

**EFFECTIVENESS OF GOVERNMENT AUDIT IN ENSURING
ACCOUNTABILITY OF CLIENTS IN ZANZIBAR:**

**EFFECTIVENESS OF GOVERNMENT AUDIT IN ENSURING
ACCOUNTABILITY OF CLIENTS IN ZANZIBAR:**

**By
Rashid Mohamed Kassim**

**A Dissertation submitted in partial fulfillments of the requirements for the award
of Master of Science in Accounting and Finance of Mzumbe University
2014**

CERTIFICATION

We the undersigned, certifies that he has read and hereby recommends for the acceptance by the Mzumbe University, dissertation entitled **Effectiveness of Government Audit in Ensuring Accountability of Clients in Zanzibar**, in partial fulfillments of the requirements for the award of Master of Science in Accounting and Finance of Mzumbe University

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ABBREVIATIONS

APAC	Association of Public Account Committee
APP	Annual Performance Plan
AR	Audit Report
CCAF	Canadian Comprehensive Audit Foundation
DP	Development Partners
EITI	Extractive Industries Transparency Initiative
IAASB	International Accounting and Auditing Standards Board
IFAC	International Federation of Accountant
IGS	Institute of Governance Studies
INTOSAI	International Organization of Supreme Audit Institution
MDAs	Ministry, Department and Agency
MTEF	Medium Term Expenditure Framework
NPM	New Public Management
OCAG	Office of Controller and Auditor General
OECD	Organization for Economic Co-operation and Development
PAC	Public Account Committee
PEFA	Public Expenditure Financial Accountability
PER	Public Expenditure Review
PFA	Public Finance Act
RBA	Risk Based Audit
SAI	Supreme Audit Institution
SBA	System Based Audit
SPSS	Statistical Package for Social Science
VFM	Value for Money
ZADP	Zanzibar Audit Development Project

ABSTRACT

The purpose of the study was assessed the effectiveness of government audit to ensure accountability of the clients in Zanzibar. The study was focused on assessing the contribution of government audit in managing public resources are responsibly and effectively, assessing the oversight functions of government entities, examining the role of Government audit in minimizing the chances of misuse and mismanage public resource and assess the reliability to the financial statement opinion provided by the government auditors to the intended users.

This study adopted the multi embedded case study design and employed qualitative and descriptive statistics. A population of 121 was selected from External and Internal Auditors, Accountants, Director of Audit and Senior Officers from Ministry of Finance and House of Representatives using stratified simple random sampling.

The study found that there is little contribution of government audit in managing public resources are responsibly and effectively to achieve the intended result, the due to fact that Government auditors have not fully covered the audit mandate, often some of the government auditors are not abide with the code of ethics, Public Account Committee faces some challenges on exercising their duties which include lack of skills that can cover all aspects ranging from information technology, financial management and public administration, also operate within a limited budget, increases workload and backlogs and the power of PAC in Zanzibar is limited to making recommendations to the House of Representative, most common type of audit approach is vouching audit and there is lack of autonomy in term of finance and employee, under the reliability of financial statement opinion the study showed that some of the audit staffs have no familiar with application of standards and improper planning during the audit work.

The study recommends that various strategies that can be employed to address the above challenges. Such strategies include; repeals of the Establishment of Office of the Controller and Auditor General Act number 11 of 2003, revised some of the provision of the Constitution of Zanzibar of 1984 and continuous capacitate of government auditors and PAC through training on the auditing matters.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter provides background information of the study and describes the history, nature of government audit worldwide and narrow down to the country level in line with accountability for the implementation of budget. It highlights the statement of the research problem, research objectives and the research questions. The chapter ends up by describing the significance of the study, pointing out how this study is important to knowledge contribution, policy makers and managerial implications.

1.2 Background to the Problem

It is believed that, the term audit is derived from the Latin term ‘audire,’ which means to hear. In early days an auditor used to listen to the accounts read over by an accountant in order to check them. Auditing is as old as accounting. It was in use in all ancient countries such as Mesopotamia, Greece, Egypt, Rome, U.K. and India. The original objective of auditing was to detect and prevent errors and frauds. Auditing evolved and grew rapidly after the industrial revolution in the 18th century with the growth of the joint stock companies the ownership and management became separate. The shareholders who were the owners needed a report from an independent expert on the accounts of the company managed by the board of directors who were the employees. The objective of audit shifted and audit was expected to ascertain whether the accounts were true and fair rather than detection of errors and frauds (Gupta & Pagare, 2005)

The demand for both external and internal auditing is anchored to the need of obtaining independent verification of record to minimize errors, asset misappropriation, and fraud within business and non business organizations.

In the past, World Bank and other donors often established parallel auditing systems for their projects, undermining developing countries' Supreme Audit Institutions due to lack of trust to those Institutions. Equally problems have been experienced in projects that are engaged in performance auditing without ignoring basic weaknesses in financial management, despite the Bank efforts to strengthen oversight agencies such as Supreme Audit Institutions. This note is intended to help Bank staff to appreciate the role and nature of these institutions, particularly in managing public spending, ensuring financial accountability, and strengthening public institutions (Stapenhurst & Titworth, 2002).

Ministries, Departments, Agencies and other Public Institutions of the Revolutionary Government of Zanzibar receive and spend public funds according to their budget, and as such they are responsible for proper spending and utilization of the taxpayer's money. To hold the budget recipients accountable for spending that money, government audit is the prime public instrument. In Zanzibar, the organization responsible for carrying out the audit functions for the Government in the public sector is Office of the Controller and Auditor General of Zanzibar (PFA, 2005).

Government auditing in Zanzibar has a memorable history which originated from the Colonialism which aimed at improving the social, economic and political dimensions of the country also its significance and contribution towards achieving public governance of the country are yet to be well recognized by the majority of the people. One of the cornerstones of democracy is the people's right to know how public money is collected and spent. In parliamentary democracies, the government must report to the House of Representatives/Legislature on how the public money was spent. This is what constitutes accountable governance of public finances. To fulfill this demand, the government relies on independent audit of public operations which is done by the Supreme Audit Institutions in all countries. In Zanzibar, the responsibility for financial monitoring of government lies in the office of the Controller and Auditor General (PEFA Report, 2010).

Being the SAI of the state, OCAG performs the function of watchdog in ensuring public accountability. SAI Zanzibar, headed by the CAG, was established in 2003 as per Act no 11 of the Office of the Controller and Auditor General Zanzibar, in accordance to Article 113 of the Constitution of Zanzibar of 1984 (revised 2010). The auditing functions are carried out by the various audit directorates under CAG contributes the promotion of transparency and accountability of the government to the House of Representative. Statutory audit also performs an advisory function to the Public organizations in Zanzibar in establishing financial discipline (AR, 2010)

There are various approaches of auditing for assessing the effectiveness of the implementation of budget to provide independent assurance to the legislature on the proper accounting and use of public resources (Budget guideline 2012,). The major users or stakeholders of Government Audit include the Public Accounts Committee (PAC) of the House of Representative, other members of House of Representative, Development Partners (DPs) and Ministries, Departments and Agencies. More frequently it has been noted in their reports on dissatisfaction on implementation of budget which hinders for annual development programme of the Government, the misuse and mismanagement of the public resources and corruption practice.

There are many of misconduct reported and some of the public institutions are believed to have corruption practice. The reasons for such problem attributed by lack of transparency and accountability in public institutions (Chowdhury, 2009). Auditing in this regard is considered as a vital mechanism to oversee the best use of public resources and make the executives accountable for their action. Various political forums, different local and international organizations, survey reports, media are frequently reporting their concerns on government agencies' inability to utilize a large part of the budget in time. This not only deprives the people from benefits of the development programmes, but the government fails to meet some commitments in various sectors.

Besides, the tendency to rush to complete the programmes of the government, inevitably results in unnecessary wastage of resources and poor quality of work. However, some of this significant information is not always reflected in the audit reports.

Supreme Audit Institutions are national agencies responsible for auditing government revenue and spending. Their legal mandates, reporting relationships, and effectiveness vary, reflecting different governance systems and government policies. But their primary objective is to oversee the management of public funds and the quality and credibility of governments' reported financial data (Stapenhurst & Titworth, 2002).

For the year 2010 the World Bank Group and other International Organizations conducted various reforms including PER and PEFA in Zanzibar for the purposes of improving the performance of the government audit and ensuring the accountability on utilization of the public resources for the intention that the SAI Zanzibar are not well functioning due to lack of independent, often the lack of competency of audit staffs , less response for the client on audit recommendation and many challenges faces the Public Account Committee as result of misuse of public resources which influence the inefficient of the government audit . So the researcher assessed the effectiveness of government audit in ensuring accountability of clients in Zanzibar.

1.3 Statement of the Problem

Audit forms an indispensable part of the financial administration and is one of the important organs necessary to ensure the sound functioning of a Parliamentary Democracy. It is the main instrument to secure accountability of the Executive to the Legislature. Audit assists Parliament/Legislature in exercising its financial control over the Executive to ensure that funds voted by the Parliament/Legislature have been utilized for the purpose intended and the funds authorized to be raised through taxation and other measures have been assessed, collected and credited to the Government properly. The primary function of audit is to verify the accuracy and completeness of

accounts to secure that all revenue and receipts collected are brought to account under the proper head, that all expenditure and disbursements are authorized, vouched and correctly classified and the final account represents a complete and a true statement of the financial transactions it purports to exhibit. It is the function of audit to verify that financial rules and orders satisfy the provisions of Law and or otherwise free audit objections and the rules and orders are properly applied (Paul, 2009)

The Supreme Audit Institution (SAI) of Zanzibar i.e. Office of the Controller and Auditor General Zanzibar (OCAGZ) is one of the responsible authorities to ensure transparency and accountability in the governance process of the Revolutionary Government of Zanzibar. In independent governance, one of the prime concerns is to ensure the proper use of public funds. Ministries are allocated money to implement the government programs and policies, where OCAGZ is authorized to see whether these funds are being properly utilized by conducting government audit and where by the stakeholders rely upon the certification of that report (AR, 2010)

According to Dye (1998), termed SAI as one of the pillars of integrity and expressed that audits are fundamental to accountability in curbing corruption. The OCAG acts as one of the prime authorities empowered by the Constitution of Zanzibar of 1984, for operational purpose.

Office of the Controller and Auditor General Zanzibar has different guidelines to exercise the audit work which includes Regularity Audit Manuals and Code of Ethics for the Auditors as well as the use of International Organization of Supreme Audit Institution (INTOSAI) Standards for Audit of Government funds. Though the role of SAI is largely known in the public sector and the nation, but from the view of study it can be evaluated to what extent and with what limitations this office, along with the related bodies, is functioning and can examine whether it needs further development or strengthening the office.(Musa, 2008)

Office of the Controller and Auditor General Zanzibar (OCAGZ) has different dimensions in its responsibilities including being a watchdog and aid to management. Despite having the various audit working tools for audit purpose, but there is increase of misuse and mismanagement of public resources. Therefore this study was done to assess the effectiveness of Government audit in ensuring accountability to the clients in Zanzibar.

1.4 Objectives of the Study

The general objective of the study is to assess the effectiveness of government auditing in ensuring accountability of clients in Zanzibar.

1.4.1 Specific Objectives of the Study

- To assess the contribution of government audit in managing public resources responsibly and effectively to achieve the intended result.
- To assess the oversight functions of government entities in allocation and management of public resources.
- To examine the role of Government audit in minimizing the chances of misuse and mismanagement of public resource.
- To assess the reliability of the financial statement opinion provided by the government auditors to the intended users.

1.5 Research Questions

The key questions of this study are:

- How does the government audit contribute public resources responsibly and effectively to achieved the intended result?
- How do the oversight functions offer support to government entities in allocation and management of public resources?

- How does the role of government audit minimize the chance of misuse and mismanage of public resources?
- How do the financial statements opinion provided by government auditors are practicable to the intended users?

1.6 Scope of the Study

The Government of Zanzibar consists of Ministries, Departments, Parastatals and other Public Bodies. This study was focused in the Ministry of Finance Zanzibar located at Vuga Street, Western Region, and Town District. The study involved selected employees especially Internal Auditors and Accountants at Ministry of Finance and sample from the Office of Controller and Auditor General and House of representative Zanzibar who are responsible for government auditing as well as accountability mechanism for ensuring good governance.

1.7 Limitation of the Study

The study was constrained by the following aspects:

- Respondents delayed to fill in and return the questionnaires.
- Some respondents reluctant to provide information during the study because of fear or suspicion.
- Some respondents were giving excuses such as lack of time, misplacing the questionnaires and being too busy as the result failed to return the questionnaire leading to collect less than the targeted number of questions.
- In adequate funds to cover a larger sample in Zanzibar.

1.8 Rationale of the Study

The study intends to reveal factors that influence the effectiveness of government audit in ensuring accountability of clients in Zanzibar .The study is expected to be much value to a number of beneficiaries such as ;

- Research report will be significant to the government auditors since it may help to illustrate their significant roles in ensuring the transparency and accountability on the utilization of the public resources through budget.
- It depicts the advantages of government audit for improvement on financial performance of the organizations.
- The research report may also encourage the government system to apply government auditing policy to the effectiveness of public institutions, and issues of corruption are likely to be eliminated hence transparency and accountability of the utilization of the public resources will increase as well as enhance the development of the economy in the country.
- Furthermore, this research will also act as a reference to other scholars or researchers who in future want to investigate the same topic.
- Lastly, this research is significant to the researcher in the sense that it is in partial fulfillment of the academic requirements for the award of Master of Science Accounts and Finance of Mzumbe University.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review of this study covers areas of government auditing, accountability and transparency in implementation of the budget. This chapter begins with the description of key concepts related to government audit, accountability and transparency, followed by theoretical studies and empirical studies on issues related to government audit in ensuring accountability and finally followed by the conceptual framework of the study.

2.2 Public Sector Auditing

The Canadian Comprehensive Auditing Foundation (CCAF, 1991) defines public sector audit as: The independent, objective assessment of the fairness of management's representations on performance or the assessment of management's systems and practices, against criteria, reported to a governing body or others with similar responsibilities.

The purpose of auditing, says Noseworthy (1999), is to give an independent assurance that public sector operations are reflected fairly in accounting statements and reports prepared by management, and to obtain the information needed for reports on performance. The objective of reporting is to provide facts, comments and recommendations which will help Parliament review the operations of Government, Government review the operations of Management, and finally help Management to review the operations of the Authority or Department (Noseworthy, 1999).

2.2.1 Types of Audit and Other Services

Government auditors conduct audits with different types of objectives. Financial reporting requirements and performance indicators for government functions vary

between jurisdictions and types of activity and results may take years to materialize. Consequently, the means to assess government financial regularity and performance vary widely. Accordingly, individual government auditors demonstrate different types of skills, competencies, and specializations (Jack, 2002)

For instance, government auditors need to understand accounting standards and systems to examine financial accountability; program operations and performance measurements to assess the success or progress of government activities; as well as standards and good practices for corporate governance, management, and internal control. In some cases, auditors can assess the reliability of existing indicators, but they must also be able to measure performance to independently evaluate achievements of a variety of public programs. Moreover, to make useful recommendations on how to improve operations, they must be able to apply standards and good practices specific to managing the type of operation being examined (Barton, 2005).

Selection of the type of audit or service to be performed is based upon the audit activity's authority and purpose, as well as the needs and issues to be addressed. The audit activity's scope of work depends on the authority granted to it by its enabling legislation and the needs or risks the organization faces. A broader focus allows the audit activity flexibility to use a risk-based approach to auditing, focusing on the areas of greatest concern or risk, while contributing value across the entire organization. The broadest audit focus also considers the organization's governance activities, which can help the organization, achieve its objectives and priority goals and improve its governance framework, including its ethical code. The narrowest audit focus involves testing individual transactions for errors or for compliance with contract terms, policies, regulations, or laws. The auditors' scope of work can vary between these extremes, and include activities such as reviewing internal controls, processes, and systems to identify systemic weaknesses and propose operational improvements. Usually, both types of

focus are necessary to varying extents in order to achieve the most effective impact from a government audit activity (Robert, 2005).

2.2.2 Performance Audit

Waring and Morgan (2007) defines the performance audit as follows: "Performance auditing is a systematic, objective assessment of the accomplishments or processes of a government program or activity for the purpose of determining its effectiveness, economy, or efficiency, the aim of the performance audit is to evaluate audited entity's performance and management in terms of economy, efficiency and effectiveness and to provide recommendations on how to improve the performance of the said entity.

2.2.3 Financial/Regularity

Auditors express an opinion on the presentation of the financial statements in accordance with established or accepted accounting principles (regularity). Often performed by Government External Auditors, this type of audit focuses on properly accounting for assets and expenditures as reported by the government. In addition to the financial statement opinion, financial audits can also examine the reliability of specific financial information, compliance with relevant procedures and rules, or the safeguarding of assets (IIA, 2006).

2.2.4 Advisory, Assistance, or Investigative Services

Auditors may provide objective, expert advice in a range of areas in which they possess expertise. Based on their knowledge and expertise, they may provide technical advice on issues related to good governance, accountability, ethical practices, and anti-corruption programs; effective risk assessment and management; internal controls; sound business processes; information technology (IT) systems development and operations; project management; program evaluation; and other areas affecting the effectiveness, efficiency, and economy of operations. In addition, government auditors may provide such services as control and risk assessment workshops and training in areas such as fraud awareness,

Performance measurement and control design. They may also provide advice on implementing audit recommendations (Laura & Michael, 2003).

In providing advisory/assistance services, auditors should remain independent. Although the auditors may, in an advisory role, provide technical advice and make recommendations to management, they may not make management decisions or assume a management role. Moreover, they must remain aware of the need to maintain independence and objectivity for any subsequent audits conducted in any program that has received significant levels of advice or assistance in its formative stages. In other words, auditors should guard against the risk of auditing (Laura & Michael, 2003).

2.2.5 Key Elements of Effective Public Sector Audit Activity

An effective public sector audit activity strengthens governance by materially increasing citizens' ability to hold their government accountable. Auditors perform an especially important function in those aspects of governance that are crucial in the public sector for promoting credibility, equity and appropriate behavior of government officials, while reducing the risk of public corruption. Therefore, it is crucial that government audit activities which are configured appropriately and have a broad mandate to achieve these objectives. The audit activity must be empowered to act with integrity and produce reliable services, although the specific means by which auditors achieve these goals vary. At a minimum, government audit activities need (IIA, 2006).

2.2.5.1 Organizational Independence

Organizational independence allows the audit activity to conduct work without interference by the entity under audit. The audit activity should have sufficient independence from those it is required to audit so that it can both conduct its work without interference and be seen to be able to do so. Coupled with objectivity, organizational independence contributes to accuracy of the auditors' work and the ability to rely on the results and report (IIA, 2006).

2.2.5.2 Formal Mandate

The audit activity's powers and duties should be established by the government's constitution, charter, or other basic legal document. Among other topics, this document would address procedures and requirements of reporting, the obligation of the audited entity to collaborate with the auditor (IIA, 2006).

2.2.5.3 Unrestricted Access

Audits should be conducted with complete and unrestricted access to employees, property and records (IIA, 2006).

2.2.5.4 Sufficient Funding

The audit activity must have sufficient funding relative to the size of its audit responsibilities. This important element should not be left under the control of the organization under audit because the budget impacts the audit activity's capacity to carry out its duties (IIA, 2006).

2.2.5.5 Competent Leadership

The head of the audit activity must be able to effectively recruit, retain, and manage highly skilled staff. Moreover, the chief audit executive should be an articulate public spokesperson for the audit activity (IIA, 2006).

2.2.5.6 Competent Staff

The audit activity needs a professional staff that collectively has the necessary qualifications and competence to conduct the full range of audits required by its mandate. Auditors must comply with minimum continuing education requirements established by their relevant professional organizations and standards (IIA, 2006).

2.2.5.7 Stakeholder Support

The legitimacy of the audit activity and its mission should be understood and supported by a broad range of elected and appointed government officials, as well as the media and involved citizens (IIA,2006).

2.2.5.8 Professional Audit Standards

Professional audit standards support the implementation of the previous elements and provide a framework to promote quality audit work that is systematic, objective, and based on evidence. Just as many governments have adopted internal control standards either as requirements or guidance for public sector managers audit activities should conduct their work in accordance with recognized standards (IIA, 2006).

2.3 Accountability

Accountability is the process whereby public sector entities, and the individuals within them, are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure. In effect, accountability is the obligation to answer for responsibility conferred (IFAC, 2001).

Accountability is one of the key principles of good governance. At present parliamentarians, civil society, executives, the DPs and the public are giving more emphasis on accountability and transparency in the public sector for economic development as well as human development (Azad, 2007). To ensure good governance in public sector is a collective responsibility. Among the institutions that can contribute to ensure it, are parliament, executive branch, audit institution, judiciary, law enforcing agencies, anti-corruption institutions, international organizations, civil society, and media.

According to Swarnajothi (2009), accountability is a mechanism intended to ensure that the affairs of the entities are conducted according to the interests of those who are interested in the affairs of the entity. To him the concept of accountability tends to assume great significance in situations where activities are conducted under delegated authority.

Accountability means ‘to give an account’ of actions or policies, or ‘to account for’ spending of public funds. It refers to the duty of the Accounting Officer to account as ‘Accounting Officer’ to the Minister, Auditor-General, and Legislature Committees through explaining or justifying their decisions or actions taken when they use public funds. Accountability is therefore meant to encourage open and transparent governance. It serves as the function of enhancing public confidence in government (Corder & Soltau 1999).

2.3.1 Public Sector Accountability

Accountability is the essence of democracy and good governance. Any government requires a system of accountability, so that it acts in ways that are broadly approved by the community (Hughes, 2003). Hughes argues that there are differences between public and private forms of accountability. Private sector has no real equivalent to political accountability. Political accountability makes the public sector different in kind, rather than in detail. “At its most elementary”, articulates Paul (1991), “public accountability simply requires that public bodies give an account of their activities to other people and provide a justification for what has been done in terms of other people’s values, in a way that private bodies do not”. Public sector accountability, he further states, refers to different approaches, mechanisms and practices that governments use to ensure that their activities and outputs meet intended goals.

