Follow-up Training Process, Findings and Recommendations

5.3.1 Follow-Up Training Process

The follow-up training process started first with the introductions and briefing about the exercise at the office of the Chief Executive Officer.

The key methodology involved joint review of internal audit documents (eg internal audit plans, reports, files etc); demonstrations; and group discussions/ meetings.

The follow-up training process was guided the already prepared tool that summarized the internal audit functional areas. During the visit, the observed problems and/ or weaknesses (that required training) were discussed jointly with the relevant staff on how to go about rectifying them thus improve internal audit operations. The CEO was also briefed on the major key observations and recommendations.

5.3.2 Key Findings

(a) General on Organisational/ Logistics

- The planned programme of follow-up training was delayed for about 1.5 weeks due to some logistical problems especially late distribution of letters
- Also availability of trained participants was not that much smooth due to the fact that some were away on official duties and/ or on holidays.

Apart from the above challenges, the follow-up training at the MDAs/LGAs was generally good. All consultants received warm welcome and good cooperation and/or assistance required for the activity.

(b) Specific on Internal Audit Functional Areas

Generally across the board most of the key internal audit functional areas were found at the state where are being put for proper functioning after training and/or not yet started at all. So training was continued in all those areas (*indicated in weaknesses section below*) at the respective MDAs/ LGAs.

On the positive side there is now greater recognition and appreciation (90%) of the internal audit function in the majority of MDAs/ LGAs. Internal Audits are now Directorates in the MDAs; copies of audit manual are available, some adequate working environment, preparation of audit programmes, reports and establishment of audit committees.

The detailed strengths observed and weaknesses (areas trained) are summarized below:

Strengths

- Majority (more than 75%) of the MDAs/LGAs have one copy of internal audit manual;
- Adequate office space for internal audit department in some (50%) MDAs/LGAs;
- Preparation of Annual/ Quarterly Internal Audit Plans in almost all MDAs/LGAs;
- Preparation of quarterly audit reports and submitted to the appropriate organs in majority of MDAs/ LGAs;
- Audit Committees have already been established in majority of MDAs;
- Arrangements for carrying out Value for Money Audit (eg procurement, roads etc) for some MDAs/ LGAs;
- Some specialized audits for recurrent expenditure, income and cash systems are carried out.

Weaknesses (Areas Trained/ Discussed for improvement of Internal Audit Functions)

- Lack of Organisation Structure/ Job descriptions for the Internal Audit Department for almost all MDAs/LGAs
- Audit committee not yet established in all LGAs;
- Established audit committee in all MDAs do not function properly;
- Internal Audit Guidelines (covering dressing manners, reporting to office, code of conducts etc) not yet prepared in majority of MDAs/LGAs;
- Inadequate work tools especially computer and manual (i.e need to produce more copies for each staff) in majority of MDAs/ LGAs;
- Audit working papers, internal control evaluation questionnaires not filed and/or performed in majority of MDAs/ LGAs;
- New role of internal audit not yet started in majority of MDAs/ LGAs (about 85%). Majority of other internal audit staff had never attended any skills enhancement internal audit training;
- Quarterly/annual internal audit reports have no requisite details in some MDAs/ LGAs;
- Procurement and contract audit not done in majority of MDAs/ LGAs
- Specialised audits for sensitive areas like wages and salaries; assets not done
- Meetings are done only when there is a special matter to address and minutes are not taken. No regular /periodical meetings;
- Inadequate office space for internal audit department in some (50%) MDAs/LGAs;
- Inadequate staffing for majority of MDAs/LGAs in respect of size and functions;
- Other internal audit staff not assigned duties to perform by their supervisors (in a few MDAs – 6%) i.e generally lack of managerial skills;

- A follow-up of recommendations made in previous reports is not reported in subsequent audit reports (in a few MDAs);
- Documents like the Public Procurement Act or Public Finance Act are not readily available to the auditors (in some MDAs).

5.3.3 Any Other Observations Noted/ General Comments from Participants

Other observations noted were:

- Availability of skilled and energetic internal audit staff at the MDAs/LGAs;
- The internal audit function is at least being recognized and appreciated in almost all MDAs/ LGAs;
- Majority of the auditors in almost all MDAs/LGAs have limited knowledge on auditing through the computerized accounting system (epicor).

General comments raised by internal audit staff:

- Awareness of contemporary issues of internal audit to Accounting Officers, all Internal Audit Staff and Heads of Department is crucial for creating good working environment in the MDAs/LGAs.

5.3.4 Recommendations

Based on the discussions and training during the visit, it is recommended that:

- Organise awareness workshop on contemporary issues of internal audit to Chief Executive Officers of MDAs/LGAs and selected Heads of Department (eg Finance; Administration, Information Technology).
- Train all internal auditors on epicor system so that they can audit through the system.

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The Introductory Internal Audit training programme has broken a key milestone towards realization of the broad goal of internal audit reforms in the Government of Tanzania- improvement in the quality of government internal audit through equipping internal auditors with skills that will enable them carry out timely and quality internal audit and reporting

A number of issues have been identified which if properly addressed will contribute to that goal. While the identified strengths in internal audit functional areas in MDAs/ LGAs need to be noted for continuity, a key attention however, should be made on the issues that require improvement (areas of weaknesses).

These issues also require support both from within and outside the MDAs/LGAs

The participants who have been exposed to the practical training on basic and new issue of contemporary internal audit should act as a catalyst towards improvement of internal audit operations in MDAs/LGAs and hence improved quality of internal audit operations in the country.

6.2 Recommendations

Based on the above conclusion, it is recommended that:

- Training on Introductory/Intermediate Internal Audit to all government Internal Auditors is important. As the number of newly employed government internal auditors is large, a practical strategy/ methodology can be worked out between the office of the Accountant General and the training institution;
- Organise awareness workshop on contemporary issues of internal audit to Chief Executive Officers of MDAs/LGAs and selected Heads of Department (eg Finance; Administration, Information Technology). This will also help to sensitize more the CEOs/ top management of MDAs/LGAs to provide office space for internal audit; allocate more resources to IA departments etc;
- Training in auditing through the computerized accounting system (epicor) to all internal auditors of MDAs/ LGAs is crucial;
- The functionality of Audit Committees in the MDAs/ LGAs needs to be worked out so as to make Internal Audit departments perform their duties efficiently and effectively.

THE UNITED REPUBLIC OF TANZANIA



ACCOUNTANT GENERAL'S DEPARTMENT

**Accountant General's Department- JICA Development Study
Programme**

Final Report on

**INTERMEDIATE INTERNAL AUDIT TRAINING
PROGRAMME**

**For Internal Auditors of Ministries, Independent Departments and
Local Government Authorities.**



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LIST OF ABBREVIATIONS

CEO	-	Chief Executive Officer
IA	-	Internal Audit
IIA	-	Institute of Internal Auditors
JICA	-	Japan International Cooperation Agency
LGA	-	Local Government Authority
MDA	-	Ministry, Department and Agency
NBAA	-	National Board of Accountants and Auditors

ACKNOWLEDGEMENT

Many people/ organisations participated and helped in both the preparation and the implementation this programme on Intermediate Internal Audit Course. Their contributions did not only result into the realization of the training programme objectives but also have greatly assisted in the preparation and production of this report.

In the first place, we are grateful to the JICA Development Study Programme and Ministry of Finance- Accountant General's Department for organizing the training programme and choosing Mzumbe University in particular to run this programme

We are also grateful to a number of officials Mr Nakagome and Victor (JICA Consultants); Ms Blandina Nyoni (Accountant General); Mr Aziz Kifile Assistant Accountant General- Financial Management Systems and Audit for their remarkable and valuable assistance in the entire process of planning and effecting the training programme let alone the preparation of this report.

Our sincere thanks also are accorded to all participants of the training programme for their cooperation through sharing of experiences in the sessions that lead to the successful delivery and accomplishment of the training objectives. Also all Accounting Officers of MDAs and LGAs for their warm welcome during the follow-up training of internal auditors.

