

# TECHNICAL CONFERENCE

# Enhancing Quality in Audits at the SAI

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# CONTENTS

**01**

**QA set up in SAI Tanzania**

**4**

**Recruitment of auditors  
and Professional  
Development**

**2**

**Quality measures taken by  
the SAI to guarantee quality  
in audits..**

**5**

**SAI readiness  
considering new ISSAI  
140.**

**3**

**Management of the  
audit process**

**6**

**Successes and  
challenges**

# INTRODUCTION

Quality Management Systems (QMS) play a crucial role in the field of auditing, especially for organizations like Supreme Audit Institutions (SAIs).

QMS in this context ensures that audits are conducted efficiently, effectively, and with a high degree of quality and reliability.



# INTRODUCTION

## WHY HAVING QUALITY MANAGEMENT SYSTEM

**C**

### CONSISTENCY, COMPLIANCE & STANDARDIZATION,

- Standardized procedures, methodologies, best practices & audits are conducted consistently
- Audit processes are aligned with relevant regulatory requirements

**P**

### PROFESSIONAL DEVELOPMENT AND TRAINING

This ensures auditors are up-to-date with the latest audit techniques, Reg, and Stds, enhancing the quality of audits.

**E**

### ETHICAL CONSIDERATIONS

Includes ethical guidelines and principles that auditors must follow.

**R**

### RISK MANAGEMENT

Help identify and manage risks associated with audits

**Q**

### QUALITY CONTROL AND ASSURANCE

Measures for quality control and quality assurance.



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# Introduction cont...

**E**

## EFFICIENCY AND RESOURCE MANAGEMENT

Manage resources more efficiently, reducing costs

**D**

## DOCUMENTATION AND REPORTING

Documentation is vital for transparency, accountability, and the communication of audit results to stakeholders.

**C**

## CONTINUOUS IMPROVEMENT

- Promotes a culture of continuous improvement within the SAI.
- Regular assessments and reviews of audit processes help identify areas for enhancement.

**S**

## STAKEHOLDER CONFIDENCE

By adhering standards & best practices, SAI can instil confidence in the stakeholders eg. gov'ment bodies, clients, and the public.



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# 1. **QUALITY ASSURANCE UNIT (QAU) SET UP AT SAI TANZANIA**



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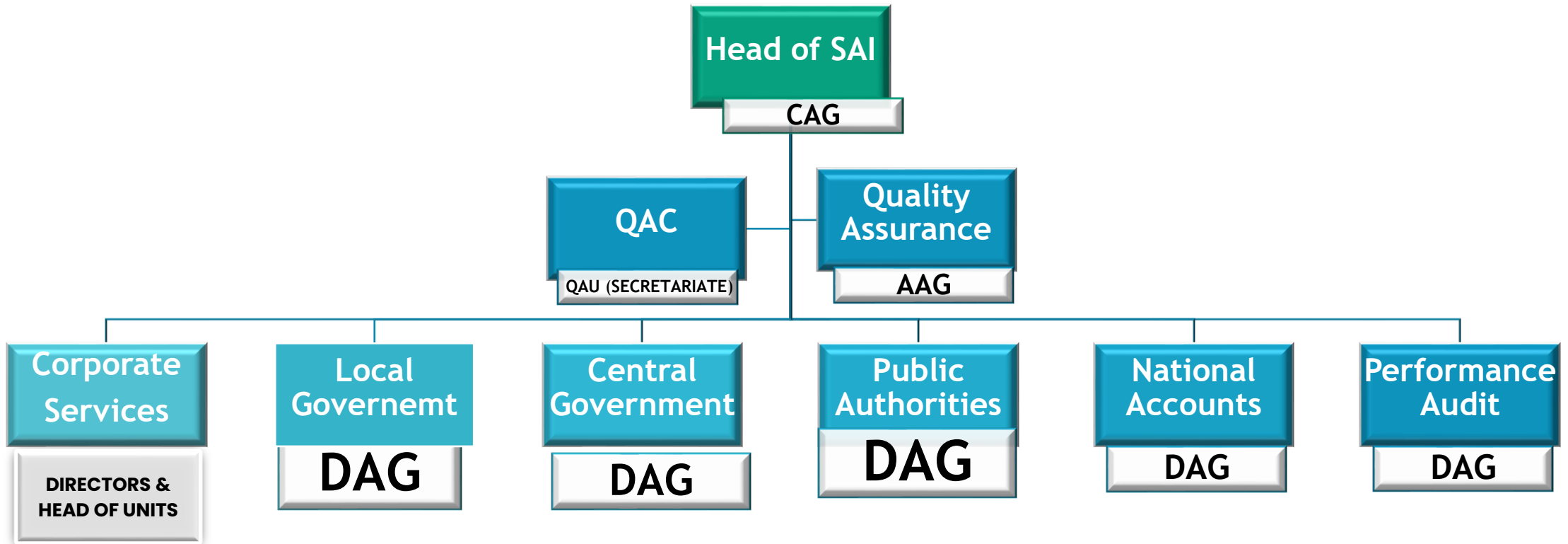


