



## PROCUREMENT AUDITS IN 20 PROCURING ENTITIES

### 1.0 Background

In view of its mandate under Sub-section 7(1)(j) of the Public Procurement Act, 2004, (PPA 2004), the Public Procurement Regulatory Authority (PPRA) carried out procurement audits in twenty (20) procuring entities (PEs). The audits were carried out by a Consultant, Kilimanjaro International Corporation Limited (KIC) of Tanzania.

This is the second phase of the forty (40) procurement audits which were financed from the Millennium Challenge Account (MCA) through USAID under the Public Procurement Reform Project. The first phase of twenty audits was completed during the financial year 2006/2007. The Reform project is focusing at curbing Corruption in Public Procurement. The MCA is a component of the U.S. Government's approach towards promoting global development and it was created by an Act of Congress and is administered by the Millennium Challenge Corporation (MCC). It provides grants for programs to reduce poverty and promote sustainable economic growth in countries that have adopted sound policies. PPRA is among the beneficiaries of this program in Tanzania.

### 2.0 Objective

The objective of the audits was to determine whether the procedures, processes and documentations for procurement, contracting and disposal of public assets by tender were in accordance with the provisions of the PPA 2004, Regulations and the standard documents prepared by PPRA and that procurements carried out achieved the expected economy and efficiency, and the implementation of contracts conform to the terms there of. The aim was to identify weaknesses by PEs in complying with the PPA 2004 and Regulations to enable appropriate measures including implementation of appropriate capacity building strategies, to be taken.

### 3.0 Audits Outcome

Generally, the outcome of the audits indicated an average level of compliance of forty two percent (42%) computed from the thirteen established compliance indicators. The average level of compliance for MDAs is forty four percent (44%) and for LGAs is thirty nine percent (39%). The audited PEs included two (2) Ministries, nine (9) Local Government Authorities, and nine (9) Parastatals /Agencies/Independent Departments. The Tanzania Civil Aviation Authority (TCAA) attained a maximum average compliance of 68% while the National Health Insurance Fund (NHIF) attained a minimum average compliance of 23%.

The areas where PEs performed above average include: Establishment and composition of Tender Boards; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; and Complying with the methods of procurements as stipulated in the Regulations.

The areas where PEs performed below average include: Establishment and composition of Procurement Management Units (PMUs); Functioning of AOs, TBs and PMUs; Preparation of Annual Procurement Plan; Complying to compulsory approvals; Publication of contract awards; Use of standard tender documents; Records keeping; Quality assurance and control; and Contract implementation.

The major cause for non-compliance is lack of established PMUs within the PEs. In some cases the existing PMUs are not staffed to an appropriate level and some staff lack appropriate procurement qualifications. These facts were revealed during the audits where the audited PEs indicated an average compliance of only nineteen percent (19%) under the indicator for establishment and composition of PMUs. Without appropriately established PMUs, it is therefore unlikely for the PEs to comply with the provisions in the PPA and its Regulation.

The function of PMU as stipulated under Section 35 of the PPA, 2004 is to manage all procurement activities of the PE including to; plan the procurement activities, support the functioning of the Tender Board including implementing its decisions, coordinate procurement activities of the departments, prepare tendering/contract documents and, maintain and archive procurement records. It is therefore obvious that in the absence of an appropriate staffed PMU (in terms of number and qualifications), it is hardly possible for the PE to comply with the provisions in the PPA and Regulations. That is why it is emphasized to establish appropriate staffed PMU in every PE as required under Section 34 of the PPA, 2004.

Below is a list of the audited PEs and their average compliance based on the established compliance indicators;

<b>Procuring Entity</b>	<b>Average Compliance</b>
Tanzania Civil Aviation Authority (TCAA)	68%
National Board of Accountants and Auditors (NBAA)	66%
Morogoro Municipal Council	59%
National Social Security Fund (NSSF)	59%
Bukoba District Council	53%
Arumeru District Council	48%
Open University of Tanzania	46%
Muhimbili University Collage of Health Sciences	44%
Kigoma -Ujiji Municipal Council	43%
Tabora Municipal Council	39%
Ministry of Justice and Constituonal Affairs	39%
Tanzania Comission for Aids (TACAIDS)	38%
Arusha Urban Water Supplies Authority	36%
Ministry of Community Development, Gender and Children	34%
Songea Municipal Council	32%
Moshi Urban Water Supplies Authority	32%
Sumbawanga Municipal Council	26%

