



**EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY**

**Capacity Building Workshop Report
for
The EALA Committee on Accounts**

**Held in Kigali, RWANDA
*From July 29th – 1st August 2012***

**Clerk's Chambers
5th Floor, Ngorongoro Wing
AICC Building
Arusha, TANZANIA**

September 2012

1.0 INTRODUCTION

The East African Legislative Assembly (EALA) is one of the organs of the East African Community (EAC). EALA's core functions referred to in Article 49 of the Treaty include *inter alia* legislative, oversight and representation. Performing post audit review is one of the oversight role of EALA as per Article 49 of the Treaty establishing EAC.

In conformity with Article 49 of the Treaty, and the Rules of Procedure, especially rule 79 (1) and (2), Annex 5 A, the Committee on Accounts is mandated to:

- i) Carryout a post audit review and scrutiny of the expenditure incurred by the EAC Secretariat, the Organs and Institutions of the sums appropriated in annual budgets approved by the EALA upon presentation by the Chairperson of the Council of Ministers of the EAC.
- ii) Carryout out post audit review and scrutiny of the expenditure on the basis of an annual audit report of the Audit Commission, pursuant to provisions of Article 49(2) (c) and 134 of the Treaty for the Establishment of the EAC.
- iii) Carryout post audit function that encompasses the need to monitor the implementation of the budget in a manner similar to internal audit, pursuant to Rule 72(1) of Rules of Procedure of the Assembly.
- iv) Present a report with recommendations to the House for debate and adoption.

The Third Assembly commenced on 5th June, 2012. In recognising the importance of the review and the need for members to carry out their oversight role efficiently, the Committee on Accounts held a two day capacity building workshop on auditing and accounting skills at Lemigo Hotel, Kigali, Rwanda from 29th – 31st July 2012.

The following Members of the Committee attended the workshop:

- | | | | |
|-----|------------------------------|---|-------------|
| 1. | Hon. Jacqueline Muhongayire | - | Chairperson |
| 2. | Hon. Abdullah Mwinyi | - | Member |
| 3. | Hon. Abubakar Ogle Abdi | - | Member |
| 4. | Hon. Adam Omar Kimbisa | - | Member |
| 5. | Hon. Bernard Mulengani | - | Member |
| 6. | Hon. Chris Opoka-Okumu | - | Member |
| 7. | Hon. Dr.Nderakindo P. Kessy | - | Member |
| 8. | Hon. Emmanuel Nengo | - | Member |
| 9. | Hon. Jeremie Ngendakumana | - | Member |
| 10. | Hon. Mumbi A. Ng'aru | - | Member |
| 11. | Hon. Pierre Celestin Rwigema | - | Member |
| 12. | Hon. Saoli Ole Nkanae | - | Member |
| 13. | Hon. Straton Ndikuryayo | - | Member |
| 14. | Hon. Suzan Nakawuki | - | Member |
| 15. | Hon. Yves Nsabimana | - | Member |

The Committee on Accounts requires additional skills and understanding in financial management and audit concepts to enable them to upscale their mandate in the examination of the annual audited accounts and make recommendations to the Assembly.

2.0 OBJECTIVES OF THE WORKSHOP

The objectives were to:

- i) understand the Audit Commission Report;
- ii) be able to interpret financial statements and their presentation;
- iii) appreciate the role of EALA Committee on Accounts in the Accountability process;
- iv) learn relationships between the Audit Commission, EAC Secretariat, EALA and Committee on Accounts;
- v) enhance understanding of common audit findings and their implication;
- vi) acquire knowledge on audit processes and methodology aiming at carrying out a comprehensive review of the EAC Audited Accounts;

3.0 METHODOLOGY

The workshop was participatory in nature, characterised by:

- i) hands on practical exercises;
- ii) group discussions;
- iii) simulations; and
- iv) paper presentations on Accounts and Audit skills.