The limited time and pages will not give us the opportunity to mention each and everyone who in one way or another has helped to the success of the programme. However, we appreciate every effort invested in this work.

EXECUTIVE SUMMARY

1.1 Introduction and training of internal auditors

This is a report on consultancy assignment on training of thirty (30) experienced or trained government internal auditors focusing contents, among other things, on the “soft skills” with regards to presentations, report writing, time management and leadership. The assignment was contracted by JICA/ Ministry of Finance to a team of consultants from Mzumbe University. The assignment was undertaken in Morogoro Town from 24th to 28th October 2006. The training was attended by 12 participants out of expected 30 participants. This was due to some logistical problems because majority of the participants received invitation letters at last minutes.

Generally all participants (100%) appreciated the course as good and very useful to them. Participants confirmed that the course will assist them to improve on internal audit practices in their work places.

1.2 Status of Internal Audit in the Government of Tanzania

During the training, an internal audit questionnaire survey for MDAs/LGAs was given to participants with a view to establish a rough picture of the status of internal audit function in the Government of Tanzania.

The general summary from the analysis of the questionnaire is:

- Internal audit departments in MDAs/LGAs are now starting (*though at very infant stage*) to function properly as majority of MDAs/LGAs have at least 2 auditors; prepare audit plans; prepare and submit both quarterly and annual reports to Accounting Officers; have plans to employ additional internal auditors;
- Positions held by internal auditors in the MDAs/LGAs range from Internal Auditor to Principal Internal Auditor. However majority are Internal Auditors Grade II and I;
- Majority of MDAs (68%) have established audit committees. However, none (0%) in all LGAs.
- Audit manual is followed to a 57.4% level
- Very little (19%) interaction amongst internal auditors of MDAs/LGAs
- Great need for additional training for internal audit to improve internal audit operations especially in the following priority areas:
 - Auditing in computerized environment including epicor system of computerized accounting (*more than 95%*)
 - Value for Money Audit
 - International Audit Standards and Procurement
 - Regular skills enhancement courses on contemporary internal audit issues building on other courses that have been offered
 - Awareness training to Accounting Officers on contemporary issues of internal audit

1.3 Follow-Up Training to Government Internal Auditors

The follow-up training was carried out for 29 MDAs/LGAs (19 MDAs and 10 LGAs) for 2 days in each MDA/LGA starting from 30th November, 2006 to 17th January 2007. The MDAs/LGAs were selected based on distance and combinations of MDAs and LGAs. Five (5) consultants were involved in the follow-up training.

Generally across the board most of the key internal audit functional areas were found at the state where are being put for proper functioning after training and/or not yet started at all. So training was continued in all those areas at the respective MDAs/ LGAs.

On the positive side there is now greater recognition and appreciation (90%) of the internal audit function in the majority of MDAs/ LGAs. Internal Audits are now Directorates in the MDAs; copies of audit manual are available, some adequate working environment, preparation of audit programmes, reports and establishment of audit committees (though not functioning properly).

1.4 Conclusion and Recommendations

The Intermediate Internal Audit training programme has broken a key milestone towards realization of the broad goal of internal audit reforms in the Government of Tanzania-improvement in the quality of government internal audit through equipping internal auditors with skills that will enable them carry out timely and quality internal audit and reporting

A number of issues have been identified which if properly addressed will contribute to that goal. While the identified strengths in internal audit functional areas in MDAs/ LGAs need to be noted for continuity, a key attention however, should be made on the issues that require improvement (areas of weaknesses). These issues also require support both from within and outside the MDAs/LGAs

The participants who have been exposed to the practical training on basic and new issues of contemporary internal audit, time management and leadership should act as a catalyst towards improvement of internal audit operations in MDAs/LGAs and hence improved quality of internal audit operations in the country.

Based on the above conclusion, it is recommended that:

- Training on Introductory/Intermediate Internal Audit to all government Internal Auditors is important. As the number of newly employed government internal auditors is large, a practical strategy/ methodology can be worked out between the office of the Accountant General and the training institution;
- Organise awareness workshop on contemporary issues of internal audit to Chief Executive Officers of MDAs/LGAs and selected Heads of Department (eg Finance; Administration, Information Technology). This will also help to sensitize more the

CEOs/ top management of MDAs/LGAs to provide office space for internal audit; allocate more resources to IA departments etc;

- Training in auditing through the computerized accounting system (epicor) to all internal auditors of MDAs/ LGAs is crucial;
- The functionality of Audit Committees in the MDAs/LGAs needs to be worked out so as make Internal Audit departments perform their duties efficiently and effectively.

1.0 BACKGROUND AND GENERAL INTRODUCTION TO THE ASSIGNMENT

The reform process of internal audit functions in the Government of Tanzania has resulted into a recategorisation of internal auditors in the Ministry, Department and Agencies (MDAs) and Local Government Authorities (LGAs) as well as recruiting hundreds of new internal auditors in the MDAs and LGAs at the beginning of 2006/07 financial year.

To that end, the Japan International Cooperation Agency (JICA) embarked upon two-years Development Study in July 2005. The Development Study includes sponsorship of various training programmes to be conducted in the 2006/07 financial year.

The newly recruited (unexperienced or untrained government internal auditors) require introductory training in line with the internal audit manual produced in 2005 while the experienced/ trained government internal auditors require, among other things, “soft -skills” such as presentation and report writing so as to make effective use of the internal audit for the improvement of the operations of the government (MDAs and LGAs).

The Accountant General’s Department which is responsible for supervising the government internal audit launched the introductory and intermediate internal audit courses for internal auditors of the MDAs and LGAs in 2005/06. Similarly, in accordance with massive employment of government internal auditors in the 2006/07 financial year, there is need to conduct more introductory internal audit courses.

2.0 TERMS OF REFERENCE /OBJECTIVES OF THE ASSIGNMENT

The Terms of Reference of the Assignment were as follows:

- Carry out training of thirty (30) experienced or trained government internal auditors focusing contents, among other things, on the “soft skills” with regards to presentations, report writing, time management and leadership;
- Undertake administrative work i.e process the payment for per diems and transport costs to the trainee as well as collecting questionnaires from the trainees after completing training;
- Carry out follow-up training of government internal auditors;
- Prepare reports- inception report; progress report and final report.

The expected overall objective to be achieved is improvement in the quality of government internal audit through equipping internal auditors with the skills that will enable them carry out timely and quality internal audit and reporting.

3.0 THE INTERMEDIATE INTERNAL AUDIT TRAINING- PROCESS, METHODOLOGY AND ISSUES

3.1 Training Facilitation, Dates and Venue

The training was conducted by Mzumbe University and it was carried out in Morogoro Town at Muslim University Executive Hall. It was run from 24th to 28th October, 2006 and was attended by 12 participants. (*See also Appendix1 for the detailed training report*)

The training was facilitated by five (5) consultants i.e messrs Peter Mbughuni, Alloyce Maziku, Ernest Mwasalwiba, Davis Meela and Gabriel Komba from Mzumbe University in collaboration with the Accountant General's Department. Invitation of participants to the training venue was done by the Accountant General's Department while the training and course administration was undertaken by Mzumbe University. This included organizing the training venue, participants' stationeries & training materials; delivery of training; lunch and refreshments and payment of participants' perdiems and transport costs.

3.2 Training Methodology

The training methodology emphasized on the acquisition of practical skills by participants. Where applicable, participants' entry knowledge and field skills were highly utilized. The theoretical content was kept at minimum and was used to provoke constructive discussions and experience sharing among the participants and trainers.

Thus, the main training methodology used were brief lectures, brainstorming/ questions and experience sharing through case studies, group discussions and mini- presentations.

3.3 Training contents and evaluation

Training contents for the two weeks course included the following:
Contemporary practice of internal auditing, new roles and responsibilities; Assurance and consulting roles of internal auditors; Governance and risk management and role of internal audit function; Risk based audit work plans; Change management, communication and leadership role of an I/A; Internal Process Consulting skills for internal auditors; Planning, Coordinating and Managing the internal audit function, Time Management and Improving Audit Operations; Techniques of stakeholders management; Performance Auditing in the public sector; Compliance Auditing and Exposure to Rules and Regulations governing the public sector in Tanzania (Public Procurement Act, 2004) and Report Writing, Exit Conferences and Presentation Skills.