2.3.2 Financial Accountability

Efficient and prudent financial administration is the foundation of public sector accountability (Mowla, 2005). Financial accountability is a part of public accountability, which can be achieved externally through financial reporting and internally through management accountability. An important way to communicate accountability is through financial and related information (Gynn, 1993). Therefore to ensure proper financial accountability, there must be an adequate system of budgeting, accounting and financial reporting, internal control and auditing of all public organizations. With the emergence of NPM, financial accountability is no longer a matter of probity, but also encompasses evaluation of whether project goals were achieved or particular amount or quality of service was derived (Turner & Hulme, 1997). In Zanzibar the answerability of officials carrying out tasks such as budgeting, accounting and auditing is called financial rather than managerial accountability. There is parliamentary committee for ensuring financial accountability, such as the Public Accounts Committee. The statutory audit of government organizations are carried out by CAG.

2.3.3 Accountability and Government Audit in Zanzibar

In most democratic countries, there is a clear separation of powers between the executive and legislature. The legislature is responsible for authorizing the budget or expenditure plans of the executive, and the executive is responsible for delivering their plans within the resources that the legislature has authorized, ensuring that they do so in compliance with laws and regulations and ensuring this is done efficiently, economically and effectively. The executive are responsible for planning and managing day to day operations and ensuring that they account for their use of resources. Finally it is their responsibility to report this back to the legislature. It is then the responsibility of the legislature, as the representatives of their citizens, to review how the executive has used the resources that the legislature provided it with to carry out its activities. It is the exercise of this responsibility of the legislature that there is a clear and important role for external public sector audit, in carry out their scrutiny roles effectively, Legislative

members need objective and fact-based information about how well the Government raises and spends public funds.

External public sector audit provides a key link in this chain of accountability between the executive and Legislature by providing independent and reliable information to the legislature, and also ultimately to citizens and users of public services. In Zanzibar, Supreme Audit Institution exercises their roles on government audit to the clients in ensuring accountability and transparency in utilization of public resources and reported back to the legislature, though this role is described under the Constitution of Zanzibar of 1984 cap 113 of Constitution and Public Finance Act no 12 of 2005 sec 25 (AR, 2009).

2.3.4 Role of Government Audit in Ensuring Accountability

Institute of Internal Auditor (2006) described the roles of Government auditing which explained that it is a cornerstone of good public sector governance by providing unbiased, objective assessments of whether public resources are responsibly and effectively managed to achieve intended results, auditors help government organizations achieve accountability and integrity, improve operations, and instill confidence among citizens and stakeholders. The government auditor's role supports the governance responsibilities of oversight, insight, and foresight. Oversight addresses whether government entities are doing what they are supposed to do and serves to detect and deter public corruption. Insight assists decision-makers by providing an independent assessment of government programs, policies, operations, and results. Foresight identifies trends and emerging challenges. Auditors use tools such as financial audits, performance audits, and investigation and advisory services to fulfill each of these roles.

The Office of the Controller and Auditor General Zanzibar (OCAGZ), the Supreme Audit Institution (SAI) is responsible for auditing all government receipts and public spending and to ascertain whether expenditures have yielded Value for Money (VFM) in

government offices, public bodies and statutory organizations. Appointed by the President of Zanzibar, the Controller and Auditor General (CAG) heads the Supreme Audit Institution.

CAG has the mandate to determine the scope, nature and extent of audit. The Constitution of Zanzibar of 1984 provides the CAG with complete independence i.e. In the discharge of his functions in accordance with the provisions of sub-articles (3), (4) and (5) of this Article, the Controller and Auditor General shall not be obliged to comply with the order or direction of any other person, or Government Department, but the provisions of this sub-article shall not preclude a court from exercising jurisdiction to enquire into whether the Controller and Auditor General has discharged his functions in accordance with the provisions of this Constitution or not.

Directors of Audit are the heads of the audit directorates who are responsible for conducting audit on behalf of the CAG in the government offices as well as the public sector undertakings (AR, 2009).

2.3.5 Principle of Governance

IFAC (2001) describe the elements of governance principles are relevant in both private and public sector organizations, although they are described in terms applicable to government.

- **Setting Direction**

Good governance establishes policies to guide an organization's actions. In government, policy may be directed through broad national goals, strategic plans, performance goals, legislative guidance, designated oversight organizations, or legislative oversight committees. A government's policies or at least its priorities can generally be found in its budget, which allocates limited resources to specific activities (IIA,2006).

- **Instilling Ethics and Integrity**

Good governance includes clearly articulated ethical values, objectives, and strategies; proper tone at the top; and internal control. It should align policies and procedures to encourage behavior that is consistent with the government organization's ethics and integrity values.

An important element necessary to achieve behavior that is consistent with good ethics and integrity is setting and enforcing clear lines of accountability that hold people responsible for doing the right thing (IIA, 2006).

- **Overseeing Results**

Good governance requires continuing oversight to ensure that policy is implemented as intended, strategies are met, and the overall performance of the government meets expectations and needs within policy, laws, and regulations (IIA, 2006).

- **Accountability Reporting**

Because government organizations act as “agents” to use resources and authority to accomplish established goals, governments must account for how they used the resources and what they accomplished. Accordingly, good governance requires regular financial and performance reporting that is validated for accuracy by an independent auditor. Accountability also implies imposing penalties or sanctions against those who have misapplied the resources for purposes other than intended (IIA, 2006).

- **Correcting Course**

When the organization has not achieved its financial or operational performance goals, or when problems are detected in operations or the use of funds, a good governance system will identify the cause of the problems, determine the corrective actions needed, and follow up to determine whether those actions were implemented effectively. Auditors' findings and recommendations represent critical inputs to good governance

that can lead organizations to take prompt and appropriate corrective actions to remedy identified weaknesses and deficiencies (IIA, 2006).

- **Probity**

The principle of probity calls for public officials to act with integrity and honesty. The erosion of public trust if public information and actions are not reliable undermines a government's legitimacy and ability to govern.

The political, social, economic, and environmental costs to society can be extensive. The principle of probity also applies when information is disseminated to lending authorities or other principals who have an interest other than an ownership share. The consequences of violating the expectation for probity can be swift and shattering when the people's trust in the government, its institutions, and leadership is undermined (IIA, 2006).

- **Equity**

The principle of equity relates to how fairly government officials exercise the power entrusted to them. Citizens grant their agents government officials both money and power to carry out their responsibilities. However, citizens are concerned with the misuse of government power, waste of government resources, and any other issues involving corruption or poor management that could negatively impact the government's obligations and service delivery to its citizens (IIA, 2006).

2.3.6 Transparency

Transparency refers to the need for openness in government policies and decisions. Such openness, and making available required information to the populace, will reduce the scope for misuse of resources and enhance public capacity for holding governments to account. One of the crucial areas highlighted for attention in this regard is the budget. It is through the budget that the management of national resources is mainly implemented and the absence of transparency in budgeting processes can engender corruption,

inefficiency and inequity, and compromise the provision of public services and the development effort. Particular focus is advised on public procurement. The use of open tender processes, publication of relevant information regarding award of contracts, easily accessible complaints procedures when unclean pay is suspected, are among the crucial considerations for ensuring good governance in public financial management (James, 2007).

Similar approaches should be adopted in the management of revenues accruing from natural resources such as oil and other mineral wealth, forestry and fisheries resources. The contracts signed with foreign partners for the exploitation of these resources, the revenues accruing there from and the uses to which they are put should be readily accessible to the populace. Absence of transparency in these matters creates breeding houses for conclusion of arrangements which may not be of general national benefit, encourage misappropriation and exploitation of national resources in the interest of an elite minority, with a potential in the long run of threatening national cohesiveness and precipitating instability (James, 2007).

The case for transparency and good budgetary management assumes further significance in the evolving advocacy for channeling aid through the domestic budget. The provision of aid in the form of general budgetary support confers greater independence in the use of resources on recipient countries, stronger national ownership of development policies and programmes, and lower costs than those associated with multiple aid delivery modalities. For this intention to be achieved on a wide basis and the proffered benefits realized, donor governments and institutions must have confidence in mechanisms in place in recipient countries for the management of the budget. Worries about corruption and mismanagement are antithetical to this objective; hence the need for strengthened budgetary procedures, improved governance and transparency.

There is a strong perception in the donor community that international assistance is required to help strengthen the public financial management systems and processes in aid receiving countries, including oversight by parliament, audit boards and civil society. Apart from the technical dimensions of the intervention, it is considered pertinent that, as may be relevant, the recipient countries should subscribe and adhere to, internationally sanctioned arrangements, such as the Extractive Industries Transparency Initiative (EITI), to ensure appropriate disclosure of revenue accruals and maximization of inflows from national resources.

Accountability is the natural affiliated of transparency. Indeed, the purpose of transparency is essentially the facilitation of accountability. In general, accountability refers to the obligation of those in authority to account to those on whose behalf they exercise such authority, for the discharge of the responsibilities entrusted to them. We can distinguish between financial, political and administrative elements of accountability. The exercise of accountability requires a system of laws, regulations and codes of conduct. In addition, mechanisms should be established for monitoring compliance and deviations, and institution of corrective measures (ibid, 2007).

2.4 Goals of Government Audit

Institute of Internal Audit (2006) describes the various goals of government audit which include on how the public resources are responsibly and effectively managed to achieve intended results, the oversight functions whether government entities are doing what they are supposed to do, assess the role of government auditors to reduce the chance of misuse and mismanage of public resource of the clients organization and assess the reliability to the financial statement opinion provided by the government auditors to the intended users.

2.4.1 Public Resources are Responsibly and Effectively Managed by Government Entities

As an essential element of a strong public sector governance structure, government auditing supports the governance roles of oversight, insight, and foresight. Because government's success is measured primarily by its ability to deliver services successfully and carry out programs in an equitable and appropriate manner, government audit activities should have the authority and the competency to evaluate financial and program integrity, effectiveness, and efficiency. Moreover, auditors must also protect the core values of the government, as it serves all citizen. (IIA, 2006).

2.4.2 Public Account Committee

Over the years, the Association of Public Accounts Committees (APACs) has played a vital role in capacitating PACs Members and support staff so that they could effectively and efficiently perform their oversight and accountability functions (APAC, 2008). The association distinguishes itself as an association concerned with public finance management, empowerment and promotion of sound, accountable and transparent governance in collaboration with oversight committees and other relevant bodies (APAC Annual Report, 2008/09). The association annually organizes a conference in order to provide delegates with an opportunity to interact, network, share best practices and experiences with regard to oversight and accountability matters.

2.4.2.1 Concept of Oversight

Oversight refers to the crucial role of the Legislatures in monitoring and reviewing the actions of the Executive organs of government. It refers to action or mechanism taken to oversee 'financial and non-financial' performance of government departments and public entities. It further entails overseeing the effective management of government departments by Members of Cabinet in pursuit of improved service delivery to all citizens.

2.4.2.2 Zanzibar Supporting Role of Public Accounts Committee (PAC)

It is legally established under section 106 and performs its duties as provided under section 118 of the Standing Orders of the House of Representatives. Zanzibar House of Representative (2010) outlined the main role of the committee are as follows:

- To scrutinize and report on annual accounts on Government and Parastatal expenditures and other accounts that will be reported to the House of Representatives through report of Controller and Auditor General.
- To review and work on any report of the Controller and Auditor General when the President had ordered that auditing to be exercised.
- To scrutinize by any other means as the Committee finds fit on any Government account and its Institutions.
- To submit its report subject to any investigation it made on any acceding expenditures on fund authorized for the respected financial year.
- To follow up the implementation of Committee appropriate recommendations given by past Annual Committee Report.

2.4.2.3 Responsiveness to Audit Recommendations

Responsiveness means responding to or acting on audit recommendations against the observations or audit queries raised in the audit process. This not only establishes accountability in government operations, but also aids in the management performance. (Tanzila, 2011).

2.4.2.4 Timeliness in Examination of Audit Reports

CAG's reports provide information, advice and assurances to Parliament and the public about all aspects of financial operations of the programs of government. Thus regular and timely discussions of audit reports and findings would ensure transparency and accountability in the budget and programme activities (Tanzila, 2011).

2.4.2.5 Follow-up of PAC Recommendations

Strong parliamentary oversight is essential to promote good governance. Scrutinizing the audit observations and making recommendations and reviewing settlement of audit observations will ensure transparency and accountability (OCAG, 2010). PAC recommendations on the audit findings are by meeting, accepted by the executive departments. Implementation and follow up of these recommendations render the audit work effective and meaningful.

2.5 Roles of Auditors to Minimize the Chance of Misuse and Mismanage of Public Resources

Government auditing is a cornerstone of good public sector governance, by providing unbiased, objective assessments of whether public resources are responsibly and effectively managed to achieve intended results, auditors help government organizations achieve accountability and integrity, improve operations, and instill confidence among citizens and stakeholders. In order to achieve intended result the government audit should ensure there is independent in the exercise the audit work in order to minimize the chance of misuse and mismanage of public resources by provide the advise to the clients to be audited.(IIA,2006).

2.6 Reliability to the Financial Statement Opinion

Government auditor's role is to provide unbiased and accurate information on the use and results of public resources, auditors must be able to conduct and report on their work without interference or the appearance of interference. Independence is achieved when the audit activity reports outside the hierarchy of the organization and activities under audit and when auditors are free to conduct their work without interference, restrictions, or pressures from the organization being audited. Such interference can occur if the audited entity limits access to records or employees, controls budget or staffing for engagements, or has authority to overrule or modify audit reports. Individual auditors also need to have independence, which means that the auditors are free from conflicts of

interest or biases that could affect their impartiality, the appearance of impartiality, or how the auditor conducts the work or reports results, so in order to be reliable of the financial statement opinion the government auditors should have a knowledge on how to apply the Auditing and Accounting Standards, well understanding how to plan the audit and should have competent enough in exercising the audit work (IIA,2006).

2.7 Theoretical Analysis of the study

Theoretical analysis of the study guides researchers in framing their study determining what kinds of investigations are appropriate and shaping their analysis (Goetz & Lecompte, 1984) .By considering the above viewpoint, the following theoretical framework was proposed.

2.7.1 The Policeman Theory

The policeman theory claims that the auditor is responsible for searching, discovering and preventing fraud. In the early 20th century this was certainly the case. However, more recently the main focus of auditors has been to provide reasonable assurance and verify the truth and fairness of the financial statements. The detection of fraud is, however, still a hot topic in the debate on the auditor's responsibilities, and typically after events where financial statement frauds have been revealed, the pressure increases on increasing the responsibilities of auditors in detecting fraud (Hay & Davis, 2004).

2.7.2 The Lending Credibility Theory

The lending credibility theory suggests that the primary function of the audit is to add credibility to the financial statements. In this view the service that the auditors are selling to the clients is credibility. Audited financial statements are seen to have elements that increase the financial statement users' confidence in the figures presented by the management (in the financial statement). The users' are perceived to gain benefits from the increased credibility, these benefits are typically considered to be that the

quality of investment decisions improve when they are based on reliable information (Hay & Davis, 2004).

2.7.3 Principal Agency Relationship Theory

The principal agency relationship considers the relationship between the Accountability of the clients and Effectiveness of Government Audit.

The officials acting as the principal's agent must periodically account to the principal for their use and stewardship of resources and the extent to which the public's objectives have been accomplished. An effective audit activity reduces the risks inherent in a principal-agent relationship. The principal relies upon the auditor to provide an independent, objective evaluation of the accuracy of the agent's accounting and to report on whether the agent uses the resources in accordance with the principal's wishes. The need for a third party to attest to the believability (credibility) of the financial reporting, performance results, compliance, and other measures arises from several factors inherent in the relationship between the principal and its agent (IIA,2006).

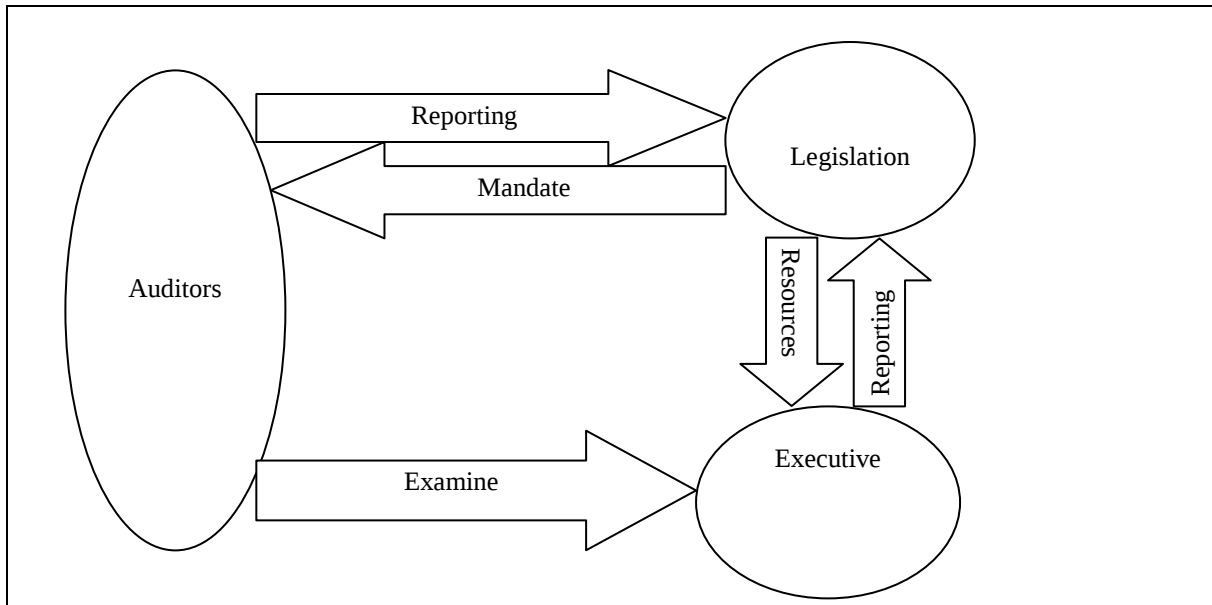
Bovens (2008) have elaborated 'the relationship between an actor and a forum' from three different theoretical perspectives on public accountability: democratic, constitutional and learning. The democratic perspective is more relevant in the present study, as public accountability is extremely important from a democratic theory perspective. It enables citizens and their representatives to make those holding public office, answer for their deeds. It stipulates that a modern representative democracy can be described as a concatenation of principal-agent relationships. The citizens, who are the primary principals in a democracy, have transferred their sovereignty to popular representatives, who, in turn, have transferred the drafting and enforcement of laws and policy to the government, and are reported back on the performance by statutory audit.

The role of audit in the principal-agent accountability relationship is also found in the literature of Canadian Comprehensive Auditing Foundation. The auditor's role in the public sector in a democratic state, articulates its contributor Jacques (2008), derives from the principal/agent relationship between elected bodies and public servants. Elected bodies (principals) provide resources and authority to government officials (agents) to implement government policies. The officials account to the elected bodies on their performance and for their stewardship of resources.

The auditor provides independent objective assessments of the agents' performance. A government's success is measured to a large extent by its delivery of programs and services to its citizens, and by its ability to carry out its programs properly. Government auditors, therefore must have both the ability and authority to assess the integrity, effectiveness and efficiency of that delivery as well as its management of citizens' financial resources.

Sahgal (2007) pointed to the three critical relationships involved in the process of holding the executive arm of government to account in pursuit of democratic governance. He called it the role of the three men in the boat. First, there is the accountability relationship between the legislature and the executive the paramount relationship. Second, the relationship between the external auditor and the executive. Third, there is the relationship between the auditor and the legislature and its committee. This too is a strong relationship. The tenure of the committee, regularity of its meetings, timely actions and rigorous follow-up are equally important areas for promoting the effectiveness of the oversight function (Sahgal, 2007). The SAI provides the critical link, observes Dayal (2000), in the accountability chain between the public sector, parliament and the community. Public financial accountability may be said to be a triangular arrangement involving the executive arm of government, the Parliament and the Supreme Audit Institution.

Figure 2.1 Represent Principal Agency Relationship



Source: (Sahgal, 2007).

Figure 2.1 clearly defines the auditor's role in the principal-agent relationship. In relation of the study, the government auditors as representing (CAG), are assisting the principal the parliament (PAC), thus acting on its behalf, in providing independent objective assessments of the agents (executive agencies) performance as regards the fund management of public resources.

The public are among the stakeholders of the accountability chain, since they are also providing resources, of the principals in the implementation of the government's policies. The underlying significance is the concerted effort of the actors (both principals and agents) involved in the relationship to sustain the accountability in the public financial management.

2.8 Empirical Analysis of the Study

Many studies have been done in assessing the effectiveness of government auditing in ensuring accountability in the implementation of the budget around the world. Most of the studies have been reported the effective relationship between Executive, Controller

and Auditor General and Parliament on how utilize the public resources for achieving good governance. The summary of these literatures are given below:

Shabbir (2009) stated that any Parliament of the world has the ultimate responsibility to ensure financial accountability and transparency in the management of public resources. The process of financial accountability starts from the placement and presentation of annual budget before the Parliament through which public managers are authorized to generate resources for, and spend money from the public exchequer. The effectiveness of the Parliament in ensuring financial accountability to a large extent depends on relevant, reliable and unbiased information provided by the SAI headed by the CAG through audit reports. Currently, the scope of public audit has further extended as the citizens are demanding for more value for money.

Shabbir (2009) cited in Sahgal, (1997) that audit can help control any propensity to divert public resources for private gain. By auditing government income and expenditure, the Office of Controller and Auditor General has provide assurance for financial integrity and the credibility of reported information and contributes to building up national integrity system.

Hafizuddin Khan (2006) is of the opinion that auditing is a function that serves accountability as it adds credibility to the assertions of the person or entity rendering account, and it provides valuable insights and information to the person or entity conferring the responsibility and thus leads to establishing integrity. In a similar vein, Mohammad Moslem Uddin (1996) discussed about the necessity of auditor's responsibility in replying to audit observations. Islam (2008) too emphasized on the accountability and transparency as basis of quality accounts and financial management.

The Audit Office's role is to assist Parliament to strengthen the effectiveness, efficiency and accountability of the instruments of government (Islam, 2008). A study conducted by IGS (2009) states that any Parliament has the ultimate responsibility to ensure financial accountability and transparency in the management of public resources. The effectiveness of the Parliament in ensuring financial accountability, to a large extent, depends on relevant, reliable and unbiased information provided by the SAI through his audit reports. This indicates that the effectiveness of OCAG is dependent to a great extent on an active and effective PAC which scrutinizes audit reports to ensure public accountability.

