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Current situation of ICTs (Information and Communication Technologies) in Mozambique and its challenges for the introduction and development of the principles and Audit capacities in computerized environments under the Administrative Court of Mozambique responsibilities.

- ☉ The role and need of departments and Governmental agencies in acquiring ICTs solutions in Mozambique.
- ☉ Approved National Policy on ICTs in Mozambique.

ACCOUNT COURTS AND THE DEVELOPMENT OF INFORMATION AND COMMUNICATION TECHNOLOGIES AND THEIR APPLICATION IN FINANCIAL MANAGEMENT SYSTEMS

I. INTRODUCTION

The last fifty years has witnessed a revolution - the Information and Communication Technologies Revolution (English ICTs acronym). These continuous changes in the field of Computing have had some influence on institutions and their clientele, particularly in financial management systems. This situation constitutes a serious challenge for Supreme Institutions of Control.

ICTs have allowed a spread of knowledge and information exchange, resources and experiences at a speed never witnessed before. Experience shows that the effective access and use of these technologies are determining factors for the improvement of the level of organization and the competitive capacity of individuals and Institutions.

Not long ago, the Administrative Court has embarked on modernising its working procedures, and has abandoned the traditional data processing which consisted on extensive use of paper. However, this brought with it serious challenges stemming from the use of ICTs, and the need to harmonise the introduction of ICTs and the strategies already in use in some Public service Institutions, constitutionally under its jurisdiction.

In the financial control scope, the Administrative Court analyses and oversees accounts of bodies, services and entities subject to its jurisdiction, prepares reports and gives its opinion on the Government's General Accounts (CGE – Conta Geral do Estado). The Court also undertakes an evaluation of the lawfulness of the contracts, contract minutes, decrees and dispatches regarding to public sector, retirement pensions, etc. The Court resorts to different types of control namely, the pre-inspection, successive and concurrent inspection. The Court will only fulfil its functions and competences, meet the expectations of clientele and provide quality services through the use of an improvement of the public services it delivers.

II. INFORMATION AND COMMUNICATION TECHNOLOGIES REVOLUTION AND ITS RISKS IN FINANCIAL MANAGEMENT

Computer benefits are largely known, but the risks resulting from the exponential development of the ICTs are yet to be studied, particularly of Supreme Control Institutions (Instituições Supremas de Controlo - ISC). The risks that are commonly known refer to many irregularities that deserve deep analysis.

It is extremely difficult, in business transactions, to control the lawfulness of the financial operations. This facilitates occurrences of fraud. The massive access to computer systems as well as the growth of computer functionality and the reduction of human intervention also increase the risks. Hence, there is a need for the auditor to go through deep computerised audit training, to be conversant with computers.

Processing and storage of great amounts of data make it increasingly difficult to detect irregularities. The complex computer systems include sophisticated revision or correction mechanisms that could be incorrectly used.

Lately it has become more difficult to inspect those who process data. In addition, the computers have made possible for one person to execute more than one task, which results in the concentration of tasks and duties on one person.

The risks refer to the non-authorized access to information, the relative lack of adequate of physical, logical control by the user on the initial registration and the subsequent transaction processes. It is often mentioned that "the weak control of access to databases on on-line systems; irregular control on the continuity of data in files ...".

Protection against risks must also include "correct duty division, adequate testing of new systems, and programme changes, control of the access to programmes"¹, among other actions. Auditing techniques are also required to help to spot various irregularities; such techniques could include revising and testing programmes and comparing codes.

Data falsification, through the use of computers, is another serious problem that is becoming worse with ICTs. This problem comes from the production of the financial information derived from non-authorized transactions.

Growth of computer network systems leads, worldwide, to the more facilitated access to remote data and systems. We could take as an example, the growth in electronic data interchange (EDI), and a greater use of on-line communication, using less paper and human intervention.

Also, growth of electronic funds transfer systems (EFT) increases the fraud risks. Thus, attention should be paid to programmed verification of transactions, data and control techniques of improved access, such as improved safety software, improved personal identification system, such as smart cards, bio-metric signature, voice or identification.

III. NATIONAL POLICY ON ICTs IN MOZAMBIQUE

The National Policy explains the scope and need for Information and Communication Technologies and the resulting Global Information Society, which has effects on all aspects of life, socio-economic activity, politico-cultural and the totality of the interest areas for the development of the country: education and human resource development, the national infrastructure for support of information and communication technologies, governance and public service, among others.

