



An Roinn Gnóthaí Eachtracha agus Trádála
Baile Átha Cliath 2

Department of Foreign Affairs and Trade
Dublin 2



31 January 2013

Mr. John McGuinness, T.D.
Chairman
Public Accounts Committee
Dáil Éireann
Leinster House
Dublin 2

Dear Chairman,

When I appeared before the Public Accounts Committee on 20 December 2012, I undertook to write to you in relation to a number of issues, primarily in relation to the Committee's visit to Mozambique in November.

During discussion of the visit to Mozambique, you raised the issue of capacity within Government systems to administer funding to a level which would provide sufficient assurance to international donors, including Ireland. You also referred to the meeting the Committee members had with the President of the Tribunal Administrativo (very broadly, but Mozambique's nearest equivalent to the Comptroller and Auditor General) and to your strong view that you did not receive an adequate response to a series of questions on the audit of Irish Aid funding provided to the Government of Mozambique.

Following the Committee meeting, I asked our Ambassador in Maputo, and his team, to follow up on the specific issues you raised, in consultation with the Tribunal. I am pleased to attach a copy of a letter, and translation, which I understand is now being transmitted to you from the President of the Tribunal, in which he provides greater clarity on the Tribunal's systems and role in Mozambique. I hope this will provide greater reassurance in regard to the national systems of monitoring of Irish funds channeled through Government systems in Mozambique.

As you will have seen, the need to address and manage capacity deficiencies, and risk, lies at the heart of Ireland's development programme in Mozambique as we work with Government and communities to help move the country from the total devastation of civil war just 20 years ago towards sustainable economic growth and an end to extreme poverty and hunger. Based on the progress being made, we can now see the real prospect within the coming 20

years of a bilateral relationship with Mozambique based on political and economic cooperation, including mutually beneficial trading links. Nevertheless, all the analysis of Mozambique's Government systems points to continuing constraints in terms of human capital. In recognition of this, additional accountability mechanisms have been built into Ireland's development programme.

Independent public expenditure and financial accountability assessments consistently indicate a clear trend of improvement in Mozambique's ability to manage and account for public funds, although, of course, from a low base. In 2011, a team from this Department's independent Evaluation and Audit Unit conducted its own Public Financial Management assessment of Mozambique, and its findings informed the design of the current Irish Aid Country Strategy. Specifically in relation to the work of the Tribunal Administrativo, the assessment concluded that audit coverage has improved very significantly in recent years and recommended that the capacity constraints which persisted should be addressed through cooperation with INTOSAI, the International Organisation of Supreme Audit Institutions, which Ireland supports and funds.

Under our aid programme, Ireland has worked to build the capacity of the Tribunal at regional and local level. Four other donor countries have taken the lead in supporting the Tribunal at national level. I am pleased to inform you that, taking account of the views of the Public Accounts Committee, and the recognition by international experts that our Embassy team has strengths in the area of audit, it has been decided that some €350,000 will be provided under the Irish Aid country programme in 2013 for the strengthening of the audit function of the Tribunal Administrativo. Ireland will work in this area in close cooperation with the Tribunal and the four other aid donors, Germany, Netherlands, Sweden and Finland. The Embassy team are now discussing with them the most effective and transparent way in which this funding should be provided to support the Tribunal, against a series of concrete actions to be achieved this year. I would be happy to provide the details of these arrangements and intended actions as soon as they have been finalised.

This additional support will build on existing Irish Aid annual funding of €600,000 for the Ministry of Planning and Development which focuses on the strengthening of capacity in planning, monitoring and budgeting of resources through the implementation of the Ministry Capacity Development Plan. At provincial level, Ireland will continue to support the strengthening of public financial management and good governance action plans through support to the Directorates of Planning and Finance and the Provincial Secretaries, in Niassa and Inhambane.