Preferences for performance audit alongside traditional ones are the demand of all stakeholders of audit reports. The traditional financial and compliance audits, reflected in a PAC report, though necessary, are not enough for a detailed representation of the irregularities concerning serious issues, as well as upholding transparency and accountability (PAC Report, 2010). Thus comprehensive and performance audit, in addition to traditional auditing, is the demand of time.

The link between governance and economic development is perhaps one of the most topical issues in the development arena today, stated Dye and Stapenhurst. Their writing asserts that auditing is a function that serves accountability as it adds credibility to the assertions of the person or entity rendering account and it provides valuable insights and information to the person or entity conferring the responsibility.

As the agency responsible for auditing government income and expenditure, public sector auditing acts as a watchdog over financial integrity and the credibility of reported information. The SAI everywhere derives authority from the Constitution and has more or less similar responsibilities and powers to audit and report on the public accounts to the legislature. The Controller and Auditor General is a lynch pin in the system of public accountability to Parliament, points a World Bank (2002) study. Based on the traditional

form of parliamentary accountability, Sahgal (2007) relates the critical relationships involved in the process of holding the executive arm of government to account in pursuit of democratic governance the role of the three men in the boat. These three sets of relationships, of each to the other, involve the legislature, the executive and the external auditor.

Stephen (2012) examined the role of oversight in the allocation and management of public resources in order to deliver the best possible public services. The study reported that in order to get best possible public services there is an effective government audit in which the public integrity should be upheld throughout the entire processes of the public resource management framework. Systems should be in place to track abuse of resources as well as potential conflicts of interest. Prompt corrective action should be initiated in response to any breach of the regulatory framework.

Valeria (2010) examined the role of Supreme Audit Institutions (SAI) with respect to the good functioning of governance systems in the light of the financial and economic crisis. The researcher concluded that SAI play an important role to ensure transparency of government's action, to guarantee effective accountability in financial and economic fields and to make available performance information that is the condition for participatory governance and citizens' trust in government. The role of measurement and the use and dissemination of performance information is fundamental, leading to a reflection on integrity in public administration and on the role of institutions. SAI perform the control function in its various perspectives and contribute to a healthy system of checks and balances; to this end all of them need to be fully independent and adequately endowed of financial, human and technical resources. These institutions respond to Parliaments, thus complying with the basic principles of representative democracy. They all bear responsibilities of the circuit of transparency and accountability, which is at the heart of the open government model. SAI provide for the

first and more general audit of government's action and deliver reports and information to the Parliament and to the public and civil society for further scrutiny.

Tawanda (2013) examined the efficiency and effectiveness in Public Sector Auditing an evaluation of the Controller and Auditor General's performance in Zimbabwe. The study concluded that although the Constitution of Zimbabwe provides for the independence of the CAG's office, there is more that needs to be done for the Audit to be able to realize such independence and supremacy in reality. The existing regulatory framework needs to be revised as a matter of urgency to include provisions that guarantee freedom of the Audit Office in matters of the budget, employment and remuneration.

There is also needed to urgently address the accounting skills requirements in the Ministry of Finance as well in line Ministries to ensure prudent financial management and control in order to enhance transparency and accountability in the use of public funds state property. The study also observed that adverse audit findings were repeated from year to year, which is an indication that they were not taken seriously by both the Treasury and Accounting officers. Thus, audit report does not have an impact, as they do not lead to any remedial action. As a result, the Audit Office is rendered a watchdog institution without teeth to bite.

Institute of Internal Auditor (2006) examined the role of auditing in public sector governance; the study concluded that government auditing is the key to good public governance, it is crucial to maintain an appropriate configuration with an appropriately broad mandate to achieve the organization's governance objectives. The government audit activity's mandate should be as broad as possible to enable it to respond to the full scope of the government's or governmental unit's activities.

Although auditors may be able to add value to any segment of the organization for which they can provide independent, objective assurance, at a minimum, every

government requires some form of independent audit activity that has authority to evaluate the full range of the government's activities. Full audit coverage is frequently provided by complementary external and internal audit entities.

Bovens (2006) examined on how public accountability be benefiting, thereby contributing to better governance and poverty reduction, under this study the researcher tried to explain accountability important to governance which provide value for money in the provision of public services, instilling confidence in the government and being responsive to the community they are meant to be serving, finally conclude that Parliaments are key actors in what has been termed the 'chain of accountability'. They are, along with the judiciary, the key institution of horizontal accountability, not only in their own right but also as the institution to which many autonomous accountability institutions report. They are the vehicle through which political accountability is exercised. Along with civil society organizations and the mass media, they are also important institutions in vertical accountability. Newer concepts of accountability have emerged: social accountability and diagonal accountability. The former, defined as society driven horizontal accountability' seeks to provide direct responsibility from government to citizens; parliaments and elected representatives are important vehicles through which citizens and civic groups can also extract enforcement. And no matter how defined parliaments are one of the institutions through which diagonal accountability can be exercised.

Ahmed (2008) examined the role of Supreme Audit Institution in ensuring transparency and accountability in public procurement and tried to explain the objectives of public procurement auditing are to ascertain whether the process of acquiring goods and services ensures quality, quantity, accurate time, right price and right source and to ensure whether the objective with which the procurement of goods and services is made has been accomplished.

This involves examination and assessment of requirements, placement of purchase orders, storage, consumption, utilization and cost recovery. It is essential to ascertain whether public procurement of goods and services were made through the most competitive rates and whether value for money has been ensured; the study concluded that Public Procurement Auditing is one of the most effective instruments of ensuring transparency and accountability in public procurement system and practice. It is the constitutional obligation of the OCAG to ascertain to what extent the public procurement activities of the government have adhered to the laid down public procurement policies, guidelines, rules and practice and also to what extent they have brought in desired benefits. The OCAG has been striving hard towards fulfilling this constitutional obligation.

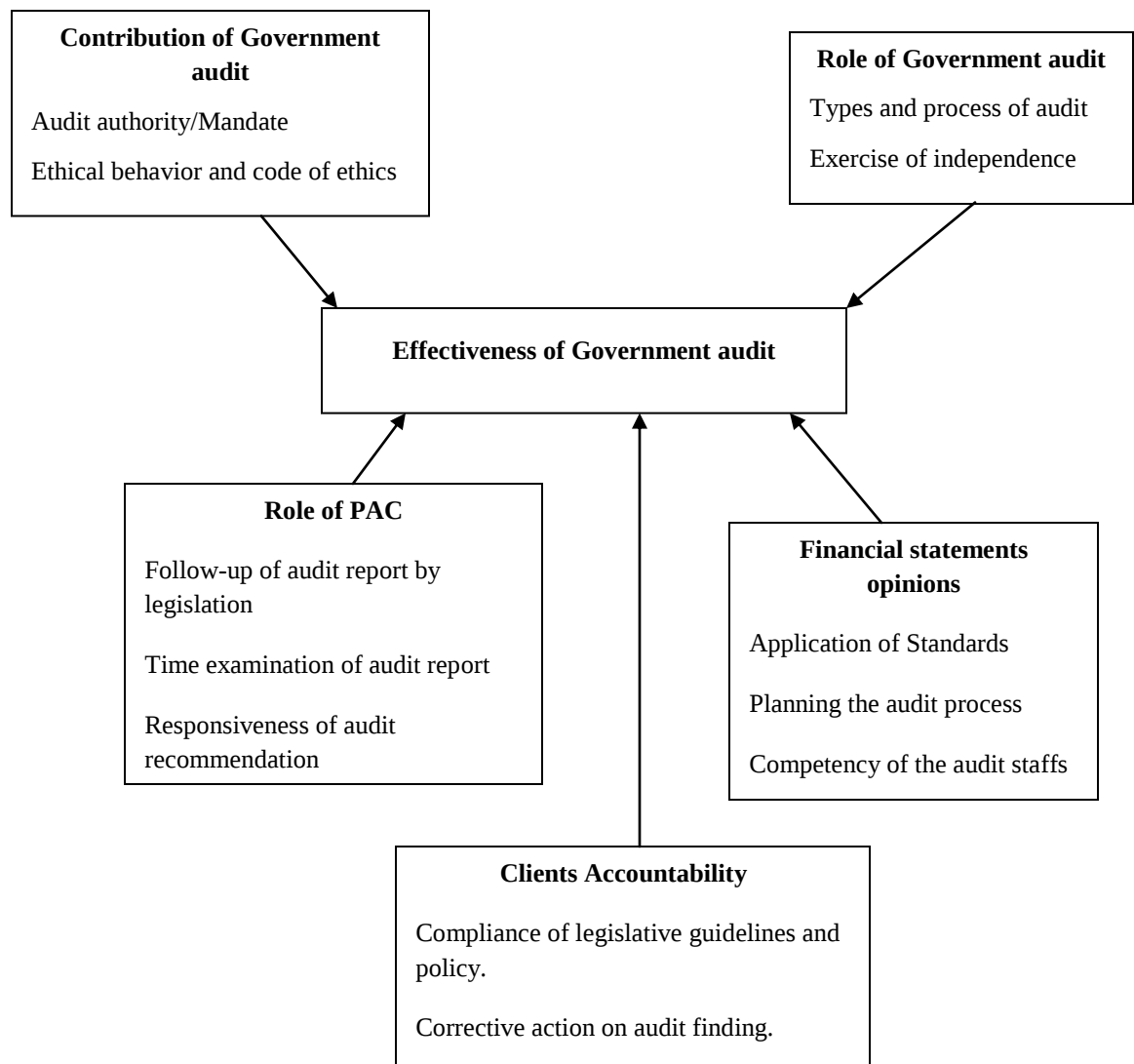
Various studies have been done worldwide about the government audit in ensuring accountability which explored the relationship between External Auditors, Executives and Public Account Committee also explain about the mandate and independent, so if these issues exist the government audit become effective. Unfortunately, there are few studies which have been conducted within the Tanzania context especially in Zanzibar in assessing the effectiveness of government auditing ensure accountability. Given this gap of knowledge. The Researcher tried to look at the matter that have an effect on the effectiveness of government audit particularly in Zanzibar which include audit mandate, ethical behavior and code of ethics, types and process of audit, Independence of the audit, follow-up of audit report by legislation, time examination of audit report, responsiveness of audit recommendation, application of standards, planning the audit and competency of audit staffs.

2.9 Conceptual Framework of the Study

Effectiveness of Government audit in ensuring accountability is considered as a functional outcome through contribution of government audit include audit authority/mandate and ethical behavior and code of ethics, the role of government audit

that include types and process of audit and exercise independence influence the effectiveness of government auditing. The role of Public Account Committee also influence the effectiveness of government audit through follow-up of audit report by legislation, time examination of audit report and responsiveness of audit recommendation, last the financial statements opinions provided by government auditors including application of Auditing and Accounting Standards, planning the audit process and the competency of the audit staffs lead the effectiveness of government auditing

Figure 2.2 Conceptual Frameworks and Research Model



Source: Author, 2014.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the research methodology which described type of the study, study area, study population, units of analysis, sample size and sampling techniques, types and sources of data, data collection methods, validity issues, and data analysis methods applied in this study.

3.2 Research Design

This study employed a descriptive multiple-embedded case study. An embedded case study is a case study containing more than one sub-unit of analysis (Yin, 2003). Accordingly, multiple-embedded case study allows comparison of data and information which provides an advantage of rich and valid findings. (Scholz & Tietje, 2002) and Yin (2003) contend that an embedded case study methodology provides a means of integrating quantitative and qualitative methods into a single research study. With respect to descriptive nature of this research design, so the researcher was employed this methodology due to fact that it contained more than sub unit of analysis which include External Auditors, Internal Auditors, Government official from Ministry of Finance, Office of Controller and Auditor General and House of Representatives who are responsible for Public Account Committee, also there is a need for the compare of data and information from sub unit of analysis which is integrated into single research study. Yin (2003) indicates that case study research is appropriate when investigators hope to define research topics broadly and not narrowly, the focus of the study is to answer how and why questions, and rely on multiple and not singular sources of evidence.

3.3 Study Area

The study was carried out in Zanzibar West Urban region, at the Ministry of Finance, Office of the Controller and Auditor General Zanzibar and the House of Representatives. The reason for selection of this area is the Head Quarter of all Ministries, Department, Agencies and other Public Institutions. The Zanzibar West Urban region is one of 5 regions of Zanzibar and is located on the island of Unguja. This region is at the center of the island, and it holds Zanzibar Town which serves as the island's capital with a population of approximately 600,000. The selection of this Ministry was due to the fact that, it was a test site for the study at hand (Kuhn, 1962). This is so truly because the Ministry served guidance for the implementation of budget for the other Ministries. Controller and Auditor General was chosen because it is responsible for the government auditing on the implementation of the budget, likewise the House of Representatives is parliamentary responsible for scrutinizing the annual government audit report. Furthermore the researcher assured access to data and information required in answering the research questions from Institutions.

3.4 Research Approach

This study was employed both qualitative and descriptive statistics approaches. Qualitative approach helped the researcher in obtaining description of the objects concerning government auditing and its relation to accountability in implementation of budget from senior officials of Ministry of Finance, Office of Controller and Auditor General Zanzibar and House of Representative through interview. On the other hand, descriptive statistics approach was employed to obtain quantifiable data about the study. Such data were obtained from the close-ended questions in the questionnaire that were administered to Accountants and Auditors (External and Internal).

3.5 Study Population

The population of the study consists of 60 External Auditors, 30 Internal Auditors, 25 Accountants, 2 Senior Officers from Ministry of Finance, 2 Directorate from OCAGZ and 2 Senior Officers from House of Representatives who are responsible for Public Account Committee.

Tables 3.1 Population of the Study

Stratum	Population number
External Auditors	60
Internal Auditors	30
Accountants	25
Senior officers from House of Representatives	2
Senior officers from Ministry of Finance	2
Directorate from OCAGZ	2
Total	121

Source: Field data, 2014

3.6 Unit of Analysis

This study composed of five types of units of analysis. These are: Auditors (Internal and External), Accountants, Senior Officers from Ministry of Finance and House of Representatives who are responsible for PAC and Directorate of Auditors in the Office of Controller and Auditor General Zanzibar. Members of these units of analysis have education level between Ordinary diploma and Master degree and have experience of 3 years and above in auditing matters. All the senior officials had an experience of more than 7 years in their respective areas of specialization. These categories of participants were considered for the study because they are the ones participating in government auditing.

3.7 Sample Size

This study composed of five types of units of analysis which consists of Auditors, Accountants, senior officers from Ministry of Finance and House of Representatives who are responsible for PAC and Directorate of Auditor in the office of Controller and

Auditor General Zanzibar, so the targeted sample size of the study is 52 respondents from External Auditors, 28 respondents from Internal Auditors, 24 respondents from Accountants, 2 respondents from Senior Officer House of Representatives, 2 respondents from Senior Officer Ministry of Finance and 2 respondents from Directorate of audit which form the total of 110 respondents, so the sample size was selected based on a table for determining sample size by (Krejcie & Morgan 1970)

Tables 3.2 Sample Size of the Study

Stratum	Targeted Sample size	Actual Sample size
External Auditors	52	30
Internal Auditors	28	15
Accountants	24	15
Senior officer from House of Representatives	2	2
Senior officer from Ministry of Finance	2	2
Directorate from OCAGZ	2	2
Total	110	66

Source: Field data, 2014

3.8 Sample Techniques/Procedure

This study used stratified simple random sampling this because there are different types of actors involved in the audit and accountability process, to make it more representative, here the stratum includes auditors, accountants, senior officers from Ministry of Finance who are responsible for auditing matters, senior officers from House of Representatives who are concerned with PAC and Directorate of audit from OCAGZ.

3.9 Types and Source of Data

The study was employed both primary and secondary data. Primary data are ones that have been collected for the first time by the researcher. Primary data have the advantage of giving the researcher an in-depth familiarity with the research findings, promoting accurate answers, and a better understanding of the research process (Gall, 2005). These data were obtained through interviews and execution of questionnaire that were administered to participants. Secondary data on other hands, the data obtained from literature sources or data collected by other people for some other purposes. Thus

secondary data provide second hand information and include both raw data and published ones (Saunders & Thornhill, 2000).

Some of the data collected and stored by organization include copies of letters, minutes of meetings, newspapers, journals and text books. Under this study the researcher reviewed various documents such as Annual Audit reports for 3 years periods from 2008/2009 to 2010/211, reports from Public Account Committee for 3 years from 2008/2009 to 2010/2011, Internal Audit reports for 3 years from 2008/2009 to 2010/2011, ZADP Project Document, Feasibility study report, Human Resource report and Zanzibar PEFA report of 2010.

3.10 Data collection methods

The study was composed three methods for collecting data. These methods were questionnaires, interviews and documentary review. Accordingly, multiple methods in data collection have the advantage of improving validity as well as the reliability of the study findings. Also, Janesick, (1998), concludes that one advantage of adopting a case study design is that of triangulating methods and data as it was the case for this study. It can be said that, the three methods of evidence collection helped to see the same things from three different points of view which in fact improves validity of findings (Silverman, 1993).

3.10.1 Questionnaire

The semi-structured questionnaire having close-ended and open-ended questions was employed to obtain responses from Accountants, Internal Auditors and External Auditors. This questionnaire comprised of four main sections that reflected objectives of the study. A sample of the questionnaire may be depicted in the appendices.

3.10.2 Interview

The study applied in-depth and structured interview concerning the effectiveness of government auditing in ensuring accountability of the clients in Zanzibar from defined Officers. An in-depth interview is a dialogue between a skilled interviewer and an interviewee. Its goal is to draw out rich, detailed material that can be used in analysis (Lofland & Lofland, 1995), In-depth interviews are characterized by extensive probing and open-ended questions. Typically, the researcher was prepared an interview guide that includes a list of questions or issues that explored on key issue concerning the government audit. The guide helps the interviewer pace the interview and makes interviewing more systematic and comprehensive.

The data can be recorded in a wide variety of ways including audio recording, video recording or written notes. The researcher was not able to use audio recording due to fact that all respondents were not willing for recorded, but a written note was used in capturing reliable information concerning the government audit when the respondents were interviewed. Thus an in-depth interview was administered to the Director of Audit in the Office of the Controller and Auditor General Zanzibar.

Also the researcher was used a structured interview so as to guide respondents on the kind of information they were expected to give. The researcher held interviews with both Senior Officers from Ministry of Finance and House of Representatives, this due to fact that these officers are responsible for the implementation of budgets in ensuring that there is proper use of public resources as well as accountability mechanisms for ensuring good governance, so the researcher was obtained the relevance information for making analysis concerning with the study .Under this model the questions, their wording and their sequence are fixed and identical for every respondent (Saunders & Thornhill, 2000).

This type of interview is highly standardized and the interviewer follows a rigid procedure, asking questions in a form and order prescribed (Kothari, 2004) using structured questions is important when conducting interviews because it enhances validity of the findings.

3.10.3 Documentary Review

Documentary review involves official publications, library visits, research journals and internet search. The information obtained from these sources may be helped the researcher to expand knowledge on government audit, and supported the data obtained from the respondents.

3.11 Reliability and Validity of Data

Across disciplines, competent researchers often not only fail to report the reliability of their measures (Henson, 2001; Thompson, 1999), but also fall short of grasping the inextricable link between scale validity and effective research. At best, measurement error affects the ability to find significant results in one's data. At worst, measurement error can significantly damage the interpretability of scores or the function of a testing instrument.

Reliability is the degree to which measures are free from error and therefore yield consistent results (i.e. the consistency of a measurement procedure). If a measurement device or procedure consistently assigns the same score to individuals or objects with equal values, the instrument is considered reliable. Reliability involves the consistency, or reproducibility, of test scores i.e., the degree to which one can expect relatively constant deviation scores of individuals across testing situations on the same, or parallel, testing instruments. Validity on the other hand, is the extent to which interpretation of data collected by the researcher are appropriate, meaningful and useful (Gall et al., 2005).

Reliability and validity of instrumentation should be important considerations for researchers in their investigations. The goal of achieving measurement validity and reliability can be accomplished partly by a push for quality item writing, an insistence on reporting reliability data across studies, sound theoretical bases for construct measurement and the accurate operationalization of constructs.

This objective imparts a direct responsibility on behalf of all examiners in a given field, i.e. it is essential for researchers to actively measure the reliability and validity of instrument scores over populations and time. The continual nature of both these processes should not be undermined or overlooked. Moreover, it is critical for this type of information to be easily accessible in order to facilitate the understanding and sharing of this knowledge. Without credible instrumentation that is monitored and measured over time, research results can become meaningless.

In order to ensure the validity and reliability, the researcher done by the following

- Multiple methods was used to collect data and information (questionnaires, interviews and documentary review) and from different units of analysis in order to confirm data source and reduce bias and thus improve validity of data and information obtained
- Pilot testing of instruments was done before being administered, after which some modification was done to eliminate ambiguities in the instruments. This in turn brought about consistency in understanding the questions by all respondents.
- The Researcher adopted the Test- Retest Method, where by the same instrument is given twice to the same group of respondents. The reliability is the correlation between the scores on the two instruments. If the results are consistent over the time, the scores should be similar.

- Data was collected by the main researcher alone. This gives the researcher ability to avoid reliability error which might arise due to observer error and bias.

3.12 Data Analysis Method

The study was taken up both qualitative and descriptive statistics approach. Qualitative approach uses descriptive method to present the findings obtained from the respondents through interview. On the other hand, descriptive statistics were used to summarize, organize, and make sense of a set of scores or observations. Descriptive statistics are typically presented in graphically, in tabular form or as summary statistics through the use of simple counts, tables, percentages and chart presentation for easy understanding. In conducting this analysis the SPSS and Excel was used.

