INTRODUCTION

1. MANDATE OF THE OFFICE OF THE AUDITOR GENERAL

According to article 183 of the Constitution of the Republic of Rwanda of 4 June 2003, as amended to date, the responsibilities of the Auditor General include the following:

- auditing revenues and expenditure of the state as well as local administrative entities, public enterprises, parastatal organizations and government projects;

- auditing the finances of all institutions referred to above, particularly verifying whether the expenditure was in conformity with the laws and regulations in force and sound management and whether they were necessary;

- carrying out audit of accounts, management, and strategies which were applied in institutions mentioned above.

In addition, article 184 of the Constitution, as amended to date, stipulates that the Auditor General shall submit each year to each Chamber of Parliament, prior to the commencement of the session devoted to the examination of the budget of the following year, a complete report on the State financial statements for the previous year. That report must indicate the manner in which the budget was utilized, unnecessary expenditure which were incurred or expenses which were contrary to the law and whether there was wasteful expenditure or misappropriation.

The delay in submission of this report is due to the numerous challenges associated with preparation and auditing of the first ever *State Consolidated financial Statements*.

Accordingly, I now submit to Parliament a report on the audits concluded during the period October 2006 to 31 December 2007. Unlike the previous years, my annual report includes the following:

(i) Report on *consolidated financial statements* – Volume II of this report.

(ii) Performance audit report on the health sector: "The effectiveness of maternal health care delivery in Rwanda", submitted on 30 November 2007. See summary in Section **17.**

(iii) A summary of findings in all the **90** entities audited including a special audit on salaries. See section 14.4 for summary.

The audits carried out are summarized below:

		Audits carried out	Total number of entities
a.	Ministries and other Central Administration units	20	46
b.	Government Projects and Programs	14	*
c.	Districts	30	30
d.	Provinces and Kigali City	5	5
e.	Autonomous and Semi – autonomous Public Enterprises	24	50
f.	Audit of salaries	1	N/A
Total		**94****	

*** Actual number not known**

****Includes 2 reports (2005 and 2006) for each of the following institutions:** *Genocide Survivors' Assistance Fund (FARG), Road Maintenance Fund (FER) and Competitiveness and Enterprise Development Project (CEDP).*

The audits carried out also include 29 small projects and programmes under the following institutions:

National University of Rwanda (NUR)	14
Ministry of Education (MINEDUC)	2
Ministry of Land, Environment, Forests, Water and Mines (MINITERE)	3
Ministry of Youth, Sports and Culture (MIJESPOC)	1
Ministry of Public Service and Labour (MIFOTRA)	6
Ministry of Health (MINISANTE)	2
Rwanda Utilities Regulatory Agency (RURA)	1

As stated in my previous reports, not all the periods audited are consistent with the Government financial year. Although I continue to take steps towards having audits done for periods consistent with the Government financial year, the current report still has a few reports for periods outside the reporting period of 1 January 2006 to 31 December 2006. Out of the 94 reports included in this annual report, 85 (90%) are for the year ended 31 December 2006. This is an improvement compared to the previous year.

It is expected that full coverage for any single financial year will be realized after full implementation of the Organic Law on State Finances and Property, and the ongoing Public Financial Management reforms, together with other capacity building initiatives of the Ministry of Finance and Economic Planning (MINECOFIN) which are geared towards improving Public Financial Management. I still find fundamental bookkeeping errors during my audit in many institutions. This costs us a lot of time in executing and finalizing audits and this has a negative impact on full coverage. Availability of requisite financial and human resources at the Office of the Auditor General will also have a bearing on working towards full coverage.

Evelyn Kamagaju Rutagwenda
AUDITOR GENERAL

KIGALI

25 JANUARY 2008

2. GENERAL OBSERVATIONS

I carried out my audit assignments in accordance with generally accepted auditing standards. Those standards require that the audits be planned and executed to give reasonable assurance that the financial statements of the public entities presented are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

I also considered the public entities' internal control system to determine my auditing procedures for the purpose of expressing an opinion on the financial statements.

To ensure that the execution of the State Budget was in conformity with the provisions of prescribed regulations and procedures, the audits essentially covered budget procedures, the management of bank accounts and a review of the internal control systems set up by the audited entities.

