

**Factors affecting the effectiveness of audit committees in selected regulatory authorities in
Tanzania**

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Master of Business Administration

University of Dar es Salaam, Business School, 2012

The public sector in Tanzania has long been subjected to criticisms for inefficiency, red tape and lack of flexibility, transparency and accountability. In order to address these criticisms, the Government of Tanzania embarked on public sector reforms. One of the components of the reforms was to introduce regulatory authorities. The regulatory authorities as sub-component of the public sector reforms programme was aimed at assisting ministries to hive off functions that can be carried out at “arms-length” from ministries to semi-independent units called regulatory authorities. In order to improve service delivery, the regulatory authorities are supposed to be managed in a business-like manner. This calls for effective governance of the authorities by setting and establishing various forms of good corporate governance mechanisms, of which Audit Committees are an integral part. This research was set up to explore the factors affecting the effectiveness of audit committees in selected regulatory authorities in Tanzania with the aim to further strengthen their governance process. The study involved four regulatory authorities namely the Gaming Board of Tanzania (GBT), Tanzania Tea Board (TTB), Surface and Marine Transport Regulatory Authority (SUMATRA) and Tanzania Communications Regulatory Authority (TCRA). The research was carried out using the qualitative approach where by four cases were selected and a semi structured interview administered to external auditors, internal auditors, board members, finance directors and chief executive officers of the selected cases. The research found out that the audit committees in the regulatory authorities are not effective as they should because of lack of independence from the management. Most audit committees in regulatory authorities are established as per the requirements of the Public Finance Act, 2001 (as amended in 2004) by the chief executive officers to whom they report. The composition of the audit committees established in this manner draws members from the management team and few nominees of the chief executive officers from their respective parent ministries. There are however few regulatory authorities that do not follow the requirements. The audit committees in this respect are established by the board of directors and report directly to the board which the study found it to be a positive step in enhancing the independence of the committees. A number of recommendations are made

which are considered important for the improvement of the effectiveness of the audit committees in Regulatory Authorities. Suggestions are also made for areas requiring further research.