

# The Oversight Function of the PAC and LAAC

A Qualitative Analysis of the Oversight Committees and the Implementation of their Directives at Central and Local Level

With core support by DANIDA



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**Irenei Kiria**  
Executive Director  
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# LIST OF ABBREVIATIONS

<b>AFROSAI-E</b>	African Organization of Supreme Audit Institutions
<b>CAG</b>	Controller and Auditor General
<b>CCM</b>	Chama Cha Mapinduzi
<b>CHADEMA</b>	Chama cha Demokrasia na Maendeleo
<b>CSOs</b>	Civil Society Organizations
<b>CUF</b>	Civic United Front
<b>GFG</b>	Good Financial Governance
<b>IBP</b>	International Budget Partnership
<b>INTOSAI</b>	International Organisation of Supreme Audit Institution
<b>LAAC</b>	Local Authorities Accounts Committee
<b>LGAs</b>	Local Government Authorities
<b>MDAs</b>	Ministerial Departments and Agencies
<b>MPs</b>	Members of Parliament
<b>NAOT</b>	National Audit Office of Tanzania
<b>OBI</b>	Open Budget Index
<b>PAA</b>	Public Audit Act
<b>PAC</b>	Public Accounts Committee
<b>PMG</b>	Paymaster General
<b>POAC</b>	Parastatal Organisations Accounts Committee
<b>REPOA</b>	Research on Poverty Alleviation
<b>SAIs</b>	Supreme Audit Institutions
<b>UNDP</b>	United Nations Development Programme

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# EXECUTIVE SUMMARY

This report is part of a wider collaboration between Sikika's 'Public Financial Management Programme' and GIZ's 'Good Financial Governance (GFG) in Tanzania' Programme, aimed at strengthening public financial management at national and local level.

Audit and accountability are the cornerstones of good public financial management, and effective scrutiny is essential for good governance. In addition to the Supreme Audit Institution (SAI) - the National Audit Office of Tanzania (NAOT), led by the Controller and Auditor General (CAG) - the main actors in the accountability system in Tanzania are the parliamentary oversight committees: the Public Accounts Committee (PAC), which is responsible for scrutinising central government expenditure, and the Local Authorities Accounts Committee (LAAC), which examines local government spending. Based on the CAG's reports and their own inquiries, the oversight committees issue directives<sup>1</sup> aimed at ensuring that public funds are used for the purposes intended by Parliament and addressing failures or weaknesses in public financial management.

These committees have a vital role to play in holding the executive to account; promoting transparency over the use of public funds; identifying and encouraging the executive to learn the lessons of past failures; influencing public debate, and leveraging pressure from the public, media and civil society to bring about change. Oversight committees that are seen to do an effective job can also help to increase public trust and support for Parliament and the democratic process.

However, in the case of the PAC and LAAC, the historically poor record of implementation of audit recommendations by the executive, as evidenced in the CAG Central Government & Local Government reports, has raised concerns about their effectiveness in exercising an oversight role, prompting Sikika and the GFG programme to commission this work.

This report considers the effectiveness of the PAC and LAAC in exercising their oversight functions, including but not limited to the monitoring and follow up of the implementation of the committees' audit recommendations.

It identifies six areas which have a significant impact on the ability of parliamentary oversight committees to perform their role effectively. Its findings illustrate how in the case of the PAC and LAAC there are weaknesses in each of these areas which appear to inhibit the overall effectiveness of the committees, and therefore are likely to contribute to the poor record of implementation of audit recommendations. Specifically, the report finds that:

- Committee members often lack the knowledge and expertise to conduct effective financial scrutiny;
- The composition and tenure of committee membership undermines their potential to exercise effective oversight;
- There is a significant mismatch between the committees' workload and the resources available to them;
- There is a lack of clarity about the committees' powers and remit, and whether these are sufficient to enable effective oversight;
- There is scope to strengthen the effectiveness of the working relationship between the oversight committees and the NAOT;

<sup>1</sup> In practice these 'directives' serve as recommendations as they are not binding.

- The accountability framework within which the oversight committees operate does not comply with internationally accepted good practice, particularly in relationship to the independence of the SAI.

The report goes on to make a series of practical recommendations aimed at improving the effectiveness of the two committees as follows:

- Stock take and review of training received by the PAC and LAAC committees, and subsequent preparation of a training plan to cover the gaps identified.
- Advocacy by CSOs and other stakeholders for proper resourcing of the Parliament and oversight committees to fill resource gap and to prevent further institutional weakening.
- Raise awareness among committee members of relevant standards and guidance required for effective parliamentary oversight committees.
- Encouragement from CSOs for the PAC and LAAC to be vocal advocates for the proper resourcing of the CAG and his staff.
- Support from all stakeholders of CSOs and parliamentarians to strengthen responsible institutions such as NAOT to conduct independent and effective financial oversight.

However, unless the systemic weaknesses that undermine parliamentary accountability are also addressed, they will continue to limit the extent to which the oversight committees are capable of acting as an effective check on the power of the executive.

## **Methodology**

We conducted 13 semi-structured interviews with the Chairs of the two oversight committees, the Vice Chair of the LAAC, parliamentary staff, the CAG and his staff at the NAOT, and civil society leaders between February and March 2018<sup>2</sup>. The purpose of this qualitative approach was to gain a deeper insight into the underlying issues impacting on the effectiveness of the oversight committees by hearing first-hand from the main actors involved in the accountability process.

The report is also based on an analysis of the Annual Reports issued by the CAG and the oversight committees between 2013-14 and 2015-16, and related extracts from Hansard<sup>3</sup>.

It draws on international good practice evaluations and guidance for Public Accounts Committees, the International Organisation of Supreme Audit Institution (INTOSAI) framework of standards for the SAIs, and other relevant secondary literature.

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A number of the individuals interviewed for this project asked not to have particular comments or analysis attributed to them.

3

The official record of parliamentary debates and proceedings.

# 1. INTRODUCTION

## 1.1 Role of the Oversight Committees

### 1.1.1 Public Accounts Committee (PAC)

Public Accounts Committees are a common feature of the ‘Westminster system’ of parliamentary democracy, a model that is broadly followed by many Commonwealth nations. Their purpose is to hold government to account for the way in which public money has been spent, and therefore examine the implementation of policy and spending decisions, rather than their merits (the ‘how’ rather than the ‘why’). A PAC would not, for example, question whether a bridge should have been built, but whether the funds allocated for the bridge were properly spent for the purposes intended.

For this reason, PACs typically, though not always, take evidence from the civil servants responsible for implementation rather than from the ministers who take the decisions. Usually this is the Accounting Officer, the most senior official in a government department or agency, who has ultimate responsibility for financial management. PACs usually conduct their work on the basis of reports by the Controller and Auditor General (CAG), the head of the country’s Supreme Audit Institution, who audits the financial statements of public bodies and reports on his or her findings. The current CAG of Tanzania is Prof. Mussa Juma Assad, who has held the role since 2014.

However, there are significant variations in the way in which PACs operate. The role and powers of committees are set out in a Parliament’s Standing Orders, the rules governing parliamentary proceedings, and can differ from country to country. PACs may also choose to exercise their mandate in a particular way according to their country’s circumstances. In the United Kingdom, the PAC concerns itself primarily with value for money audit (also referred to as ‘performance audit’), which examines the economy, efficiency and effectiveness of public spending.