At the end of the course participants were given opportunity to evaluate the training effort. A total of twelve (12) participants attended the course. Out of 12 participants who attended course, 11 filled the evaluation forms. 1 participant who didn't fill the evaluation form had to attend medical treatment at the time when the course evaluation was done.

Generally all participants (100%) appreciated the course as good and very useful to them. Participants confirmed that the course will assist them to improve on internal audit practices in their work places.

A summary of the participants' responses is shown herebelow:

Q No	Question	RESPONSES		
		Very Good/ Very Relevant/ Very Long	Good/ Relevant/ About Right	Not Good/ Not Relevant/ Too Short
1	Course Content	4 (36%)	7 (64%)	
2	Training Methodology	4 (36%)	7 (64%)	
5	Course Professionalism	7 (64%)	4 (36%)	
8	Facilitators'/ Trainers' Effectiveness	4 (36%)	7 (64%)	
9	Course Duration		4 (36%)	7 (64%)
10	Course Administration	3 (27%)	8 (73%)	

Generally other main issues regarding evaluation of training by both participants and trainers are as follows:

3.3.1 From Participants

- A well organized course
- There is need to have regular courses of this kind preferably twice a year
- Arrange also Intermediate/ Advanced Course for continuation
- Extend the course, especially contemporary practice of Internal Audit and Change Management to Chief Executive Officers and other Directors/ Heads of Departments

3.3.2 From Trainers

- The participants were very serious and eager to learn on various internal audit issues. They participated well especially through questions and group discussions and as such it is expected that they gained much in terms of practical aspects surrounding internal audit operations in MDAs/ LGAs;
- Awareness Internal Audit Workshop (*Contemporary Practice and its Role to Achievement of Organisational Objectives and Governance*) to Chief Executive Officers, Directors/ Heads of Department is important. This workshop should be conducted immediately to go hand in hand

- with the training that has been provided to the technical staff. 2 to 3 days is proposed;
- The issues that have been raised by participants need also to be worked out for more improvement of internal audit operations.

4.0 STATUS OF INTERNAL AUDIT FUNCTION IN THE GOVERNMENT OF TANZANIA

4.1 Summary of Questionnaire Analysis

During the training, an internal audit questionnaire survey for MDAs/LGAs was given to participants. The objectives of the questionnaire were to:

- get input from MDAs and LGAs into development of the Government Internal Audit Training Programme and
- establish a rough picture of the status of internal audit function in the Government of Tanzania

The general summary from the analysis of the questionnaire is:

- Internal audit departments in MDAs/LGAs are now starting (*though at very infant stage*) to function properly as majority of MDAs/LGAs have at least 2 auditors; prepare audit plans; prepare and submit both quarterly and annual reports to Accounting Officers; have plans to employ additional internal auditors;
- Positions held by internal auditors in the MDAs/LGAs range from Internal Auditor to Principal Internal Auditor. However majority are Internal Auditors Grade II and I;
- Majority of MDAs (68%) have established audit committees. However, none (0%) in all LGAs.
- Audit manual is followed to a 57.4% level
- Very little (19%) interaction amongst internal auditors of MDAs/LGAs
- Great need for additional training for internal audit to improve internal audit operations especially in the following priority areas:
 - Auditing in computerized environment including epicor system of computerized accounting (*more than 95%*)
 - Value for Money Audit
 - International Audit Standards and Procurement
 - Regular skills enhancement courses on contemporary internal audit issues building on other courses that have been offered
 - Awareness training to Accounting Officers on contemporary issues of internal audit

4.1 Detailed Questionnaire Analysis

A total of forty seven (47) participants from both introductory and intermediate internal audit courses filled in the questionnaire i.e 33 MDAs and 14 LGAs. The quantitative and qualitative analysis is as follows

(a) Position held by the Participant in the MDA/LGA

Position Held	Number	%ge
Internal Auditors	30	64
Internal Auditors I	4	9
Internal Auditors II	5	10
Senior Internal Auditors	1	2
Principal Internal Auditors	1	2
Head- Internal Audit Department (LGAs)	4	9
Zonal Internal Auditor	1	2
Accountant III	1	2
Total	47	100%

(b) Number of Internal Auditors Currently employed in MDA/LGA

Response (Number of Auditors)	Number of MDAs/ LGAs	%ge
Do not know	1	2
1	5	11
2- 5	24	51
6-19	15	32
Above 10	3	4
Total	47	100

(c) Plans to employ additional Internal Auditors

Response	Expected No Of Auditors	Frequency (MDAs/LGAs)	%ge
This Year	1-2	3	6
Next Year	2-4	8	17
Do not know		36	77
Total		47	100%

(d) When your Internal Audit Function was established

Response (Years)	Number of MDAs/ LGAs	%ge
Do not know	34	72
Before 2000	6	13
After 2000	7	15
Total	47	100%

(e) Is there an Audit Committee

Regarding this question, 32 (68%) MDAs said YES; 11 (23%) MDAs and LGAs said NO and 4 (9%) MDAs and LGAs said DO NOT KNOW.

(f) Internal Audit Plans Prepared in MDA/LGA

Regarding this question, 45 (96%) MDAs and LGAs said YES and 2 (4%) MDAs said DO NOT KNOW.

(g) How Often the Internal Audit Report is Submitted in the MDA/LGA

Response (time period)	Number of MDAs/ LGAs	%ge
Quarterly	40	85
Annually	6	13
Do Not Know	7	2
Total	47	100%

The reports are submitted to the Accounting Officers.

(h) Internal Audit Manual Followed in the MDA/LGA when conducting audits

Response	Number of MDAs/ LGAs	%ge
Always	27	57
Sometimes	20	43
Total	47	100%

(i) Do you Interact with Internal Auditors of Other MDAs or LGAs

Response	Number of MDAs/ LGAs	%ge
Yes	9	19
No	34	72
Do Not Know	4	9
Total	47	100%

For those who responded YES, area in which interact are through meetings, inviting themselves as observers during audit committees sessions and on interpreting complicated issues.

(j) Have you ever been trained in the IA

Response	Number of MDAs/ LGAs	%ge
Yes	10	21
No	37	79
Total	47	100%

Those who said YES, they mentioned the previous training obtained like Course on Audit Manual by Local Government Reform Programme (2005); Foundation in Internal Auditing; Induction Course in Building Internal Audit Manual and NBAA Courses.

(k) Do you think your MDA/LGA needs an additional training?

Response	Number of MDAs/ LGAs	%ge
Yes	45	96
No	1	2
Do Not Know	1	2
Total	47	100%

- MDAs/ LGAs which said YES, indicated the following areas of training:
- Auditing in computerized environment including epicor system of computerized accounting (*more than 95%*);
 - Value for Money Audit;
 - International Audit Standards and Procurement;
 - Regular skills enhancement courses on contemporary internal audit issues building on other courses that have been offered;
 - Awareness training to Accounting Officers on contemporary issues of internal audit.

5.0 FOLLOW-UP TRAINING OF GOVERNMENT INTERNAL AUDITORS

5.1 Introduction

The programme on training on Intermediate Internal Audit also provided for the follow-up training to government internal auditors two (2) to three (3) months after training. The overall objective of the follow-up training was to identify and analyse the effects of introductory and intermediate internal audit trainings that have been provided to government internal auditors (MDAs/ LGAs). Also on the basis of the identified problems and shortcomings, to assist the MDAs/ LGAs in rectifying problems and shortcomings and thus improve their capacity in ensuring quality internal audit functions/ operations. Areas that required assistance/ attention external to the MDAs/ LGAs were noted for recommendations.