On a separate matter, you will recall that a question was raised at the Committee in relation to a reference in the report of the Comptroller and Auditor General to an overall qualified audit figure of 23% for two major programmes in Ethiopia supported by Irish Aid. The report reference was to Irish Aid provision of €6 million towards total programme expenditure of some €300 million. I can clarify that, in relation to both programmes, Irish Aid and other international donors have agreed action plans to address the systemic weaknesses which led

to the qualified audit report. Implementation of these action plans is on-going, and it is recognised that many of the systems issues will take time to resolve. Progress on the action plans is regularly reviewed by all donors, and is central to decisions on the continued disbursement of Irish Aid funding to the programmes involved. I can confirm that a continuous audit programme is now in place for these programmes and that quarterly reports are received. Officials from the Evaluation and Audit Unit will visit Ethiopia in April 2013, and will carry out a technical assessment of progress on the action plans.

I hope this clarifies the outstanding issues from my appearance before the Committee. I am at the disposal of the Committee at all times to provide further clarification on these issues or on any aspect of the work of the Department of Foreign Affairs and Trade.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'David Cooney', with a stylized flourish at the end.

David Cooney
Secretary General

Courtesy Translation

Republic of Mozambique

Tribunal Administrativo

Office of the President

Reference No: 18/GP/TA/13

Subject: Appreciation

Excellency,

It was a great honour to receive Your Excellency and the members of the Public Accounts Committee of the Irish Parliament. I would like to express my profound gratitude for including the Tribunal Administrativo among the institutions visited during your visit to Mozambique last November.

You will recall that the development of the Tribunal Administrativo was the result the efforts made by the Government of Mozambique in partnership with organisations such as INTOSAI (International Organisation of Supreme Audit Institutions), AFROSAI-e (African Organisation of English Speaking Supreme Audit Institutions), Audit Courts from Portuguese speaking countries, and development agencies, including Ireland through support to the Programme for Financial Planning in Decentralised Government (PPFD). In addition, the development of the Tribunal Administrativo is supported by the Government's Own Resources.

The Tribunal Administrativo is a Supreme Audit Institution, established under Section 2, Article 230 of the CRM [Constitution of the Republic of Mozambique] to report and opine on the operation of the General Government Account; to inspect, control and, in advance, give opinions on the legality and coverage of acts and contracts under the Tribunal Administrativo's jurisdiction; to inspect, concurrently and retrospectively, the use of public funds; to inspect the application of funds received from external sources, especially through loans, subsidies, guarantees, and donations.

The financial control actions are under a judicial inspection regime, that is to say under jurisdiction of a court. The Tribunal (Court) acts as a college, with the functions of audit and of adjudication of financial responsibility.

The Tribunal Administrativo follows a model distinct from that of an Auditor-General, a result of this combination of audit and financial court functions.

The number of audits completed by this institution has increased considerably in recent years, covering both the State Budget and external funds.

During our meeting, we said that the Tribunal was in the process of finalising its report on the exercise of the State Budget for 2011. The report will be made public once it has been approved by parliament. At that time, a copy will be made available to the Embassy of Ireland.

With the implementation of e-SISTAFE and the Single Treasury Account, the internal control systems in public institutions have been strengthened. E-SISTAFE continues to be developed help improve the management of public funds. It is subject to annual reviews by a quality evaluation group, comprising members of Government and representatives of the Programme Aid Partners [G19 donors, who include Ireland].

In relation to a question which arose in our November meeting, regarding the fraud which took place in Uganda, we have no information which would suggest that a fraud of this type could occur in Mozambique.

Finally, I would like to thank the Embassy of Ireland as, in addition to the contribution to PPF, Ireland will increase its support [for this institution]. The strengthening of this partnership will assist us in our goal of continuous improvement of our professional capacity and in providing rigorous reports to the Government of Mozambique and to development partners.