For the year ended 31 December 2006, 81.5% prepared at least a fund accountability statement and the majority maintained auditable books of account mainly using an accounting software. Government, through the Ministry of Finance and Economic Planning (MINECOFIN) provided the software for entities which did not previously have one, and hired an international accounting firm to assist and guide entities in the preparation of financial statements while at the same time building their capacities. However, there are still a lot of challenges.

During the audit of various public entities, I assessed the implementation of our previous audit recommendations. I noted that much as some had been implemented, significant irregularities still persist as highlighted in this report.

The following general observations were noted in most of the audits carried out during the period:

2.1 Preparation of financial statements

- Financial statements did not include receivables and payables contrary to the requirements of Organic Law N° 37/2006 on State Finances and Property and existing Government Policies and Procedures: Financial management and Accounting which clearly indicate that modified cash basis of accounting should have been used. This means that transactions are recognized in the books of account as follows:

  a) Transactions are recognized only at the time the associated cash flows take place;

  b) Expenditure on acquisition of fixed assets is not capitalized but written-off on acquisition and the related depreciation of those assets is not recorded in the books of account;

  c) Prepaid expenditure/advances are written-off during the period of disbursement;

  d) Invoices for goods and services which are outstanding on the date of the closure of the fiscal year are recognized as liabilities for that specific fiscal year;

  e) Loans and advances are recognized as assets/liabilities at the time of disbursement and related interest is recognized only when disbursed. Interest payable on public debt is accrued.

In this regard, I noted the following omitted balances:

Liabilities:	Frw 2,352,694,190
Receivables:	Frw 3,988,810,244

It is important to note that these lists are not exhaustive. It is indicative that such balances exist but were not disclosed.

- In accordance with Article 71 of Organic Law N° 37/2006, budget agencies, local administrative entities and other public bodies shall submit their reports on the financial statements to the Auditor General of State Finances in the following year not later than 31 March of the following year. Some of the institutions were unable to provide the Office of the Auditor General of State Finances (OAG) with their financial statements, even by November 2007. This is the case of Kigali City Council, Civil Aviation Authority, King Fayçal Hospital, Rwanda Investment and Export Promotion Agency (RIEPA), and TIG Secretariat. Only one budget agency, Rwanda Revenue Authority, submitted its financial statements to the Auditor General for the year ended 31 December 2006 by 31 March 2007. I also noted that some institutions depend on consultants to write their books of account and to prepare financial statements and still fail to produce them on time. It is also notable that in several cases where consultants were used, the accounting staff in the respective institutions can not answer audit queries and have to call back consultants. This was the case in MINECOFIN and Road Maintainance Fund (FER). This is not sustainable in the long run.

  Without financial statements, it is difficult for MINECOFIN to follow up the computation of dividends for Government Business Enterprises. Institutions which owe government dividends, taxes may not be paid or wrong amounts are paid.

  In addition, bank balances totaling Frw 2,135,748,171 and USD 71,719 were omitted in the financial statements by audited entities.

2.2 Audit of Government salaries

The Ministry of Public Service and Labour (MIFOTRA) is responsible for processing the salaries of central administration, Supreme Court and the Public Prosecutor General's office (*parquet général*), teachers and health sector employees. The average monthly number of Government employees in these institutions as shown below:

1	Central administration	755
2	Supreme court	537
3	Prosecutor General's office	214
4	Health sector workers	3,986
5	Teachers	34,571
Total		**40,063**

During the year ended 31 December 2006 MIFOTRA processed salaries amounting to Frw 30,099,791,111.

Ministry of Defence (MINADEF) and National Police (NP) are individually responsible for processing their own salaries.

The Ministry of Finance and Economic Planning (MINECOFIN) is responsible for processing salaries of members of parliament, the senate, the cabinet and the Supreme Court president.

Salaries for public enterprises and Government projects are processed by the respective institutions without any review by MIFOTRA or MINECOFIN.

In view of the significance of the matters raised in section 14.4 of this report, I am unable to express an opinion on the accuracy of the salaries processed by MIFOTRA for the year ended 31 December 2006. In addition, I was not able to audit salaries processed and paid respectively by the Ministry of Defence (MINADEF) and the National Police. I also noted that salaries for teachers and medical staff processed and paid by MIFOTRA and

MINECOFIN respectively were not included in District books of account and financial statements.

2.3 Execution of Expenditure

a) Non compliance with Tendering Procedures

I noted the following irregularities:

- The entities audited awarded tenders amounting to Frw 3,879,823,867 without the approval of the National Tender Board (NTB) and Frw 7,857,083,077 without any evidence of approval by respective internal tender committees. Therefore, I was unable to confirm that these tenders were subjected to competition and awarded in a transparent manner.