Other PACs may focus primarily on financial and compliance audit. This is the case in Tanzania, although in our interviews with the Chairs of the PAC and LAAC they both highlighted a growing appetite among oversight committee members to focus more on performance audit, particularly in relation to infrastructure and development projects.

As of 2016 the role specified for the PAC according to the Standing Orders of the National Assembly of Tanzania is to:

- Deal with areas of long-standing issues of misappropriation of public funds in government ministries as indicated in the CAG’s report;
- Follow up on the implementation of previous years’ recommendations given by the committee aimed at rectifying such problems;
- To give recommendations and advice to government ministries on the appropriate use of public funds to reduce misappropriation.

The scope of the committee’s work is significant considering their role to follow up on areas of public fund misappropriation identified by the CAG. In 2015-16 the CAG audited 122 institutions of central government, including 62 ministries and government departments, 37 executive agencies, 18 special funds, 26 regional secretariats, 42 other institutions, 19 political parties, 13 basic water boards, and 34 embassies and high commissions<sup>4</sup>.

<sup>4</sup> Although the committee is not required to examine the full breadth of the CAG’s audit work.

### 1.1.2 Local Authorities Accounts Committee (LAAC)

There is no internationally recognised model, equivalent to the PAC, for parliamentary oversight of public expenditure at a local level. In Tanzania, the Local Authorities Accounts Committee (LAAC) conducts scrutiny of local government spending.

The role stipulated for the LAAC in the Standing Orders of the National Assembly of Tanzania as of 2016 is to:

- Address persistent fund misappropriation among LGAs as revealed by the CAG’s audit reports;
- Follow up on the implementation of previous recommendations made by the LAAC in order to rectify the raised issues;
- Provide recommendations and advice on the proper use of public resources to reduce mismanagement.

Its scope includes 171 Local Government Authorities as of 2016. However, as of 2018, the total number of LGAs is 185 in mainland Tanzania.

The methods used by the LAAC to perform its responsibilities include scrutinising the CAG’s reports and previous LAAC reports; holding hearings with the management of Councils to obtain their explanations regarding issues that are raised by the CAG’s audits, and to perform site visits to assess value for money for Council’s capital development projects. The LAAC also issues directives to the Government when it considers that intervention is required.

## 1.2 Role of the National Audit Office of Tanzania (NAOT)

The NAOT is the Supreme Audit Institution of Tanzania, headed by the Controller and Auditor General. The CAG and his staff operate under the terms of the Public Audit Act (PAA) 2008 and accompanying Public Audit Regulations of 2009. According to the PAA, the role of the CAG and his staff is “to examine, inquire, audit and report on” the accounts of all public authorities, at a national and local level<sup>5</sup>. In addition to financial (or regularity) audit, the CAG may undertake performance audits, forensic audit, and ad hoc ‘special audits’. The CAG reports his findings and makes recommendations for improving public financial management through his Annual Reports, which are tabled in Parliament via the executive, and individual reports on particular ministries and councils.

Parliamentary and civil society stakeholders we interviewed all regarded the NAOT as a relatively high performing organisation. The CAG has a strong record of delivering audit reports on time, and the NAOT has won accolades for its performance audit work from the AFROSAI-E, the English language subgroup of the African branch of the INTOSAI<sup>6</sup>.

The Public Audit Act also sets out the relationship between the CAG and the parliamentary oversight committees, which are the primary audience for the CAG’s reports. Just as the oversight committees rely on the CAG for independent and authoritative evidence on which to base their inquiries, the CAG relies on Parliament to maximise the impact of his reports. The former CAG, Mr Ludovick Utouh, told us that in order to be really effective, the CAG needs “robust, vibrant, visionary, aggressive parliamentary oversight committees”.

<sup>5</sup> Article 143, Sections 9-10 of the Public Audit Act 2008.

<sup>6</sup> Tanzania won the award for Best Performance Audit in the AFROSAI-E region in 2011 and 2014 and was nominated in 2012.

### 1.3 The Accountability Process

The accountability process through which the CAG and the PAC and LAAC exercise their financial oversight functions contains the following steps:

- Under the Public Audit Act, the CAG must submit his reports for the previous financial year to the President by 31st March. The President is required to ensure that the reports are tabled in Parliament within 7 days of the next parliamentary sitting. If the President fails to do so, the CAG is to submit his reports directly to the Speaker of the National Assembly.
- The Government concurrently tables its response to the CAG's reports<sup>7</sup>.
- The Speaker of the National Assembly directs the reports to the appropriate oversight committee.
- The oversight committees hold hearings where they question Accounting Officers about the CAG's findings and their action plans for implementing the CAG's audit recommendations.
- The oversight committees produce reports containing their own recommendations, which are presented to the Parliament in February.
- The National Assembly debates the PAC and LAAC reports and endorses their recommendations through resolutions of the full National Assembly.
- The CAG monitors and reports on the implementation of his audit recommendations and those of the oversight committees.

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<sup>7</sup> This provision was introduced through a 2013 amendment to the Public Audit Act. It is controversial because it creates the potential for the executive to delay parliamentary debate of the CAG's reports by failing to provide a timely response. According to the second amendment to the Public Audit Act in 2013, the National Assembly was not to discuss any CAG reports unless the Executive had already submitted a response to these reports. This was apparently to ensure that the reports are discussed concurrently with the reports from oversight committees. In practice, the response from the executive does not necessarily take place concurrently; often, there is not enough time for the government to prepare a structured written response. Furthermore, there is no specific deadline for the Executive response, which may lead to delays in the exercise of accountability.

## 2. IMPLEMENTATION OF AUDIT RECOMMENDATIONS BY MDAs AND LGAs

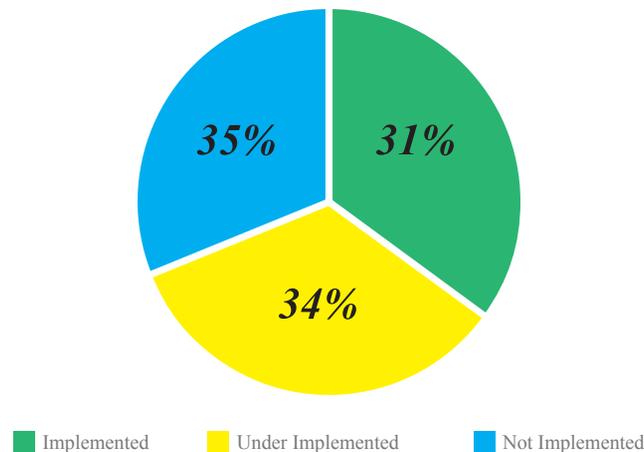
The CAG's Annual Reports contain a detailed summary of the status of implementation of audit recommendations made by the LAAC's. These reports show that the executive has a poor track record of implementing oversight committee recommendations.

### 2.1 Local Authorities Accounts Committee (LAAC)

According to the CAG's Local Government Annual General Report 2016-2017, of the 748 directives issued by the LAAC to 115 individual local authorities in 2015-16, 31% (233) were implemented, 34% (256) are under implementation and 35% (259) were not implemented at all.