# Establishment

- SAI Tanzania has established Quality Assurance Unit in 2016 which reports directly to the CAG.
- It is a mechanism to monitor processes designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively.
- These procedures entail periodic quality assurance reviews which are performed mostly on finalised audits.
- The engagement quality assurance reviewer is a suitably qualified person who is not part of the engagement team.



# QAU Structure



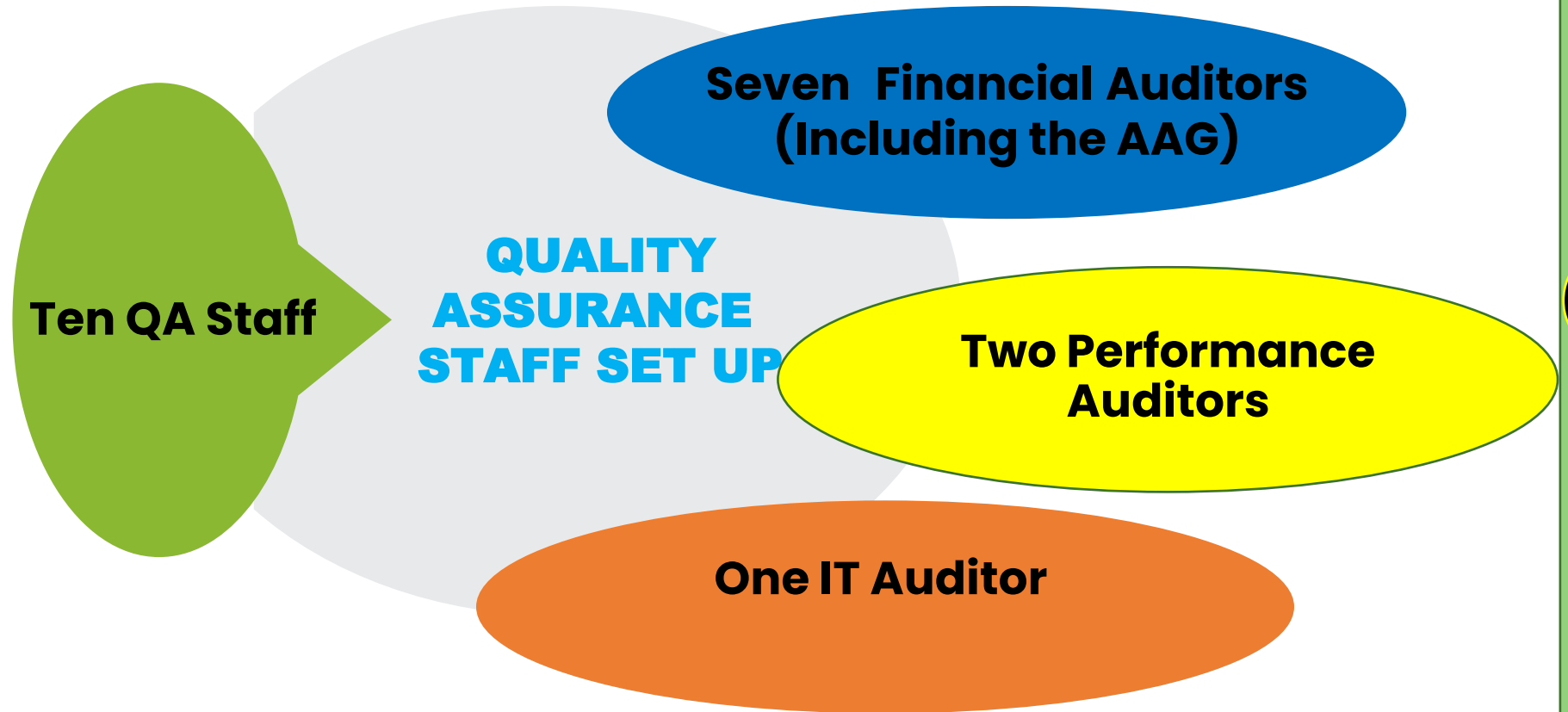
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# QA Staff



# Quality Assurance Committee (QAC)

## Structure

The CAG is the chairperson who appoints QAC members.