CHAPTER FOUR

FINDING AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study and the discussion thereof, It started by presenting the demographic characteristics of the respondents focuses on the sex, educational background and experience in Auditing and Accounting matters for the first part and second part analyzing the way how effectiveness of government audit in ensure accountability of clients in Zanzibar. In doing so, specific research objectives have been used as guide which consists of:

- To assess the contribution of government audit in managing public resources responsibly and effectively.
- To assess the oversight functions of government entities.
- To examine the role of Government audit in minimizing the chances of misuse and mismanagement of public resource.
- To assess the reliability of the financial statement opinion provided by the government auditors to the intended users

4.2 Demographic Characteristics of Respondents

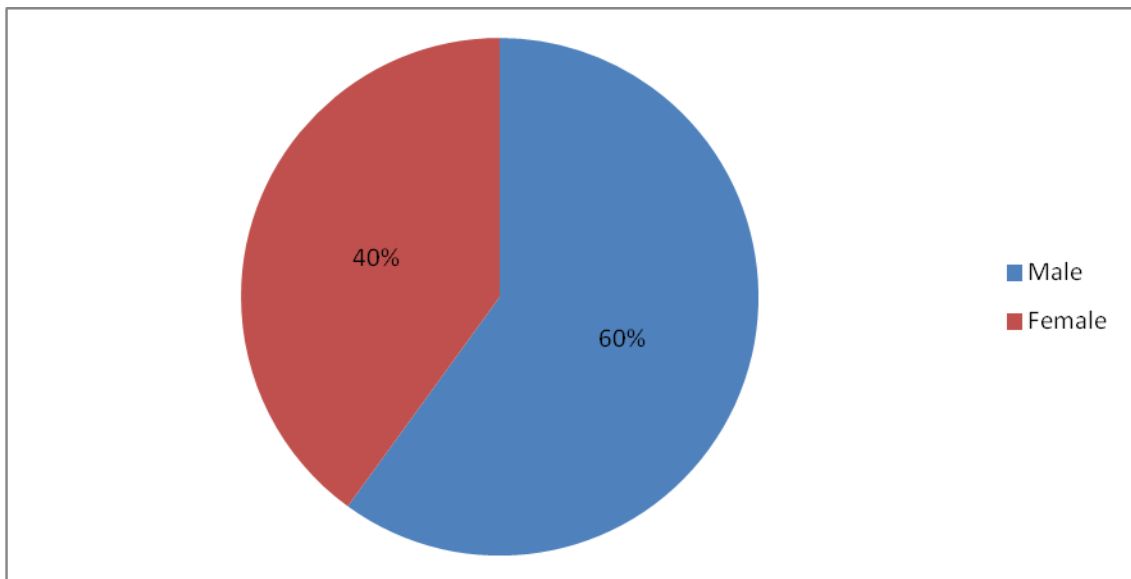
The demography shows the factual phenomena of the study and its validity and reliability of information. Demographic information provides data regarding research participants and is necessary for the determination of whether the individuals in a particular study are a representative sample of the target population for generalization purposes (Salkind, 2010). It mainly focuses on the sex, educational background and experience of the respondent in Auditing and Accounting matter.

4.2.1 Sex of the respondents

Sex is the mostly important in this study because male and female participate in government audit activities to ensure that there is accountability on the utilization of the public resources.

In its real sense the activities conducted by male has more impact on government auditing than that of female because male has more confidence by nature as compared with female on conducting the government auditing, therefore this study showed that the male components for External Auditors with the majority percentage of 60 % (18/30) while the female components for external auditors is only 40 % (12/30) This is because in Zanzibar male employees are more than female employees in government auditing.

Figure 4.1 Sex respondent for External Auditors

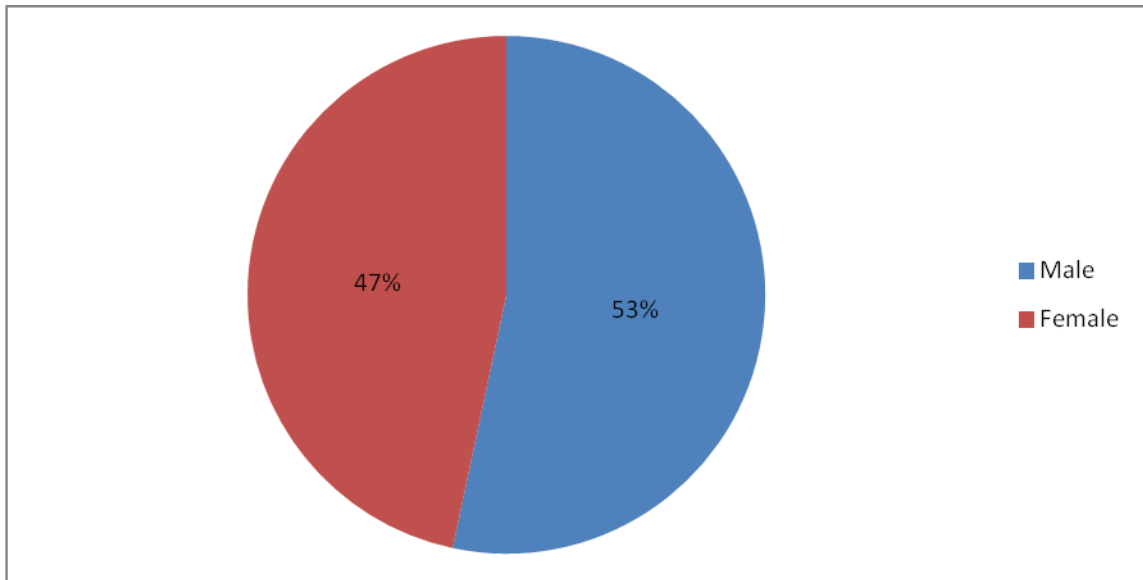


Source: Field data, 2014

In the case of the Internal Auditors, this study shows that the male components participate in the auditing matter was 53.3% (8/15) while female components was 46.7% (7/15) this due fact that most of the male have the confidence on enquiries for the issue

of the government auditing, hence in Zanzibar most of the employees in government auditing is male components as compared with the female components.

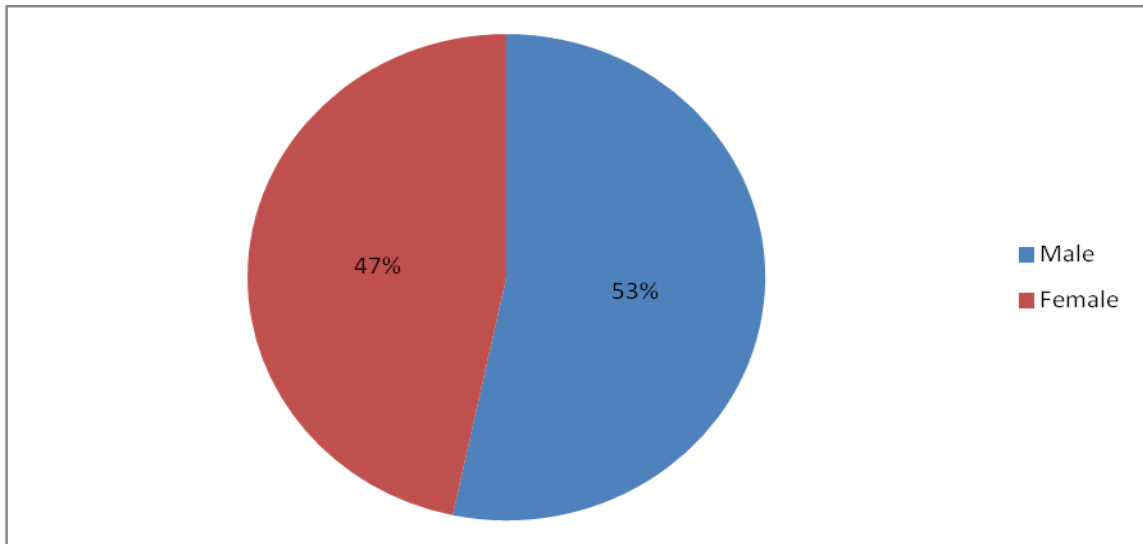
Figure 4.2 Sex respondent for Internal Auditors



Source: Field data, 2014

In the case of the Accountants, this study shows that the male components participate in the accounting matter was 53.3% (8/15) while female components was 46.7% (7/15) this due fact that most of the male are active and competent in accounting issue, hence in Zanzibar most of the employees in Accounting issue are male components as compared with the female components.

Figure 4.3 Sex respondent for Accountants



Source: Field data, 2014

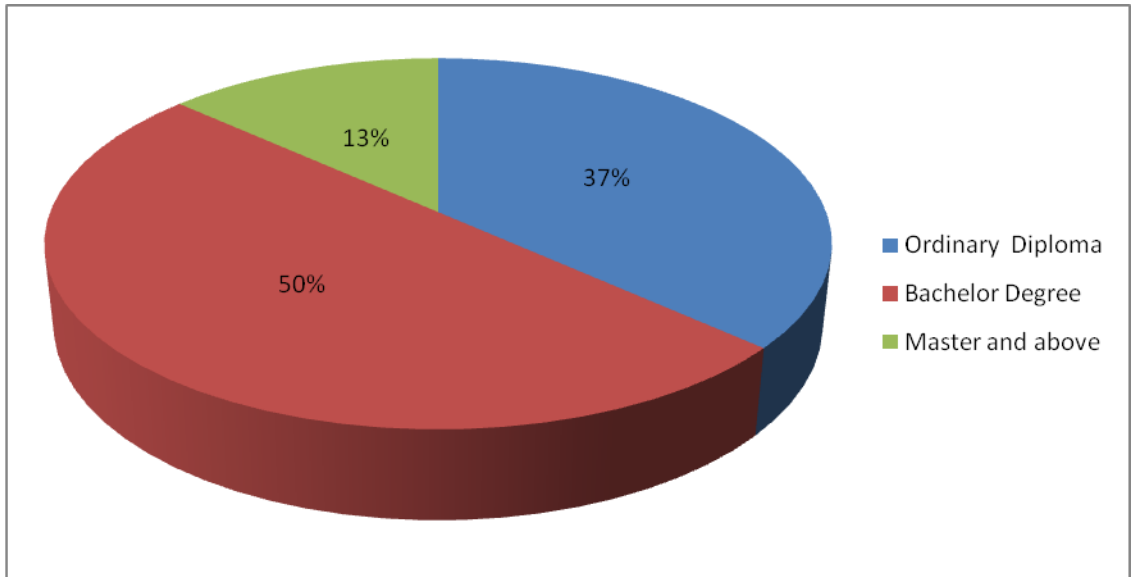
4.2.2 Education Level of Respondents

Education is the major contribution on finding the better use of any aspect. If the participants in the organization have enough knowledge concerning the government auditing, they contribute many idea concerning the issues which are addressed to them.

The study wanted to show the professional capability in exercising the government auditing as well as accountability mechanisms from external auditors, internal auditors, and accounting carders.

The education level for External Auditor who participate in this study showed that Ordinary Diploma 36.7% (11/30) while Bachelor Degree 50% (15/30) and Master and above 13.3% (4/30), this indicate that most of the External Auditors are Bachelor Degree who participate in the study this because the Bachelor Degree level of participants who is the front line in conducting government auditing as compared with Master level participants who are the decision maker in the organization.

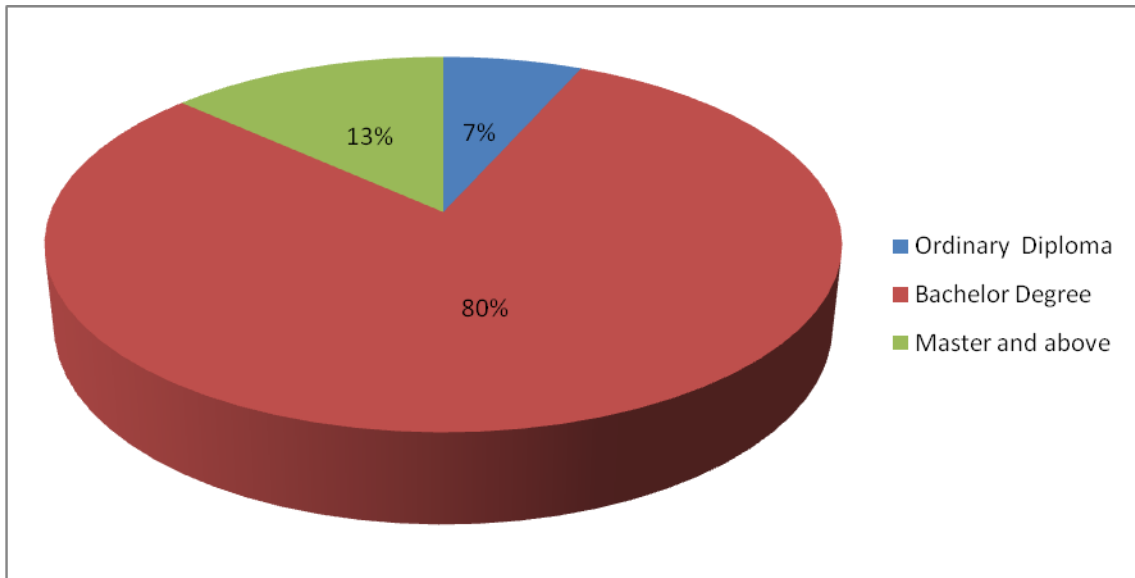
Figure 4.4 Educational level for External Auditors



Source: Field data, 2014

The education level for Internal Auditor who participate in this study showed that Ordinary Diploma 6.7% (1/15) while Bachelor Degree 80% (12/15) and Master and above 13.3% (2/15), this indicate that most of the Internal Auditors are Bachelor Degree who participate in the study this because the Bachelor Degree level of participants who is the front line in conducting government auditing as compared with Master level participants who are the decision maker in the organization.

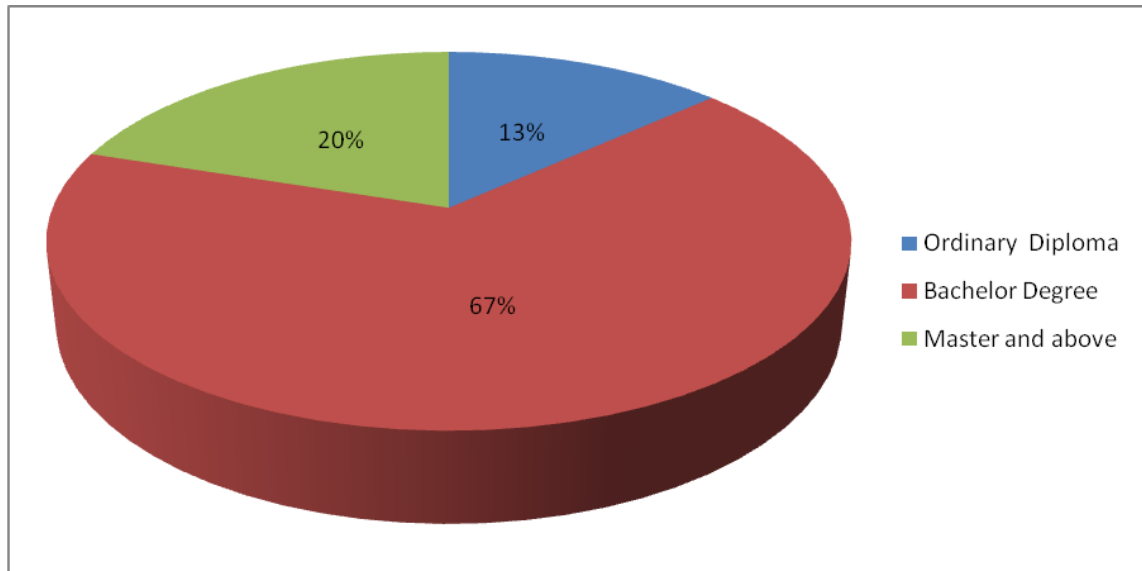
Figure 4.5 Education level for Internal Auditors



Source: Field data, 2014

The education level for Accountants who participate in this study showed that Ordinary Diploma 13.3% (2/15) while Bachelor Degree 66.7% (10/15) and Master and above 20% (3/15), this indicate that most of the Accountants are Bachelor Degree who participate in the study this because the Bachelor Degree level of participants who is the front line in preparation of financial statement for auditing purposes as compared with Master level participants who are the decision maker in the organization.

Figure 4.6 Education level for Accountants



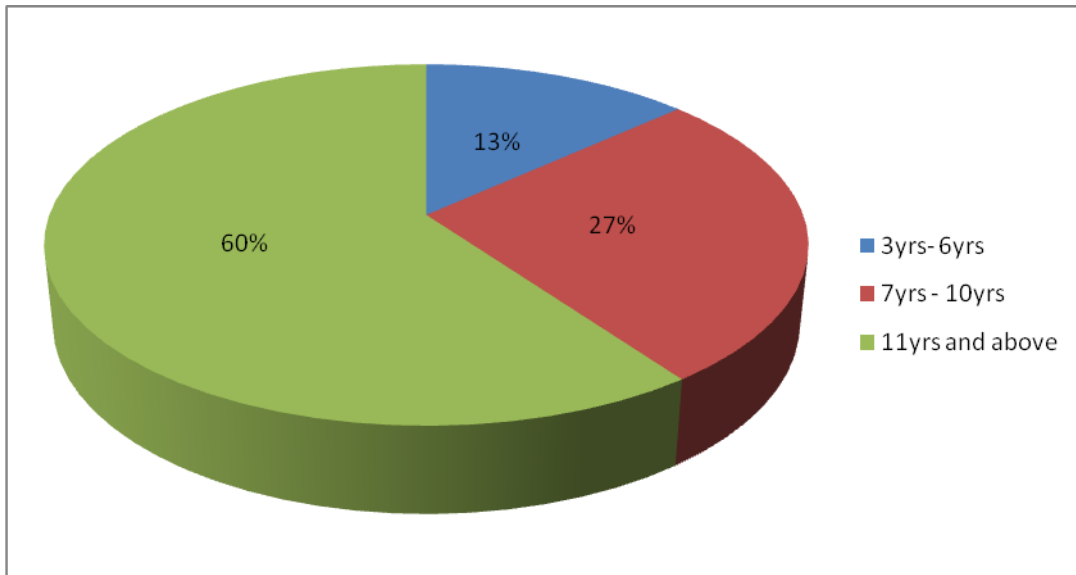
Source: Field data, 2014

4.2.3 Experience of Respondents in Auditing and Accounting

The issue of experience has great role in every organization, this is because any organization has given out practically of the activities experienced in the area in which the employees are attached with. In my study the experience of respondents is important to substantiate the selection of individuals through unit of analysis.

The study indicated that the majority of External Auditors have worked experienced for 11 years and above were 18/30 (60%) who are engaged in the audit field also helped the researcher to acquire necessary information about the government auditing, while 8/30 (26.7%) of the External Auditors engaged in the audit field whose worked experience for 7 – 10 years and 4/30 (13.3%) of the External Auditors engaged in the audit field whose working experience for 3 – 6 years

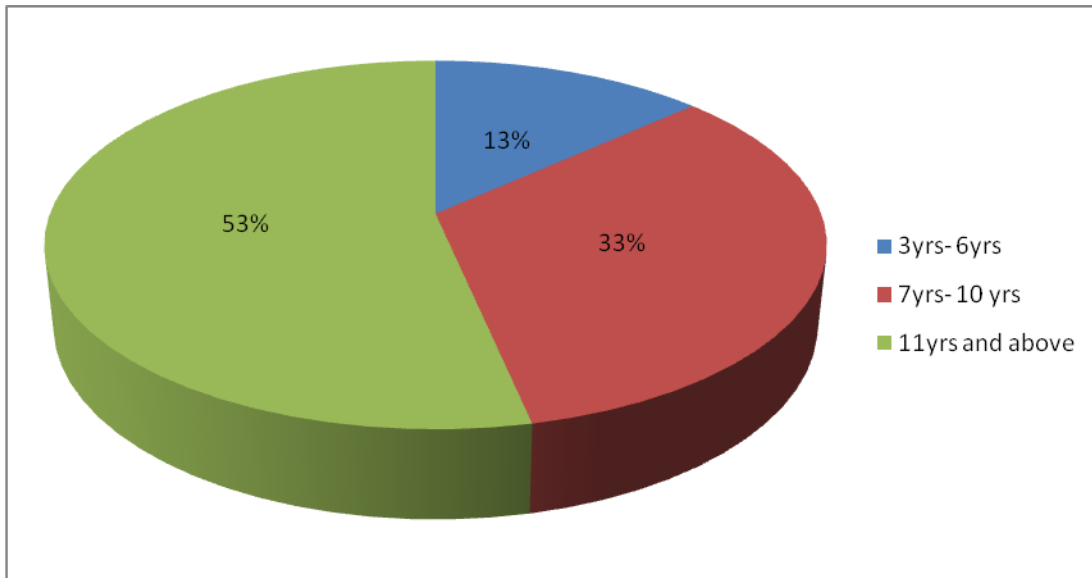
Figure 4.7 Worked Experiences for External Auditors



Source : Field data, 2014

The study indicated that the majority of Internal Auditors have worked experienced for 11 years and above were 8/15 (53.3%) who are engaged in the audit field also helped the researcher to acquire necessary information about the government auditing, while 5/15 (33.3%) of the Internal Auditors engaged in the audit field whose worked experience for 7 – 10 years and 2/15 (13.3%) of the Internal Auditors engaged in the audit field whose working experience for 3 – 6 years

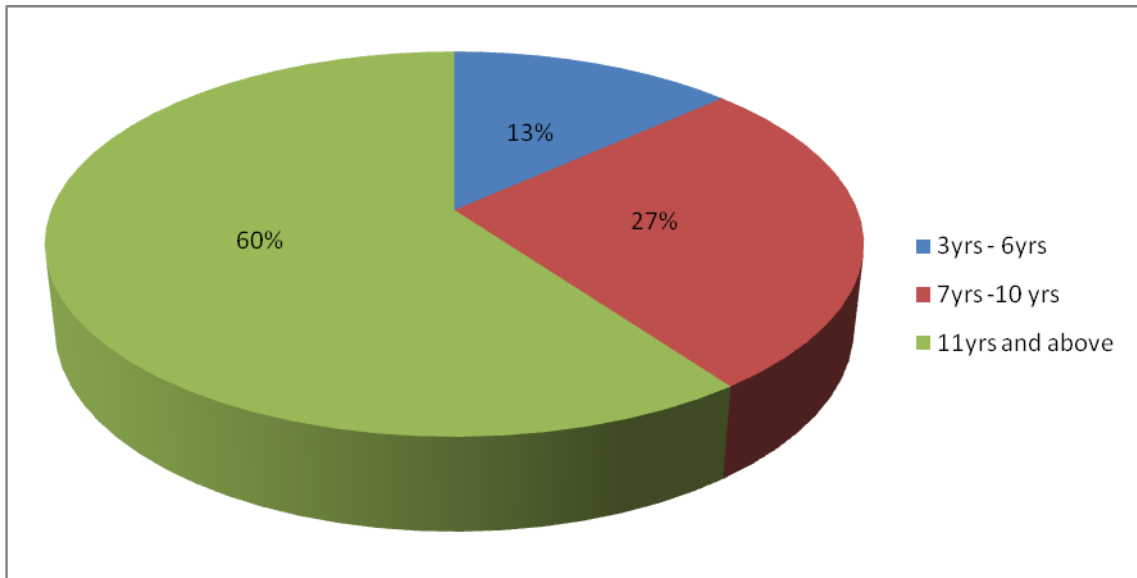
Figure 4.8 Working Experience for Internal Auditors



Source: Field data, 2014

The study indicated that the majority of Accountants have worked experienced for 11 years and above were 9/15 (60%) who are engaged in the Accounting field also helped the researcher to acquire necessary information about the accounting issue especially in the preparation of the financial statement for auditing purposes while 4/15 (27%) of the Accountants engaged in the Accounting field whose worked experience for 7 – 10 years and 2/15 (13%) of the Accountants engaged in the Accounting field whose working experience for 3 – 6 years

Figure 4.9 Worked Experiences for Accountants



Source : Field data, 2014

4.3 Assessing the Contribution of Government Audit in Managing Public Resources are responsibly and effectively.

The first objective of the study was assessed the contribution of government audit in managing public resources are responsibly and effectively, under this objective, the respondents were assessed on the various items pertaining contribution of the government auditing in managing public resources responsibly and effectively such as authority of government auditors including mandate and ethical behavior and code of ethics of auditors.