The national policy on ICTs in Mozambique has the following fundamental objectives:

- ☞ To raise national awareness on the role and the potential of the Information and Communication Technologies in the sustainable development of Mozambique.
- ☞ To Contribute to the eradication of absolute poverty, and to the improvement of the Mozambicans living conditions.
- ☞ To provide universal access to information to all citizens in order to improve their levels and performance in education, science and technology, health, culture, entertainment and in any activities in general.
- ☞ To expand and develop ICT education in the national education system;

- ☞ To encourage and support the ICT training for managers, community leaders, women, youth and children.
- ☞ To contribute to the increase in efficiency and effectiveness of public and private sectors;
- ☞ To contribute in making the country not simply a consumer but also a producer of ICTs.
- ☞ To create a favourable environment to industry, business, and investment in the field of Information and Communication Technologies.
- ☞ To ensure that all development plans and projects in all sectors include an ICT component.
- ☞ To contribute to the reduction and elimination of regional differences, the difference between the city and the countryside, and among various segments of society in the access to the development opportunities.
- ☞ To create a favourable environment for cooperation and partnership in ICTs between the public and private sectors, and among all national, regional and international persons concerned.
- ☞ To develop and facilitate the integration of the country in the world economy and in the Global Information Society.

The National Policy on ICTs aims at popularising the use of Its in the country, which implies concern for technical and scientific, and human capacity-building, *as some of the Public Institutions are subject to the supervision of the Administrative Court.*

To make this policy applicable, the Mozambican government is planning to pass the necessary legislation to implement the objectives above; it also promotes the spread of the use of ICTs, especially on the level of the services and state institutions, design a plan of computerisation of the government services, make it compulsory for all central government departments and bodies to have a website on the Internet, and establish electronic support systems for the decision making.

Concerning the good governance, the policy could solve serious problems, such as bureaucracy, delay and lack of efficiency in service delivery by public institutions, lack of cohesiveness and

effective communication amongst central government bodies and departments, and between these and the provincial government bodies, lack of centralized and consistent data.

To ensure that ICT policy fulfils the prescribed objectives, a Strategy for the Implementation of the ICT Policy is currently being developed, with the involvement of practically all sectors of society.

The main items of the strategy are:

- ☞ Promotion of the implementation Strategy of National ICT Policy
- ☞ Co-ordination, follow-up and evaluation mechanisms
- ☞ Priority projects for the implementation of the National ICT Policy
 - ☉ Education and development of human resources
 - ☉ Required infrastructure
 - ☉ Health
 - ☉ Universal Access to ICTs
 - ☉ Governance
 - GovNet or E-Government project
 - ICT Training for Government and Community leaders
 - Sole Identification card
 - ☉ E-Commerce
 - Improvement and development of investment and business environment
 - Development of an Internet/Intranet-based infrastructure for support to small and medium enterprises

IV. CURRENT STATUS OF THE PUBLIC SERVICE AND DEVELOPMENT TRENDS

Mozambique has experienced a considerable economic development outbreak in recent years. A number of measures have contributed to this success, among them process of restructuring of state assets, passing of legislation more favourable to the foreign investment and reform of customs sector which have contributed to the increase of the state revenue.

An efficient control of the public monetary/financial resources use and transparency and effectiveness in its management, are necessary conditions for the continuity of the harmonious and sustainable development in the country.

A growing private sector absorbs most of the better-qualified national ICT staff. The public sector finds it difficult to attract qualified staff in this sector because it lacks competitive advantage, i.e. salary.

V. CURRENT STATUS OF ICTS IN THE PUBLIC SECTOR

The status of the public sector vis-à-vis ICTs is worrying, because:

- ☞ Few institutions adhere to ICTs in a decisive way and with adequate studies to take its unlimited advantages in order to make resources used for their acquisition profitable.
- ☞ Weak progress of the institutional technological capacities is noticeable, where they exist.
- ☞ Different and various hardware and software in the same institutions and lack of capacity to exploit and maintain them.
- ☞ Lack of qualified technical resources and difficulty in maintaining the few existing ones.

An average of one in 1700 inhabitants uses, as compared to the global African average of 1 (one) in 5000, an average of South Africa's 1 (one) in 65, and an average of Europe and America of 1 (one) in four.

This clearly shows the hard way to follow to avert favourable and radically this situation of underdevelopment. Despite all these difficulties, including the financial, infra-structural and technical, Mozambique is taking affirmative measures in order to further adopt the use of ICTs.