- Tenders were awarded to suppliers whose bids were more expensive compared to those offered by other bidders whereas the internal tender committee evaluation report indicated that all the bids met the specifications in the tender documents. This was noted in the Office of the Prime Minister (PRIMATURE), Ministry of Public Service and Labour (MIFOTRA), Ministry of Commerce, Industry, Investment Promotion, Tourism and Cooperatives (MINICOM), Southern Province and Rulindo District.

- Unless otherwise specified at the ordering stage, existing public procurement procedures stipulate that government institutions shall pay for goods and services after delivery. On the contrary, some public institutions paid for goods and services before execution of contracts. In addition, advances are sometimes paid to suppliers without being guaranteed at 100 % by an advance payment guarantee issued by a reputable bank or any other financial institution.

- Article 2 of Presidential Decree n° 28/01 of 19 July 2004 on public tendering procedures requires budget agencies to have internal tender committees responsible for processing tenders. However, due to lack of sufficient staff, embassies are not able to meet this requirement.

- Some Public institutions unjustifiably amended contracts increasing the original contract sum by more than 20%. In the case of MINISANTE, Kibagabaga Hospital contract originally signed at a fixed price of Frw 1,412,371,658 was increased by Frw 347,078,709 wihout authority of National Tended Board (NTB).

b) Unsupported Expenditure

Public expenditure execution procedures require that all expenditure be sufficiently supported with valid documents, which should be sequentially filed and properly referenced. Contrary to these procedures, the entities audited incurred expenditure amounting to Frw 5,360,061,058 that were not supported by any verifiable documents. In absence of verifiable documentation, it was not possible to confirm the nature and validity of such expenditure. I also noted poor records management rendering retrieval of documents very difficult. This issue needs urgent attention.

For better management of public funds, expenses incurred by all public entities should, as a matter of procedure, be supported by necessary documents detailing their utilisation. These documents should be well kept for future reference.

2.4 Non-compliance with contract terms

The audit of projects and other Government institutions revealed cases of non compliance with contract terms:

- I noted that, in some cases, contract durations had been exceeded and contract execution had not been completed as per the agreements and affected entities failed to charge liquidated damages. I also noted that contractors and suppliers are not always required to provide advance and performance guarantees before contracts are signed. There were also cases of overpayment to contractors by various government institutions. This was the case of Ministry of Commerce, Industry, Investment Promotion, Tourism and Cooperatives (MINICOM).

- Construction works were abandoned after the contractors claimed that the works could not be completed within the agreed amounts and requested to be paid additional amounts in order to continue construction works. This was noted in the case of the micro hydro electric power plant in the former Rushaki District where the contractor had demanded for an increase of Frw 59,313,225 (38% of the initial contract price).

The National Tender Board (NTB) should be informed of such cases so that in future, such contractors can be blacklisted. In addition, contracts should always include a provision on the requirement for advance and performance guarantees.

2.5 Ineffectiveness of internal audit units

Currently, most of the audited entities have internal audit functions but their work is neither effective nor reliable. This is evidenced by the numerous mistakes and other weaknesses in the financial statements highlighted in our audit reports. The Internal Auditors' reports are not submitted to the Board of Directors, District Councils, and in the case of ministries, to Ministers. Therefore, the independence of the internal auditors is compromised as they cannot report on irregular transactions sanctioned by top management. Further, the units are inadequately staffed to effectively discharge their mandate and there is no action taken on the findings and recommendations of the Internal Auditors. There is need to put in place audit committees in government institutions for follow up of action on internal and external auditors' reports.

2.6 Financial management in Diplomatic and Consular missions

The daily management of embassies is done by heads of missions. Supervision and monitoring of embassies is the duty of Ministry of Foreign Affairs and Coopertaion (MINAFFET) and Ministry of Finance and Economic Planning (MINECOFIN). However, I noted that some embassies still prepare their cashbooks on excel spreadsheets, whereas MINECOFIN has provided an accounting software. In addition, they purchase assets with significant value, such as buildings, without consulting the Ministry of Infrastructure (MININFRA). Military and Commercial "attachés" have no clear job descriptions and reporting instructions, and bank accounts that they manage are not included in the financial reports of the respective embassies sent to MINAFFET and MINECOFIN.