Excellency, please accept my best regards,

Maputo, 25 January 2013

President

[Signature]

Machatine Paulo Marrengane Munguambe

To: Mr Chairman of the Public Accounts Committee, Ireland

Dr John McGuinness



REPÚBLICA DE MOÇAMBIQUE

TRIBUNAL ADMINISTRATIVO

Gabinete do Presidente

Ofício n.º 18/GP/TA/13

Assunto: Agradecimento

Excelência,

É com subida honra que endereço a Vossa Excelência e a todos os membros da Comissão de Contas Públicas do Parlamento Irlandês o meu profundo agradecimento pelo facto de o Tribunal Administrativo ter sido contemplado no conjunto das instituições visitadas, em Moçambique, em Novembro último.

Importa lembrar que o desenvolvimento do Tribunal Administrativo é resultado do esforço que tem sido empreendido pelo Governo de Moçambique em parceria com organizações tais como a INTOSAI (Organização Internacional das Instituições Supremas de Auditoria), a AFROSAI-e (Organização Africana das Instituições Supremas de Auditoria dos Países de expressão Inglesa), Tribunais de Contas da Comunidade de Países de língua Portuguesa, e Agências de Desenvolvimento, incluindo a Irlanda através do apoio ao Programa Nacional de Planificação de Finanças Descentralizadas (PNPFD). Igualmente, o desenvolvimento do Tribunal Administrativo conta com o apoio do Fundo Comum.

Enquanto Instituição Suprema de Controlo, compete ao Tribunal Administrativo, tal como estabelece o n.º 2 do artigo 230 da CRM, emitir o relatório e parecer sobre a Conta Geral do Estado, fiscalizar, previamente, a

legalidade e a cobertura dos actos e contratos sujeitos à jurisdição do Tribunal Administrativo, fiscalizar, sucessiva e concomitantemente os dinheiros públicos, fiscalizar a aplicação dos recursos financeiros obtidos no estrangeiro, nomeadamente através de empréstimos, subsídios, avales e donativos.

As actividades relativas ao controlo financeiro inserem-se no modelo designado por fiscalização jurisdicional, ou seja, por via de um tribunal. O Tribunal actua colegialmente, exercendo as funções de auditoria e a de julgamento da responsabilidade financeira.

O Tribunal Administrativo segue um modelo distinto do auditor-geral, resultante da combinação das características dos sistemas de tribunal de contas e de auditor-geral.

Nos últimos anos, o número de auditorias realizadas por este Tribunal aumentou consideravelmente, cobrindo os fundos do Orçamento do Estado e os externos.

Durante o nosso encontro, informamos que decorria o processo de finalização do Relatório e Parecer sobre a Conta Geral do Estado, relativa ao exercício de 2011. O Relatório será tomado público, logo que a Conta Geral do Estado for aprovada pela Assembleia da República. Nessa altura, uma cópia do mesmo será disponibilizada à Embaixada da Irlanda.

Com a implementação do e-SISTAFE e a conta única do Tesouro, o sistema de controlo interno das instituições públicas foi fortalecido. O e-SISTAFE continua a ser desenvolvido para responder às necessidades da gestão de recursos públicos, estando sujeito a avaliações anuais pelo grupo de avaliação da qualidade, constituído por membros do Governo e representantes dos Parceiros de Apoio Programático.

Quanto a questão suscitada no encontro de Novembro, atinente à fraude registada no Uganda, cumpre-nos informar que não tomamos conhecimento da ocorrência, em Moçambique, de alguma de tamanho igual àquela.

Por último, gostaríamos de agradecer a decisão favorável de apoio ao Tribunal Administrativo, através de um fundo adicional à contribuição feita no âmbito do Programa Nacional de Planificação e Finanças Descentralizadas. Este apoio irá permitir o melhoramento contínuo da nossa capacidade institucional.

Queira, Excelência, aceitar os meus melhores cumprimentos.

Maputo, 25 de Janeiro de 2013

O Presidente



Machatine Paulo Marrengane Munguambe

Senhor Presidente da Comissão de Contas Públicas da República da
Irlanda

Dr. John McGuinness