A major part of institutions under the inspection of Administrative Court have already started using ICTs, mainly on the Central level. Some of these have developed ICT applications for processing salaries and accountancy. The Ministry of Planning and Finance, for example, is using various systems, although still autonomous, and are still in the process of introducing others. Some institutions have developed computing applications for their core and vital activities, such

as budget and budget execution, accountancy, account management, etc. Many of these initiatives result from worries on solving management and internal functioning afflictions in the institution level, without following any elaborated compatibility policy or criteria for the public sector.

This situation requires some effort from the Court, to develop the capacity of carrying out auditing in those computerised environments and use computer-assisted auditing techniques (CAATs), for carrying out of efficient financial auditing in all these entities.

Even without the use of sophisticated methods, there were financial fraud reports in Mozambique, with recourse to financial management computer applications.

A joint technical team to conduct technical studies with view to computerising the public service was formed in September 2000. It comprises personnel from the Administrative Court, from the Ministry of State Administration, from Ministry of Education, from Eduardo Mondlane's Informatics Centre and representatives of the ICT Policy commission. This team is charged with designing a draft proposal on the Sector Policy on the Computerisation of the Public Sector and a technical study for the computerisation of the public sector, within that policy.

VI. STRATEGIC PLAN FOR THE COMPUTERISATION OF THE ADMINISTRATIVE COURT AS THE INSTITUTION RESPONSIBLE FOR CONTROLLING FINANCIAL MANAGEMENT IN THE PUBLIC SECTOR

Computerization objectives

The computerization of the Administrative Court will ensure an efficient control of lawfulness of public expenditure, contribute for the greater efficiency of government's financial management and, at the same time, will ensure more transparency of public accounts and good governance. It is common knowledge that the financial activities sustain the appearance of the control forms, as "there is no income or expenditure without control". The executive and other entities must act

within the limits of the law and avoid waste and inappropriate use of the public funds. One of the fundamental principles of all financial system management is accountability for the management.

Accountability acts are an object of judgement by the Court, in processes of accountability, in which the respective liabilities can be made effective, condemning or acquitting the managers or guilty parties. ICTs play an important supportive role in modern financial management systems.

In terms of competences and roles, through its computerisation, the TA must:

1. Ensure and be able to do an Auditing and a Computerised Auditing of Public Institutions.
2. Control and ensure lawful Financial Management/Execution of public expenditure.
3. Cooperate with public services in the design, development and implementation of information systems, particularly public management information systems (internal and external auditing).
4. Ensure that the National Policy on ICTs is more representative and has the foundation that will allow for a better enforcement of the legislation, within its competences and duties.
5. Ensure that the National Legislation contents are systematic, in comparison with International legislation on the same topics.
6. Enforce compliance within the fiscal and customs jurisdiction.

Compliance with all these competences and duties require that the Court be computerised and modernised. As an example, we can pinpoint the current procedural legal framework which needs to be substantially improved, through computerisation. At the moment, the court operates on a manual basis, which delays the whole process. A solution to this problem could be redefinition of information influx, in order to create a new model, which will allow for an easy collaboration between the different sectors of the institution and external entities, so that there will be an exchange of information, through the use of Information Technologies.

Computerisation of the Court aims at achieving simultaneously, an easier way of collecting and handling data/information concerning legislation, jurisprudence and doctrine, to procedural management as well as to financial management. With respect to the last aspect, computerisation has to enable the development of sustainable auditing, in general, and computerised auditing, in

particular, within national and *INTOSAI* scope/parameters. Computerisation will imply, in the future, technical adaptation of interdependent institutions, mainly those that have not yet taken important steps towards this goal.

More than 600 entities must submit their accounts/budgets to the scrutiny of the Administrative Court. This number includes public 67 institutions and 189 provincial public service bodies, 33 local governments, 11 public enterprises, and 23 companies where the government holds the majority of shares. A series of other local services providers are also included, which have, by law, to present their accounts.

As a result of the current steps towards computerisation, the Court will have to ensure and undertake auditing, and computerised auditing of these institutions, control and ensure that public expenditure is done within the confines of the law, development and introduction of information systems, especially those that are part of public management.