5.2 MDAs/ LGAs Covered in the Follow-Up Training

The follow-up training was carried out for 29 MDAs/LGAs (19 MDAs and 10 LGAs) for 2 days in each MDA/LGA starting from 30th November, 2006 to 17th January 2007. The MDAs/LGAs were selected based on distance and combinations of MDAs and LGAs. Five (5) consultants were involved in the follow-up training as follows:

S/N	MDA/ LGA	NAME OF CONSULTANT(S)	DATES
1	Ministry of Finance/ Accountant General	A. Maziku, P. Mbughuni, E. Mwasalwiba, D. Meela and G. Komba	30 th Nov- 1 st Dec 2006
2	Arusha City Council	Alloyce Maziku	4- 5 th Dec 2006
3	Ministry of Foreign Affairs		20 th Dec 06/ 9 th Jan 07
4	Ministry of Health		22 nd Dec 06
5	Tanga City Council		27 th Dec 2006
6	Moshi Municipal Council		28 th – 29 th Dec 06
7	Ministry of Education and Vocational Training	Peter Mbughuni	19 th – 20 th Dec 06
8	PEDP- Dar-es- Salaam		21 st Dec 06
9	High Court		22 nd Dec 06
10	Ministry of Justice		27 th Dec 06
11	Ministry of Defence Forces		28 th – 29 th Dec 06
12	Morogoro Municipal Council	Ernest Mwasalwiba	19 th Dec 06
13	Kilosa District Council		20 th -21 st Dec 06
14	Dodoma Municipal Council		22 nd and 27 th Dec 06
15	Ministry of Natural Resources and Tourism		06

16	Ministry of Energy		27 th – 28 th Dec 06
17	Ministry of Home Affairs		28 th – 29 th Dec 06
18	Ministries of Industries and Trade	Davis Meela	
19	National Electoral Commission		19 th Dec 06
20	Ministry of Water		20 th -21 st Dec 06
21	Dar-es- Salaam City Council		22 nd Dec 06
22	Ministry of Community Development		27 th -28 th Dec 06
23	Ministry of Lands		28 th – 29 th Dec 06
24	Ministry of Agriculture	Gabriel Komba	19 th – 20 th Dec 06
25	Temeke Municipal Council		21 st Dec 06
27	Law Reform Commission of Tanzania		22 nd Dec 06
28	Ministry of Science, Technology and Higher Educ		27 th – 28 th Dec06
29	Bagamoyo District Council		29 th Dec 06
	Courtesy Call to National Audit Office	A. Maziku, P. Mbughuni, E. Mwasalwiba,	11/1/2007

5.3 Follow-up Training Process, Findings and Recommendations

5.3.1 Follow-Up Training Process

The follow-up training process started first with the introductions and briefing about the exercise at the office of the Chief Executive Officer.

The key methodology involved joint review of internal audit documents (eg internal audit plans, reports, files etc); demonstrations; and group discussions/ meetings.

The follow-up training process was guided the already prepared tool that summarized the internal audit functional areas. During the visit, the observed problems and/ or weaknesses (that required training) were discussed jointly with the relevant staff on how to go about rectifying them thus improve internal audit operations. The CEO was also briefed on the major key observations and recommendations.

5.3.2 Key Findings

(a) General on Organisational/ Logistics

- The planned programme of follow-up training was delayed for about 1.5 weeks due to some logistical problems especially late distribution of letters
- Also availability of trained participants was not that much smooth due to the fact that some were away on official duties and/ or on holidays.

Apart from the above challenges, the follow-up training at the MDAs/LGAs was generally good. All consultants received warm welcome and good cooperation and/or assistance required for the activity.

(b) Specific on Internal Audit Functional Areas

Generally across the board most of the key internal audit functional areas were found at the state where are being put for proper functioning after training and/or not yet started at all. So training was continued in all those areas (*indicated in weaknesses section below*) at the respective MDAs/ LGAs.

On the positive side there is now greater recognition and appreciation (90%) of the internal audit function in the majority of MDAs/ LGAs. Internal Audits are now Directorates in the MDAs; copies of audit manual are available, some adequate working environment, preparation of audit programmes, reports and establishment of audit committees.

The detailed strengths observed and weaknesses (areas trained) are summarized below:

Strengths

- Majority (more than 75%) of the MDAs/LGAs have one copy of internal audit manual;
- Adequate office space for internal audit department in some (50%) MDAs/ LGAs;
- Preparation of Annual/ Quarterly Internal Audit Plans in almost all MDAs/LGAs;
- Preparation of quarterly audit reports and submitted to the appropriate organs in majority of MDAs/ LGAs;
- Audit Committees have already been established in majority of MDAs;
- Arrangements for carrying out Value for Money Audit (eg procurement, roads etc) for some MDAs/ LGAs;
- Some specialized audits for recurrent expenditure, income and cash systems are carried out.

Weaknesses (Areas Trained/ Discussed for improvement of Internal Audit Functions)

- Lack of Organisation Structure/ Job descriptions for the Internal Audit Department for almost all MDAs/LGAs
- Audit committee not yet established in all LGAs;
- Established audit committee in all MDAs do not function properly;
- Internal Audit Guidelines (covering dressing manners, reporting to office, code of conducts etc) not yet prepared in majority of MDAs/LGAs;
- Inadequate work tools especially computer and manual (i.e need to produce more copies for each staff) in majority of MDAs/ LGAs;

- Audit working papers, internal control evaluation questionnaires not filed and/or performed in majority of MDAs/ LGAs;
- New role of internal audit not yet started in majority of MDAs/ LGAs (about 85%). Majority of other internal audit staff had never attended any skills enhancement internal audit training;
- Quarterly/annual internal audit reports have no requisite details in some MDAs/ LGAs;
- Procurement and contract audit not done in majority of MDAs/ LGAs
- Specialised audits for sensitive areas like wages and salaries; assets not done
- Meetings are done only when there is a special matter to address and minutes are not taken. No regular /periodical meetings;
- Inadequate office space for internal audit department in some (50%) MDAs/ LGAs;
- Inadequate staffing for majority of MDAs/LGAs in respect of size and functions;
- Other internal audit staff not assigned duties to perform by their supervisors (in a few MDAs – 6%) i.e generally lack of managerial skills;
- A follow-up of recommendations made in previous reports is not reported in subsequent audit reports (in a few MDAs);
- Documents like the Public Procurement Act or Public Finance Act are not readily available to the auditors (in some MDAs).

5.3.3 Any Other Observations Noted/ General Comments from Participants

Other observations noted were:

- Availability of skilled and energetic internal audit staff at the MDAs/LGAs;
- The internal audit function is at least being recognized and appreciated in almost all MDAs/ LGAs;
- Majority of the auditors in almost all MDAs/LGAs have limited knowledge on auditing through the computerized accounting system (epicor).

General comments raised by internal audit staff:

- Awareness of contemporary issues of internal audit to Accounting Officers, all Internal Audit Staff and Heads of Department is crucial for creating good working environment in the MDAs/LGAs.

5.3.4 Recommendations

Based on the discussions and training during the visit, it is recommended that:

- Organise awareness workshop on contemporary issues of internal audit to Chief Executive Officers of MDAs/LGAs and selected Heads of Department (eg Finance; Administration, Information Technology).
- Train all internal auditors on epicor system so that they can audit through the system.

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The Intermediate Internal Audit training programme has broken a key milestone towards realization of the broad goal of internal audit reforms in the Government of Tanzania- improvement in the quality of government internal audit through equipping internal auditors with skills that will enable them carry out timely and quality internal audit and reporting

A number of issues have been identified which if properly addressed will contribute to that goal. While the identified strengths in internal audit functional areas in MDAs/ LGAs need to be noted for continuity, a key attention however, should be made on the issues that require improvement (areas of weaknesses). These issues also require support both from within and outside the MDAs/LGAs

The participants who have been exposed to the practical training on basic and new issue of contemporary internal audit should act as a catalyst towards improvement of internal audit operations in MDAs/LGAs and hence improved quality of internal audit operations in the country.