**Figure 1: Progress on LAAC Directives Issued to LGAs**

*Fewer than one-third of LAAC recommendations issued to LGAs in 2015-16 have been implemented*



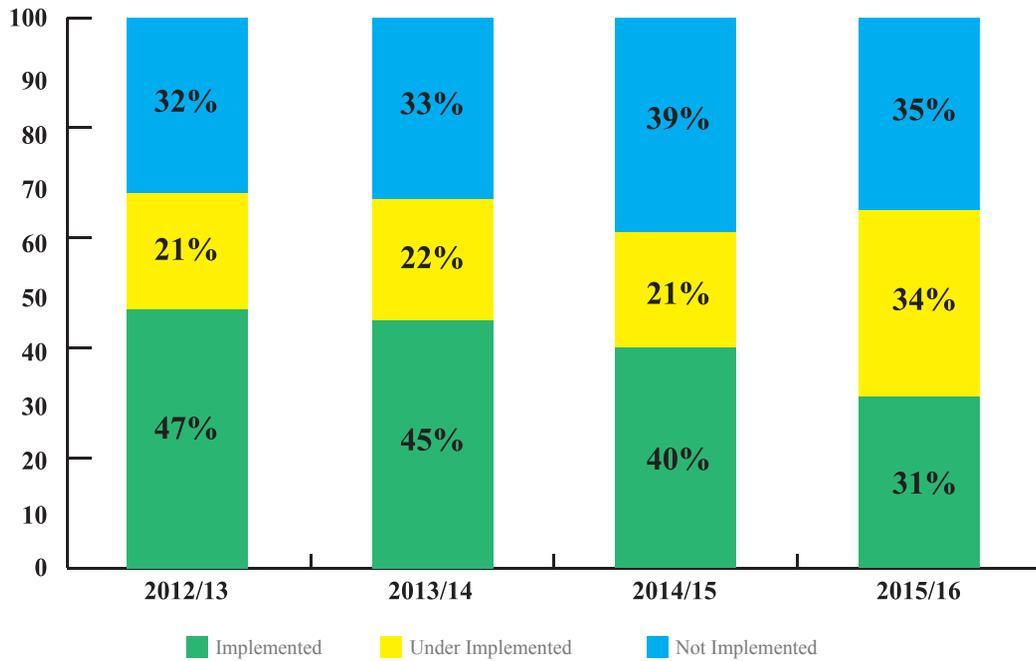
**Table 1: Percentage of LAAC Directives Implemented**

*The percentage of LAAC directives implemented by LGAs has declined in recent years<sup>8</sup>:*

Financial Year	No. of LGAs	Total Recommendations	Implemented	Under Implementation	Not Implemented
2015/16	115	748	233	256	259
%		100%	31%	34%	35%
2014/15	142	1094	433	231	430
%		100%	40%	21%	39%
2013/14	118	900	408	201	291
%		100%	45%	22%	33%
2012/13	123	1146	536	240	370
%		100%	47%	21%	32%

<sup>8</sup> These figures are taken from the Annual General Report of the Controller and Auditor General on the Financial Statement for the year ended 30th June 2017: Local Government, p.20, and the Annual General Report of the Controller and Auditor General on the Financial Statement for the year ended 30th June 2016: Local Government, p.16.

**Figure 2: Percentage of LAAC Recommendations Implemented by LGAs**



On LAAC directives issued to the Government, the CAG reports that his 2015/16 Annual General Report for local government had identified 14 recommendations that were outstanding since 2013/14, but responses were not received from the Paymaster General until July 2017<sup>9</sup>. The PMG responded that of the 14 directives, 9 were under implementation and 5 were not implemented.

The CAG notes in his 2016-17 report that he has not yet received written responses on the issued directives for 2015-16. Indeed, no responses have been received for five of the last six financial years<sup>10</sup>.

## 2.2 Public Accounts Committee (PAC)

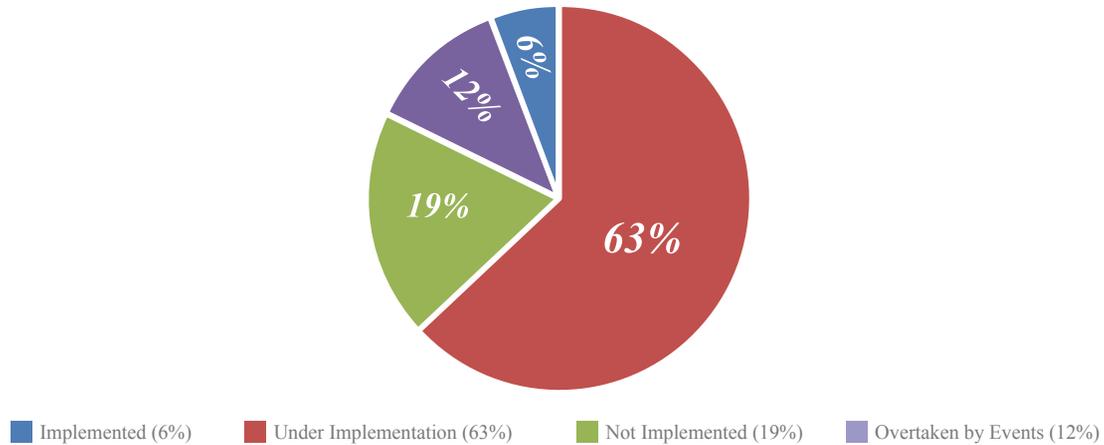
The PAC issues directives both to central government, based on the CAG’s Annual General Reports, and to individual ministerial departments and agencies (MDAs), based on the CAG’s individual reports. The Paymaster General (PMG) responds to the former on behalf of the Government.

In his Central Government Annual General Report 2016-2017, the CAG reported that of the 16 directives issued to central government by the PAC in 2015-16, 1 (6%) was implemented, 10 (63%) are under implementation, 3 (19%) were not implemented and 2 (12%) were overtaken by events.

<sup>9</sup> Annual General Report of the Controller and Auditor General on the Financial Statement for the year ended 30th June 2017: Local Government, p.XVI  
<sup>10</sup> The Annual General Report of the Controller and Auditor General on the Financial Statement for the year ended 30th June 2017: Local Government, pp.15-16.

**Figure 3: PAC Recommendations Issued to Government in 2015/16**

*Fewer than one-third of LAAC directives issued to LGAs in 2015-16 have been implemented*