The above was facilitated by experienced resource persons namely Mr. Obadiah Biraro, The Auditor General of the Republic of Rwanda; Mr. Alex Rugera, The Deputy Auditor General of the Republic of Kenya; Mr. Julius Birungi, The Senior Monitoring and Evaluation Officer for EAC Secretariat; and Mr. Moses Turatsinze, The Monitoring and Evaluation Officer for Rwanda Development Board.

4.0 WORKSHOP CONTENT

During the workshop, the topics of the papers presented revolved around the:

- Role of the Audit Commission;
- Understanding Audit Report;
- Relationship between the EAC Secretariat, Audit Commission and EALA;

- Common Audit Findings and their impact on Audit process, by *Mr Obadiah Biraro, The Auditor General, Republic of Rwanda*;
- Collection of Members expectations;
- EAC Accounts/Financial Statements and Overview of the EAC Audit process;
- Role of the EALA in the Accountability process at EAC, by *Mr Alex Rugera, The Deputy Auditor General, Republic of Kenya*; and
- Monitoring & Evaluation, by *Mr Julius Birungi, The Senior Monitoring and Evaluation Officer for EAC Secretariat* and *Mr Moses Turatsinze, The Monitoring and Evaluation Officer for Rwanda Development Board*.

Mr. Gahiza Steven, a freelance consultant, was our rapporteur.

In the opening remarks of the chairperson, the mandate of the Committee and the objectives of the workshop were highlighted. Further, it was indicated that from the budgetary trends, requirements are expected to rise as the the EAC Secretariat embarks on the implementation of the EAC Development Strategy (2011-2016). As the mandate of the Community is growing, there is need for the Committee on Accounts to intensify its work: strengthening its relationship between EAC Secretariat and the Audit Commission, and enhancing the skills of its members; so as to be in a position to fulfill its mandate.

The workshop was officially opened by Hon. Juvenal Nkusi, The Chairperson Public Accounts Committee for Rwanda Parliament (Chamber of Deputies); who welcomed the Committee to Kigali. He appreciated the role of the Committee and pledged his cooperation.

Hon. Nkusi shared with the Committee: the mandate, experiences and procedure of Public Accounts Committee of the Rwanda Parliament. He wished the Committee a successful workshop.

To meet the objectives, the facilitators started by collecting the Members' expectations of the workshop. The expectations were as follows:

- Enhancement of their skills and knowledge in Accounting and Auditing practices;
- Updating on challenges of the audit exercise in the EAC;
- Understanding their interpretation of the financial statements and the budget execution oversight;
- Evaluating and understanding of the EAC audited accounts;
- How to interrogate the audit report and write a meaningful report;
- Learn to analyse expenditure statements and books of accounts; and
- Know the concept of value for money audit.

The above expectations then gave rise to the following topics:

a) The role of the Audit Commission

The Audit Commission is comprised of the five Auditors General of the EAC Partner States. It is an independent Commission that reports to the Council of Ministers, who in turn cause such reports to be laid before the Assembly within six months of receipt, for debate and for such other consultation or action as the Assembly may deem necessary. The committee was informed that the role of the Audit Commission is to go through the use of every penny using a certain medium. This is to ensure that the Financial Statements comply with International Accounting Standards.

b) Understanding the Audit Commission's Report

Members were briefed on what constitutes accounts *visa vis*: balance sheet, cash flow, income and expenditure. A *practical case was done on* The Lake Victoria Basin Commission Partnership Fund (LVBC PF) Financial Statements for the Year ended 30th June 2010.

c) Relationship between the Audit Commission, EAC Secretariat, EALA and Accounts Committee

The Committee was informed that there was need for regular interaction with: the Audit Commission, EAC Secretariat and EALA; and this could be facilitated by housing an Audit Committee in Arusha.

d) Common Audit Findings and their Impact on Audit Process

On this topic, it was emphasized that the EAC accounting system and Assembly's recommendations should be institutionalised to ensure efficiency and effectiveness.

e) EAC Accounts/Financial Statements and Overview of the EAC Audit Process

Members were introduced and briefed on the audit cycle. They were also informed of the need for the audited accounts reports to be timely tabled before the house every financial year.

