

**THE UNITED REPUBLIC OF TANZANIA**  
**NATIONAL AUDIT OFFICE (NAO)**



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON  
THE FINANCIAL STATEMENTS OF THE COMMISSION FOR  
HUMAN RIGHTS AND GOOD GOVERNANCE  
(VOTE 55)**

**FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2005**

The Controller and Auditor General  
National Audit Office  
Samora Avenue / Ohio Street  
P.O. Box 9080  
Tel: 255 (022) 2115157/8  
Fax: 255 (022) 2117527/2255333  
E-mail [ocag@nao.or.tz](mailto:ocag@nao.or.tz)  
**DAR ES SALAAM.**

February, 2006

## **Office of the Controller and Auditor General**

The National Audit Office,  
United Republic of Tanzania

*(Established under Article 143 of the Constitution of the URT).*

The statutory duties and responsibilities of the Controller and Auditor General are given in the Public Finance Act No. 6 of 2001.

### **Our Vision**

We aspire to be an organization that fosters a culture of financial discipline, transparency and accountability within the Government of Tanzania.

### **Our Mission**

We are the Supreme Audit Institution in Tanzania, which strives to provide timely and high quality audit services to all our clients in order to enhance public sector financial performance by educating key stakeholders on the effective management of public finances; providing value added services and functioning independently and impartially in auditing and reporting on public accounts.

### **Therefore, our Core Values are .....**

- ✓ We strive to achieve and maintain objectivity in providing impartial audit services so as to promote our independence
- ✓ We pursue excellence in the provision of our audit services
- ✓ We exercise professional integrity by demonstrating high ethical standards
- ✓ We focus on people and have great respect to our stakeholders
- ✓ We encourage and promote innovation amongst our members of staff; and
- ✓ We ensure best resource utilization at national as well as individual public entity level.

### **We do this by.....**

- contributing to better stewardship of public funds ensuring that ministries, departments, agencies, and public authorities are accountable for the resources entrusted to them;
- helping to improve the quality of public services by supporting innovation on the use of Public Resources;
- providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involve our clients in the audit process and audit circles; and
- Providing audit staff with adequate working tools and facilities that promote independence;

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## CONTENTS

	Page
1.0 Background information to the Audit	5
1.1 Introduction	5
1.2 Brief history of the client establishment	5
1.3 Operational objectives	5
1.4 Financing	5
1.5 Management structure	6
1.6 Brief description of internal control system	6
1.7 Financial performance	7
1.8 Audit mandate	7
1.9 Audit Objectives	7
1.10 Audit scope	7-8
1.11 Audit methodology	8
1.12 Presentation of audit findings	8
2.0 Audit Report on the Financial Statements	9-10
3.0 Audit findings and Recommendations	11
3.1 Follow up of previous year's audit findings	11
3.2 Current Years Audit Findings	11
4.0 Conclusion	11-12
5.0 Annexures: Financial Statements Accounting Policies and Notes to the Financial Statements	

### **Definitions of terms and Abbreviations**

Financial Statements means the following statements, notes and supporting schedules of the Commission for Human Rights and Good Governance for the year ended 30<sup>th</sup> June 2005.

- Responsibilities for the financial statements
- Statement of Vote Account-Recurrent
- Cash Flow Statement for Recurrent Account
- Cash Flow Statement for Deposit Account
- Notes to Financial Statements
- Summary Statement of Revenue
- Statement of Arrears of Revenue
- Summary Statement of Losses
- Summary Appropriation Account

These Financial Statements are attached as annexure No. 1 to this report

Act means the Public Finance Act No. 6 of 2001 as amended in 2004  
Regulations means the Regulations of the Public Finance Act issued under G.N Number 259 of 2003.

Act	Public Finance Act No. 6 of 2001 as amended in 2004
F/Y	Financial Year
INTOSAI	International organization of Supreme Audit Institutions
ISA	International Standards on Auditing
NGOs	Non Governmental Organizations
PFR	Public finance Regulations

## **1.0 BACKGROUND INFORMATION TO THE AUDIT**

### **1.1 Introduction**

We have completed the audit of the financial statements of the Commission for Human Rights and Good Governance for the year ended 30<sup>th</sup> June 2005. Audit findings arising from examination of accounting records, and evaluation of the internal control system, which require management attention and action are set out under Part 3 of this report.