2.7 Lack of supervision, ownership and skills transfer

I noted that some entities audited hired consultants to perform certain tasks that should ordinarily be carried out by own officials, such as writing books of account and preparation of financial statements. I also noted that in most cases there is no supervision as well as ownership of the consultants' work by management and there is usually no local staff to adequately understudy the consultant. Ultimately, there is no transfer of skills and this widens the existing capacity gaps. A case in point is where the MINECOFIN senior staff of the Accountant General's office declared that no one at MINECOFIN could explain the consolidated public accounts without the direct assistance of the consultants. We experienced the same problem where some Districts and Ministries claimed that their financial statements were prepared by consultants and MINECOFIN staff, and that they did not understand the figures. This contributed to considerable delay in completion of audits.

2.8 Training for accounting officers, Boards of Directors, accountants and auditors

As mentioned in my previous report, in view of the serious shortcomings noted in financial management of the institutions audited, as a matter of urgency, there is need for training of accounting officers and board members. There is an urgent need to plan training sessions in accounting for non finance managers. Similarly, there is need for training board members on their roles and responsibilities to be able to discharge their oversight role to ensure corporate governance. Unfortunately, at times the Executives authorize what they may not know.

I noted that the training so far given to accountants is not adequate. It is clear that this contributed to the weaknesses identified in the course of our audits. I recommend more intensive training both in basic accounting principles and application of the accounting software that is currently in use. Incidentally, this will require both classroom and on the job training.

2.9 Handover from the former Districts/Provinces to new ones

After the reform of local administrations, new Districts and Provinces took over fixed assets, debtors, creditors and cash and bank balances from the former Districts/Provinces. The fixed assets mainly comprised land, buildings, markets, schools, motor vehicles, motor cycles, office furniture and equipment.

The following weaknesses were noted with regard to the handover process:

a) The handover reports prepared in September 2005 were handed to the new Executive Secretaries in January 2006. There were movements on various accounts between preparation of the reports and the actual handover. The new management teams did not verify the accuracy of the information in the handover reports. Similarly, no physical verification was carried out to confirm physical existence and condition of the fixed assets handed over. Handover was merely ceremonial and of no accountability value.

b) The handover reports did not include important details for fixed assets such as description of assets, values, tag numbers, serial numbers, physical condition and location of the assets.

c) Cheque books and bank passbooks, bank statements, cash books and bank reconciliation statements for bank accounts were not handed over to the new Districts and Provinces for review in order to establish whether all transactions were properly accounted for. The new District and Province officials did not follow up with the officials of the former Districts/Provinces to provide these documents.

d) Districts and Provinces inherited creditors of former Districts and Provinces respectively. No detailed information was provided on these creditors. Only lists of creditors' balances were included in the handover reports. No supporting documents were provided for me to verify the existence, completeness and validity of the balances. In addition, the Districts and Provinces management did not carry out any verification exercise during handover to establish whether the liabilities are payable. Further, these balances were not included in the books of account and financial statements of the respective Districts and Provinces. Exactly the same weaknesses were noted for debtors' balances taken over.

e) Some bank accounts were omitted in the handover reports. Cash books and bank reconciliation statements for these bank accounts were not provided for review in order to establish whether all bank transactions were properly accounted for. Bank balances totaling Frw 781,229,504 included in the handover reports had not been transferred to the current Districts at the time of our audit in September 2007 and were not accounted for.

2.10 Weaknesses in the management of District internally generated revenue

a) District revenue officers did not complete daily revenue collection forms and pre-numbered daily revenue release registers during the year. As a result, tax revenue collections were not reconciled to revenue banked to ensure that all tax revenue collections have been banked promptly and intact. Therefore, completeness of tax revenue collections can not be ascertained.

b) The District accountants recorded local tax revenue on the basis of bank statements rather than the source documents; the daily revenue collection forms, as these forms were not prepared by the revenue officers. Consequently, differences were noted between the local tax revenue recorded by the District accountants and that reported by revenue officers. Therefore, completeness of tax revenue collections can not be ascertained hence local tax revenue may not be fairly stated.

c) There was no control over receipt books received and issued.

d) From a sample of original receipts displayed by businessmen in Kicukiro District, I noted that there was forgery/falsification of amounts collected leading to loss of revenue collected.