6.2 Recommendations

Based on the above conclusion, it is recommended that:

- Training on Introductory/Intermediate Internal Audit to all government Internal Auditors is important. As the number of newly employed government internal auditors is large, a practical strategy/ methodology can be worked out between the office of the Accountant General and the training institution;
- Organise awareness workshop on contemporary issues of internal audit to Chief Executive Officers of MDAs/LGAs and selected Heads of Department (eg Finance; Administration, Information Technology). This will also help to sensitize more the CEOs/ top management of MDAs/LGAs to provide office space for internal audit; allocate more resources to IA departments etc;
- Training in auditing through the computerized accounting system (epicor) to all internal auditors of MDAs/ LGAs is crucial;
- The functionality of Audit Committees in the MDAs/ LGAs needs to be worked out so as to make Internal Audit departments perform their duties efficiently and effectively.

Appendices

**Appendix 1: Detailed Training Report- Introductory
Internal Audit**

**Appendix 2: Internal Audit Questionnaire Survey For
MDA/LGA**

Appendix 3 : Follow-Up Training Tool/ Checklist Used

THE UNITED REPUBLIC OF TANZANIA



ACCOUNTANT GENERAL'S DEPARTMENT

**Accountant General's Department- JICA Development Study
Programme**

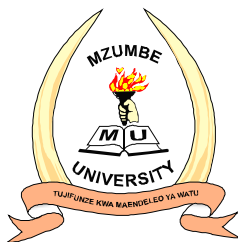
Report on

TRAINING ON INTERMEDIATE INTERNAL AUDIT

**For Middle- Level Internal Auditors of Ministries, Independent
Departments and Local Government Authorities.**

DATES: 24th to 28th October, 2006

VENUE: MUM Executive Hall- Morogoro Town



MZUMBE UNIVERSITY

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October, 2006

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ACKNOWLEDGEMENT

Many people participated and helped in both the preparation and the implementation this course on Intermediate Internal Audit Course. Their contributions did not only result into the realization of the training programme objectives but also have greatly assisted in the preparation and production of this report.

In the first place, we are grateful to the JICA Development Study Programme and Ministry of Finance- Accountant General's Department for organizing the training programme and choosing Mzumbe University in particular to run this programme

We are also grateful to a number of officials Mr Nakagome and Victor (JICA Consultants); Ms Blandina Nyoni (Accountant General); Mr Aziz Kifile Assistant Accountant General- Financial Management Systems and Audit for their remarkable and valuable assistance in the entire process of planning and effecting the training programme let alone the preparation of this report.

Our thanks also are accorded to all participants of the training programme for their cooperation through sharing of experiences in the sessions that lead to the successful delivery and accomplishment of the training objectives.

The limited time and pages will not give us the opportunity to mention each and everyone who in one way or another has helped to the success of the course. However, we appreciate every effort invested in this work.

1.0 INTRODUCTION

1.1 General Introduction and Objectives of the Training

The reform process of internal audit functions in the Government of Tanzania has resulted into a recategorisation of internal auditors in the Ministry, Department and Agencies (MDAs) and Local Government Authorities (LGAs) as well as recruiting new internal auditors in the MDAs and LGAs.

Similarly, turbulent business environment and the increasing public concern about corporate citizenship and value for money has made the demand for value adding assurance and consulting services more pressing than before.

In response, the role of internal auditors has evolved, and still widening, so as to assist management in all areas and, consequently, has eclipsed other management services to become a primary source of managements' advice on best practice.

Thus, capacity building to both inexperienced and/ or experienced/trained government internal auditors is imperative. The training, among other things exposed internal auditors to the key of internal audit in government as well as modern (contemporary) issues in internal auditing.

The expected overall objective to be achieved is improvement in the quality of government internal audit through equipping internal auditors with the skills that will enable them carry out timely and quality internal audit and reporting.

1.2 Training Facilitation, Dates, Venue, Opening/ Closing and Awards

1.2.1 Training Facilitation, Dates and Venue

The training was conducted by Mzumbe University and it was carried out in Morogoro Town at Muslim University Executive Hall. The training was conducted from 24th to 28th October, 2008 and was attended by twelve (12) participants (*See also Appendix 1 for the list of participants*).

The training was facilitated by consultants from Mzumbe University in collaboration with the Accountant General's Department. Invitation of participants to the training venue was done by the Accountant General's Department while the training and course administration was undertaken by Mzumbe University. This included organizing the training venue, participants' stationeries & training materials; delivery of training; lunch and refreshments and payment of participants' per diems and transport costs.

1.2.2 Official Opening and Closing

Official opening to both batches was done by the Acting Deputy Vice Chancellor of Mzumbe University, Prof E. Temba. She was hosted by the Director of Institute of Continuing Education. The official closing of the course was also officiated by Mzumbe University.

1.2.3 Resource Persons and Awards

Five resource persons from Mzumbe University were involved in the course. They included Peter Mbughuni, Ernest Mwasalwiba, Davis Meela, Gabriel Komba; Ms Stella Kinemo and Alloyce Maziku. (*See also Appendix 2 for the timetable*)

The overall course management and coordination was done by *Mr. Alloyce Maziku* assisted by *Mr. Ernest Mwasalwiba*.

At the end of the course, participants were awarded Mzumbe University Certificate of Attendance.

1.3 Training Methodology

The training style emphasized on experiential learning where participants' entry knowledge and field skills were highly utilized. The theoretical content was kept at minimum and was used to provoke constructive discussions and experience sharing among the participants and trainers.

1.3.1 Brief Lectures

Brief lectures were used to highlight key issues, laws and regulations in internal auditing. The facilitator began his session by displaying to participants the session objectives and introducing the topic by relating it to their actual work situations. This approach proved useful as it opened up opportunity for the participants to be involved throughout in the sessions.

1.3.2 Brainstorming

Participants' opinion/views were sought through asking questions related to the topic covered. This approach enabled participants to air their views freely and enabled facilitators to elaborate on issues that were not clearly understood.

1.3.3 Experience Sharing through Group Discussions, Mini-Presentations and General Questions

This was the most remarkable way of training. Participants were given opportunity to share practical problems and challenges faced through pre-prepared case studies in groups, mini-presentations and general questions relating to the topic covered. Practical problems and challenges were noted which, in the

end, formed a basis for agreeing on how best to improve the internal audit operations/ functions, thus improved quality of internal audit works.

2.0 EXECUTION OF THE TRAINING

2.1 Training Structure and Content

As pointed out earlier, this training was designed with the view of equipping internal auditors with the skills that will enable them carry out timely and quality internal audit and reporting.

Thus, the following topics were found to be relevant in achieving the intended objectives:

Course Title	Topic/ Session	Topic/ Session Contents
<i>Intermediate Internal Audit</i>	Overview of the Training	<ul style="list-style-type: none"> • Background of the Training • Rationale of the Training • Expectations and Outcomes of the Training
	Internal Auditing Overview and Contemporary Issues	<ul style="list-style-type: none"> • Introduction • Early demand for Internal Audit Function • Internal auditing as a separate profession • Role of private sector in shaping best practice • Expansion of scope and roles • New definition, new roles & responsibilities • Case Study
	The Assurance and Consulting Services and related issues on independence	<ul style="list-style-type: none"> • Introduction to new Internal Audit roles • Internal audit services and value added as a demand form customers • The assurance/ consulting continuum • Balancing Assurance and Consulting

Course Title	Topic/ Session	Topic/ Session Contents
	Governance, risk management processes, building a risk-based audit work plan and role of internal audit	<ul style="list-style-type: none"> • Introduction • The concept of Corporate Governance; • Corporate Governance in the public sector; • Governance and Risk Management; • Meaning of Risk and Risk Management; • The COSO Framework of ERM; • The Role of IAF in Risk Management. • What is meant by Risk- Based Internal Auditing (RBIA); • Analysis of how RBIA differs from System-Based internal auditing; • Communicating the process involved in developing a RBIA plan; • Developing a Risk- Based Work Plan.
	Change Management, Communication and Leadership and role of Internal Auditors as change agents	<ul style="list-style-type: none"> • Why change is needed; • Defining what changes are necessary; • How to implement changes successfully • Communication role of an Internal Auditor • Leadership role of an Internal Auditor
	Process Consulting and Internal Consulting skills for auditors Management Processes and role of IA	<ul style="list-style-type: none"> • Various methods of providing consultancy; • Choosing intervention skills to suit particular situations and sensitivity; • Making assessment and Analysis of Resources for a particular assignment.
	Coordination and Managing the internal audit function, time management and improving audit operations	<ul style="list-style-type: none"> • Planning the Audit Function; • Designing- Structure of IAF; Audit teams and IAF as management training ground; • Staffing the IAF; • Performance Measurement; • Compensation and Retention • Measuring and controlling the performance of the IAF as a whole