The committee consists of seven permanent members:

- i. The Chairperson
- ii. Three DAGs
- iii. One member of TSSU
- iv. Two Non Audit Directors/Head of Units

QAU is the secretariate of committee

The QAC shall meet at least twice a year

## Functions

1. To discuss both internal and external QA review reports.
2. To provide recommendations to management on areas which need improvement to sustain the quality of audit work.
3. To recognize the best teams and give specific time for improvement to teams which did not perform well.
4. To assure that the appropriate mechanisms exist to monitor probity, governance, efficiency and effectiveness of NAOT's control systems, and operations.

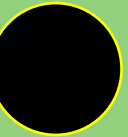


## **2. QUALITY MEASURES TAKEN TO GUARANTEE QUALITY IN AUDITS**



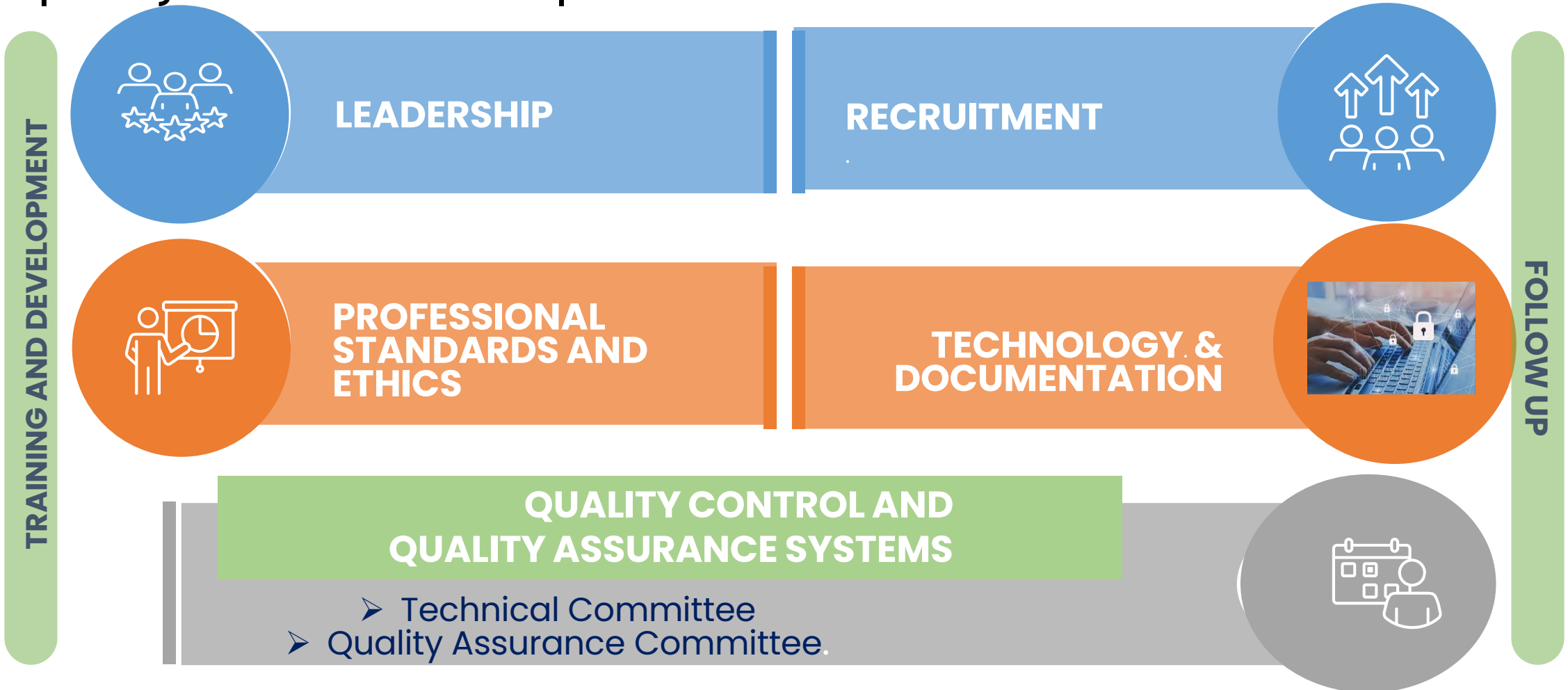
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# QUALITY MEASURES TAKEN TO GUARANTEE QUALITY IN AUDITS.