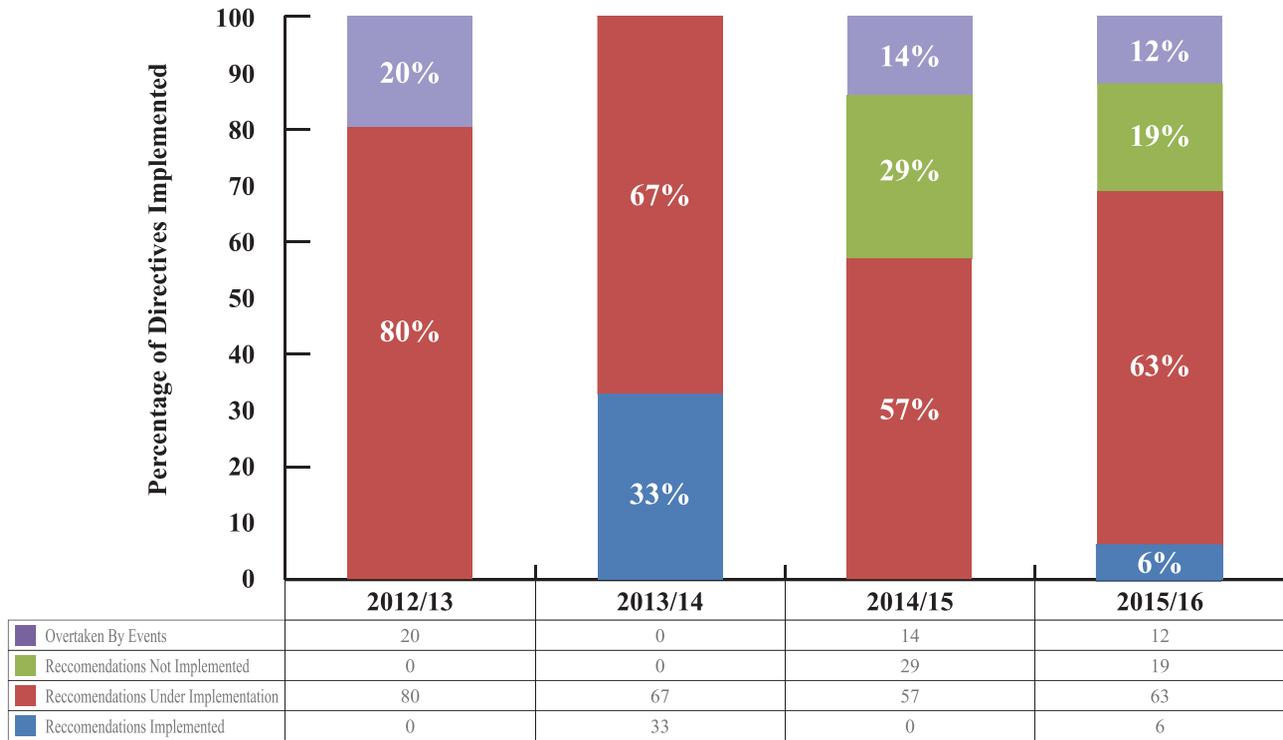
**Table 2: Implementation of PAC Recommendations on the CAG’s Annual General Reports**

*The trend of implementation of PAC recommendations on the CAG’s Annual General Reports has generally been poor, although in some years very few directives were issued<sup>11</sup>:*

Financial Year	Total Recommendations	Implemented	Under Implementation	Not Implemented	Overtaken By Events
2015/16	16	1	10	3	2
%	100%	6%	63%	19%	12%
2014/15	7	0	4	2	1
%	100%	0%	57%	29%	14%
2013/14 <sup>12</sup>	0	0	0	0	0
%	100%	0%	0%	0%	0%
2012/13	3	1	2	0	0
%	100%	33%	67%	0%	0%
2011/12	5	0	4	0	1
%	100%	0%	80%	0%	20%

<sup>11</sup> The Annual General Report of the Controller and Auditor General on the Financial Statement for the year ended 30th June 2017: Central Government, p.22.  
<sup>12</sup> PAC scrutiny of the CAG’s Annual Report did not take place in 2015 because of the dissolution of Parliament.

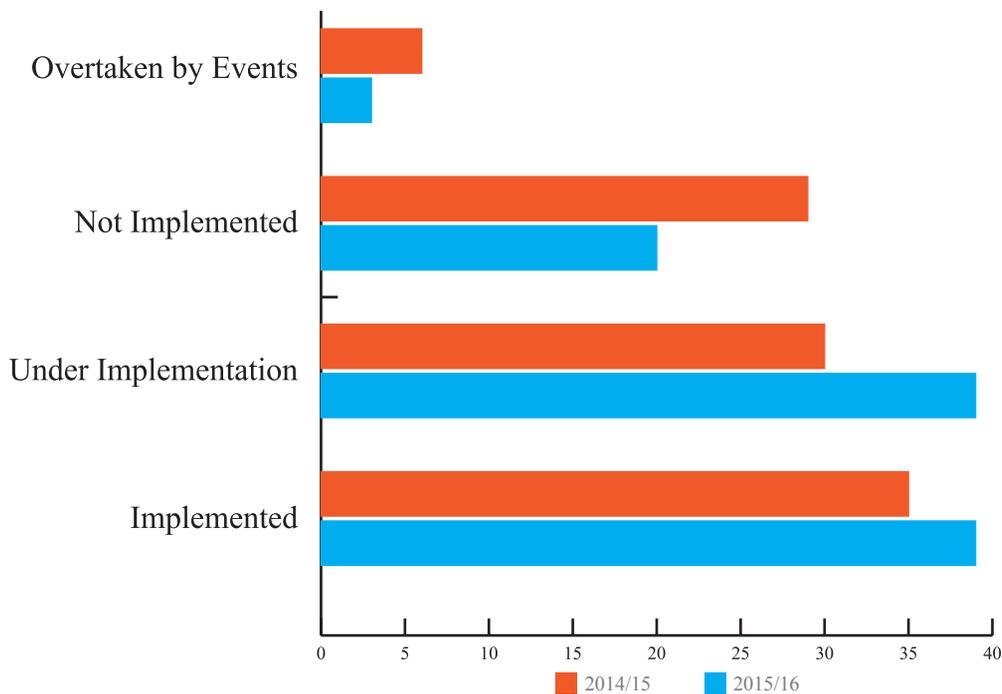
**Figure 4: Percentage of LAAC Recommendations Implemented by LGAs**



*On the implementation of PAC recommendations issued to individual MDAs, there has been some improvement over the last two years<sup>13</sup>.*

**Figure 5: PAC Directives by MDAs 2014/15 & 2015/16**

*The overall response to PAC recommendations by MDAs was more positive in 2015/16 compared 2014/15*



<sup>13</sup> The Annual General Report of the Controller and Auditor General on the Financial Statement for the year ended 30th June 2017: Central Government, p.25.

However, the figures still demonstrate a relatively weak response, with 1 in 5 PAC directives issued to MDAs in 2015/16 not implemented at all:

**Table 3: PAC recommendations by MDAs 2014/15 & 2015/16**

Financial Year <sup>14</sup>	Total Recommendations	Implemented	Under Implementation	Not Implemented	Overtaken By Events
2015/16	275	106	106	54	9
%	100%	39%	39%	20%	3%
2014/15	290	102	102	85	16
%	100%	35%	35%	29%	6%

The CAG concludes that “more efforts are required” to ensure the full implementation of outstanding directives that are only partly implemented or not implemented at all<sup>15</sup>.

Analysis of the PAC and LAAC Annual Reports covering the financial years 2013-14, 2014-15 and 2015-16 finds that both committees highlight many of the same problems and make similar recommendations each year. The failure of the executive to implement audit recommendations is itself a recurrent theme of the oversight committee reports. The current PAC Chair, the Honourable Madam Naghenjwa Livingstone Kaboyoka, told us that she often feels as though the committee is “going around in circles”.

To give one example, in each of the reports we looked at, the PAC and LAAC identified a failure to comply with public procurement laws and regulations as a chronic challenge, with billions of TZS lost each year through non-compliance with procurement regulations. Every year, the committees called on the executive to do more to hold officials who fail to adhere to procurement regulations to account; to strengthen the role of the Public Procurement Regulatory Authority, and to enhance transparency and accountability to Parliament. The LAAC repeatedly recommended that the Government should develop a strategic plan to ensure that local authorities comply with procurement regulations.