Course Title	Topic/ Session	Topic/ Session Contents
	Performance Auditing (Value for Money Audit)	<ul style="list-style-type: none"> • Significance and legal backing of Performance Audit (VFM Audit), • Scope for performance auditing; • The nature of performance auditing and how it can assist LGA's in discharging accountability obligations; • The implementation of VFM audits
	Procurement and Contract audit	<ul style="list-style-type: none"> • Exposure to rules and regulations governing the Public sector in Tanzania (e.g. Public Finance Act, 2001, Public Procurement Act, 2004 etc.) • Five objectives for good procurement • Procurement cycle activities • Auditing the procurement cycle • Elements of open procurement • Auditing the procurement organization structure • Procurement auditing procedures • Contract audit
	Internal audit customers and techniques of stakeholders management	<ul style="list-style-type: none"> • Internal Audit Customers and Stakeholders; • Customer Satisfaction; • The concept of Stakeholder Management.
	Report writing, Exit conferences and Presentation Skills	<ul style="list-style-type: none"> • Purpose of reporting • Types of internal audit reports • Style of Reporting • Discussion before draft report • Draft report • Discussion of the audit report • Final audit report • Confidentiality of audit report

(See also appendix 2 which provides for the training timetable)

2.2 Training Evaluation

At the end of the workshop participants were given opportunity to evaluate the training effort. A format of the evaluation form used is attached as *Appendix 3*. A total of twelve (12) participants attended the course. Out of 12 participants who attended the course, 11 filled the evaluation forms. 1 participant who didn't fill the evaluation forms had to attend medical treatment at the time when the course evaluation was done.

Generally all participants (100%) appreciated the course as good and very useful to them. Participants confirmed that the course will assist them to improve on internal audit practices in their work places.

A summary of the participants' responses is shown herebelow:

Q No	Question	RESPONSES		
		Very Good/ Very Relevant/ Very Long	Good/ Relevant/ About Right	Not Good/ Not Relevant/ Too Short
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9	Course Duration		4 (36%)	7 (64%)
10	Course Administration	3 (27%)	8 (73%)	

Things Liked Most and Least as Cited by Participants;

	Things Liked Most	Things Liked Least
	<ul style="list-style-type: none"> ○ Presentation of materials and handouts ○ Course contents ○ Group discussions and sharing of experience ○ Change Management, Leadership and Communication Skills ○ Consultation models ○ Contemporary practices of Internal Audit ○ Practical Case Study- Consultation; managing internal audit operations, contemporary practice 	<ul style="list-style-type: none"> ○ Short duration of the course

The following issues were raised by participants as requiring improvement and general remarks:

	Things to be Improved	General Remarks
	<ul style="list-style-type: none"> ○ Communication with participants (inviting) participants to the course ○ Increase duration of the course 	<ul style="list-style-type: none"> ○ Generally a good course; ○ Need to have regular courses of this kind; ○ Extend the course, especially contemporary practice of Internal Audit and Change Management to Chief Executive Officers.

3.0 CONCLUSION AND RECOMMENDATIONS BY THE CONSULTANTS

The course evaluation indicates that the course was very useful to the participants as it has given them an opportunity to acquire some new operational skills and knowledge as well as share some practical challenges / issues regarding improving internal audit operations. It thus, the expectations that the acquired skills and knowledge will be translated into action hence improved quality of internal audit operations in the country.

Based on the general remarks by the participants, it is recommended that:

- Awareness Internal Audit Workshop (*Contemporary Practice and its Role to Achievement of Organisational Objectives and Governance*) to Chief Executive Officers, Directors/ Heads of Department is important. This workshop should be conducted immediately to go hand in hand with the training that has been provided to the technical staff. 2 to 3 days is proposed.
- The issues that have been raised by participants need also to be worked out for more improvement of internal audit operations.

Appendix i

List of Participants

S/NO.	NAME	POSITION	WORK STATION
1	GAUDIOSE BIRO	INTERNAL AUDITOR	MWANZA ZONE (MINISTRY OF EDUCATION)
2	TATU KAMBI	INTERNAL AUDITOR	MINISTRY OF EDUCATION
3	JUDITH MAZIWA	INTERNAL AUDITOR	TEMEKE MUNICIPAL COUNCIL
4	BLANDINA HOKORORO	INTERNAL AUDITOR	TEMEKE MUNICIPAL COUNCIL
5	PAISON MWANYASI	INTERNAL AUDITOR	MINISTRY OF FINANCE
6	ADORATH MWALUGENI	INTERNAL AUDITOR	MINISTRY OF AGRICULTURE
7	PETER CHILUMBA	INTERNAL AUDITOR	ACCOUNTANT GENERAL'S DEPARTMENT
8	CLEMENT L.N TIMOTHY	INTERNAL AUDITOR	MINISTRY OF EDUCATION
9	LAISON KILEMBE	INTERNAL AUDITOR	MONDULI DISTRICT COUNCIL
10	BENEDICT MOSHY	INTERNAL AUDITOR	MOROGORO MUNICIPAL COUNCIL
11	ABDUL A. MWINYI	INTERNAL AUDITOR	BAGAMOYO DISTRICT COUNCIL
12	MATILDA MWAKIBINGA	INTERNAL AUDITOR	MINISTRY OF NATURAL RESOURCES AND TOURISM

*Appendix ii***TIMETABLE****DAY 1: 24th October, 2006**

Time (Hrs)	Activity	Responsible Person
0900 – 0930	Registration	Secretariat
0930 – 1000	Opening	ALL
1000 – 1030	HEALTH BREAK	ALL
1030 – 1200	Contemporary practice of IA, new roles and responsibilities	Ernest Mwasalwiba
1200 – 1.00	Group work/ Case study	Participants
1.00 –2.00	LUNCH BREAK	ALL
2.00 – 4.00	Presentation and Discussions	ALL

DAY 2: 25th October, 2006

Time (Hrs)	Activity	Responsible Person
0830 – 10.30	The Assurance and Consulting Service and related issues on IA Independence	Ernest Mwasalwiba
10.30 – 11.00	HEALTH BREAK	ALL
11.00 – 1.00	Governance, risk management processes, building a risk-based audit work plan and role of internal audit	Ernest Mwasalwiba
1.00 – 2.00	LUNCH BREAK	ALL
2.00 – 4.00	Group work/ Case study Participants Presentation and Discussions	ALL

DAY 3: 26th October, 2006

Time (Hrs)	Activity	Responsible Person
0830 – 10.30	Change Management, Communication and Leadership and role of Internal Auditors as change agents	Alloyce Maziku/ Ms Stella Kinemo
10.30 – 11.00	HEALTH BREAK	ALL
11.00 – 1.00	Process Consulting and Internal Consulting skills for auditors Management Processes and role of IA	Alloyce Maziku
1.00 – 2.00	LUNCH BREAK	ALL
2.00 – 4.00	Group work/ Case study Participants Presentation and Discussions	ALL

DAY 4: 27th October, 2006

Time (Hrs)	Activity	Responsible Person
0830 – 10.30	Coordination and Managing the internal audit function, time management and improving audit operations	Peter Mbughuni
10.30 – 11.00	HEALTH BREAK	ALL
11.00 – 1.00	Performance Auditing	Gabriel Komba
1.00 – 2.00	LUNCH BREAK	ALL
2.00 – 3.30	Compliance, audit and exposure to rules and regulations governing the Public sector in Tanzania eg Public Procurement Act (2004)	Gabriel Komba
3.30- 4.30	Group work/ Case study Participants Presentation and Discussions	ALL

DAY 5: 28th October, 2006

Time (Hrs)	Activity	Responsible Person
0830 – 10.30	Internal audit customers and techniques of stakeholders management	Davis Meela
10.30 – 11.00	HEALTH BREAK	ALL
11.00 – 1.00	Report writing, Exit Conference and Presentation Skills for Internal Auditors	Davis Meela
1.00 – 2.00	LUNCH BREAK	ALL
2.00 – 3.30	Group work/ Case study /Presentation and Discussions	ALL
3.30- 4.30	Course Evaluation and Official Closing	ALL

EVALUATION FORM

Course/Workshop/Seminar Title: _____

Date: _____

Number of Weeks: _____

Course Coordinator: _____

Indicate your preference against the statement then express your views about each by ticking [✓] the relevant alternative.