4.3.1 Mandate of Government Auditors

The audit activity's powers and duties should be established by the government's constitution, charter, or other basic legal document. Among other topics, this document would address procedures and requirements of reporting, the obligation of the audited entity to collaborate with the auditor.

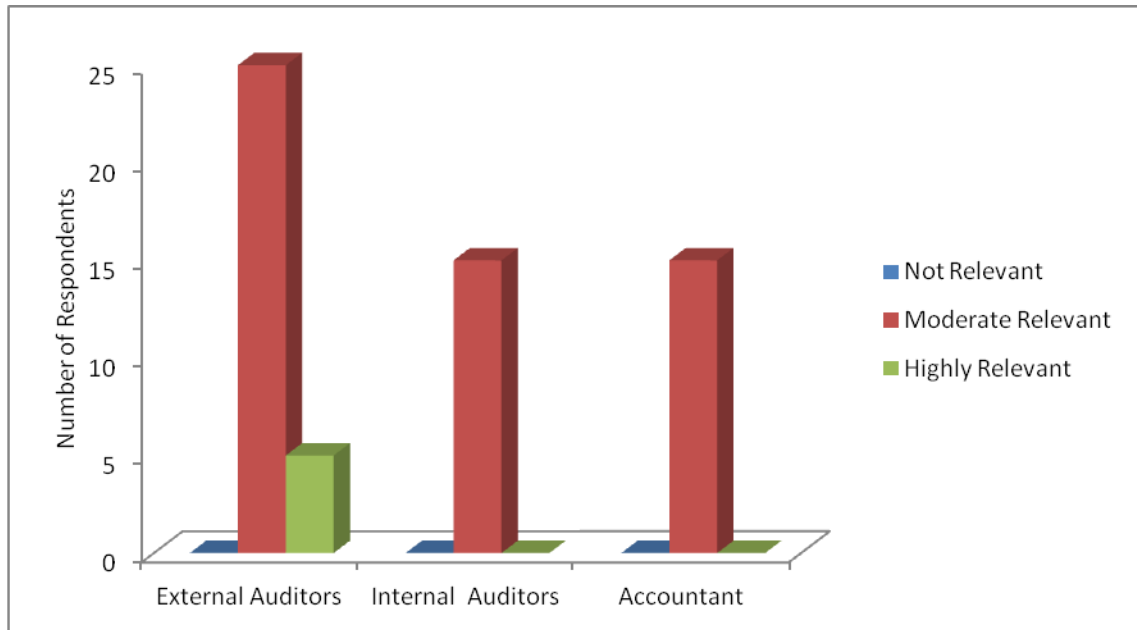
In Zanzibar government audit duties and powers were described in the Constitution of Zanzibar of 1984 and other Act such as Public Finance Act number 12 of 2005 and Establishment of the Office of Controller and Auditor General Act number 11 of 2003. After discussion with the Senior Management of the Office of Controller and Auditor General stated that the Act number 11 of 2003 is out of date and it needs either amendment or repeal.

The questions regarding the mandate of government auditors were asked to External Auditors, Internal Auditors and Accountants who form a total of 60 respondents. The result of the study showed that:

In the case of the External Auditors, the result of the study showed that 83% (25/30) of External Auditors indicate that the mandate provided by the Constitution to government auditors to conduct audit of public resources is moderate relevant while 17% (5/30) of External Auditors showed that the mandate provide by the Constitution to government auditors is highly relevant on conducting the audit of public resources.

On other hand for the Internal Auditors depicted that 100% (15/15) of the mandate proved by the Constitution to government auditors to carry audit of public resources is moderate relevant and Accountant also showed that 100% (15/15) of the mandate provide by the Constitution to government auditors to carry audit of public resources is moderate relevant.

Figure 4.10 Mandate of government auditors



Source: Field data, 2014

4.3.2 Ethical Behavior and Code of Ethics

As promulgated by Auditors, Auditing should adopt and uphold the Code of Ethics. The Code of Ethics states principles and expectations governing behavior of individuals and organizations in conduct of auditing. It describes the minimum requirements for conduct, and behavioral expectations rather than specific activities.

Auditors' Code of Ethics is a system or code of behavior based on moral responsibility and obligation to explain how an auditor must behave. Auditors' Code of Ethic was enacted as a guide for all audit personnel to enhance the performance and professionalism. Auditor General's report helps to improve public management efficiency and effectiveness. It is important that the audits produced followed a prescribed standard based on high work code of ethics to acquire the confidence from the public.

A code of ethics is necessary and appropriate for the auditing profession. Founded as it is on the trust placed in its objective assurance about risk management, control, and governance. Supreme Audit Institution acts as a watchdog over financial integrity and the credibility of reported information. If the auditor's integrity is compromised in terms of corruption, the independence of auditor is impaired and the role of watchdog is undermined and audit report to House of Representative will no longer serve the purposes for which budget is approved.

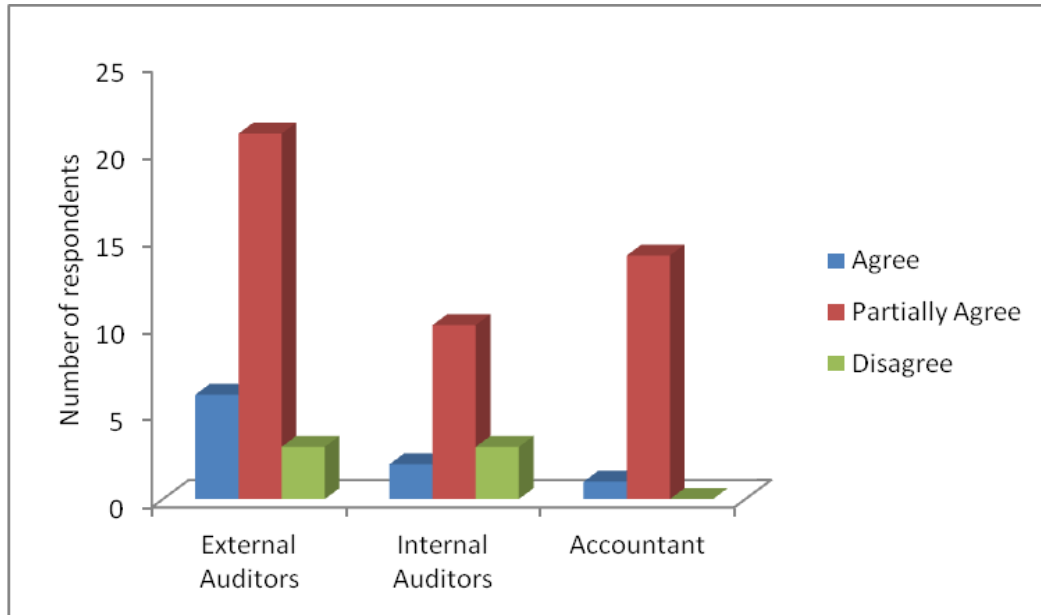
The questions regarding the ethical behavior and code of ethics were asked to External Auditors, Internal Auditors and Accountants who form a total of 60 respondents. The result of the study showed that:

In the case of the External Auditors, the result of the study showed that 70% (21/30) of the External Auditors respondents partially agree that audit personnel not always abide with the code of ethics like integrity and objectivity while 20% (6/30) of External Auditors agree that audit personnel do not abide with the code of ethics and 10% (3/30) of the External Auditors responds that the audit personnel abide with the code of ethics

In the case of Internal Auditors, the results of the study showed that 67% (10/15) of the Internal Auditors respondents partially agree that audit personnel do not always abide with the code of ethics like integrity and objectivity while 13% (2/15) of Internal Auditors agree that audit personnel do not abide with the code of ethics and 20% (3/15) of Internal Auditors responds that the audit personnel abide with the code of ethics.

In the case of Accountants, the results of the study showed that 93% (14/15) responds partially agree that audit personnel do not always abide with the code of ethics like integrity and objectivity while 7% (1/15) of the Accountants agree that audit personnel do not abide with the code of ethics and non of the Accountant responds that the audit personnel were abide with the code of the ethics.

Figure 4.11 Ethical Behaviors and Code of Ethics



Source: Field data, 2014

Further information was obtained through interview of six respondents from 2 Senior Officers from Ministry of Finance, 2 Senior Officers from House of Representatives and 2 Directors of Audit from CAG about the contribution of government audit in managing the public resources are responsible and managed to achieve intended results.

The Senior Officers from House of Representatives stated that:

“The government audit contributes in managing the public resources are responsibly and effectively to achieve intended result by:”

“ To show the indicators of misuse and mismanagement of public resources in the Annual Auditor General Report like un vouched expenditures, store not taken into ledger charge, unretired imprest and revenue are not banked intact ”

“The role of government auditors can contribute the public resources are responsible and managed to achieve intended results, the government auditors should have the, clear mandate which provide the sanction, experience and professional skill in conducting audit exercise, full confidence during the

exercise of the audit work, fully independent in exercising the audit work and comply with the code of ethics like integrity, independence and competency’’

“On other side the contribution of Government Audit were partly influence the managing of public resources are responsibly and effectively due to the following reasons’’

Annual Auditor General Report cannot act as Judiciary Evidence

- *The Annual Auditor General Report cannot act as Judiciary evidence if only if the public officers act as misconduct or misbehave on the utilization of public resources.*

Abuse of professional code of conduct

- *Some of the government auditors abuse the professional code of conduct as the result of collude between the public officers finally there is misuse and mismanagement the public resources, so intended result not achieved.*

Low remuneration of Government Auditors

- *Government Auditor’s remuneration is very low as compared with accounting cadre as the result Auditors misbehave and have misconduct.*

Misallocation of Audit Staffs

- *In Zanzibar most of the audit staffs that have low capacity were allocated on a wrong position.*

The Senior Officers from Ministry of Finance stated that:

“The government audit contributes in managing the public resources are responsibly and effectively to achieve the intended results due to the following reasons’’

Monitoring the legal framework

- *Government Auditors one of the prime concern is to ensure the Ministries, Departments and Agencies are comply with the legal framework such as Public*

Finance Act number 12 of 2005 and Procurement Act number 9 of 2005, so all expenditures made by the Ministries, Departments and Agencies comply with it. “On other hand the contribution of government audit are partly influenced the public resources are responsibly and effectively to achieve intended results due to the following reasons.”

Coverage of Audit

- *In Zanzibar, Government Auditors were coverage mainly on the expenditures rather than revenue auditing and the most type of audit approach is vouching audit.*
- *Government Auditors also not covered on Human Resource Audit which is important to know how much the Government spends on the wage bill and make recommendation on them as well as ghost workers.*

Misallocation of Audit Staffs

- *In Zanzibar most of the audit staffs that have low capacity were allocated on a wrong position.*

The Directorate of Auditor from Office of Controller and Auditor General stated that:

“The contribution of government audit is partly effectively in managing the public resources are responsibly and effectively to achieve intended results due to the following reasons”

Coverage of Auditing

- *In Zanzibar, Government Auditors were coverage mainly on the expenditures rather than revenue auditing and the most type of audit approach is vouching audit.*
- *Government Auditors were not familiar with appropriate laws, regulations and procedures governing the source of revenue collection and types of revenue of Ministries, Departments and Agencies.*

- *Government Auditors were not covering to audit the Consolidated Account of the Government, Public debt accounts and Donor Funded Projects.*

Requirement of Public Finance Act No 12 of 2005.

- *Public Finance Act no 12 of 2005 require the Controller and Auditor General to submit the Annual Audit Report in 31st March each year for the purpose of accountability and transparency, but CAG Zanzibar always fails to submit its own report timely.*

Failure on Implementation of the Establishment of the Office of the Controller and Auditor General Act no 11 of 2003

- *Establishment of the Office of the Controller and Auditor General Act no 11 of 2003 is out date, it needs either amendment or repeal, as the result the government auditors failed to implement this act.*

Lack of Transparency on Annual Audit Report

- *Worldwide the Annual Audit Report were publicized in the website for the purpose of the citizen to know how their government utilized the public resources, but in Zanzibar there is no transparency about the publication of audit report in website.*

Additional information was obtain through documentary review, the Researcher reviewed PEFA report 2010 to assess the contribution of government audit in managing public resources are responsibly and effectively through mandatory of government audit and the PEFA report showed that:

The government audit in Zanzibar is the Office of the Controller and Auditor General (OCAG), whose mandate, powers and responsibilities are set out in the Zanzibar Constitution of 1984, Establishment of the Office of Controller and Auditor General Act No. 11 of 2003, and the Public Finance Act number 12 of 2005. The CAG audits all ministries, departments, public enterprises and other public authorities.

It covered virtually all the above Ministries, Department and Public Authorities, but the report showed that it has a limited scope for audit mainly concern with expenditure transactions of MDAs, disregard project revenue and other revenue collected through other source.

The Constitution of Zanzibar of 1984 and Public Finance Act number 12 of 2005 requires the CAG to present Annual General Report within nine months of the end of the year to the President i.e 31st March each year for the purpose of the accountability on the budget cycle, but fails on submission of annual general audit report on timely manner.

Summary on the submission of annual general audit report

Table 4.1 Submission of Annual General Audit Report

Year ended	Required Date	Submission date
2010/2011	31 st March 2012	30 th June 2013
2011/2012	31 st March 2013	31 st October 2013
2012/2013	31 st March 2014	31 st October 2014

Source; Office of Controller and Auditor General Zanzibar

General Discussion

The contribution of government audit in managing public resources are responsibly and effectively to achieve the intended result depend upon clear mandate which described from Constitution of Zanzibar of 1984, Public Finance Act number 12 of 2005 and Act number 11 of 2003 which is the Establishment of the Office of the Controller and Auditor General Office and code of ethics of auditors.

The above facts and findings from questionnaires, interview and documentary reviews, this study noted that the mandates of government audit in Zanzibar are not covered full scope of audit, there is a delay in submission of annual general audit report for accountability of budget cycle, often some of the government audit are not abide with the codes of ethics implying that there is little contribution of government audit in managing public resources are responsibly and effectively to achieve the intended result.

4.4 Assessing the Oversight Functions of Government Entities

The second objective of the study was assessed the oversight functions of government entities. Under this objective, the respondents were assessed on the various items pertaining the function of Oversight Committee especially Public Account Committee to ensure the government entities are use public resources in order to achieve intended result which include, follow up of audit report by legislation , time examination of audit report and responsiveness of audit recommendation

4.4.1 Follow up of Audit Report by Legislation

Strong parliamentary oversight is essential to promote good governance. Scrutinizing the audit observations and making recommendations and reviewing settlement of audit observations ensure transparency and accountability (OCAG, 2010). PAC recommendations on the audit findings made through discussion with the Executive Departments. Implementation and follow up of these recommendations render the audit work effective and meaningful.

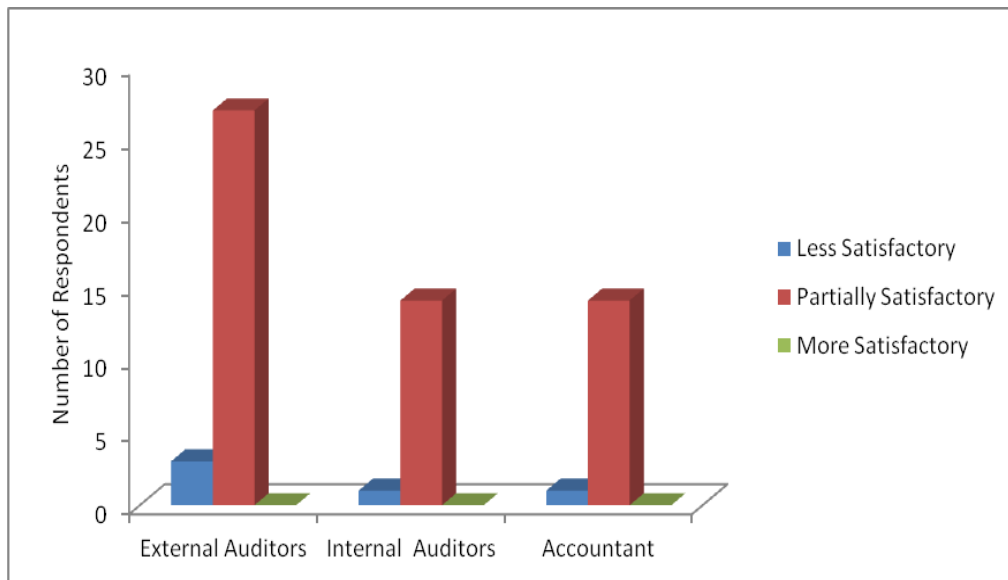
The question regarding follow up of audit report by legislation was asked to External Auditors, Internal Auditors and Accountants which form a total of 60 respondents .The result of the study showed that;

In the case of the External Auditors responded that 90% (27/30) follow up of audit report by legislation is partially satisfactory while 10% (3/30) of the External Auditors responds that the follow up of audit report by legislation is less satisfactory.

Internal Auditors responded that 93% (14/15) follow up of audit report by legislation is partially satisfactory while 7% (1/15) of the Internal Auditors responds that the follow up of audit report by legislation is less satisfactory and Accountants responded that 93% (14/15) follow up of audit report by legislation is partially satisfactory while 7% (1/15) of the Accountants respond that the follow up of audit report by legislation is less

satisfactory. This is to show that there is partial effective on follow-up of audit report by legislation because more than 90% all three groups answered partial satisfactory.

Figure 4.12 Follow up of Audit Report



Source: Field data 2014

4.4.2 Timely Examination of Audit Report

CAG's reports provide information, advice and assurances to Parliament and the public about all aspects of financial operations of the programs of government. Thus regular and timely discussions of audit reports and findings would ensure transparency and accountability in the budget and government programme activities.

The questions relating to the timely examination of audit report was asked to External Auditors, Internal Auditors and Accountants which form a total of 60 respondents. The result of the study showed that:

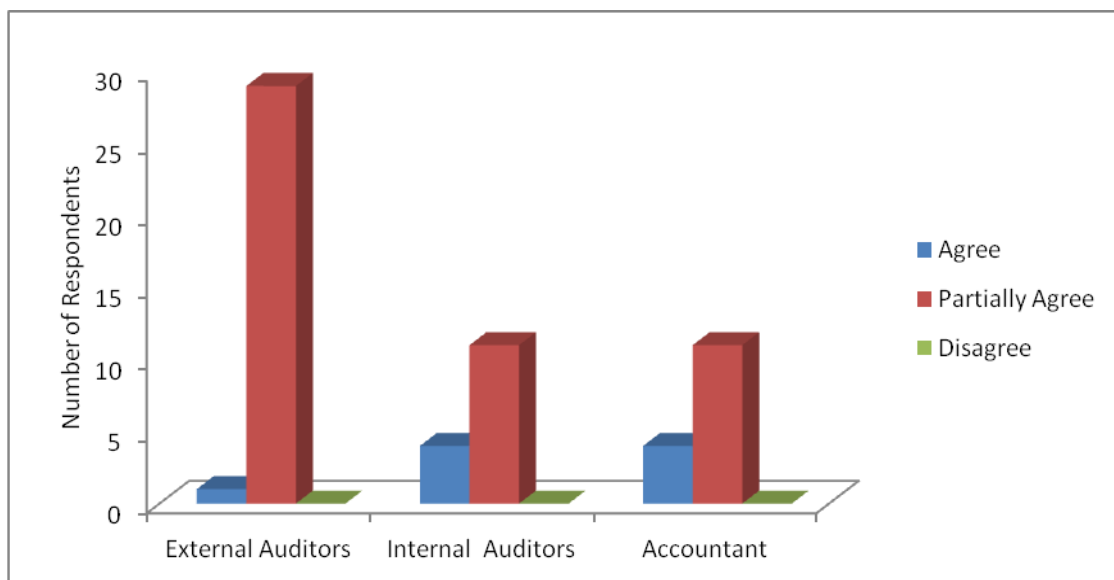
Majority of External Auditors 97% (29/30) partially agree that timely examination of audit report by legislation enhance the effective of government audit to ensure the public resources are managed to achieve intended result while 3% (1/30) of the External

Auditors fully agree that timely examination of audit report by legislation provide the effective way of government audit.

Majority of Internal Auditors 73 % (11/15) partially agree that timely examination of audit report by legislation improve the effectiveness of government audit while 27% (4/15) of the Internal Auditors fully agree that timely examination of audit report by legislation provide the effectiveness of government audit.

Majority of Accountants 73 % (11/15) partially agree that timely examination of audit report by legislation develop the effective of government audit while 27% (4/15) of the Accountants agree that timely examination of audit report by legislation provide the effective of government audit.

Figure 4.13 Timely examination of audit report



Source: Field data, 2014

4.4.3 Responsiveness of Audit Recommendation

Responsiveness means responding to or acting on audit recommendations against the observations or audit queries raised in the audit process. This not only establishes accountability in government operations, but also aids in the management performance.

The question concerning the responsiveness of audit recommendation was asked to External Auditors, Internal Auditors and Accountants which form a total 60 respondents.