### **1.2 Brief history of client establishment**

The Commission for Human Rights and Good Governance was established on the first day of July, 2000 under the amendments which repealed and replaced among others, chapter, six of the Constitution of the United Republic of Tanzania and Article 129 (i) of the Constitution.

The Commission for Human Rights and Good Governance is an Independent Government Department, established as the National Focal point for the promotion and protection of human rights and duties as well as good governance in Tanzania. It is a constitutional and statutory creation established to provide a fair; effective and expeditious redress mechanism for victims of administrative injustice and human rights violations. The Commission also promotes and protects fundamental human rights, freedom, duties and principles of administrative justice in the country.

### **1.3 Operational Objectives**

- Complaints are resolved in a timely, efficient and judicious manner
- The protection and promotion of human rights and good governance principles is enhanced via effective monitoring of violations and conducting public enquiries
- Stakeholders are aware about the human rights and principles of good governance and the functions and achievements of the Commission.
- The Commission becomes an active participant in the African and international community for the protection and promotion of human rights and good governance.
- The Commission has adequate personnel, administrative, infrastructure and financial capacity to effectively and efficiently provide its services to stakeholders.
- The Commission has improved management systems to provide effective and efficient services.

### **1.4 Financing**

Mainly the Government of Tanzania through Treasury finances the Commission for Human Rights and Good Governance. Exchequer issues received from Treasury was Tshs. 1,770,330,737.96 for the year under review.

**1.5 Management Structure**

The Chief executive Officer of the Commission of Human Rights and Good Governance is the Executive Secretary who is responsible for day - to day business operations including management of funds, properties, and Personnel as well as discipline of employees. The Commission has seven Commissioners who are responsible for the strategic Management of the Commission of Human Rights and good governance and may give directions to the Executive Secretary but without undue interference in the day - to -day management of the Commission affairs.

The Commission for Human Rights and Good Governance consists of Chairperson, Vice Chairperson, and five (5) Commissioners who are appointed by the President. The responsibility of the Commission for Human Rights and Good Governance is to promote and protect all human rights, duties and principles of administrative justice, in order to enhance democracy, rule of law and good governance in the country.

**1.6 Brief description of Internal control system**

**Internal Audit**

The internal audit unit helps to evaluate the adequacy and effectiveness of internal control in the organization. It also reviews and conduct operational/value for money audits throughout the office. The Human Rights and Good Governance since its establishment has not formed internal audit unit as a result the financial statements of the year 2004/2005 were not signed by the Chief Internal Auditor.

**Procurement system**

The Public Procurement Act No. 21 of 2004 section 33 and 34 requires the Department to form Tender boards, and Procurement Management Unit to assist in strengthening the system of procurement of goods, services and works from the right source in procurement of goods, in the right quantity, at the right time, place and price. The Human Rights and Good Governance complied by the act by forming the Tender Boards Committee, which comprises of the following members.

Chairperson	Director
Secretary	Chief supplies Officer
Five members	Four Directors and Chief Accountant
Secretariat	Officer

**Audit Committee**

Regulation 28 requires the accounting officers to establish an audit committee to strengthen internal control system. The management of Human Rights and Good Governance formed the Audit Committee but it is not effective because of absence of Chief Internal Auditor.

## **1.7 Financial Performance**

### **Supply Vote Account**

The Supply Vote closed with an apparent saving of Shs. 9,661,063 arising from Net expenditure of Shs. 1,770,230,738 against approved estimates of Shs. 1,779,891,800. However, exchequer issues received during the year totalled Shs. 1,779,952,987 leaving a cash balance of Shs. 9,722,249.

## **1.8 Audit Mandate**

By virtue of the provisions of article 143 of the constitution of the United Republic of Tanzania and Section 30(1) and 37 (1) of the Public Finance Act No. 6 of 2001 the Controller and Auditor General is the statutory auditor of all government revenues and expenditure including the accounts of Commission for Human Rights and Good and Government.