e) Collections at sector level are banked in an account maintained at *Banque Populaire* and then transferred to District revenue accounts in commercial banks. A summary report for all collections at the sector is done by the *"Secrétaire-comptable*"of the sector. There are no reconciliations done at the sector to confirm that all collections are banked and that all collections on the sector account in a given period is equal to the amount transferred to the District bank account and that it tallies with the s*ecrétaire-comptable*s' report for collections within the same period. Any errors or misappropriations at the banking or transfer points may not be detected.

f) From 1 January 2006, all health centres in the Districts were to be under the direct control of the Districts. The hospitals in the former Districts were to handover management of the health centres to the new District administration. During the year under review, receipt books utilized for collection of contributions to *"mutuelle de santé"* in the sectors of Districts were received from different sources, in some cases from the Mutual Health Federation and in other cases receipt books were borrowed from other sectors. There was no control of receipt books in circulation by the District hence no control over cash collected.

g) In addition, there is no reference of the individual receipt numbers on the bank deposit slips. It was therefore not possible to match individual receipts to the bank deposit slips.

2.11 Cheque deposits into the *Ordonnateur Trésorier du Rwanda* (OTR) account

There is no follow up to confirm that all cheque deposits into the OTR account are paid by the respective banks. Notable examples are cheques received from the sale of government strategic stock of fuel. A cheque of Frw 39,832,520 for fuel taken from the strategic fuel reserves bounced. MINICOM did not know of this until informed by the dealer. Further, discussions with the National Bank of Rwanda confirmed that bounced/unpaid cheques are not shown on the client's bank statement. OTR further confirmed that it is difficult for him to know the source of funds deposited on the OTR account. Transit accounts should be opened for such collections until transferred to OTR account. I noted that this is working well for Rwanda Revenue Authority collections.

2.12 Poor management of bank accounts

There are still some entities where bank reconciliation statements are not prepared, or they are prepared for some bank accounts or for some months only. Therefore, completeness of the accounting records cannot be ascertained. In some cases, bank reconciliations are prepared but they are not reviewed by any senior official, and they do not seem to be used to identify unusual items for correction or investigation. Examples are long outstanding cheques that become stale but continue to be reflected on bank reconciliations without being reversed. I also noted cases where cheques considered as unpresented in the bank reconciliation statements while they had actually been paid by the bank during the month, unpresented cheques are not included in the respective bank reconciliation statements and this is one of the channels for misappropriation. This was noted in MINITERE and Kicukiro District. In addition, in some institutions, reliable bank reconciliations are not prepared since the cashbooks are posted using bank statements. As a result of this, the cashbook and the bank statements always reflect the same balance. Consequently, errors, fraud and other irregularities in bank and cash transactions may occur and not be detected on time. Bank balances may also not be fairly stated. This was evidenced by various cases of misappropriation of public funds perpetrated by accountants of some institutions such as SFAR, PAFOR and CHUK.

2.13 Lack of segregation of duties

In some of the entities audited, we noted that staff handle several incompatible duties, for example over cash management. In some Districts, Revenue officers also acted as Cashiers and Accountants acted as Cashiers. This is a weakness in the internal control system, which does not allow for errors and other irregularities to be detected. This has led to misappropriation of public funds in some public institutions such as PAFOR (Frw 77,600,000), SFAR (Frw 96,422,000 less Frw 20,000,000 returned) and CHUK (Frw 26,745,545).

2.14 Poor management of fixed assets

I noted that many entities still have no fixed assets registers or the registers maintained do not have adequate information to enable effective control over fixed assets. In most cases, fixed assets were not coded and no physical inventory had been carried out. In addition, most Government assets are not insured, and there are no title deeds for

Government properties. It is therefore not possible to ascertain the right of ownership thus disputes in ownership are likely.
In addition, MININFRA, the responsible line Ministry, does not have a register for Government houses. Government property can be misappropriated in absence of proper monitoring. This was the case in Rubavu District where out of 69 houses belonging to the District, the latter has title deeds for only 9.

The Government should accelerate the process of carrying out a physical inventory, coding and valuing all Government assets, and ensuring existence of land titles for all Government properties.

2.15 Non compliance with existing laws and regulations

Some institutions, including projects, did not deduct 3% withholding tax from beneficiaries of public tenders contrary to the provisions of Law n° 16/2005 of 18 August 2005 regarding withholding tax on public tenders which requires public institutions to deduct 3% of amounts payable to suppliers as withholding tax and remit it to Rwanda Revenue Authority by the fifteenth day of the following month. In addition, in some cases, the rate is not applied on the invoice amount before VAT.