f) Role of Accounts Committee in the Accountability Process

The Committee was informed that its main role among others is consideration of post audit reports of EAC organs, institutions and projects, to ascertain the economy, efficiency and effectiveness.

g) Value for Money Audit

Members were informed that there is need to expand the scope and mandate of auditing of EAC Organs, Institutions and Projects to include performance audit, environmental audit and value for money audit.

h) Interpretation of Financial Statements

Members were briefed on the role and importance of interpreting financial statements.

i) Financial Management and Control

Members were informed that this is an internal control mechanism that comprises the control environment and procedures that management establishes to ensure orderly and efficient conduct of business.

j) Monitoring and Evaluation

A presentation was made on the power of measuring results. If results are not measured, failure and success is not differentiated and if success is not recognised, then it is not awarded and failure may not be corrected. If results can be demonstrated, there is an automatic public support.

Monitoring indicates 'if you are doing things right' while Evaluation answers 'if you are doing the right things and if there are better ways of achieving the same or better results'.

5.0 FINDINGS AND OBSERVATIONS

- i) The members' knowledge and skills on accounting and auditing procedures were inadequate to fully execute their mandate.
- ii) The Audit Commission is limited to financial audit only due to budgetary constraints.
- iii) The Submission of accounts is not timely.
- iv) The Audit Commission is financially constrained.
- v) The Committee can not assess the EAC organs, Institutions and projects without on spot visits.
- vi) The interactions between the Audit Commission, the EAC Internal Audit Unit and EAC Monitoring and Evaluation Unit are not sufficient.

6.0 RECOMMENDATIONS

The Committee recommends that:

- i) There is need to take members through several training workshops on accounting and auditing procedures and practices to enable them to perform their oversight role efficiently and effectively.
- ii) EAC scope of audit should be expanded to include Management Audit, Environmental Audit and Value for Money Audit. The EAC Secretariat should create a budget for the Audit Committee
- iii) The Audit Commission should expediate the Protocol on Operationalization of Article 134 of the Treaty.

- iv) A budget line should be created for Audit Commission to facilitate thorough auditing of the EAC organs and Institutions.
- v) The Committee should make more on spot visits to the EAC organs, institutions and projects.
- vi) There should be a regular and enhanced working relationship between the Audit Commission, the EAC Internal Audit Unit and the EAC Monitoring and Evaluation Unit.

7.0 CONCLUSION AND ACKNOWLEDGEMENT

After this important training workshop, it was noted that the Committee's ability to execute its mandate was improved. During the workshop, the members of the EALA Committee on Accounts made a courtesy tour to the Rwanda Parliament buildings, where they got a chance to observe a Senate Plenary Session for few minutes.

The Committee wishes to acknowledge all support extended by: the Office of the Rt. Hon. Speaker, the Office of the Clerk, the Ministry of East African Community in Rwanda and AWEPA in coordinating and facilitating the activity.

MEMBERS OF THE COMMITTEE ON ACCOUNTS

Report of Committee on Accounts on Capacity Building Workshop, July 29th – 1st August 2012

	Name	Signature
1.	Hon. Jacqueline Muhongayire	.....
2.	Hon. Jeremie Ngendakumana	.....
3.	Hon. Yves Nsabimana	.....
4.	Hon. Emmanuel Nengo	.....
5.	Hon. Pierre-Celestin Rwigema	.....
6.	Hon. Straton Ndikuryayo	.....
7.	Hon. Bernard Mulengani	.....
8.	Hon. Susan Nakawuki	.....
9.	Hon. Chris Opoka-Okumu	.....
10.	Hon. Dr. Nderakindo Perpetua Kessy	.....
11.	Hon. Abdullah Mwinyi	.....
12.	Hon. Adam Omar Kimbisa	.....
13.	Hon. Mumbi A. Ng'aru	.....
14.	Hon. Saoli Ole Nkanae	.....
15.	Hon. Abubakar Ogle Abdi	.....