## **1.9 Audit Objectives**

The main objective of conducting the audit is to enable me to express an independent opinion on the financial statements of the Commission for Human Rights and Good Governance for the year ended 30<sup>th</sup> June, 2005 and in particular:-

- To determine whether transactions were executed in accordance with management authorization and recorded properly in the books of accounts to permit the preparation of the financial statements in accordance with International Accounting standards and the existing financial legislation
- To determine whether funds have been collected and used exclusively to meet eligible expenses as per the Commission for Human Rights and Goods Governance approved budget and financial regulations.
- To ascertain whether all relevant supporting documents records and accounts have been kept in respect of all activities.
- To verify whether goods and services bought for Commission for Human Rights and Good Governance were acquired through laid down procurement procedures.
- To evaluate whether the internal control procedures instituted are effective to provide relevant and reasonable information to the management for implementing and monitoring activities and that, the assets of the Commission for Human Rights and Goods Governance are adequately safeguarded against losses from unauthorized use or disposition.

## **1.10 Audit Scope**

The audit was carried out in accordance with ISA and procedures that are consistent with those recommended by the INTOSAI. The audit covered the evaluation of effectiveness of the financial accounting system and internal control over the activities of Commission for Human Rights and Good Governance, examination and verification of the accompanying financial statements and carrying out other

auditing procedures as was considered necessary for the purpose of forming an opinion on the financial statements. The audit was conducted on a test - check basis; therefore, the audit findings are confined to the extent that records and information requested for the purpose of the audit were made available to us.

As auditors we are not required to search specifically for fraud; therefore our audit cannot be relied upon to disclose all such matters. However our audit was planned so that we would have a reasonable expectation of detecting material irregularities or fraud. The responsibility for detecting and preventing fraud or irregularities rests with the Commission for Human Rights and Good Governance management who are responsible for setting up and maintaining an adequate and effective system of internal control.

### **1.11 Audit Methodology**

- In auditing the financial statements together with their underlying records, the following principal audit steps were followed: -
- A review of the establishment Act, Regulations, and other Commission for Human Rights and Good Governance documents as was deemed necessary under the circumstances.
- Examination of receipts and payments to confirm compliance with existing legislation, financial regulations and other instructions or directives.
- Review of the internal control structure by assessing significant policies and procedures and determine its adequacy.
- Review of Commission for Human Rights and Good Governance financial statements, progress reports and other associated information.
- Conduct compliance tests on the system of procurement contracts and their execution as well as stores management.
- Appraisal of the previous audit recommendations to determine whether the management has taken adequate corrective action.
- Hold entrance and exit meetings with the auditee to discuss the audit objectives and results of the audit exercise respectively.

### **1.12 Presentation of Audit findings**

The audit was carried out according to the mandate stated above, applying professional standards and audit procedures that were considered appropriate in each situation.

The audit findings are divided into two parts. The first part comprises the opinion on the critical examination of the financial statements submitted for audit and the circumstances surrounding their preparation and presentation.

The second part comprises the detailed findings on the gaps and shortfalls in the internal control system, which, if rectified on time, will greatly improve the effectiveness of the internal control system applied.

## 2.0 AUDIT RREPORT ON THE FINANCIAL STATEMENTS

To the Executive Secretary,  
Accounting Officer Vote 55  
Commission for Human Rights and Good Governance

Re: Audit Report on the Financial Statements of the Commission  
for Human Rights and Good Governance for the year ended  
30<sup>th</sup> June, 2005.

I have audited the financial statements of The Commission for Human Rights and Good Governance attached as annexure I for the year ended 30<sup>th</sup> June 2005.

### **Responsibilities of the Accounting Officer**

Section 25(4) of the PFA places responsibility to the Accounting Officer to prepare the financial statements based on Generally Accepted Accounting Standards.

In addition, Regulation 35 requires the Accounting Officer and the entity management to establish an effective Internal Control System appropriate to the circumstances of the Human Rights and Good Governance.

### **Responsibilities of the Controller and Auditor General**

My responsibility is to express an independent opinion on the financial statements, and on procurement procedures based on the audit. According to section 30 of the Act my specific responsibilities are to examine, inquire into, audit and report on the accounts of the Department.

In addition, section 31 of the Act requires me to satisfy myself that the accounts have been kept in accordance with generally accepted accounting practice; all reasonable precautions have been taken to safeguard the collection of revenue, the receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed, all expenditures of public money has been properly authorized; and to satisfy myself whether the funds appropriated to the Commission were used exclusively and judiciously to meet eligible expenditures with due regard to economy and efficiency.

### **Basis of Opinion**

The audit was conducted in accordance with the ISA and procedures that are consistent with those recommended by INTOSAI. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the significant

estimates and judgments made in the preparation of the financial statements, assessing whether the internal control system and the accounting policies are appropriate to the circumstances of the Commission for Human Rights and Good Governance (Vote 55) consistently applied and adequately disclosed, evaluating the overall financial statements presentation, and assessing the extent of compliance with the relevant statutory requirements. I believe the audit provides a reasonable basis for my opinion.