When the executive fails to implement their audit recommendations, the oversight committees have several options available to them. The Chairs of the PAC and LAAC told us that they follow up in hearings with Accounting Officers, and through site visits to assess the “true status” of implementation. The PAC and LAAC can recommend, via recourse to the Public Finances Act (Surcharge and Penalties) Regulations 2005, that Accounting Officers have money deducted from their salaries if the committee finds that public funds have been misused. However, the Chair of the LAAC, the Honourable Mr Vedasto Edgar Ngombale Mwiru, told us that they use this power only rarely.

One civil society stakeholder who works closely with the oversight committees suggested that members are not always sufficiently persistent in following up recommendations, with some issues raised in hearings and reports largely forgotten about. When the committees do have a clear impact, they suggested, it is because either the Chair or another member was prepared to take it further and “push hard”. It was “down to the individual, not the Parliament”. However, the Chair of the PAC told us that rather than a lack of willingness to persist, it is unclear to the committees how far they are able to push an issue and “who takes power at the end of the day”. She wanted greater clarity over the powers of her committee versus the boundaries of the executive’s authority over public expenditure.

<sup>14</sup> Figures for the implementation of PAC directives by individual MDAs prior to 2014/15 are not provided in the relevant CAG reports.  
<sup>15</sup> The Annual General Report of the Controller and Auditor General on the Financial Statement for the year ended 30th June 2017: Central Government, p.25.

## 3. FINDINGS AND RECOMMENDATIONS

Our findings and immediate recommendations cover six areas: capability, committee membership, resourcing, powers, the committees' relationship with the SAI, and the wider accountability framework.

### 3.1 Capability

**Committee members often lack the knowledge and expertise to conduct effective financial scrutiny.** This was the most common theme emerging from our programme of interviews. The Chairs of both the PAC and LAAC, and the LAAC Vice Chair, told us that a lack of understanding of financial issues undermines the ability of their committees to fulfil their mandate effectively. They said that committee members need more information and understanding about key laws and regulations, including the Budget Act, Public Audit Act, Procurement Act, and Local Government Finance Act. Civil society stakeholders who have worked closely with both committees also raised concerns about the ability of some members to read and analyse the CAG's audit reports; budget documents, and relevant legislation. They felt that, as a result, the oversight committees were overly reliant on CSOs to conduct analysis for them. The PAC Chair told us that committee members also need a clearer understanding of their own powers and remit.

The Chairs of the PAC and LAAC, and stakeholders who work closely with the two committees, also told us that committee members lack capability in practical areas such as how to question witnesses effectively and how to plan their work strategically. The NAOT told us that it assists the committees in identifying which issues from the CAG reports to focus their hearings on. However, the committees do not have a strategic work plan that sets out their longer term objectives over the course of the parliament and helps them to manage their workload accordingly.

The MPs requested more training in financial issues and in how to conduct effective scrutiny, as well as greater exposure to the working practices of PACs in other countries to learn from regional and international good practice. However, oversight committee members and their Secretariats already receive training from a variety of sources, including the NAOT, development partners and civil society organisations. For example, the United Nations Development Programme (UNDP) is now into its second decade of providing legislative capacity building support to the National Assembly of Tanzania, including activities such as training and peer-to-peer learning.

Possible weaknesses we identified in the provision of training to the committees are:

- It is front-loaded to the beginning of the Parliament;
- It involves multiple development partners and CSOs who are not always aware of each other's activities;
- It focuses on helping members to understand the issues but less so on the principles and practice of effective parliamentary scrutiny;
- It often involves providing members with more reports or large amounts of information that are difficult to digest, rather than adopting a practical, user friendly approach.

The current CAG, Prof. Assad, said that there has been no 'needs assessment' to establish the areas where members would most benefit from greater assistance.

Despite the efforts of those working to support the committees, every person interviewed for this report, including the Chairs of the PAC and LAAC, identified a lack of knowledge and expertise as a significant and persistent weakness. They all included “training” in their responses when asked for their views on how the committees could become more effective, although a number of interviewees emphasised that some committee members would need to exercise greater “personal initiative” if training is to be successful.

The PAC and LAAC Chairs were also keen to gain more exposure to oversight models in other countries. The CAG suggested that regional or international exposure should take the form of “experiential” training that would allow delegations from the PAC and LAAC to witness the working practices of committees in other Parliaments from the preparation for a hearing, through the hearing itself, to the process of producing the committee’s final report.

### **Recommendations**

- There should be a stocktake and review of the training that the PAC and LAAC are currently receiving, to identify gaps in coverage and the areas where training is not cutting through.
- To encourage a more strategic approach to capacity building, this should be followed by the production of a training plan that is focused, timely, and includes opportunities for committee members to provide feedback and reflect on progress in developing their capability.
- The plan should be produced in consultation with the NAOT, development partners and CSOs involved in providing or funding training to the committees, to facilitate coordination and avoid duplication. The training plan should include the following and the different components should be delivered by the organisation(s) with the most appropriate expertise:
  - Financial literacy, including how to read and understand the CAG’s audit reports;
  - Building up knowledge of public sector financial management issues;
  - Understanding the role of the Supreme Audit Institution and the principles and practice of public audit;
  - Understanding the scope of the oversight committees’ powers and remit;
  - Awareness of the wider procedural and legislative framework in which the committees operate;
  - Preparing for hearings, and how to question witnesses effectively;
  - Making effective recommendations;
- The training plan should be part of an overall strategic work plan that sets out clear priorities and objectives and what actions the committees will take to achieve impact in these areas.
- An ‘easy read’ handbook should be produced setting out the committees’ powers and remit, the role of the CAG and the NAOT, and the legislative framework for financial accountability, which members can turn to as a reference guide as needed.

### **3.2 Committee Membership**

**The composition and tenure of committee membership undermines their potential to develop the capability needed to exercise effective oversight.** This issue was frequently raised by those we interviewed, including the PAC Chair. Members are allocated to parliamentary committees by the Speaker of the National Assembly. The members then select a Chair from among themselves, with

the condition that she or he must be a member of the opposition.

However, the governing CCM party has a majority on the two committees, as it does in the National Assembly, which means that political considerations are still likely to influence the selection of the Chair, which ultimately may jeopardize the effective performance of the committee in decision-making, which could potentially be biased towards the interests of the majority party. Less than one-third of the PAC members (9 out of 30, or 30%) are from the opposition parties, CHADEMA and CUF. This represents an improvement on the position identified by REPOA in a 2014 analysis<sup>16</sup>, when opposition members accounted for just 20% of PAC members, but still allows the governing party to have a clear influence over the selection of the committee Chair. Only just over a quarter of the LAAC members (7 out of 26, or 26.9%) are opposition party members.

If the committees conduct oversight activities that run contrary to the interests of the majority party or an individual that is a prominent member of that party, the majority membership of the committee may be able to deter efficient & effective implementation by the committee of the oversight activity in question.

Many of those we spoke to were certainly sceptical as to whether committee appointments were based on merit, suggesting that the executive sought to influence the process to ensure that weaker candidates were selected over those who were more likely to be effective and therefore to cause difficulties for the Government.

The former CAG, Mr. Ludovick Utouh, expressed concern that “whether by accident or design”, the committees in this parliamentary session are not showing “the rigour of their predecessors”. Both he and his successor, Prof. Assad, suggested that the PAC and LAAC would benefit if more of the members who were appointed had an appropriate technical background in areas such as accounting, finance and public administration.

Stakeholders who have provided training to the PAC and LAAC told us that some committee members struggled to understand the content of the training because they were not equipped with a basic understanding of the issues.