There are numerous measures taken by the SAI to guarantee quality in audits. Examples:



# Leadership:

## Tone at the top

The Controller and Auditor General (CAG) takes full responsibility for quality management system of the SAI.

He develops policies, manual, guidelines, circulars, procedures, audit calendar, audit themes etc, adopts new audit methodologies for implementation to ensure that quality is maintained.

He is assisted by Deputy Auditor Generals, Directors, Assistant Auditor Generals, Head of Units and Chief External Auditors.



# 3. MANAGEMENT OF THE AUDIT PROCESS



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# Management organisation

Audit within NAOT is organized in five (5) divisions (Four Financial and one Performance Audit):

- Central Government,
- Local Government Authorities,
- Public Authorities and Other Bodies and
- National Accounts.
- Performance Audit

Each division is headed by the Deputy Auditor General (DAG), reporting directly to the CAG.



# Audit methodology

The office developed audit and quality assurance manuals to implement audit methodologies:

## For audit purposes

- Financial Audit Manual
- Compliance Audit Manual
- Performance Audit Manual
- IT Manual
- Forensic Manual
- Bank of Tanzania (BoT) Audit guideline
- Tanzania Revenue Authority (TRA) Audit guideline

## For Quality Assurance

- Quality Assurance Manual



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# CRITERIA FOR AUDIT



## Internal guidelines, processes and procedures



Policies, Manuals, guidelines, Processes, procedures, Management resolutions etc.



## External guidelines

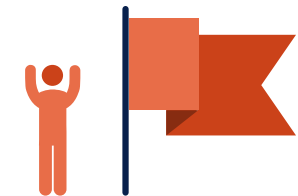
- Laws
- Regulations
- Standards etc.



## Best Practice



- Audit Quality Control
- Documentation
- Use of Technology
- Clear and Transparent Reporting
- Follow-up and Corrective Actions



# Audit process

AUDIT PROCESS	AUDIT		
	CAM	FAM	PAM
PLANNING	Initial consideration Planning the audit (Define the subject matter and the corresponding audit criteria) Develop an audit strategy and audit plan	Pre-requisites Pre- engagement Understanding the organization Materiality Risk assessment and response	Planning performance audit
EXECUTION	Performing the audit procedures to obtain audit evidence Evaluating audit evidence & forming conclusions	Performing the audit and evaluation of misstatements	Conducting Performance Audit
REPORTING	Prepare report	Reporting	Reporting the Performance Audit

TECHNICAL SUPPORT

QUALITY CONTROL REVIEW

**FOLLOW UP**



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# Quality Control

Quality control procedures are performed by team members on different levels, including the person with delegated responsibility for the audit.

They are designed to ensure that each team member shares in the responsibility for the overall quality of the audit assignment



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# Levels of review

First level

TEAM LEADER

The lowest level of review. Should be performed on an ongoing basis,

Second level

CEA

Almost as detailed as the first level, but concentrate more detailed

Third level

AAG

The reviewer will focus on documentation of key working papers such as audit strategy

Fourth level

DAG

Responsible for signing the Management Letters of the audits under his/her jurisdiction.



# Technical Support

There is also a Technical Support Services Unit (TSSU). The responsibilities and functions of TSSU includes:

- Providing expert, technical support and policy advice
- Developing and maintaining an appropriate audit approach, audit manuals, auditing standards, guidelines, circulars and standardised working papers
- Promoting the Auality of Audit by monitoring technical developments in the public sector, private sector and internationally
- Managing the ownership of ACL, Audit manual and Teammate
- Identifying needs for support, revisions etc



# Quality Assurance

The Unit is responsible for assurance function in NAOT. Quality Assurance Unit conducts its function independently from other organization functions.

It has the following documents to make sure it works efficiently:

- Quality Assurance Policy
- Quality Policy Statement
- Quality Assurance Manual
- Quality Assurance working tools

It is responsible for QMS (ISO 9001:2015) Standard



# 4. RECRUITMENT OF AUDITORS AND PROFESSIONAL DEVELOPMENT



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# Recruitment process

DAHRM shall collect manpower requirements from the Heads of Division/Units and Sections

DAHRM shall consider manpower requirements raised to deliberate the Personnel Emolument (PE) Budget and submit it to PO-PSMGG for approval

Once the PE Budget has been approved, the CAG shall seek Recruitment Permit from the Permanent Secretary, PO-PSMGG

After acquiring the Permit, the CAG shall advertise the job vacancies to the public through Public Service Recruitment Secretariat (PSRS).