Songea District Council	25%
Sumbawanga District Council	25%
National Health Insurance Fund (NHIF)	23%

The table below indicates the compliance indicators and the aggregated summary of the findings for the 20 audited PEs;

S/N	INDICATOR	PERFORMANCE DATA	AUDIT FINDINGS
1.	Establishment and composition of Tender Board	Existence of a tender board in accordance with the requirements of the Act and Regulations	The audited PEs indicated an average compliance of 88%.
2.	Establishment and composition of PMU	Existence of a PMU in accordance with the requirements of the Act and Regulations	The audited PEs indicated an average compliance of 19%.
3.	Functioning of AO, TB and PMU	Percentage of tenders in which there was no interference between individual functions	42% of the audited procurements had no interference between the individual functions of the Accounting Officer, Tender Boards, PMU and user Departments
4.	Preparation of Annual Procurement Plan	Prepared annual procurement plan	24% of the audited PEs prepared annual procurement plans for the financial year 2006/07
5.	Approvals	Percentage of tenders/contracts which received all compulsory approvals in various processes	40% of the audited procurements received all compulsory approvals in the procurement processes as per the requirements in the PPA and its Regulations
6.	Advertisement of bid opportunities	Percentage of open bidding procedures publicly advertised	55% of the tenders under open bidding process were advertised to the public as per the requirements of the PPA and its Regulations
7.	Publication of awards	Percentage of contract awards disclosed to the public	6% of the audited procurements were disclosed to the public as per the requirements of the PPA and its Regulations
8.	Time for preparation of bids	Percentage of tenders complying with the stipulated time in the Act and regulations	56% of the audited procurements complied with the minimum time provided in the PPA and its Regulations
9.	Method of Procurement	Percentage of tenders using authorized methods of procurement in accordance with their limits of application	68% of the audited procurements used methods of procurement in accordance with their limits of application as provided in the PPA and its Regulations
10.	Use of standard tender documents	Percentage of tenders using standard/ approved tender documents	In the 47% of the audited procurements, standard tender documents were used as per the requirements of the PPA and its regulations
11.	Records keeping	Percentage of tenders with complete records	38% of the audited procurements had complete procurement

			records
12.	Quality assurance	Formation and functioning of inspection committees (goods) and project managers	17% of the audited procurements indicated that either goods inspection committees or project managers for works contracts were appointed as per the PPA requirements and its Regulations
13.	Contract implementation	Percentage of contracts which have been implemented as per the terms of contract	Contracts in 45% of the audited procurements were implemented as per the terms of the respective contracts

#### **4.0 Summaries of key findings and recommendations for each audited PE**

##### **4.1 Sumbawanga Municipal Council**

The audit covered procurement processes carried out in the Financial Year 2006/2007 for goods, works and consultancy services. A total of 26 procurements were undertaken during the financial year, amounting to Tshs 774,961,223.80. The audit team reviewed a sample of 11 procurements amounting to Tshs 737,510,105.80 equivalent to 42% of all procurements in terms of volume and 95% in terms of value.

The overall performance of the Council in complying with the PPA and its Regulations was assessed to be 26% computed from thirteen established compliance indicators. It performed above average (50% and above) on the indicators for establishment and composition of Tender Board, and complying with the methods of procurements as stipulated in the Regulations. On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Functioning of AO, TB and PMU; Preparation of Annual Procurement Plan; Complying to compulsory approvals; Advertisement of bid opportunities; Publication of contract awards; Complying with tender preparation times as stipulated in the Regulations; Use of standard tender documents; Records keeping; Quality assurance and control; and Contract implementation.

#### **4.11 Key observations**

##### **a) Establishment and composition of Tender Board**

The Tender Board has been established, but the Municipal Treasurer is the Secretary to the Tender Board instead of an official responsible for procurement in the Council. This is contrary to Regulation 5(1) of the Local Government (Procurement of Goods and Works) Regulations GN. No. 49 of 2003.

##### **b) Establishment and composition of PMU**

PMU has not been established contrary to Section 34 (1) & (2) of PPA, 2004. The Council has a supplies unit which is headed by an Assistant Stores Officer.

##### **c) Functioning of Accounting Officer, Tender Board and PMU**

There was interference between individual functions; such as:-

- i) The appointment of the evaluation committee members for different procurements were done by the Tender Board instead of being proposed by PMU and approved by Accounting Officer. This is contrary to Section 37(2) of PPA, 2004,
- ii) Some of the user departments handled their procurements on their own without the knowledge of the supplies unit.