There is a requirement for members to serve for a minimum of 2.5 years on a committee. However, we found that the widespread view of those we interviewed is that this is not long enough to allow the oversight committees to develop a sufficient level of institutional knowledge. The PAC Chair identified tenure as a problem for her committee, and the CAG told us that while the NAOT invests a significant amount in training committee members, the committees have to “learn anew” every time there is another overhaul in membership. Furthermore, CSOs who have worked with the PAC and LAAC told us that in their experience, when members who raised particular issues move on, the recommendations they had advocated for are often forgotten about. We heard that the Speaker seeks to ensure that at least one-third of committee members remain in place, but this still allows for a high turnover rate. Several interviewees suggested that minimum tenure should be extended to the lifetime of the Parliament, which would be in keeping with good practice standards for PACs.

In light of the frequent turnover of committee members, training is often directed at the committee Secretariats and other parliamentary staff. Despite this, as we heard, the oversight committees still suffer from a lack of institutional knowledge in relation to basic issues such as the scope of their powers, which it is reasonable to expect that committee staff should be able to guide members on. The CAG told us that in his experience the Secretariats did not have sufficient capacity to support the committees as they were staffed by only 2-3 individuals. In its 2014 analysis, REPOA found that

<sup>16</sup> Kinyondo, Abel; Pelizzo, Riccardo (REPOA) (July 2014). “Public Accounts Committees in Eastern Africa: A Comparative Analysis with a Focus on Tanzania”.

the Tanzanian PAC was “well below” its regional peers, with 2 staff members against an average of 4 in other East African countries<sup>17</sup>. Prof. Assad also said it was important that the Secretariats employed “the right people with the right skills”, such as accounting graduates, who had already received appropriate education and training. Furthermore, whilst it is important to build the capacity of parliamentary staff, it is the MPs who are the influencers and are able to give a voice to accountability issues, so the knowledge and expertise provided by trainers must reach them.

### Recommendations

- Capacity building efforts should include raising awareness among committee members of relevant standards and guidance for effective parliamentary oversight committees, including the advantages of appointing members for the lifetime of the Parliament.
- CSOs should use their parliamentary networks and external influence to make the case for amending the Standing Orders to extend the minimum tenure of the Chair and members of the oversight committees to the lifetime of the Parliament, and for safeguards to ensure that the process for appointing members is independent and transparent.
- Training efforts should continue to include the PAC and LAAC Secretariats, and other parliamentary staff as appropriate. However, this should be accompanied by clearer expectations about the Secretariat’s role in retaining and disseminating institutional knowledge.

### 3.3 Resourcing

**There is a significant mismatch between the committees’ workload and the resources available to them.** International good practice guidance for PACs states that being properly resourced is a prerequisite for the exercise of independent and effective oversight. However, the consensus among those we interviewed is that both the PAC and LAAC are over-burdened and under-resourced, limiting their ability to scrutinise all of the issues raised in the CAG reports and their capacity to follow up and gain assurance over the implementation of recommendations. The former CAG, Mr. Utouh, described the committees as facing “an impossible task”, particularly following the dismantling in 2013 of the Parastatal Organisations Accounts Committee (POAC) and the diversion of its oversight responsibilities to the PAC.

Concerns about the resourcing of accountability institutions such as the NAOT and the oversight committees have been raised by the committees themselves in their most recent Annual Reports and by the wider National Assembly. In the most recent debate on the PAC Annual Report<sup>18</sup>, the Chair said that her committee had “worked hard without overtime and sufficient financial resources” and other MPs questioned the failure to provide the oversight committees with enough funding to inspect projects, with the result that they had to rely on “simply inspecting papers” instead.

Long-standing funding challenges are getting worse not better, with the Government’s policy of financial restraint applied to both the National Assembly and the NAOT. Based on the figures provided in the CAG’s Annual Reports, between 2014-15 and 2015-16 the Parliament experienced a reduction in its allocated expenditure of approximately 20%, and of almost one-third (29%) in expenditure released. We were told that reduced funding had significantly impacted the work of the oversight committees, and were particularly a problem for the LAAC given its mandate to oversee spending at a local level right across the country.

The Chair and Vice Chair of the LAAC, and parliamentary support staff, told us that the committee could no longer afford to visit all the places where the CAG had identified problems. In the last

<sup>17</sup> Kinyondo, Abel; Pelizzo, Riccardo (REPOA) (July 2014). “Public Accounts Committees in Eastern Africa: A Comparative Analysis with a Focus on Tanzania”.  
<sup>18</sup> <http://parliament.go.tz/polis/uploads/documents/1518416975-1%20FEBRUARI%202018.pdf>  
<http://parliament.go.tz/polis/uploads/documents/1518416897-31%20JANUARI%202018.pdf>

financial year the LAAC was apparently able to visit only 3 regions to undertake fieldwork, and within these regions, only 7 districts. This is a grave concern considering the mandate of the LAAC to oversee spending at a local level right across Tanzania. There is no mandate that requires the LAAC to visit a specific number of LGA's within the year, but a total of 7 districts from 3 regions is still a small number that the committee was able to visit. During these visits the MPs encountered "so many errors and misuse of funds" and felt that, were the committees properly funded, they would be able to properly root out financial mismanagement. They were particularly keen to carry out direct oversight of the delivery of infrastructure projects. The Chair of the PAC also expressed a desire to conduct more fieldwork to verify the implementation of audit recommendations, rather than leaving the task solely to the NAOT's auditors. The Chairs of both committees, and parliamentary staff, felt that their inability to attain the evidence they needed due to funding constraints undermined the effectiveness of their reports and recommendations.

The CAG agreed that the budget reductions had impacted the effectiveness of the committees in following up on the implementation of their recommendations because there was no longer sufficient budget for members to conduct visits to see projects and assess the way they are being implemented. Prof. Assad told us that the NAOT faces a similar challenge: while his auditors have sufficient resources to conduct their main audits, they do not have sufficient resources to do all the follow up visits they need. He told us that while the policy of the current administration means that "everybody is getting less", "Parliament has to be able to meet its minimum obligations".

Budget cuts have also reduced the funding available within the National Assembly to provide its own training and support to MPs and committees. Following several years of lobbying by CSOs led by Policy Forum<sup>19</sup>, a Parliamentary Budget Office was established through the Budget Act 2015 to improve the resources available to MPs for conducting effective financial scrutiny. However, Policy Forum and Sikika have experienced that the Budget Office has not lived up to the role envisaged. For example, the new unit is staffed by existing parliamentary staff rather than independent experts recruited through a transparent recruitment process open to external candidates.

We were told that the PAC and LAAC had previously conducted a number of study visits to countries including Germany, the UK and India to gain exposure to other oversight models, but that the funding is no longer available for them to do this. This was another area where the committee Chairs identified a role for development partners.

As well as funding constraints, the oversight committees have limited time in which to carry out their work. We were told by officials that members typically have only 8-9 weeks a year to conduct their committee activities. The PAC was only able to question accounting officers on 49 of the 199 reports issued by the CAG in 2014-15<sup>20</sup>.

## Recommendations

- CSOs should focus their advocacy on which areas should be prioritized to ensure efficient & effective spending on capacity building to help fill the resource gap facing the PAC and LAAC. For example, rather than sending large delegations overseas, exposure to the practices of financial oversight committees in other countries could be achieved more cost effectively through supporting the provision of inward study visits from a small number of representatives from other Parliaments or SAIs.
- At the same time, CSOs should advocate for proper resourcing of the Parliament and its committees to prevent further institutional weakening.