The financial statements have been prepared and presented based on the cash basis of accounting pursuant to Regulation 53. Under the cash basis, cash receipts are recognised when they are received and cash payments are recognised when they are paid.

### **Opinion**

In my opinion, the financial statements of the Commission for Human Rights and Good Governance comply with the generally accepted accounting standards; and that they fairly reflects, in all material respects, the results of its operations and cash flows for the year ended on 30<sup>th</sup> June, 2005, and the financial position as at that date.

Further to my opinion, the procurement of office supplies and services were generally done in accordance with the requirements of the Public Procurement Act No. 21 of 2004 and the related Regulations.

**Dr. Frank Mosses Hiza Mhilu**  
**Ag: CONTROLLER AND AUDITOR GENERAL**

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Office of the Controller and Auditor General  
National Audit Office,  
Dar es Salaam

February 2006

### **3.0 AUDIT FINDINGS AND RECOMMENDATIONS**

#### **3.1 Follow up of previous year's Audit findings**

Matters raised in the Previous year's were dealt with and settled.

#### **3.2 Current Year's Audit findings**

##### **3.2.1 Internal Audit Functions**

The purpose of Internal Audit is to independently review and assess management control in financial administrative and operating areas and make recommendations for improvements whenever beneficial. It has been noted that at the moment the Commission for Human Right and Good Governance does not have an Internal Audit services Unit due to the absence of the Chief Internal Auditor.

##### **Implication**

- Weaknesses in the system of internal control may not be detected and rectified promptly
- Audit Committee not effective.

##### **Recommendation**

The Chief Internal Auditor should be nominated/recruited without further delay.

##### **3.2.2 Expenditure Supported by Photocopy Documents Shs. 7,574,700**

A total amount of Shs. 7,574,700 donated from State House for NASCAP activities for the Second Quarter of 2004. However, original payment vouchers and other supporting documents were not availed to audit scrutiny instead the payments were supported by photocopied documents.

##### **Implication**

The genuiness of Transaction could not be verified.

##### **Recommendation**

Management has the responsibility to produce original documents for audit verification.

### **4.0 CONCLUSION**

The audit findings presented above have been communicated to management of the Commission for Human Rights and Good Governance during exit meeting. The Commission for Human Rights and Good Governance has promised to take appropriate action with a view to rectify the situation. We shall appreciate to receive formally the actions taken in this respect.

Lastly, I would like to express my appreciation for the cooperation given to the audit team. It is my hope that such good working relationships will be extended during the future audit.

Dr. Frank Mosses Hiza Mhilu  
**Ag: CONTROLLER AND AUDITOR GENERAL**

Copy to: The Chief Secretary,  
State House,  
P. O. Box 9120  
**Dar es Salaam**

The Permanent Secretary and Paymaster General,  
Ministry of Finance,  
P. O. Box 9111  
**Dar es Salaam**

**5.0 ANNEXURE I**

Financial Statements, Accounting Policies and notes to the financial statements.

**STATEMENT OF RESPONSIBILITY ON THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 30<sup>TH</sup> JUNE, 2005**

These Financial Statements have been prepared by the management of the Commission of Human Rights and Good Governance in accordance with the provisions of Section 25(4) of the Public Finance Act. No 6 of 2001. The Financial statements comply with the generally accepted accounting practices as required by the said Act and are presented in a manner consistent with the International Standards on Financial Reporting under the Cash Basis of Accounting.

The management of the Commission of Human Rights and Good Governance is responsible for establishing and maintaining a system of effective Internal Control designed to provide reasonable assurance that the transactions recorded in the accounts are within the statutory authority and that they contain the receipt and use of all public financial resources by the Commission of Human Rights and Good Governance.

To the best of my knowledge, the system of Internal Control has operated adequately throughout the reporting period and that the Accounts and underlying records provide a reasonable basis for the preparation of the Financial Statements for the 2004/2005 financial year.

I accept responsibility for the integrity of the Financial Statements, the information it contains, and its compliance with the Public Finance Act No. 6 of 2001 and the instructions issued by the Treasury in respect of the year under review.

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**Signed by Accounting Officer**

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**Date**