# Recruitment process cont..

The DAHRM shall assign Human Resource Officers to participate in long listing of candidates carried out by PSRS.

The CAG shall appoint NAOT Staff to participate in interviews (both oral and written) coordinated by PSRS.

The CAG shall receive placement letters from PSRS and instruct DAHRM to proceed with hiring procedures.



# Recruitment process cont...

The DAHRM shall prepare and implement an Orientation Programme to the new staff

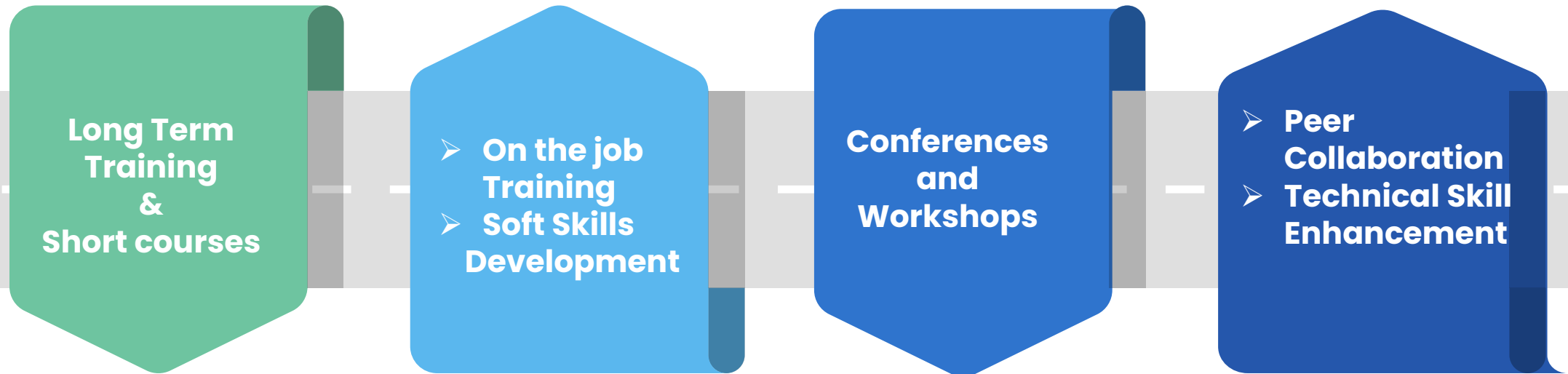
After orientation programme, the DAHRM shall deploy the newly staff to their work stations subject to approval from the CAG.

The recruited staff shall serve a probation period of twelve Months before confirmation or rejection.





# Professional Development



# Professional Development

NAOT has developed a Competence Development Framework (CDF) which is used to train auditors hands-on audit skills.

This framework is meant to bridge gaps noted in capacity building endeavors in our office.

It is organized in five modules:

- Foundation stage, which aims at preparing an individual to be exposed to the real world of audit
- Module two is about the audit of financial statements and compliance
- Module three of this framework outline covers the reporting of audit results
- Module four is the training on advanced audit skills and emerging audit techniques
- module five where senior auditors will be trained on leadership and management skills



# 5. SAI READINESS CONSIDERING NEW ISSAI 140.



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# Readiness

SAI Tanzania is ready for the new ISSA 140 (Quality Management System)

- Awareness for the new ISSAI has been made to Senior Management
- Preparation of quality objectives and quality risks have been made
- Some staff have been selected for AFROSAI-E and IDI QMS programs



# 6. SUCCESSES AND CHALLENGES



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# SUCCESSSES

- Tone at the top and other Management leaders are committed to quality
- Technical support is there to make sure the quality of the audit work is always improved
- Quality Assurance Unit (QAU) is operating well as a monitoring function tool
- Resources are well maintained
- Capacity Building to staff is done
- Road map to ISO 9001:2015 Quality Management System (QMS) certification is underway
- Staff are aware that quality is a continuous process and therefore audit work is always done for improvement



# CHALLENGES

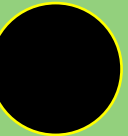
- Adaption of new methodologies need resources and time
- Scarce resources
- Networking with other SAIs
- Capacity Building is still needed as audit is always about being ahead of others





# CONCLUSION

Quality is the responsibility of everyone in the SAI.



# END



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