The result of the study showed that:

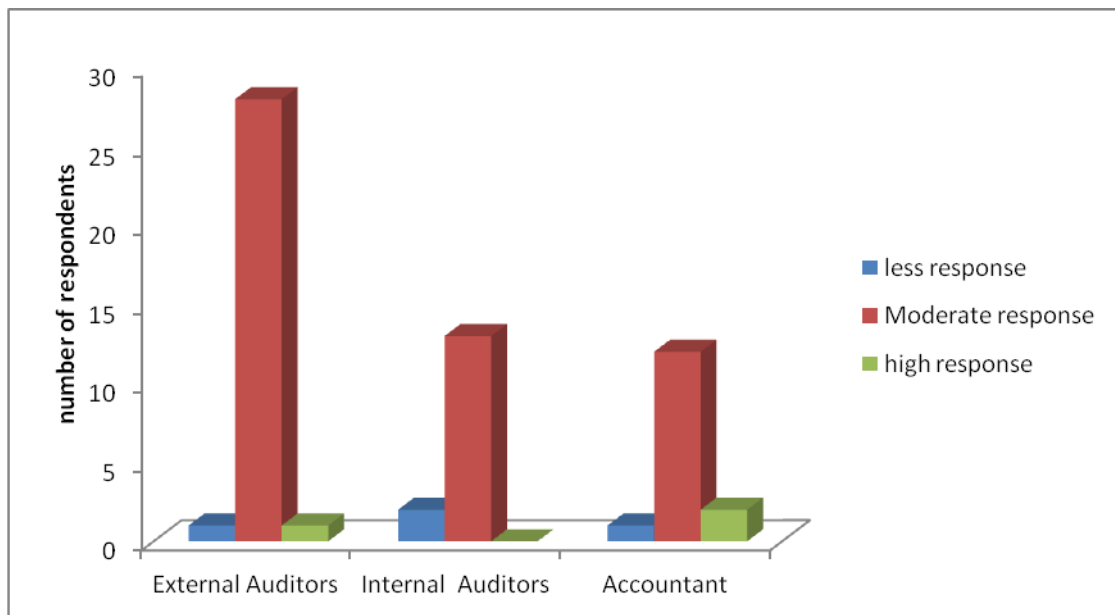
Majority of External Auditors 93.4% (28/30) responded that, there is moderate responsiveness of the line ministries in giving timely and proper action as per audit recommendation, on other hand 3.3% (1/30) of External Auditor responded that responsiveness of the line ministries is less responsive in timely while 3.3% (1/30) of External Auditor responds that responsiveness of the line ministries is high responsive giving timely and proper action. this due to fact that some line ministries fail to respond the audit observation as well as audit queries on due date and few ministries are response the audit observation on due date.

Majority of Internal Auditors 87% (13/15) responded that, there is moderate responsiveness of the line ministries in giving timely and proper action as per audit recommendation, on other hand 13% (2/15) of Internal Auditors responded that responsiveness of the line ministries is less responsive giving timely and proper action, this due to fact that some line ministries fail to respond the audit observation as well as audit queries on due date and few ministries are response the audit observation on due date.

Majority of Accountants 80% (12/15) responded that, there is moderate responsiveness of the line ministries in giving timely and proper action as per audit recommendation, on other hand 6.7% (1/15) of Accountant responded that, there is less response of the line ministries in giving timely and proper action as per audit recommendation while 13.3% (2/15) of Accountants responded that, there is high response of the line ministries in

giving timely and proper action as per audit recommendation this due to fact that some line ministries fail to respond the audit observation as well as audit queries on due date and few ministries are response the audit observation on due date.

Figure 4.14 Responsiveness of Audit Report



Source: Field data 2014

Further information was obtained through interview of six respondents from 2 Senior Officers from Ministry of Finance, 2 Senior Officers from House of Representatives and 2 Directors of Audit from OCAG about the functions of oversight committee especially PAC in ensuring government entities doing what they are supposed to.

Respondents from Senior Officer House of Representatives stated that

“Roles of Public Account Committee has an indispensable part to the Government entities to ensure that public resources are utilized for the intended purposes, this due to following reasons”

- *Scrutinize, review and report on annual accounts on Government and Public Institutions expenditures and other accounts that will be reported to the House of Representatives through report of Controller and Auditor General.*
- *Scrutinize by any other means as the Committee finds fit on any Government account and its Institutions.*
- *Submit its report subject to any investigation it made on any acceding expenditures on fund authorized for the respective financial year.*
- *Follow up the implementation of Committee appropriate recommendations given by past Annual Committee Report.*

“On other hand the roles of Public Account Committee are not well ensured on the Government entities doing what they are supposed to do due the challenges faced by it, these challenges are”

Lack of Skill of Oversight Committee

- *The Public Account Committee in Zanzibar has a lack of skills that can cover all aspects ranging from information technology, financial management and public administration. In addition, as government budget and expenditures increases, it will require changes in the current systems of financial management. Such changes will also require that more resources and technical expertise be devoted to the PACs so that it can be effective when executing its functions.*

Budget Constraint

- *PACs operates within a limited budget, which hinders their oversight work. Lack of budget also implies that even if there is training for Members and support staff, not all Members nor support staff will have an opportunity to attend such a training.*

Powers of the PACs:

- *PACs in Zanzibar don't have powers to impose fine for regulations transgression. The power of the PACs in Zanzibar is limited to making*

recommendations to the House of Representatives The interesting part is that the PACs are considered as the “watchdog” for public funds, but the media often indicates that the PACs don’t have teeth to bite those who steal tax payer’s money. Lack of power also results in other resolutions not being implemented.

Respondents from Senior Officer Ministry of Finance state that:

“Functions of Oversight Committee ensure the Government entities doing what they are supposed to do due to the following reasons”

- *Scrutinize and report on annual accounts on Ministries, Departments and Agencies of Government expenditures and other accounts that will be reported to the House of Representatives through report of Controller and Auditor General.*
- *Review and work on any report of the Controller and Auditor General when the President orders that auditing be executed*

“On other hand the oversight committee there functions are not well ensure on the Government entities doing what they are supposed do due the challenges face it .These challenges are”

Lack of Skill of Oversight Committee

- *There is lack of skills that can cover all aspects ranging from information technology, financial management and public administration. In addition, as government budget and expenditures increases, it will require changes in the current systems of financial management. Such changes will also require that more resources and technical expertise be devoted to the PACs so that it can be effective when executing its functions.*

Respondents from Director of Audit state that

“Roles of Public Account Committee have important to the Government entities to ensure the public resources are utilized to achieve the intended result do due to the following reasons”

- Scrutinize, review and report on annual accounts on Government and Parastatal expenditures and other accounts that will be reported to the House of Representatives through report of Controller and Auditor General.
- Submit its report subject to any investigation it made on any acceding expenditures on fund authorized for the respected financial year.
- Follow up the report of Controller and Auditor General and made the recommendation on the issue reported through this report.

“On other hand the roles of Public Account Committee are not well ensure on the Government entities doing what they are supposed to do due the challenges face it .These challenges are”

Lack of Skill of Oversight Committee

- There is lack of skills that can cover all aspects ranging from information technology, financial management and public administration. In addition, as government budget and expenditures increases, it will require changes in the current systems of financial management. Such changes will also require that more resources and technical expertise be devoted to the PACs so that it can be effective when executing its functions.

Budget Constraint

- PACs operate within a Lack of budget also implies that even if there is training for Members and support staff, not all Members nor support staff will have an opportunity to attend such a training. Lack of budget means that few Members and support staff have to be elected or seconded to attend the training.

Work backlogs

- The Legislatures programmes are too congested, coupled with political commitment from Members, increases workload and backlogs. All those

workloads and backlogs need to be dealt with, but at the same time not compromising robust oversight and accountability.

Powers of the PACs:

- PACs in Zanzibar don't have powers to impose fine for regulations transgression. The power of the PACs in Zanzibar is limited to making recommendations to the House. The interesting part is that the PACs are considered as the "watchdog" for public funds, but the media often indicates that the PACs don't have teeth to bite those who steal tax payer's money. Lack of power also results in other resolutions not being implemented.*

Additional information was obtain through documentary review, the Researcher was reviewed PAC report 2010 and 2011 for assessing the functions of Public Account Committee to ensure that there is an effectiveness of government audit in ensuring accountability of clients in utilization of the public resources through responsiveness of audit recommendation of the Ministries, Departments and Agencies. These reports showed that there is responsiveness of audit recommendation due to fact that there is decrease on unlawful of government expenditure like failure to recognize imprest, improper vouched expenditures and store not taken on ledger charge.

Table 4.2 Responsiveness of Audit Recommendation

Queries	Number of queries 2011	Number of queries 2010	Decrease in percentage
Failure to recognize imprest	3 of the MDAs are not response	9 of the MDAs not response	67% (6/9) of MDAs improve on response
Improperly vouched expenditure	5 of the MDAs are not response	15 of the MDAs are not response	67% (10/15) of MDAs improve on response
Store not taken on ledger charge	4 of the MDAs are not response	18 of the MDAs are not response	78% (14/18) of MDAs improve on response

Source : PAC report 2010 and 2011.

Even there is better response of audit recommendation, the PAC reports indicated that the Public Account Committee in Zanzibar has faced some challenges in exercising their

duties like lack of skill of Oversight Committee that can cover all aspects ranging from information technology, financial management and public administration, limited budget which hinders on their oversight work and powers to impose fine for regulations transgression. The power of the PACs in Zanzibar is limited to making recommendations to the House.

General Discussion

Function of Public Account Committee in Zanzibar influence the effectiveness of government audit to ensure accountability of clients in exercising their function through scrutinize, follow-up and timely examination of audit report.

The above facts and findings from questionnaires, interview and documentary reviews, therefore, this study noted that there is moderate satisfactory on responsiveness of clients in audit recommendation, timely examination of audit report and follow-up audit recommendation but the Public Account Committee faces some challenges during the exercise their work, so these challenges can hinder the performance of Public Account Committee to ensure that there is accountability mechanism of client in executing of the budget.

4.5 The Role of Government Audit in Minimizing the Chances of Misuse and Mismanagement of Public Resource

The third objective of the study was examined the role of Government audit in minimizing the chances of misuse and mismanagement of public resources. Under this objective, the respondents were assessed on the various items pertaining to the role of government audit in minimizing the chances of misuse and mismanagement of public resources such items include types and process of audit and independence of auditors during the audit works.

4.5.1 Types and Process of Audit

The traditional task of Supreme Audit Institutions is to audit the legality and regularity of financial management of accounting. In addition to this type of audit, which retains its significance, there is another equally important type of audit- performance audit which is oriented towards examining the performance, economy, efficiency and effectiveness of public administration. Performance audit covers not only specific financial operations, but the full range of government activities including both organizational and administrative systems.

The Supreme Audit Institution's audit objectives-legality, regularity, economy, efficiency and effectiveness of financial management--basically are of equal importance. However, it is for each Supreme Audit Institution to determine its priorities on a case-by-case basis. The questions regarding the types and process of audit was asked to External Auditors, Internal Auditors and Accountants who form 60 respondents in total. The result of the study regarding the types and process of audit showed that:

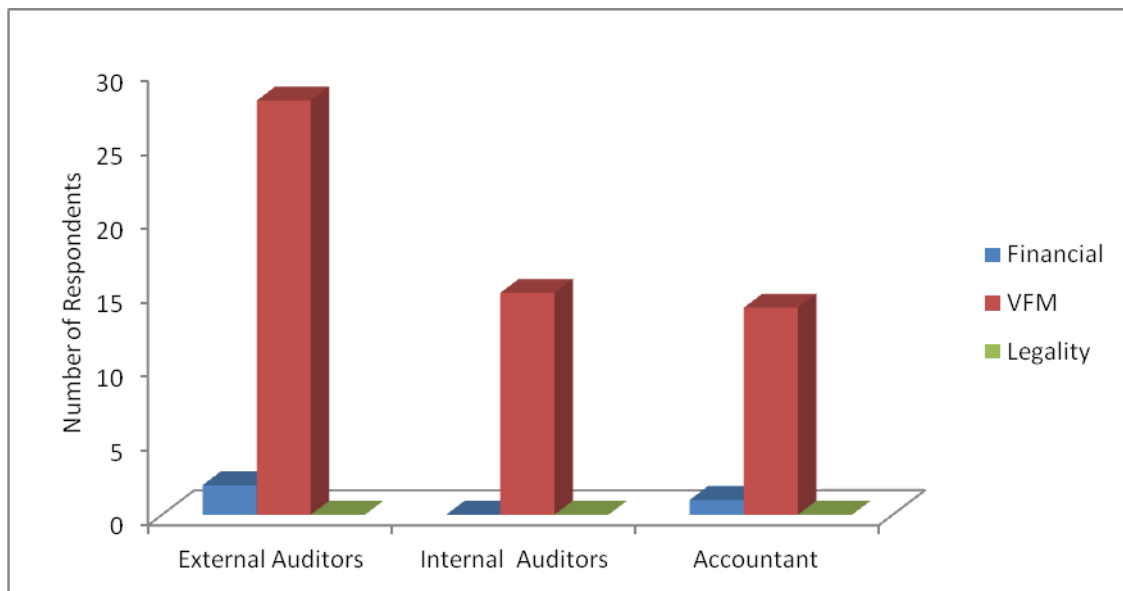
Majority of External Auditors 93% (28/30) responded that, the Value for Money Audit (VFM) is the most common type of audit approach to make auditors effective to minimize the chance of misuse and mismanagement of public resources, while 7% (2/30) of the External Auditors responded that Financial Audit is the most effective type audit approach to make auditors effectively minimize the chance of misuse and mismanagement of public resource, when discussed with senior management of the audit, they agreed that currently the government auditors apply the vouching audit as the type of the audit approach rather than Value for Money audit approach „so vouching audit approach is only considered the procedure which aligns with the rules and regulation of the financial matters.

In the case of Internal Auditors 100 % (15/15) responded that, the Value for Money Audit (VFM) is the most common type of audit approach to make auditors effective to

minimize the chance of misuse and mismanagement of public resource this because the VFM covers not only specific financial operations, but the full range of government activities including both organizational and administrative systems.

Majority of Accountants 93 % (14/15) responded that, the Value for Money Audit (VFM) is the most common type of audit approach to make auditors effective to minimize the chance of misuse and mismanage public resource while 7% (1/15) of the Accountant responded that Financial audit is the most common type of audit approach to make the auditors effectively to minimize the chance of misuse and mismanagement of public resources, this is because the VFM covers not only specific financial operations, but the full range of government activities including both organizational and administrative systems.

Figure 4.15 Types and process of audit



Source: Field data, 2014

4.5.2 Independent of Auditors during the Exercise of Audit

Auditor's independence is the basic foundation for the credibility of audit. The audit function should be independent from those it is required to audit. Organizational

independence as well as auditor's individual independence allows the audit function to conduct audit work without interference by the entity under audit. Consequently, users can rely on the objectivity and the accuracy of the auditor's results and reports.

The Constitution of Zanzibar of 1984 has given enough independence in terms of mandate. In this study independence is related to the functional side, which is independence of auditors in discharging their duties.

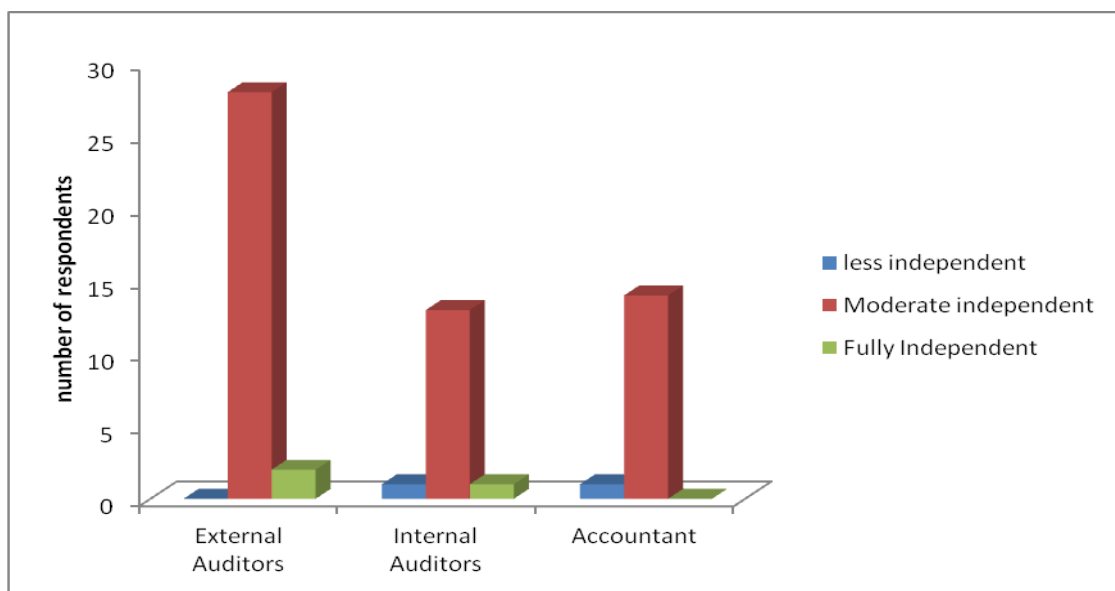
Question was asked on how independently those government auditors can carry out their duties to minimize the chance of misuse and mismanage public resources. The questions related to the independence of auditors were asked to External Auditors, Internal Auditors and Accountants who form a total of 60 respondents and the result of the study showed that:

The External Auditors 93% (28/30) responded that there is moderate Independent of Government Auditors to carry out their duties to minimize the chance of misuse and mismanagement of public resources, while 7% (2/30) of the External Auditors responded that there is fully independent in exercise the duties so as to minimize the chance of misuse and mismanage the public resources.

The Internal Auditors 86% (13/15) responded that there is moderate Independent of Government Auditors to carry out their duties to minimize the chance of misuse and mismanagement of public resources, while 7% (1/15) of the Internal Auditor responded that there is fully independent of government auditors to carry out their duties to minimize the chance of misuse and mismanagement of the public resources and 7% (1/15) of the Internal Auditor responds that there is less independent of the government auditors in exercise the duties so as to minimize the chance of misuse and mismanagement of the public resources.

The Accountants 93% (14/15) responded that there is moderate Independent of Government Auditors to carry out their duties to minimize the chance of misuse and mismanagement of public resources, while 7% (1/15) of the Accountant responds that there is less independent in exercise the duties so as to minimize the chance of misuse and mismanagement of the public resources.

Figure 4.16 Independent of Government Auditors



Source: Field data, 2014

Further information was obtained through interview of six respondents from 2 Senior Officers Ministry of Finance, 2 Senior Officers from House of Representatives and 2 Directors of Audit from OCAG about on how the role of government audit can minimize the chance of misuse and mismanagement of public resources.

Respondents from Senior Officer House of Representatives state that:

“The role of Government Audit can minimize the chance of misuse and mismanage public resources due to the following reasons”

Provide advisory on the auditing matters

- *Auditors may provide objective, expert advice in a range of areas in which they possess expertise. Based on their knowledge and expertise, they may provide technical advice on issues related to audit which include proper keeping of internal controls and sound business processes.*

Respondents from Senior Officer Ministry of Finance state that

“The role of Government Audit can minimize the chance of misuse and mismanagement public resources due to the following reasons”

Strong Internal Control

- *Government auditor’s role has to see whether the Ministries, Departments and Agencies have fully established internal control system of the organizations to ensure that there is no gap on misuse and mismanagement of public resources. Internal control system established by management is the key pillar for the role of government audit to minimize the chance of misuse and mismanagement of public resource , If there is strong internal control system in the organization there is a possibility that government audit can minimize the chance of misuse and mismanagement of public resources.*

“On other hand the role of government audit partly minimizes the chance of misuse and mismanagement of public resources due to the following reasons”

Vouching Audit

- *Most of the government auditors usually applied vouched audit rather than new methodology like Risk Based Audit and Value for Money Audit, under vouching audit only consider procedures are followed and not considered the risk associated in the organization to be audited.*

Operationally Independent

- *Constitution of Zanzibar provide the full independence for the government auditors to exercise the audit work, but operationally the government auditors are not fully independent based on employments, budgets including salary and wages for their employees.*

Respondents from Director of Audit state that

“The role of Government Audit can minimize the chance of misuse and mismanagement of public resources due to the following reasons”

Strong Internal Control

- *The internal control established by management is the key pillar for the role of government audit to minimize the chance of misuse and mismanagement of public resource , If there is strong internal control system in the organization there is a possibility that government audit can minimize the chance of misuse and mismanagement of public resources.*

“On other hand the role of government audit partly minimize the chance of misuse and mismanagement of public resources due to the following reasons”

Vouching Audit

- *Most of the government auditors usually applied vouched audit rather than new methodology like Risk Based Audit and Value for Money Audit, under vouching audit only consider procedures are followed and not consider the risk associated in the organization to be audited.*

Operationally Independent

- *Constitution of Zanzibar provides the full independence for the government auditors to exercise the audit work, but operationally the government auditors are not fully independent based on employments, budgets including salary and wages for their employees.*

Additional information was obtained through PEFA report 2010 and OCAGZ feasibility study report 2011 in assessing the role of government audit in minimizing the chance of misuse and mismanagement of public resource based on the types and process of audit, independence of the government audit as well as the office. PEFA report shows that: The CAG is mandated by the Act number 11 of 2003. This Act required that, CAG undertake value for money audits, but until now there is no value for money audit report. The audit approach is still based on 100 percent examination of transactions without the use of risk-based sampling.

The CAG has lack of autonomy over finance in term of budget and salary of their employees. The Act number 11 of 2003 was established an Audit Services Board to manage human resources, including the setting of salary scales of audit staff.

However, this part of the law has not been activated, but OCAG staffs remain as part of the civil service, therefore the Audit Service Board has no ability to set the salary of the audit staffs until they receive the authority from Civil Servant Commission for approval.

General discussion

Roles of government audit is to minimize the chance of misuse and mismanagement of public resource through types and audit approaches as well as independence influence the effectiveness of government audit in ensuring the accountability of the clients.

The above facts and findings from questionnaires, interview and documentary reviews, therefore, this study showed that the type and audit approach governed by government auditors is transaction audit even if the Act number 11 of 2003 required the CAG to undertake VFM audit, also there is lack of autonomy in term of finance and employee.