Apart from the fact that computerising the Administrative Court contributes to a better internal organisation, which is a determinant to better performance, it also accelerates the AC to its counterparts from other countries that already a developed information systems structure in place. The lack of it makes it difficult to have an equal inter-institutional interaction. Without the computerisation of the Administrative Court, potential technical training of our staff in information systems from those countries will not be effectively and efficiently used. Some of those international institutions with which the Administrative Court cooperates are:

- ☞ Tribunal de Contas de Portugal (TCP) (Accounts Court of Portugal)
- ☞ Tribunal de Contas da CPLP (Accounts Court of CPLP)
- ☞ Tribunal de Contas da Suécia (TCS) (Accounts Court of Sweden)
- ☞ Tribunal de Contas da União (TCU), Brasil (Accounts Court of Brasil)
- ☞ Tribunal de Contas dos Países da Commonwealth (Accounts Court of Commonwealth Countries)
- ☞ International Organisation of Supreme Audit Institutions (INTOSAI)
- ☞ African Organisation of Supreme Audit Institutions (AFROSAI)
- ☞ Southern African Development Community Organisation of Supreme Audit

- ☞ Institutions (SADCOSAL)
- ☞ Association Internationale Hautes Juridictional Administration (AIHJA)
- ☞ International Association of Refugee Law Judges (IARLJ)
- ☞ Centro Internacional de Administração Tributária (CIAT)
- ☞ Other.

All aspects mentioned above and many other are designed to support the dire need to computerise the Administrative Court.

At the moment, there is an ICT Division in the Administrative Court, whose competence is to oversee, manage and maintain the Information Technology equipment of the institution. This division is seen as the basis of the emerging, and developing ICT structure at the Administrative Court.

VII. STUDIES ON THE COMPUTERISATION THE ADMINISTRATIVE COURT

Among the studies undertaken on the computerisation of the Administrative Court, the following are worthy of mention:

1. **Computerisation of the Administrative Court of Mozambique (done by the Tribunal de Contas de Portugal)**

From 19-23 July 1995, the Main Computer Advisor to the Tribunal de Contas de Portugal (TCP) visited Mozambique, in the ambit of bilateral cooperation between the Administrative Court of Mozambique and the Tribunal de Contas of Portugal.

This visit was aimed at studying the computerisation of the support services of the Administrative Court and to get a close picture of the reality of those services, and to see how they fit into the operational activities of the Administrative Court.

2. **Administrative Court Assessment Study** (done by the Embassy of Sweden, in October 1998). This assessment study was been conducted as a needs assessment, potentials, problems

and the need to develop the institution, the necessary areas and the limits to that cooperation, including the estimated time frame, as well as the resources that would be required.

3. **Final Report on the Evaluation of Feasibility of a Institutional Capacity-Building Project at the Administrative Court** (done by the Tribunal de Contas das Suécia in December 1998)
4. Other studies have also been conducted within the public sector institutions, where the Administrative Court had been included in the legal component or a necessary reference. Among them are:
 - a) Proposal for an Information Systems Assessment for all Ministries within the Government of Mozambique (by Denel Informatics from South Africa, on 4 December 1995)
 - b) Policy and Strategy of institutional capacity building in Mozambique (by the Inter-ministerial Commission on 4 November 1993)

VIII. EXPECTED RESULTS FROM THE DEVELOPMENT OF ICTs

These plans are designed to achieve the following objectives:

- ☞ Improvement in service delivery to national institutions and the public in general, users of the Court's services, namely processing of expedient, controlling compliance with the law, control of compliance with norms of public expenditure through Computerised Auditing;
- ☞ Speedy exchange, i.e. remote provision of, and access to information related to this and/or other national and international courts that cooperate with the Administrative Court, using common local and/or remote databases;
- ☞ Acquisition, extension and accumulation of experience to be expanded to other levels and bodies of the country;
- ☞ Implementation of computerised auditing in the country and training of auditors at national level;
- ☞ Simplified research of information for timely decision making;
- ☞ Improved efficiency and speed in the control of compliance with the law of administrative acts;

- ☞ Improved efficiency and effectiveness in the control of public expenditure;
- ☞ Improved efficiency and effectiveness in the evaluation assessment of government accounts;
- ☞ Efficiency in the evaluation/assessment of accounts of the bodies, services and entities under the court's jurisdiction.

IX. WILL OF THE ADMINISTRATIVE COURT TO COOPERATE WITH ITS COUNTERPARTS

For this institutional, technical and human capacity building process under way to succeed, in order to be well entrenched in the “large family of Supreme Auditing Institutions” (SAIs), the Administrative Court of Mozambique wishes to request from all institutions, experienced in computerised auditing, and represented in this seminar to share your experiences, in order to improve our mission, which for many of you started a decades ago. This cooperation could be:

1. Transfer and Exchange of experience in establishing of Information and Communications Technologies;
2. Training and capacity-building programs to auditors in computerised environments;
3. Sharing of experiences on auditing in computerised auditing and situations of fraud.

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