<sup>19</sup> Policy Forum (2013), "Strengthening Parliament's Budgetary Oversight Function: The case for a Budget Office".  
<sup>20</sup> WAJIBU (2018). "Accountability Report: Central Government 2015-16".

- CSOs should lobby for a strengthened Budget Office that would enable the oversight committees to benefit from the insights and analysis of experts with a strong background in finance and public administration.
- Oversight committees should be encouraged to draw on the resources, in terms of exposure and expertise, available within the networks and member organisations of which they are a part, such as the Commonwealth Association of Public Accounts Committees, the African Organisation for Public Accounts Committees, and the East African Association of Public Accounts Committees.

### 3.4 Powers

**There is a lack of clarity about the committees’ powers and remit, and whether these are sufficient to enable effective oversight.** Those we interviewed were divided as to whether the committees needed stronger powers, or a better understanding of how to use their powers effectively.

The PAC Chair told us that she feels there is a lack of clarity over just how far the boundaries of the committee’s remit extend, and “who holds power at the end of the day” in terms of the extent to which the President is accountable to Parliament versus the scope of his executive authority. In her view, in following up on recommendations, the oversight committees need more powers to be “really strict” with ministries, including the power to sanction those who do not “perform”.

The Chair’s speech to the National Assembly on 31st January 2018, in which she presented the committee’s latest Annual Report, highlighted a lack of clarity around the committee’s powers to demand access to papers such as government contracts<sup>21</sup>. She said that the PAC’s “hands and legs are tied” because they cannot scrutinise these documents, which the government failed to disclose on the basis that they related to “internal issues”. She told us that she was unsure whether such assertions of executive privilege were true.

At the time of conducting this study the National Assembly was in the process of debating ways of empowering the oversight committees to demand a positive response to their recommendations from the executive. The committee has previously called for “the introduction of official regulatory procedures for following up on previous recommendations of the parliamentary committees”<sup>22</sup>. Options discussed include giving the PAC and LAAC recommendations legal standing, which would require changing the Standing Orders governing the committees’ powers and remit. No concrete changes have yet been made.

International good practice guidance suggests that an oversight committee’s mandate should be broad and its powers clearly defined. In Tanzania, the opposite is the case. The committees’ responsibilities are relatively specific - in contrast with the remit granted to the PAC in the UK Parliament, whose Standing Orders simply state that the committee may examine “the accounts showing the appropriation of the sums granted to Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the Committee may think fit”<sup>23</sup>. However, the powers available to the PAC and LAAC to exercise their responsibilities are not clearly set out.

However, stakeholders from outside of the Parliament tended either to believe that powers are not the issue, or they emphasised that giving the PAC and LAAC greater powers will only make a difference if committee members know how to exercise those powers effectively. The committees already have the ability to censure officials, and there were instances in the recent past where committees had taken tough action against individuals who did not take the oversight process seriously - for example, on

<sup>21</sup> <http://parliament.go.tz/polis/uploads/documents/1518416975-1%20FEBRUARI%202018.pdf>

<sup>22</sup> Public Accounts Committee Annual Report 2014-15 and 2015-16

<sup>23</sup> Standing Orders of the House of Commons – 20 April 2017

several occasions the PAC issued arrest orders against officials who failed to comply with requests to appear before or submit documents to the committee<sup>24</sup>. However, we understand that powers of censure have not been used in the same way since the committees were reconstituted in this Parliament.

In terms of giving their recommendations legal standing, this is potentially problematic for a number of reasons. For example, there is the question of how practical it is to legally require auditees to implement all PAC and LAAC directives. In 2015-16, the PAC issued 275 directives to individual ministries and authorities and 16 to central government, and the LAAC issued 748 to local authorities. Furthermore, in some instances the executive may have reasonable grounds to reject an oversight committee recommendation - for example, if it requires an unrealistic amount of additional resources, or if the executive considers that the recommendation will not effectively address the problem identified by the CAG. It also does not necessarily follow that legally enforcing a recommendation will result in positive change. For example, the executive may comply with a PAC or LAAC directive to develop a plan for addressing a chronic challenge, but if the plan is of poor quality then the committee will still have not achieved the impact it intended. It is also unclear who would enforce the new legal framework.

### Recommendations

- CSOs should support efforts of MPs to review and, if necessary, to strengthen the powers available to the oversight committees under the Parliament's Standing Orders. CSOs can also build capacity of the MPs by building their knowledge base through their own research & advocacy efforts. However, careful consideration should be given by the MPs to the merits of specific proposals before endorsing them.
- Supporting these efforts should include helping the PAC and LAAC members, and other interested MPs, to gain greater exposure to the powers and practices of oversight committees in other Parliaments, particularly those considered to be examples of good practice.
- Training provided to committee members should include how to make use of the powers available to them to effectively follow up recommendations.

### 3.5 Relationship with the Supreme Audit Institution

**There is scope to strengthen the effectiveness of the working relationship between the oversight committees and the NAOT.** The relationship between financial oversight committees and the Supreme Audit Institution is the linchpin of the accountability process. They perform distinct but complementary roles and are mutually dependent on one another to secure impact. This means that a close and supportive relationship is essential. Although the constitutional relationship is set out in legislation, the day-to-day working relationship and extent to which the CAG and his or her staff are involved in the work of the oversight committees is not, and can vary according to factors such as resources and the personalities of the main actors.

The PAC and LAAC Chairs told us that they have a “very good” relationship with the CAG and the NAOT. The NAOT has a dedicated Parliamentary Liaison Officer and unit which supports the work of the oversight committees. He told us that as well as engaging with the PAC and LAAC when the CAG issues his reports and feeding back on the implementation of audit recommendations, the unit also provides practical support to the committees. For example, the NAOT offers training to members in how to understand audit reports, advises the committee Clerks on which issues from the CAG's reports to focus on, and inputs into the briefings produced by the secretariats ahead of hearings with Accounting Officers.

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<http://www.thecitizen.co.tz/News/national/Top-TPDC-officials-released-after-arrest-order-is-queried/1840392-2509750-4l1watz/index.html>

Both parties said that they would like to see the NAOT provide more training to members. The CAG told us that the NAOT would also be open to working more closely with the PAC and LAAC in the later stages of the accountability cycle, for example by assisting in drafting committee reports and recommendations. However, this additional support was subject to resource constraints.

The PAC and LAAC are not involved in consultations over the CAG's budget, which means that the committees are unable to formally influence the funding of the NAOT to ensure that it is appropriately resourced to support rigorous parliamentary scrutiny. It is, however, not within the mandate of the PAC and LAAC committees to review the budget of the CAG.

The independent information provided in the CAG's reports forms the basis of the oversight committees' work, so it is important that they have confidence in the assurance provided by the CAG and his staff. The two Committee Chairs told us that they do not want to be "overly reliant" on the NAOT, and that in particular they want to verify the implementation of the PAC and LAAC recommendations for themselves through fieldwork visits rather than relying on the work of the NAOT's auditors. They also advocated the establishment of a unit within the Parliament responsible for monitoring the implementation of oversight committee directives, which unless its remit is carefully defined would risk simply duplicating the work of the CAG and his staff. Mr Utouh and CSOs involved in supporting the accountability institutions were concerned that this approach would be inefficient and also raises questions about trust between the oversight committees and the NAOT.