1. Overall, accomplishment of the course objectives was:

- Very good []
- Good []
- Not good []

2. Overall the training methodology was:

- Very effective []
- Effective []
- Not effective []

3. Things I liked most about the course were:

4. Things I liked least about the course were:

5. Professionally the course was:

- Very relevant []
- Relevant []
- Not relevant []

6. Subjects that needed more time are:

7. Subjects that needed little time are:

8. Overall trainers were:

- Very effective
- Effective
- Not effective

9. The course duration was:

- Very long
- Just about right
- Too short

10. Course administration (directorship) was:

- Very good
- Good
- Not good

11. Things that need to be improved are:

12. My general remarks are:

Thank you for your cooperation.

Appendix 2

INTERNAL AUDIT QUESTIONNAIRE SURVEY FOR MDA/LGA

This questionnaire survey is conducted by Japan International Cooperation Agency (JICA) to provide input from MDAs and LGAs into development of the Government Internal Audit Training Programme. Please respond to these questions openly and honestly as we will use this form solely for the stated purpose. Thank you for your time and input.

Name: _____

MDA/LGA: _____ Position: _____

Contact tel. number _____ Date: _____

- | | | | |
|---|------------------------------------|------------------------------------|--------------------------------------|
| 1. How many internal auditors are currently employed in your MDA/LGA? | _____ | <input type="checkbox"/> | Do not know |
| 2. Are there plans to employ additional internal auditors in your MDA/LGA? If yes, please tell us how many? | <input type="checkbox"/> This year | <input type="checkbox"/> Next year | <input type="checkbox"/> Do not know |
| | How many? | How many? | |
| 3. When your Internal Audit function was established? | 200__ | <input type="checkbox"/> | Do not know |
| 4. Is there an Audit Committee established in your MDA/LGA? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Do not know |
| 5. Is an Internal Audit Plan prepared in your MDA/LGA? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Do not know |
| 6. How often the Internal Audit Report is submitted in your MDA/LGA? | <input type="checkbox"/> Quarterly | <input type="checkbox"/> Annually | <input type="checkbox"/> Do not know |
| 7. To whom the internal audit reports are submitted in your MDA/LGA? Please specify: | _____ | | <input type="checkbox"/> Do not know |
| 8. Is the Internal Audit Manual followed in your MDA/LGA when conducting the audits? | <input type="checkbox"/> Always | <input type="checkbox"/> Sometimes | <input type="checkbox"/> Do not know |

9. Do you interact with the internal auditors of other LGAs or MDAs while conducting your internal audit work? If Yes, please tell us the details:

Yes

No

Do not know

10. Have you ever been trained in the internal audit? If Yes, please write below details about the previous internal audit training (training provider, when, course duration, etc):

Yes

No

11. Do you think that your MDA/LGA needs an additional training for the internal audit? If Yes, please write below your suggestions on the contents of such a course:

Yes

No

Do not know

Please provide in the box below any additional comments that would assist us in improving the training programme for the internal auditors of MDAs/LGAs:

Thank you for your feedback! Please return this form before completion of the course.

CHECKLIST- FOLLOW- UP VISIT ON THE EFFECTS OF INTRODUCTORY AND INTERMEDIATE INTERNAL AUDIT TRAININGS TO GOVERNMENT INTERNAL AUDITORS (MDAs/ LGAs).

PART 1: GENERAL INTRODUCTION

- (a) Name of MDA/ LGA.....
- (b) Dates of Visit.....
- (c) Name of Consultant.....
- (d) Names and Positions of Staff Met/ Trained

S/N	1 Name of Person	Designation	Tel No/ Email
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

PART 2: OVERALL OBJECTIVE AND APPROACH TO THE FOLLOW- UP VISIT

2.1 Objective

The overall objective of the follow-up visit is to identify and analyse the effects of introductory and intermediate internal audit trainings that have been provided to government internal auditors (MDAs/ LGAs). Also on the basis of the identified problems and shortcomings, assist the MDAs/ LGAs in rectifying problems and shortcomings and thus improve their capacity in ensuring quality internal audit functions/ operations. Areas that require assistance/ attention external to the MDAs/ LGAs will be noted for recommendations.

2.2 Strategy/ Methodology

The follow-up visit will be carried out for two (2) days for each selected MDA/ LGA. Five (5) consultants will be involved in the assignment (*See also Appendix 1 for the selected MDAs/ LGAs and distribution amongst consultants*).

2 days will be used by all consultants to visit Ministry of Finance for sharing with the Accountant General of the follow-up visit mission as well as carrying out practical reviews (visit) at the Ministry. There after, consultants will disburse for their respective MDAs/ LGAs after having a common approach.

Follow-up visit methodology will include joint review of internal audit documents (eg internal audit plans, reports, files etc); demonstrations; and group discussions/ meetings.

2.2.1 CONSULTANT'S PROGRAMME AT THE MDA/ LGA

Arrival at the MDA/LGA: -Pay courtesy call to the Accounting Officer's Office i.e Permanent Secretary (PS) or Director of Administration and Personnel (DAP) for Ministries and Council Director for Local Government Authorities.

-Briefly explain the purpose of the follow-up visit and the whole programme at the MDA/LGA

-Take opportunity to highlight some key issues that were emphasized during the trainings especially the *New Contemporary Practice of Internal Audit and its Role to Achievement of Organisational Objectives and Governance*

- Also, take note to the CEO that there will be an exit meeting which will shade light of the key issues discussed, strengths, areas for improvement and recommendations.

At the Office of the C.I.A: -Explain the purpose of the follow-up visit and the whole programme at the MDA/LGA. All Chief Internal Auditors (C.I.As) received Modern Internal Audit Training, so most of the issues to be discussed are known

-Establish at the Office of the CIA the Organisation Structure of the Internal Audit Department; Job descriptions and responsibilities; Strategic Annual Internal Audit Plans

-Establish if there is an Audit Committee and its functionality.

PART 3: DETAILED FOLLOW-UP VISIT CHECKLIST – BY INTERNAL AUDIT FUNCTIONAL AREA

S/N	KEY FUNCTIONAL AREA	STRENGTHS	AREAS FOR IMPROVEMENT	TRAINING OFFERED/ AGREED COURSE OF ACTION/ RECOMMENDATIONS
DAY ONE (1)				
1	Coordination and Managing the internal audit function, time management and improving audit operations <ul style="list-style-type: none"> ○ Internal Audit Guidelines (designed by the department)- reporting to the office, dressing manners, code of conducts/ethics etc ○ Internal Audit tools- regulations manuals, guidelines: available and how used by staff ○ Communication arrangements; meetings etc ○ Facilities/ Resources- Office Space; Tables/Chairs; Shelves; Computers; Fax; Internet Connectivity etc 			
2	Preparation of Annual/ Quarterly Internal Audit Plan <ul style="list-style-type: none"> ○ How prepared (<i>obtain samples and review together</i>) ○ Adequacy? 			
3	Conduct of Internal Audit Work <ul style="list-style-type: none"> ○ How done; Systems based/ Risk based? 			