Article 49 of the law n° 8 /97 of 26 June 1997 on code of Direct tax on Profit and Professional revenue stipulates that 15% of the total remuneration for casual/temporary workers and consultants should be deducted at source by their employers as Pay As You Earn tax and remitted to Rwanda Revenue Authority. Contrary to this article, some public institutions did not deduct tax on casual workers gross payments.

2.16 Staff appraisal

Staff performance appraisals should be carried out at least annually. These appraisals enable the employer to assess the need for training and skills development and for the staff to make their own self assessment on how they have performed. The performance appraisal forms the basis to reward staff who performed well and assess their training needs. However, in most of the public institutions audited, I noted that staff performance appraisal was not carried out for the year ended 31 December 2006 despite the continued recommendations made to that effect. Failure to evaluate staff performance on a periodical basis and reward them accordingly may adversely affect their morale and performance. Similarly, the training needs of the staff may not be identified and corrective action taken. The audited institutions claimed that they have no clear instruction and format which are supposed to be issued by MIFOTRA.

2.17 Lack of regulatory framework on transport for project coordinators

From 2005, in line with the Government zero fleet policy, project vehicles were withdrawn. However, various projects, such as the Competitiveness and Enterprise Development Project (CEDP) and Umutara Community Resources and Infrastructure Development Program (PDRCIU), are hiring private vehicles for daily use at daily rates ranging between Frw 20,000 and Frw 70,000 for one vehicle, which is very costly. One of the projects spent Frw 54,600,000 on hire of one vehicle between September 2005 and October 2007.

There is urgent need for Government to come up with a clear policy on transport for project coordinators since it was provided for in most of their employment contracts. Government should in the meantime at least issue clear guidelines on cost limits for hiring of vehicles for project coordinators.

In addition, Project management should seek proper guidance on project coordinators' transport facility.

2.18 Repayment of motorcycle loans given to former District Executive Committee members

In 2003, contracts were signed between MINALOC and former Districts for motorcycle loans. The latter also entered into contracts with executive committee members respectively, to fund motorcycles for the District executive committee members. The estimated total recoverable cost for the motorcycle loan scheme was Frw 397,500,000 (106 Districts *5*750,000). The Ministry, however, does not maintain an updated complete list of all the beneficiaries indicating the initial cost, repayment schedule and the balance outstanding. Although some of the beneficiaries have been paying, the ministry could not provide a record of the actual amount recovered and outstanding.

Based on bank statements seen, cash received in respect of motorcycle loan repayments for the year ended 31 December 2006 is Frw 309,871,495 and the estimated outstanding amount is Frw 87,628,505 (Frw 397,500,000 less Frw 309,871,495) for which no detailed information is available on who owes this balance. From the aforementioned, there is fundamental uncertainty on the full recoverability of the loans. It is also difficult to confirm the completeness of amounts collected during the year in absence of appropriate records.

2.19 Low recovery rates of liquidation proceeds outstanding

The rate of recovery of debts owed in respect of some liquidated enterprises is very low. Basically, the rate is in the range of 15% to 20%. Some liquidators completed the liquidation process of the assigned institutions and were discharged while others await discharge. Expected collection from the liquidation process is Frw 3,416,445,966 while amount collected by 31 December 2006 was Frw 496,106,534. This is less than 15% realization.

A total of Frw 3,294,357,210 receivable from buyers of privatised enterprises as at 31 December 2006 were not included in the financial statements of the Privatisation Secretariat.

2.20 Unimplemented previous audit recommendations

During our audits, we assessed the implementation of our previous audit recommendations, to determine whether the entities had taken timely and appropriate corrective actions. We noted that many institutions had put in some remarkable efforts to implement the previous audit recommendations, but significant irregularities still persisted. As recommended in my previous report, there is need to establish audit committees to follow up the progress of the implementation of audit recommendations. I believe that the recent enactment of the accountants law will substantially contribute to the establishment of professional norms and standards for the auditing and accounting profession. I also believe that the proposed establishment of a Public Accounts Committee (PAC) will enhance parliament's oversight role.

In addition, as constructive recommendations enhance improvements in the implementation of government's planned activities, continuous failure to implement audit recommendations should necessitate action by supervising authorities, such as training.