### Recommendations

- The PAC and LAAC should be encouraged by CSOs to be vocal advocates for the proper resourcing of the CAG and his staff, including to enable the NAOT to provide direct support to the oversight committees as required.
- The committee should be exposed to the ways in which oversight committees in different countries work with their SAIs in practice, rather than just the relationship set down in statute.

### 3.6 Accountability Framework

**The accountability framework – the system of laws, regulations and principles - within which the PAC and LAAC operate, does not comply with internationally accepted good practice, particularly in relation to the independence of the Supreme Audit Institution.** Independence is a crucial factor for oversight committee effectiveness. This applies both to the committees themselves and to the SAI, in this case the NAOT. Anything which undermines the ability of the CAG to carry out independent and effective public audit in turn undermines the ability of the committees to exercise effective oversight. As Prof. Assad told us, "if the CAG's office is weak, oversight is going to be weak".

The Public Audit Act 2008 was an attempt to strengthen the autonomy of the NAOT in recognition of "the increasing need for keeping distance from the executive arm" and moved the legal framework for the NAOT closer to compliance with INTOSAI standards for SAIs<sup>25</sup>. For example, the Act enhanced the independence of the CAG by taking control over the CAG's budget out of the hands of the executive. Under the terms of the Act, rather than submitting his budget request to the Minister of Finance, the CAG would submit his budget request to a consultative committee involving the Public Accounts Committee, the Ministry of Finance and the NAOT. Once the sum had been agreed, the budget request was submitted to the Parliament via the State Budget Bill for approval.

However, the NAOT staff and civil society organisations working in the field of social accountability told us that subsequent amendments to the Act and provisions within the Budget Act 2015 represented

25 Gerden, Carl Ake (2014). "Transformation of NAOT: The story of a transforming partnership 2004-2013".

a “backwards step”, interrupting the progress towards greater independence. For example, the Budget Act empowers the Budget Commissioner to amend the budget request before submitting it to the Parliament. The Parliamentary Budget Committee, rather than the PAC, attends the consultative meeting. Unlike the PAC, which had acted as “an organ of independence” within the process, the Budget Committee is chaired by a member of the governing party. The Budget Act therefore restores the scope for the executive to interfere with the CAG’s ability to exercise independent oversight by restricting his or her funding, on the basis of policy decisions or through political motivation.

In 2016-17, the first year after the Budget Act was passed, the CAG’s budget was cut by 40%. Prof. Assad told us that it seemed in practice that the Budget Committee acted as little more than a “rubber stamp”. We were told that the CAG received additional funding after discussion with the President, but that he was still unable to complete his audit work on the 2015-16 accounts. The CAG’s Central Government Annual General Report 2015-16 sets out 19 planned activities not performed due to lack of funds<sup>26</sup>. In addition to a number of entities not being audited, this restricted the NAOT’s ability to follow up on the implementation of audit recommendations. The CAG states that “in the wake of budget cuts for the financial year 2016-2017, the NAOT encountered a remarkable financial constraint on budget allocation which restricted me in carrying out my constitutional responsibility”<sup>27</sup>. This highlights the importance of financial independence for the CAG to conduct effective oversight on behalf of the Parliament. Some of those we interviewed questioned whether the cuts to the National Assembly and the NAOT budgets were a deliberate attempt to weaken oversight institutions, though no one felt comfortable with having that suggestion directly attributed to them.

The fact that the CAG was granted additional funding after discussion with the President, relying on the good will of the executive, demonstrates how the financial independence of the CAG has been compromised.

Prof. Assad told us that for the following financial year he had been granted the resources he needed to exercise his mandate, but that he “did not like to rely on anybody” rather than having a proper independent process for determining the CAG’s budget. The CAG also told us that while his budget enabled him to fulfil the scope of his remit, it was not enough to enable him to provide further training and support to the oversight committees.

In addition to the issue of its financial independence, the NAOT is non-compliant with INTOSAI standards for the independence of SAIs on the following criteria: the CAG is appointed by the President without any influence from the Parliament; the executive, not Parliament, sets the rules for the recruitment and salary of the NAOT staff; the CAG does not report directly to the Parliament.

Partly for these reasons, Tanzania performs relatively poorly on the International Budget Partnership’s Open Budget Index<sup>28</sup>. In the 2017 Open Budget Survey, Tanzania’s overall OBI score for budget transparency fell from 46/100 in 2015<sup>29</sup> to 10/100 in 2017. This dramatic decline is in part due to the OBI’s reclassification of ‘publically available’ documents to include only those documents which are available online, on the grounds that “Online availability is now considered a basic standard for the publication of government information”. Tanzania continues to provide key budget documents only in hard copy.

The legislature scored just 7 out of 100 (‘weak’) for oversight of budget execution and audit<sup>30</sup>. Among its recommendations for how Tanzania can improve oversight, the IBP included introducing a requirement for legislative or judicial approval to appoint and remove the CAG.

26 Annual General Report of the Controller and Auditor General on the Financial Statement for the year ended 30th June 2016: Central Government, Appendix 1.1

27 Annual General Report of the Controller and Auditor General on the Financial Statement for the year ended 30th June 2016: Central Government, p.5.

28 <https://www.internationalbudget.org/open-budget-survey/>

29 No survey data is available for 2016.

30 <https://www.internationalbudget.org/wp-content/uploads/tanzania-open-budget-survey-2017-summary.pdf>.

Tanzania was also rated ‘weak’ on this indicator in 2015 but a numerical score was not given.

Another barrier to effective legislative oversight identified by the IBP is that the parliamentary committees which examine the CAG's reports do not publish reports with recommendations online. Furthermore, the PAC and LAAC hearings are not open to the public and are no longer televised. The transcript of hearings is not published and nor are the executive's responses to the committees' recommendations. This is not in keeping with international good practice guidance for PACs.

### **Recommendations**

- Parliamentarians and CSOs should maximize efforts to strengthen the institutions responsible for conducting independent and effective financial oversight, including the NAOT and the Parliament itself. This could include supporting relevant legislative changes.
- Capacity building efforts should include ensuring that the oversight committees are familiar with internationally accepted standards for the independence of accountability institutions, so that they are in a position to speak out authoritatively in favour of these principles.
- Oversight committees should be encouraged by civil society and other stakeholders to make their work more accessible and transparent by creating their own websites.

## 4. CONCLUSION

The Public Accounts Committee and the Local Authorities Accounts Committee have an essential role to play in holding the executive to account for public spending. This report has made a number of recommendations for improving the effectiveness of the two committees in exercising their oversight function, covering: the capability of committee members to conduct effective financial scrutiny; composition and tenure of committee membership; resourcing; committee powers; the relationship with the SAI, and the accountability framework within which the committees operate.

There is scope for the committees themselves, working together with the NAOT, CSOs and other strategic partners, to achieve improvements in some of these areas – for example, developing committee members’ knowledge and practical expertise. Other measures – ensuring that the committees are properly resourced to exercise their mandate, that the process for appointing committee members is transparent and based on merit, and strengthening the independence of the CAG, will require greater support and respect from the executive for the principles and practice of parliamentary accountability. While the PAC and LAAC also need to make the case for these changes themselves, institutional strengthening is a crucial advocacy area for CSOs with a focus on financial accountability.

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