4.6 Assessing the Reliability to the Financial Statement Opinion Provided by the Government Auditors to the Intended Users

The fourth objective of the study was assessed the reliability to the financial statements opinions provided by the government auditors. Under this objective, the respondents were assessed on the various items pertain to the reliability to the financial statement

opinion provided by government auditors which includes application of standards, planning the audit and competency of the audit staffs in exercise new methodology

4.6.1 Application of Standards

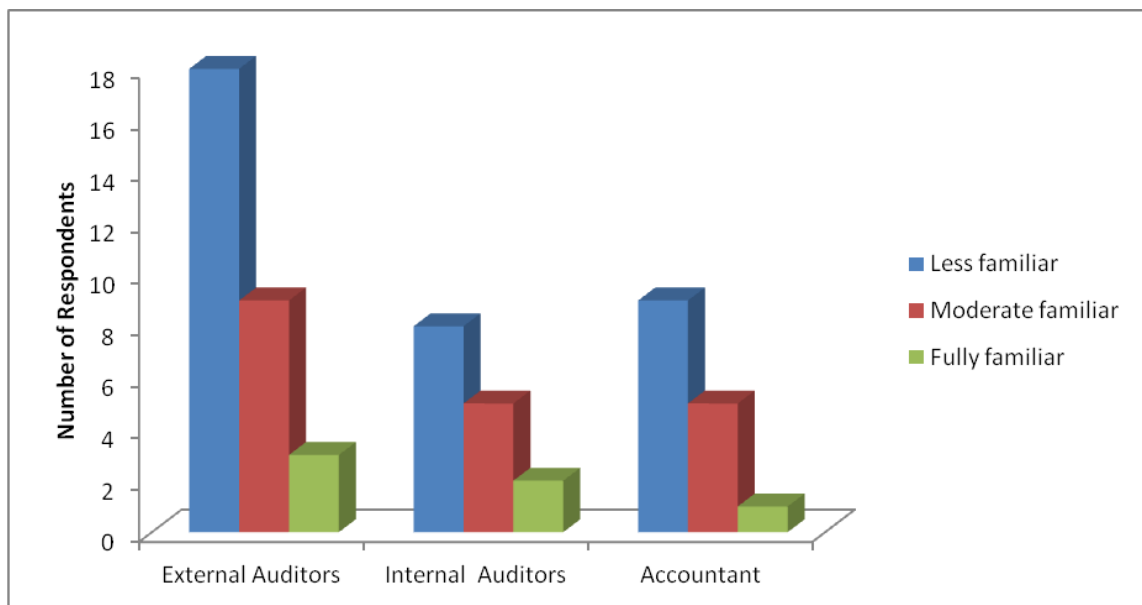
Professional audit standards support the implementation of the previous elements and provide a framework to promote quality audit work that is systematic, objective, and based on evidence. Just as many governments have adopted internal control standards either as requirements or guidance for public sector managers, audit activities should conduct their work in accordance with recognized standards. The questions regarding the knowledge of the application of standards in the preparation of the financial statements as well as during the exercise of audit were asked to External Auditors, Internal Auditors and Accountants who form a total of 60 respondents and the result of the study showed that:

Most of the External Auditors 60% (18/30) responded that the government auditors have less familiar with the Standards applied in Auditing and Accounting ,on other side 30% (9/30) of External Auditors responded that there were moderate familiar with the Standards applied in the Accounting and Auditing matters and 10% (3/30) of the External Auditors responded that the government auditors were fully familiar with the Accounting and Auditing Standards in application of the preparation and auditing of the financial statements.

The Internal Auditors 53.3% (8/15) also responded that the government auditors have less familiar with the Standards applied in Auditing and Accounting on other side 33.3% (5/15) of Internal Auditors responded that the government auditors have moderate familiar with the Standards applied in the Accounting and Auditing matters and 13.4% (2/15) of the Internal Auditors responded that the government auditors have fully familiar with the Standards applied in Accounting and Auditing matters.

The Accountants 60% (9/15) responded that the government auditors have less familiar with the Standards applied in Auditing and Accounting, on other side 33.3% (5/15) of Accountants responded that the government auditors have moderate familiar with application of Standards in Accounting and Auditing matters 6.7% (1/15) of the Accountant responded that the government auditors have fully familiar with the Accounting and Auditing Standards

Figure 4.1 Applications of Standards



Source: Field data, 2014

4.6.2 Audit Planning

Audit work plan prepared by the audit team is an important audit strategy that helps the team to perform audit in an efficient and timely manner, making the optimum use of audit resources. The audit work plan contains three phases which include pre-planning which describes the code of ethics and understanding of business, another phase is strategic planning which is used to assess the risk of the organization to be audited and final phase of audit work plan is detailed plan which describes how to formulate the audit working programme. The questions regarding the preparation of comprehensive

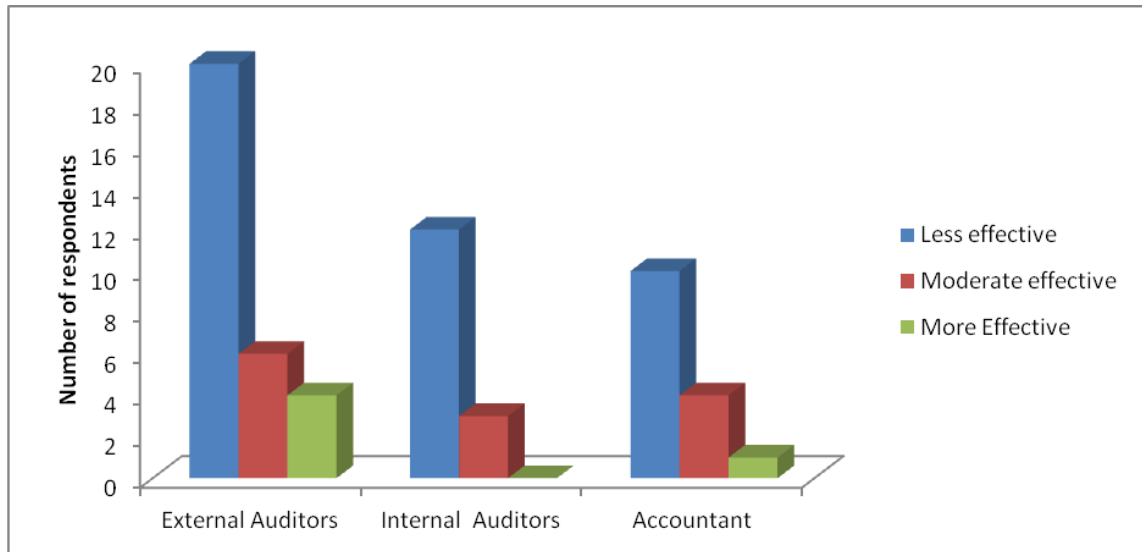
audit plan which consists of pre-plan, strategic plan, detailed plan and audit field works as important tool for exercising the audit work enhance the efficiency of the audit result were asked to External Auditors, Internal Auditors and Accountants who form a total of 60 respondents and the result of the study showed that:

External Auditors 66.7% (20/30) responded that the audit work plan prepared by government auditors is less effective to provide the financial statements opinions , due to fact that only considered at the early stage of audit plan i.e pre-plan of audit work and minor consideration on strategic plan which is most important in the preparation of audit work plan, for this reason it is still for the government auditor's work plan is not effective to provide quality of audit result, on other hand 20% (6/30) of the External Auditors responded that the audit work plan prepared by government auditors is moderate effective to provide the quality of the audit work, and 13.3% (4/30) of the External Auditors responded that audit work plan prepared by government auditors is more effective to provide quality audit result.

Internal Auditors 80% (12/15) responded that the work plan prepared by government auditors is less effective, this is due to the fact that most of the government auditors were not followed according to the Regularity Audit Manual, on other hand 20% (3/15) of the Internal Auditors responded that the audit work plan is moderate effective to enhance the quality of the audit results.

Accountants 66.7% (10/15) responded that the work plan prepared by government auditors is less effective , this is due to fact that most of the government auditors were not followed according the Regularity Audit Manual as the result of less quality of audit result, on other hand 26.7% (4/15) of the Accountants responded that the audit work plan prepared by government auditors is moderate effective to provide the quality of the audit work, and 6.6% (1/15) of the Accountants responded that audit work plan prepared by government auditors is more effective to provide quality audit result

Figure 4.2 Audit Planning



Source: Field data, 2014

4.6.3 Competency of Auditors to Provide Audit Opinion During the Exercise of Audit

The audit activity needs a professional staff that collectively has the necessary qualifications and competence to conduct the full range of audits required by its mandate. Auditors must comply with minimum continuing education requirements established by their relevant professional organizations and standards, so skill and expertise of government auditors in any office are more valuable assets, therefore this is more significant in government audit to furnish audit opinion on financial statements prepared by management. The question regarding the competency of the audit staffs in exercising different type of audit as well application of new methodology which provide the reliability of the audit opinion were asked to External Auditors, Internal Auditors and Accountants who form a total of 60 respondents and the result of the study showed that:

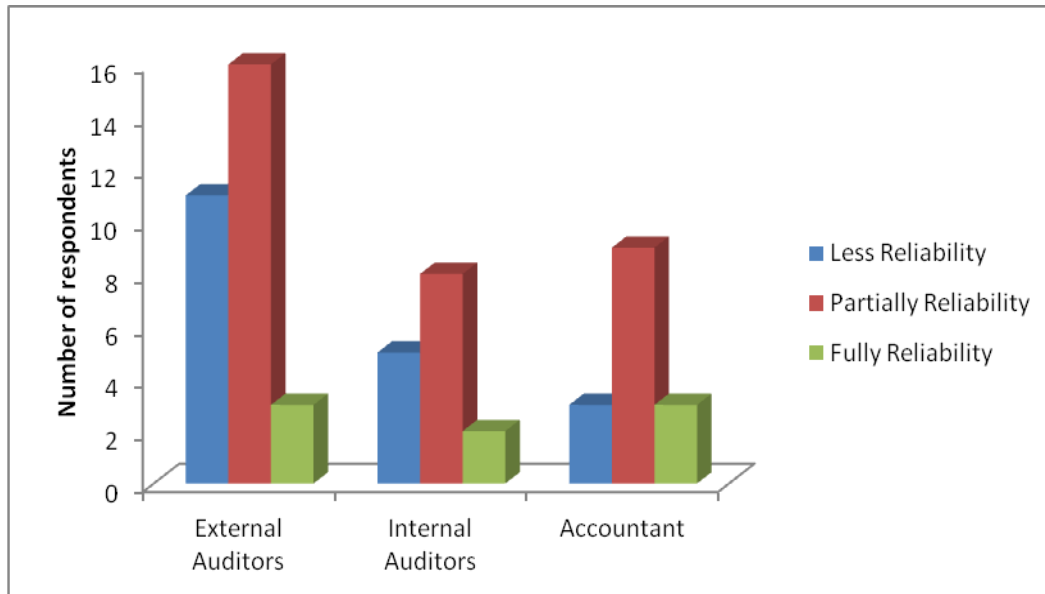
External Auditors 53% (16/30) responded that the competency of the audit staffs in exercising different types of audit and the application of new methodology is partially

reliable to provide the audit opinion, on other hand 37% (11/30) of the External Auditors responded that due to lack competency on applying new methodology rather than vouching the opinion provide by the government auditors is less reliably and 10% (3/30) of External Auditors responded that the audit opinion provided by the government auditors is fully reliably to the intended users of the financial statements.

Internal Auditors 53% (8/15) responded that the competency of the audit staffs in exercise different type of audit and the application of new methodology is partially reliably to provide the audit opinion, on other hand 33% (5/15) of the Internal Auditors respond that due to lack competency on applying new methodology rather than vouching the opinion provide by the government auditors is less reliably and 13% (2/15) of Internal Auditors respond that the audit opinion provide by the government auditors is fully reliably to the intended users of the financial statements.

Majority of Accountants 60% (9/15) responded that the competency of the audit staffs in exercising different type of audit and the application of new methodology is partially reliable to provide the audit opinion, on other hand 20% (3/15) of the Accountants responded due to lack of competency of audit staffs in exercise different types of audit and new methodology, therefore the opinion provided by the government auditors is less reliable and 20% (3/15) of the Accountants responded that the opinion provided by government auditors if fully reliable

Figure 4.3 Reliability of Audit Opinions



Source: Field data, 2014

Further information was obtained through interviews of six respondents from 2 Senior Officers Ministry of Finance, 2 Senior Officers House of Representatives and 2 Directors of Audit from OCAG about the reliability to the financial statement opinion provided by government auditors.

Respondents from Senior Officer House of Representatives state that:

“Financial statements opinions provided by Government Auditors are not reliable due to the following reason”

Capacity of government auditor in capturing audit evidence

- *Audit evidence is all the information used by the auditor in arriving at the conclusions on which the audit opinion is based, and includes the information contained in the accounting records underlying the financial statements and other information. The auditor needs sufficient, relevant and reliable evidence so that he can formulate an opinion, so government auditors fail in capturing the sufficient, relevant and reliable audit evidence as the result the Principal*

Secretary of the Ministries argued about the opinion provided by government auditors which does not reflect the true picture of the financial statements.

Respondents from Senior Officer Ministry of Finance state that

“Financial statements opinions provided by Government Auditors are not reliable due to the following reason”

Less awareness in the application of Standards

- *Less awareness in the application of Standards may hinder the reliability of the financial statement opinion to the intended users.*

Inadequate Audit Recommendation

- *Most of the government auditors fail to provide adequate audit recommendation*

Respondent from Director of Audit state that

“Financial statements opinions provided by Government Auditors are not reliable due to the following reason”

Capacity of government auditors in assessing materiality

- *In assessing the materiality of the financial statements is the key issue when decide to provide the opinion on the financial statements whether the financial statements show true and fair view or not. So the government auditors have low capacity in assessing the materiality of the financial statements.*

Improper keeping of audit working paper

- *Working papers are instruments vital to the successful accomplishment of all audit assignments performed. The working papers provide documented evidence of an examination and evaluation and provide a connecting link between the work which is performed and the final audit report. They contain the back-up material in support of the audit findings, conclusions, opinions, and comments. Currently the audit staffs were not well kept the audit working paper accordingly.*

Inadequate Audit Recommendation

- *Most of the government auditors fail to provide adequate audit recommendations*

Failing in applying Regularity Audit Manual

- *Most of the government auditors fail to apply Regularity Audit Manual. Regularity Audit Manual is a guidance which describe on how to plan and to conduct the government audit and finally how to report the result of the audit.*

Less awareness in the application of Standards

- *Less awareness in the application of Standards may hinder the reliability of the financial statement opinion to the intended users.*

Improper Planning during the audit

- *Regularity Audit Manual requires the audit exercise should be planned from pre-planning, strategic planning , detailed planning, execution of the audit and finally reporting, so the government auditors only consider in the early stage of the planning which is pre planning and other stages of planning were disregard then follow in execution of the audit and finally produce report, so the audit result can not reached.*

Additional information was obtained through documentary review of feasibility study report 2011, PEFA report 2010, ZADP Project document 2011 and Human Resource report 2011 in assessing the reliability of the financial statements opinion provided by government audit based on the application of Auditing and Accounting Standards, Planning of the audit and competency of the government auditors, so the result or opinions on the financial statement weight the effectiveness of government audit in ensuring accountability of the clients.

PEFA report showed that:

The annual reports include an opinion on the annual accounts for each vote (MDA), for 25 MDAs' Accounts were said to show a true and fair view i.e. unqualified opinions

with ‘emphasis matter’ paragraphs pointing out matters requiring attention, while five Accounts got a disclaimer of opinion because there was insufficient audit evidence, so this annual report cannot show the criteria for selecting the audit opinion which is contrary with INTOSAI Standards also the focus of the reports is almost entirely on transactional irregularities, there are few observations or recommendations on systemic issues except a recurring comment on the lack of fixed asset registers and reports do not meet INTOSAI audit standards also this report show no evidence of response or follow-up to earlier audit reports, and the same criticisms are repeated each year.

ZADP Project document showed that:

The quality of audit reports is generally low and there are many reasons for it. There is an outdated regulatory audit manual and regulations in place which are not in consonance with international demands on the quality of audit work. As a result there is no audit training based on a modern Regulatory Audit Manual to guide the financial audit work, this has resulted production of audit reports, which do not comply with professional standards, weaknesses in report writing skills by the audit staff also affect the quality of the audit reports.

Most of the audit work is dominated by comparing vouchers with book entries without applying a risk and materiality based approach in planning and executing the audit. The quality assurance system is insufficient.

Human Resource report showed that:

In OCAGZ, there are 142 works as auditors; around 40 of them hold a university degree. Many of them are still doing less qualified work. The education for some of the auditors are too low to be sufficient for the upcoming more demanding professional auditing based on the new audit manual. The SAI to fulfil the mandatory duties with respect to the international rules and procedures, the auditor has to act with a high level of competence and integrity.

General Discussion

Reliability of the financial statements opinions provided by government auditors to the intended users depend upon the application of Standards, Planning of audit and competency of auditors in exercising new methodologies influence the effectiveness of government audit in ensuring accountability of clients.

The above facts and findings from questionnaires, interview and documentary reviews, therefore, this study showed that they are some of the audit staffs have no familiar with Standards, do not understand the modern Regularity Audit Manual as the result of improper planning for the audit, often their competency is questionable in exercising the mandatory duties as the result of poor quality of audit report.

CHAPTER FIVE

SUMMARY, CONCLUSION, RECOMMENDATION AND POLICY IMPLEMENTATION

5.1 Introduction

This chapter addresses the summary findings of the study, conclusion, recommendations and policy implementation. The main objective of the study concern the assessing the effectiveness of government audit in ensuring accountability of clients in Zanzibar, though this study came out with four specific objectives related to this study namely: assessing the contribution of government audit in managing public resources are responsibly and effectively, assessing the oversight functions of government entities, examine the role of Government audit in minimizing the chances of misuse and mismanage public resources and assessing the reliability to the financial statements opinions provided by the government auditors.

The qualitative and descriptive statistics method were employed to gather information from different respondents including External Auditors, Internal Auditors, Accountants, Directorate of Auditors, Senior officers from Ministry of Finance and House of Representatives.

5.2 Summary of the Study

This study was based on the specific of objective related to the study which includes assessing the contribution of government audit in managing public resources are responsibly and effectively, assessing the oversight functions of government entities, examine the role of Government audit in minimizing the chances of misuse and mismanage public resources and assessing the reliability to the financial statements opinions provided by the government auditors

5.2.1 Assessing the Contribution of Government Audit in Managing Public Resources are Responsibly and Effectively.

This objective was assessed on various items pertained to the contribution of the government auditing in managing public resources such as authority of government auditors including mandate and ethical behavior and code of ethics of auditors.

Authority of government auditors include mandate is the most important indicator for assessing whether there is a contribution of government auditing in managing public resources are responsibly and effectively. The finding of the study indicated that the authority of government auditors to conduct audit is moderate relevant to ensure the public resource are managed in order to achieve the intended result. This is due to fact that 83% of External Auditors, 100% Internal Auditors and Accountants responded that the authority of government auditors include mandate provided through Constitution is moderately relevant.

Ethical behavior and code of ethics for the government auditors are the most significant sign for assessing whether there is contribution of government audit in managing the public resources are responsibly and effectively. The finding of the study indicated that there is less efficiency in the contribution of government audit in managing the public resources reasonably and effectively, this is due to the fact that 70% of the External Auditors, 67% of the Internal Auditors and 93% of the Accountants responded that, there is partially agreed that most of government auditors do not abide with the code of ethics.

Regarding the Constitution of Zanzibar of 1984 provide mandate to the government auditors, the study revealed that, the contribution of government audit in managing the public resources are responsibly and effectively are less effective due to the fact that there is a limited scope of audit, so the coverage of audit mandate are mainly on the expenditures rather than revenue auditing, also they are not covered on Human Resource Audit which is important to know how much the Government spent on the wage bill and

make recommendations on them as well as ghost workers on other hand the laws and procedures concerning the revenue collection are not aware for the government auditors as well as source of revenues of Government Institutions. Beside the coverage of audit, there is weakness of government auditor to understand the Act Number 11 of 2003 which is Act of the Office of the Controller and Auditor General this is due to the fact that this Act is out of date, also there is weakness of misallocation of audit staffs and most of the government auditors do not abide with the code of ethics due to fact that the remuneration of government auditors (External Auditors) is lower compared with Accountants and Internal Auditors and finally the Head of the Office fails to comply with the requirement of the Public Finance Act number 12 of 2005 on submission of the Audit Report.

5.2.2 Assessing the Oversight Functions of Government Entities

This objective was assessed on the various items pertaining the function of Oversight Committee especially Public Account Committee to ensure the government entities use public resources in order to achieve intended results which include follow up of audit report by legislation, time examination of audit report and responsiveness of audit recommendation.

Follow up of audit report by legislation is the one of the functions of the Public Account Committee to ensure that there is accountability and transparency in the utilization of public resources. Implementation and follow up of these recommendations render the audit work effective and meaningful. The finding of the study reveals that 90% of External Auditors, 93% of the Internal Auditors and 93% of the Accountants responded that the follow- up of audit report by legislation is moderately satisfactory.

CAG's reports provide information, advice and assurances to Parliament and the public about all aspects of financial operations of the programs of government. Thus regular and timely discussions of audit reports and findings would ensure transparency and accountability in the budget and programme activities.

The finding of the study disclosed that 97% of External Auditors, 73% of Internal Auditors and 73% of Accountants partially agree that timely examination of audit report by legislation enhance the effectiveness of government audit to ensure proper utilization of public resource.

Responsiveness means responding to or acting on audit recommendations against the observations or audit queries raised in the audit process. This not only establishes accountability in government operations, but also aids in the management performance. The finding of the study showed that 93% of the External Auditors, 87% of the Internal Auditors and 80% of Accountants responded that there is moderate responsiveness on audit recommendation so as improve the accountability in government operation as well as management performance.

Regarding the moderate satisfactory align with follow-up, timely examination of audit report and responsiveness of audit recommendations, the study reveals that the function of Public Account Committee to the government entities faces some challenges in exercising their duties which include lack of skills that can cover all aspects ranging from information technology, financial management and public administration; also PACs operate within a limited budget which hinders on their oversight work, increases workload and backlogs and the power of PAC in Zanzibar is limited to making recommendations to the House. PAC doesn't have teeth to bite those who steal tax payer's money. Lack of power also results in other resolutions not being implemented.