S/N	KEY FUNCTIONAL AREA	STRENGTHS	AREAS FOR IMPROVEMENT	TRAINING OFFERED/ AGREED COURSE OF ACTION/ RECOMMENDATIONS
	<ul style="list-style-type: none"> ○ Understanding of an effective internal control system ○ Filing of Audit Working Papers ○ Formulation of internal control evaluation questionnaires and how carried out ○ Interviewing ○ New roles- consulting; assurance etc started? 			
DAY TWO (2)				
4	Preparation of Audit Reports <ul style="list-style-type: none"> ○ How prepared (<i>obtain samples and review together</i>)? Proper wordings? ○ Where reported? Actions taken ○ Frequency of reporting 			
5	Procurement an Contract Audit <ul style="list-style-type: none"> ○ Is it done? ○ How 			
6	Value for Money Audit- is done? If not any preparations?			
7	Other Specialised Audits done? <ul style="list-style-type: none"> ○ Income; cash systems ○ Payments; wages and salaries ○ Assets; Fraud Investigation etc 			

Appendix i

Selected MDAs/ LGAs for Follow-Up and Distribution Amongst Consultants

S/N	MDA/ LGA	NAME OF CONSULTANT(S)	DATES
1	Ministry of Finance	A. Maziku, P. Mbughuni, E. Mwasalwiba, D. Meela and G. Komba	30 th Nov – 1 st Dec 2006
2	Ministry of Foreign Affairs	Alloyce Maziku	4 th – 5 th Dec 06
3	Ministry of Health		6 th – 7 th Dec 06
4	Arusha Municipal Council		11 th – 12 th Dec 06
5	Monduli District Council		13 th – 14 th Dec 06
6	Moshi Municipal Council		15 th – 18 th Dec 06
7	Tanga City Council		19 th – 20 th Dec 06
8	Ministry of Education and Vocational Training	Peter Mbughuni	4 th – 5 th Dec 06
9	Ministry of Justice		6 th – 7 th Dec 06
10	Ministry of Defence Forces		8 th -11 th Dec 06
11	High Court		12 th – 13 th Dec 06
12	PEDP- Dar-es- Salaam		14 th – 15 th Dec 06
13	Ministry of Home Affairs	Ernest Mwasalwiba	4 th – 5 th Dec 06
14	Ministry of Energy		6 th – 7 th Dec 06
15	Ministry of Natural Resources and Tourism		8 th -11 th Dec 06
16	Morogoro Municipal Council		12 th – 13 th Dec 06
17	Kilosa District Council		15 th – 18 th Dec 06
18	Dodoma Municipal Council		19 th – 20 th Dec 06
19	Ministry of Lands	Davis Meela	4 th – 5 th Dec 06
20	Ministry of Water		6 th – 7 th Dec 06
21	Dar-es- Salaam City Council		8 th -11 th Dec 06
22	Ministry of Community Development		12 th – 13 th Dec 06
23	Ministry of Industries and Trade		14 th – 15 th Dec 06
24	National Electoral Commission		18 th – 19 th Dec 06
25	Ministry of Agriculture	Gabriel Komba	4 th – 5 th Dec 06
26	Ministry of Science, Technology and Higher Educ		6 th – 7 th Dec 06
27	Temeke Municipal Council		8 th -11 th Dec 06
28	Law Reform Commission of Tanzania		12 th – 13 th Dec 06
29	Bagamoyo District Council		14 th – 15 th Dec 06

INTRODUCTION LETTER TO THE MDA/ LGA

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE**

Telegrams : "TREASURY" DAR ES SALAAM

Telephone : 2123950,

Fax: 2123950,2123748,2110040.

*(All official communications should be
addressed to the Principal Secretary
Treasury and not to individuals).*



P. O. BOX 9111,
DAR ES SALAAM.

In reply please quote:

Ref. No:

November 7, 2006

PERMANENT SECRETARY/ EXECUTIVE DIRECTOR,
XXXXXXXXX,
P.O BOX...,
XXXXXX.

Dear Sir/ Madam,

**RE: INTRODUCTION LETTER ON FOLLOW-UP VISITS OF THE EFFECTS
OF INTERNAL AUDIT TRAINING**

The above heading refers.

Mzumbe University was contracted by JICA Development Study Programme/ Ministry of Finance to conduct introductory and intermediate internal audit training to internal auditors as part of the implementation of the reform process of internal audit functions in the Government of Tanzania covering Ministry, Department and Agencies (MDAs) and Local Government Authorities (LGAs). The expected results of the training is overall improvement in the quality of government internal audit. Both trainings have already been carried out at Mzumbe University in Morogoro Town.

An important component to the contract was also to carry out follow-up visits after the training. The overall objective of the follow-up visit is to identify and analyse the effects of introductory and intermediate internal audit trainings that have been provided to government internal auditors (MDAs/ LGAs). Also on the basis of the identified problems and shortcomings, to assist the MDAs/ LGAs in rectifying problems and shortcomings and thus improve their capacity in ensuring quality internal audit functions/ operations. Areas that require assistance/ attention external to the MDAs/ LGAs will be noted for recommendations.

This letter therefore, introduces Mzumbe University Consultants (Messrs Peter Mbughuni; Alloyce Maziku; Ernest Mwasalwiba; Davis Meela and Gabriel Komba) who will carry out the follow-up visit at your organization for two (2) days. The period of follow-up visit for the selected MDAs and LGAs will range from 1st to 20th December, 2006.

You are required to give the necessary cooperation and assistance to this important activity.

Wishing you all the best.

Azizi H. Kifile

For: PERMANENT SECRETARY - TREASURY

**REPORT ON JICA DEVELOPMENT STUDY'S SUPPORT ACTIVITIES
FOR PFM RP COMPONENT 4 – LOT F ADMINISTRATIVE
SUPPORT ON TRAINING ON IT SKILLS**

1. Introduction

The Japan International Cooperation Agency (JICA) embarked upon a two-year Development study in July 2005. In the financial 2006/2007 various training programmes have been conducted under the sponsorship of JICA for capacity building of staff of the Tanzania Accountant General's Department as well as other Central and Local Government Departments.

In the Development study, it was planned that three government staff would be dispatched to group training courses conducted by regional and /or overseas training institutes in the first or second quarter of the year.

2. Training on Information technology Skills

On 23rd June 2006, the National Board of Accountants and Auditors (NBAA) entered into a contract for services with the Japan International Cooperation Agency (JICA) Consultant Team to provide administrative support for the implementation of the programme. Three officials were nominated by the Office of the Accountant General to undertake courses in different aspects of information technology as explained hereunder

Training for System Support Staff was done as follows:

- (1) Mr. Gabriel Mwero attended a course on Managing the Internal Audit Function. The Course was conducted by ESAMI in Mbabane –Swaziland from 13th November 2006 to 8th December 2006.

Managing the Internal Audit Function course covered the following:

- What is Internal Auditing
- International Standards for the Professional Practice of Internal Auditing
- Internal Auditing code of Ethics and Accountability.

- (2) Ms Neema Mpembe attended a course on IT Control Security. The Course was conducted by ESAMI at ESAMI HQS-Arusha Tanzania from 27th November, 2006 to 15th December 2006

The programme was structured in four major modules:

- Threats and Crime/Fraud related problems in IT
- IT control and Security Systems

- Planning and Management of IT Security
- Risk Management

(3) Mr. Victor Bwemero attended a course on Managing Electronics Records The course was conducted by ESAMI at ESAMI HQS-Arusha Tanzania from 27th November, 2006 to 15th December 2006

The programme was structured in the following areas:-

- Introduction of the concept of knowledge management which facilitates sharing the knowledge and experiences accumulated at an individual level with one another.
- The concept and best practice of knowledge management in regard to managing electronics records.

3. Assessment of the Training

In accordance with the Evaluation Reports submitted by the Participants (see **Appendix B₂**), courses were found to be very useful, relevant and educative to them as they covered a wide range of issues pertinent to system support function.

4. Cost Analysis on reimbursable

The Training had a total financial costs of USD 32,533 as shown in Appendix “B”

5. Conclusion

We would like to extend our appreciation to JICA, Accountant General’s Staff and you personally for the cooperation shown and trust in giving us such an assignment. We expect to work with you again in future.

SUBMITTED