5.2.3 Examine the Role of Government Audit in Minimizing the Chances of Misuse and Mismanagement of Public Resources

This objective was assessed on the various items pertaining the role of government audit in minimizing the chances of misuse and mismanagement public resources such items include types and process of audit and independent of auditors during the audit works.

Types and process of audit is the one of the indicator which enables the Government auditors to minimize the chance of misuse and mismanagement of public resources. Government auditors conduct audits with different types of objectives, such as performance which objective is to examine the resource utilization (economy), to evaluate maximize output in relation to cost and other resources (efficiency) and examine the program accomplishment to achieve its objective (effectiveness).

Financial audit examine the reliability of specific financial information, compliance with relevant procedures and rules or the safeguard of assets. The finding of the study reveals that 93% of External Auditors, 100% of Internal Auditors and 93% of Accountants responded that the Value of Money Audit is the most type of audit approach to minimize the chance of misuse and mismanage public resource.

Organizational independence allows the audit activity to conduct work without interference by the entity under audit, also influence the government auditors to carry out their duties so as to minimize the chance of misuse and mismanage of public resources. The finding of the study tells that 93% of External Auditors, 86% of Internal Auditors and 93% of Accountants responded that the independent of government auditor is moderate independent to minimize the chance of misuse and mismanage the public resources.

The study reveals that the role of government auditor to reduce the chance to misuse and mismanage the public resource need strong internal control of the organization, types and process of audit and independent of the government auditors. Most of the respondents agree that VFM is the type of audit approach to minimize the chance of misuse and mismanage the public resource, but currently most of the government auditors usually use vouched audit rather than new methodology like Risk Based Audit and Value for Money Audit, under vouching audit only consider procedures are followed and not consider the risk associated in the organization to be audited also for the case of independent the government auditors are not fully independent based on employment and budget including salary and wages for their employees.

5.2.4 Assessing the Reliability to the Financial Statements Opinions Provided by the Government Auditors

This objective was assessed on the various items pertaining of the reliability to the financial statement opinion provided by government auditors which includes application of Auditing and Accounting Standards, planning the audit and competency of the audit staffs.

Professional audit standards support the implementation of the previous elements and provide a framework to promote quality audit work that is systematic, objective, and based on evidence.

Application of standards in Accounting and Auditing is one of the key issues whether the financial statement opinion provided by the auditors is reliably or not. The finding of the study tells that 60 % of the External Auditors, 53.3% of the Internal Auditors and 60% of the Accountants responded that most of the government auditors have less familiar with the application of Accounting and Auditing Standards, therefore the reliability of the financial statements opinions cannot attain.

Audit work plan prepared by the audit team is an important audit strategy that helps the team to perform audit in an efficient and timely manner, making the optimum use of audit resources, it enhance the quality result of the audit. The finding of the study reveals that 66.7% of External Auditors, 80% of Internal Auditors and 66.7 % of Accountants responded that the audit work plan prepared by government auditors less effective due to fact that most of the Government auditors were not aware on the implementation of Regularity Audit Manual which provide the various stages of audit work plan, therefore the reliability of the financial statements opinion provided by Government Auditors cannot achieve.

The audit activity needs a professional staff that collectively has the necessary qualifications and competence to conduct the full range of audits required by its mandate.

Auditors must comply with minimum continuing education requirements established by their relevant professional organizations and standards. The finding of the study reveals that 53% of the External Auditors, 53% of the Internal Auditors and 60% of the Accountants responded that there is partially reliably on the financial statement opinion due to lack competency of the government auditors in exercising new methodology of audit.

Reliability to the financial statements opinions provided by the government auditors depend upon the application of Auditing and Accounting Standards, planning of audit and competency of auditors, so the study reveals that there is low capacity of government auditors in capturing the audit evidence, less awareness in the application of audit and account standards, low capacity of government auditors in assessing the materiality level, inadequate audit recommendations, improper keeping of audit working papers, fail in application of Regularity Audit Manual and improper planning during the audit work.

5.3 Conclusion

The main objective of study is concerning the assessing the effectiveness of government audit in ensuring accountability of clients in Zanzibar. Based on the above findings and discussion of the study, the researcher comes up with the following conclusion.

The contribution of government audit in managing public resources reasonably and effectively depend upon the authority of government auditor include mandate and code of ethic which influence the effectiveness of government audit in ensuring accountability of clients, though the Constitution of Zanzibar provide mandate to government auditors to conduct the audit of all public funds.

The study concluded that there is partially effective of government audit in ensuring accountability of clients in Zanzibar due to fact that coverage of audit mandate is mainly on the expenditures rather than revenue auditing and the most type of audit approach is vouching audit also they do not cover on Human Resource Audit which is important to know how much the Government spent on the wage bill and make recommendation on them as well as ghost workers on other hand the laws and procedures concerning the revenue collection are not aware for the government auditors as well as source of revenues of Government Institutions. Beside the coverage of audit, there is low capacity of government auditor in exercise the new technology of audit like computerized and risk based audit. Apart from those there is a weakness of government auditor to understand the Act Number 11 of 2003 which is Act of the Office of the Controller and Auditor General this due fact that this Act is out of date, also there is a weakness of misallocation of audit staffs and most of the government auditors are not abide with the code of ethics due to fact that their remuneration of government auditors (External Auditors) is lower as compared with Accountants and Internal Auditors and finally the Head of the Office fails to comply with the requirement of the Public Finance Act number 12 of 2005 on submission of the Audit Report.

Functions of Public Account Committee through follow up of audit report by legislation, regular and timely discussion of audit report and responsiveness of clients through audit recommendation enhance the effectiveness of government audit in ensuring the accountability of the clients.

Regarding moderate follow-up of audit report, timely discussion of audit report, and response of clients through audit recommendations. The study concluded that there is less value of government audit in ensuring accountability of clients in Zanzibar, due to fact that Public Account Committee faces some challenges on exercise their duties which include lack of skills that can cover all aspects ranging from information technology, financial management and public administration; also PACs operate within a limited budget, which hinders on their oversight work, increases workload and backlogs and the power of PAC in Zanzibar is limited to making recommendations to the House. PAC doesn't have teeth to bite those who steal tax payer's money. Lack of power also results in other resolutions not being implemented.

The role of government auditor to minimize the chance of misuse and mismanage the public resource through exercise different types and process of audit as well as the government auditors be independent enhance effectiveness of government audit in ensuring accountability.

The study concluded that the government audit in ensuring accountability of clients in Zanzibar is less successful due to fact that most of the government auditors usually applied vouched audit rather than new methodology like Risk Based Audit and Value for Money Audit, under vouching audit only consider procedures are followed and not consider the risk associated in the organization to be audited also for the case of independent the government auditors are not fully independent based on employments, budgets including salary and wages for their employees.

Reliability to the financial statements opinions provided by the government auditors influence the effectiveness of government audit in ensuring accountability of clients in Zanzibar through the application of Auditing and Accounting Standards, planning of audit and competency of auditors.

The study concluded that there is incomplete of government audit in ensuring accountability of clients in Zanzibar due to fact that there is low capacity of government auditors in capturing the audit evidence, less awareness in the application of Auditing and Accounting Standards, low capacity of government auditors in assessing the materiality level, inadequate audit recommendations, improper keeping of audit working papers, fail in application of Regularity Audit Manual and improper planning during the audit work.

5.4 Recommendation and Policy Implementation

Based on the findings of the study, some recommendations are hereby put forward. These recommendations if implemented are expected to improve the existing situation on the government audit in Zanzibar to ensure the clients are accountable in the utilization of public resource. These recommendations are categorized into two areas, namely policy recommendations and managerial recommendations.

5.4.1 Policy Recommendations

The contribution of government audit in managing public resources are responsibly and effectively managed was assessed based on the two items namely authority of government auditor through mandate and code of ethics.

The mandate of government auditor which give the authority to conduct the audit describe in the Constitution of Zanzibar of 1984, Public Finance Act number 12 of 2005 and Establishment of the Office of Controller and Auditor General Act number 11 of 2003.

The study noted that over the years Office of Controller and Auditor General Zanzibar failed to review the legislation of Establishment of the Office of Controller and Auditor General Act number 11 of 2003 that governs the management and control of public funds as well as public audit.

The study comments that the Office repealing this Act and namely Public Audit Act will be able to address some of the challenges currently faced, such as unattractive remuneration, budgetary constraints and lack of sanction powers.

The study reveals that the Constitution of Zanzibar of 1984 stipulates the procedures on the submission of audit report under Section 112 (5) of the Constitution, so this section disregards the time frame on submission of audit report which facilitates the accountability mechanism on the budget cycle. The study comments that there is need to revise such provision to ensure that the accountability mechanism on the budget cycle is achieved.

5.4.2 Managerial Recommendation

Full coverage of audit mandate influence the effectiveness of the government audit in ensuring accountability of the clients as result the public entities utilize the public resource responsibly and managed to achieve intended result. The study reveals that government auditors are mainly concerned with the expenditure audit and disregard the revenue audit which is most important for assessing the ability of the government on the collection of own revenue, on other side there is less awareness on understanding the required laws applicable for revenue collection.

The study comments that there should be continuous capacitate of the government auditors through training, attachment with other SAI on how to conduct revenue audit so as to improve the performance of government audit enhance the government entities utilize the public resource reasonably and manage to achieve the intended result.

The code of ethics for the government auditors influence the government entities to manage and utilize the public resources responsibly and effectively to achieve intended results. The study reveals that government auditors (External Auditors) do not abide with the code of ethics due to the fact that their remuneration is very low as compared with Accountants and Internal Auditors.

The study comments that Government should improve remuneration and conditions of service for the government auditors to ensure that there is no room for corruption, misuse, abuse, embezzlement and decision making will be easily manipulated towards self-interests.

Functions of Public Account Committee through follow up of audit report by legislation, regular and timely discussion of audit report and responsiveness of clients through audit recommendation enhance the effective government audit in ensuring the accountability of the clients. The study reveals that the functions of Public Account Committee faces many challenges which hinder the improvement of the effectiveness of government audit. Such challenges include lack of skills that can cover all aspects ranging from information technology, financial management and public administration; also PACs operate within a limited budget, which hinders on their oversight work, increases workload and backlogs and the power of PAC in Zanzibar is limited to making recommendations to the House. PAC doesn't have teeth to bite those who steal tax payer's money. Lack of power also results in other resolutions being not implemented.

The study comments that there should be a continuous capacitate PACs members and support staff on effective oversight. This can be done through training, professional skills development programmes, exchange programmes, and study opportunities. Such interventions will assist PACs to effectively and efficiently conduct oversight, ensures maximum accountability, interpret financial statements, draft resolutions, and be able to track the implementation of resolutions taken. The quality of oversight work as

conducted by the PACs needs to be improved through training in order to ensure that fraudulent and corruption related activities are detected early and thus prevented.

PACs need to be allocated with enough funds which can enable the Committee to effectively execute its functions; and there is still a need for the PAC to drive a public awareness programme in order to sensitize the public about the PACs role, mandate and activities. The public needs to be informed about activities that take place at the PACs. The awareness programme can be rolled-out through the media and through a public hearing meeting. A pre-public hearing meeting can assist in sensitizing the public on the activities of the PACs. During PACs public hearing, the general public must be invited so that they can observe whether there is integrity over financial matters.

The role of government auditor to minimize the chance of misuse and mismanage the public resource through exercise different types and process of audit, as well as the government auditors be independent enhance effectiveness of government audit in ensuring accountability.

The finding reveals that most of the respondents agree that VFM is the type of audit approach to minimize the chance of misuse and mismanagement the public resource, but the government auditors usually apply vouchered audit during the audit exercise rather than new methodology like Risk Based Audit and Value for Money Audit, under vouching audit only consider procedures are followed and not consider the risk associated in the organization to be audited.

The study comments that there is continuous capacity of the government auditors through training, attachment with other SAI on how to conduct the different approach of audit such as VFM, Risk based approach and other new audit methodology to improve the performance of government audit enhance to minimize the chance of misuse and mismanagement the public resources.

Organizational independence allows the audit activity to conduct work without interference by the entity under audit, also influence the government auditors to carry out their duties so as to minimize the chance of misuse and mismanagement the public resources The study revealed that there are not fully independent of government auditors based on employment and budget including salary and wages for their employees.

The study comments that the Office repealing the Act number 11 of 2003 and namely Public Audit Act will be able to address some of the challenges currently faced, such as unattractive remuneration, budgetary constraints and lack of sanction powers to improve the independence of the government auditors as well as the office as the whole.

Reliability on the financial statements opinions provided by the government auditors depend upon the application of audit and account standards, planning of audit and competency of auditors, so the study reveals that there is low capacity of government auditors in capturing the audit evidence, less awareness in the application of audit and account standards, low capacity in assessing the materiality level, inadequate audit recommendations, improper keeping of audit working papers, fail in application of Regularity Audit Manual and improper planning during the audit work.

The study comments that there is continuous capacity programme of the government auditors through training on how to apply the Regularity Audit Manual so as to improve the performance of government audit enhance the reliability of the financial statement opinion.

5.5 Area for the Further Research

More research could be carried out on the challenges face the government auditors in ensuring accountability of clients on the revenue collection.

I would like to suggest for more research to be carried out for the effectiveness and efficiency of Public Account Committee in enhancing accountability in Public Sector.

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APPENDICES

APPENDIX A

Questionnaires 1

QUESTIONNAIRE FOR EXTERNAL AND INTERNAL AUDITORS

Dear Sir/Madam,

This study is part of my requirement to the award of Master of Science Account and Finance at Mzumbe University. Its major objective is to assess on the “*effectiveness of government auditing in ensuring accountability of clients Zanzibar*” This study is done by taking Zanzibar as a case study . Based on that, it focuses at the Ministry of Finance, Office of Controller and Auditor General and House of Representative. Therefore, you are kindly requested to participate in this study by filling in this short questionnaire.

Instructions:

- Do not sign your name anywhere on this questionnaire.

SECTION A: BACKGROUND INFORMATION

Please put a tick (✓) to what you consider as right answer and explain where required

1. Sex of respondent

☐

Male

☐

Female

2. Age of respondents

20 - 30
☐

31- 40
☐

40- 60
☐

3. Name of the organization -----

4. How long involved in the auditing activities?

3yrs - 6 yrs ☐

7 yrs - 10 yrs ☐

11 yrs and above ☐

5. Education level

Ordinary Diploma ☐

Bachelor Degree ☐

Master and above ☐

SECTION B: CONTRIBUTION OF GOVERNMENT AUDIT IN MANAGING PUBLIC RESOURCES ARE RESPONSIBLY TO ACHIEVE INTENDED RESULT

Please put a tick (✓) to what extent you consider as right answer and explain where required

6. Constitution of Zanzibar of 1984 gives the mandate to the government auditors to audit public resources and ensure managed to achieve the intended result. This mandate is highly relevant to ensure public resources are managed. Do you think the mandate is highly relevant to ensure public resources are managed well?

Not relevant

☐ 1

Moderate relevant

☐ 2

Highly relevant

☐ 3

7. It is sometimes alleged that it is not always possible for audit personnel to abide by the principles of code of ethics for auditors, like integrity and objectivity. Do you agree this statement?

Agree

☐ 1

Partially agree

☐ 2

Disagree

☐ 3

SECTION C: OVERSIGHT FUNCTIONS

8. The effectiveness of government audit is dependent of the complementary role of Public Accounts Committee (PAC) .PAC is supporting audit effectiveness by its timely scrutiny and recommendations of audit observations. Do you agree this statement?

Agree

☐

Partially agree

☐

Disagree

☐

9. Are PAC recommendations implemented and followed-up are satisfactorily by Public entities to ensure the public resources are utilized for intended purposes?

Less satisfactory

☐

Partially satisfactory

☐

More satisfactory

☐

10. How would you rank the responsiveness of the line ministries in giving timely and proper action as per audit recommendations against observations raised ?

Less response

☐ 1

☐ 2

Moderate response

☐ 3

☐ 4

High response

☐ 5

SECTION D: ROLE OF GOVERNMENT AUDIT IN MINIMIZING THE CHANCE OF MISUSE AND MISMANAGEMENT OF PUBLIC RESOURCES

11. Which type of audit you think most appropriate to make auditing effective to minimize the chance of misuse and mismanage public resources?

☐

Financial

☐

VFM

☐

Legality

12. Which approach of auditing do you prefer among the following?

RBA	VFM	SBA
--------------------------	--------------------------	--------------------------

13. The Constitution of Zanzibar has given full freedom to public audit. How do rank the Independently of auditors carry out their duties to minimize the chance of misuse and mismanagement of public resource?,

Less independent	Moderate independent	Fully independent
1 2	3 4	5

SECTION E: RELIABILITY TO THE FINANCIAL STATEMENT OPINION

14. Government auditors need to understand the applicability of standards which apply in the preparation of financial statements as well as in conducting audit on financial statements .Do the Government auditors were familiar with the standards?

Less familiar	Moderate familiar	Fully familiar
1	2	3

15. Audit planning is the important tool for exercising the audit work which enhances the efficiency of the result of the audit. Do you think audit planning prepared by government auditors are effective in providing quality financial statement opinion?

Less effective	Moderate Effective	More Effective
1	2	3

16. Competency of audit staffs is key the element in exercising the audit work in order to provide audit opinion. Do you think the opinion provided by the government auditors are reliably to intended users?

Less reliably	Partly reliably	Fully reliably

QUESTIONNAIRES 2

QUESTIONNAIRE FOR ACCOUNTANTS

Dear Sir/Madam,

This study is part of my requirement to the award of Master of Science Account and Finance at Mzumbe University. Its major objective is to assess on the “*effectiveness of government auditing in ensuring accountability of clients in Zanzibar*” This study is done by taking Zanzibar as a case. Based on that, it focuses at the Ministry of Finance, Office of Controller and Auditor General and House of Representative. Therefore, you are kindly requested to participate in this study by filling in this short questionnaire.

Instructions:

- Do not sign your name anywhere on this questionnaire.

SECTION A: BACKGROUND INFORMATION

Please put a tick (☐) to what you consider as right answer and explain where required

17. Sex of respondent

☐

Male

☐

Female

18. Age of respondents

20 - 30

☐

31- 40

☐

40- 60

☐

19. Name of the organization -----

20. How have you been involved in accounting activities?

3yrs - 6 yrs

☐

7 yrs - 10 yrs

☐

11 yrs and above

☐

21. Education level

Ordinary Diploma ☐

Bachelor Degree ☐

Master and above ☐

SECTION B: CONTRIBUTION OF GOVERNMENT AUDIT IN MANAGING PUBLIC RESOURCES ARE RESPONSIBLY TO ACHIEVE INTENDED RESULT

Please put a tick (✓) to what extent you consider as right answer and explain where required

22. Constitution of Zanzibar of 1984 gives the mandate to the government auditors to audit public resources and ensure managed to achieve the intended result. This mandate is highly relevant to ensure public resources are managed. Do you think the mandate is highly relevant to ensure public resources are managed well?

Not relevant

Moderate relevant

Highly relevant

☐

1

☐

2

☐

3

23. It is sometimes alleged that it is not always possible for audit personnel to abide by the principles of code of ethics for auditors, like integrity and objectivity. Do you agree this statement?

Agree

Partially agree

Disagree

☐

1

☐

2

☐

3

SECTION C: OVERSIGHT FUNCTIONS

24. The effectiveness of government audit is dependent of the complementary role of Public Accounts Committee (PAC) .PAC is supporting audit effectiveness by its timely scrutiny and recommendations of audit observations. Do you agree this statement?

Agree

Partially agree

Disagree

☐☐☐

25. Are PAC recommendations implemented and followed-up are satisfactorily by Public entities to ensure the public resources are utilized for intended purposes?

Less satisfactory

Partially satisfactory

More satisfactory

26. How would you rank the responsiveness of the line ministries in giving timely and proper action as per audit recommendations against observations raised ?

Less response

1

2

Moderate response

3

4

High response

5

SECTION D: ROLE OF GOVERNMENT AUDIT IN MINIMIZING THE CHANCE OF MISUSE AND MISMANAGEMENT OF PUBLIC RESOURCES

27. Which type of audit you think most appropriate to make auditing effective to minimize the chance of misuse and mismanage public resources?

Financial

VFM

Legality

28. Which approach of auditing do you prefer among the following?

RBA

VFM

SBA

29. The Constitution of Zanzibar has given full freedom to public audit. How do rank the Independently of auditors carry out their duties to minimize the chance of misuse and mismanagement of public resource?,

Less independent

1

2

Moderate independent

3

4

Fully independent

5

SECTION E: RELIABILITY TO THE FINANCIAL STATEMENT OPINION

30. Government auditors need to understand the applicability of standards which apply in the preparation of financial statements as well as in conducting audit on financial statements .Do the Government auditors were familiar with the standards?

Less familiar

1

Moderate familiar

2

Fully familiar

3

31. Audit planning is the important tool for exercising the audit work which enhances the efficiency of the result of the audit. Do you think audit planning prepared by government auditors are effective in providing quality financial statement opinion?

Less effective

1

Moderate Effective

2

More Effective

3

32. Competency of audit staffs is key the element in exercising the audit work in order to provide audit opinion. Do you think the opinion provided by the government auditors are reliably to intended users?

Less reliably

Partly reliably

Fully reliably

APPENDIX B

INTERVIEW GUIDE FOR THE GOVERNMENT OFFICIAL

Dear Sir/Madam,

This study is part of my requirement to the award of Master of Science Account and Finance at Mzumbe University. Its major objective is to assess on the “*effectiveness of government auditing in ensuring accountability of clients in Zanzibar*” This study is done by taking Zanzibar as a case. Based on that, it focuses at the Ministry of Finance, Office of Controller and Auditor General and House of Representative. Therefore, you are kindly requested to participate in this study

Questions

- a) Do you think the role of government auditors will influence the public resources are responsibly and effectively managed to achieve intended results?
- b) Pleases explain how.
- c) Do you think the functions of oversight committee ensure government entities doing what they are supposed to do?
- d) Please explain why?
- e) Do you think the role of Government auditor will minimize the chance of misuse and mismanagement of public resources? Please explain how.
- f) Financial statement opinion is the key indicator whether the organizations meet the requirement of standards as well as utilize the public resources accordingly. Do you think the financial statement opinion provided by government auditors meet requirements of the required standards?

Thank You Very Much for your Co-operation