##### **d) Preparation of Annual Procurement Plan (APP)**

The Council did not prepare an Annual Procurement Plan for the FY 2006/2007.

**e) Approvals**

The Council did not seek approvals from the tender board to all procurement processes except for evaluation reports and awards of tenders. This was contrary to Regulation 82(3) and 86(6) of Local Government (Procurement of Goods and Works) Regulations GN. No. 49 of 2003.

**f) Advertisement of bid opportunities**

Only 30% of all procurements were advertised, the remaining 70% were not advertised in the newspapers but placed on government offices notice boards in Rukwa and Mbeya Regions. This is contrary to Regulation 80(5) of GN No. 97.

**g) Publication of awards**

All the awarded procurement contracts were not disclosed to the public. This is contrary to Regulation 97(12) of GN. No. 97 which requires the results of tender award to be published in the Authority's website and Journal.

**h) Time for preparation of bids**

With the exception of tender No. SMC/C/60/8/315-343 of which bid preparation period given to tenderers was only 25 days, the rest complied with the minimum time for preparation and submission of tenders. However, there was no evidence that appropriate time was given for procurement of goods through quotations as the deadline for submission was not indicated.

**i) Method of procurement**

Methods of procurement were in line with the limits of application as provided in the regulations.

**j) Use of standard tender documents**

Standard tender documents issued by PPRA were not used contrary to the requirements under Regulation 83 (3) & (4) of GN. No. 97 of 2005.

**k) Record Keeping**

The Council had no proper filing system. No complete set of records for procurements made was maintained except for one tender only.

**l) Quality assurance**

The Council did not appoint goods inspection and acceptance committee in all procurement of goods. This is contrary to Regulation 125 and 126 of GN. No. 97 of 2005.

**m) Contract implementation**

All quotations were executed without contract agreements. Contract amendments for extensions of period for tender No. 348 and 350 were not granted by the tender board. There was time overrun for contract No. SMC/C.60/8/350, work programs were not prepared /submitted by contractors for all works contracts.

**4.1.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The PMU should be established in accordance with Regulation 22 of the Local Government Authorities Tender Boards (Establishment and Proceedings) Regulations GN. No. 177 of 2007. The Secretary to the Tender Board must be the head of PMU,
- b) The Annual Procurement Plan should be prepared using the templates provided by PPRA. The templates are available in the PPRA's website: [www.ppra.go.tz](http://www.ppra.go.tz) ,
- c) Independence of functions and powers between the Tender Board, Accounting Officer, PMU and User Departments must be observed as provided under section 38 of the PPA,2004. Specific functions and powers are stipulated under Sections 30, 33, 35 and 36 of the PPA, 2004 respectively,
- d) Appropriate Standard Bidding Documents and standard documents for inviting quotations issued by PPRA should be used as per the requirements in the Regulations. The documents are available in the PPRA's website,
- e) All mandatory Tender Board approvals must be sought as provided in the Regulations,
- f) Tender opportunities must be advertised by following procedures stipulated in the Regulations. Bidders must be given adequate time to prepare their bids (including quotations),

- g) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- h) Staff in the PMU who are responsible to keep procurement records should be trained on proper record keeping,
- i) Goods inspection and acceptance committees must be formed to inspect the delivered goods. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,
- j) Contracts should be implemented by following the provisions in the respective contracts,
- k) Key staff in the User Departments, Tender Board Members, PMU staff and Internal Auditors, should be trained on PPA and its Regulations,

#### **4.2 National Social Security Fund**

The audit covered procurement processes carried out in the financial year 2006/2007 for goods and works. A total of 21 procurements were undertaken during the financial year, amounting to Tshs 35,615,507,207. The audit team

reviewed a sample of 12 procurements amounting to Tshs 35,430,728,776 equivalent to 95% of all procurements in terms of volume and 99% in terms of value.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 59% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the indicators for establishment and composition of Tender Board; Functioning of AO, TB and PMU; Complying with compulsory approvals; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Complying with the methods of procurements as stipulated in the Regulations; Use of standard tender documents; Records keeping; and Contract implementation. On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Preparation of Annual Procurement Plan; Publication of contract awards; and Quality assurance and control.

#### **4.2.1 Key observations**

**a) Establishment and composition of Tender Board:**

There is a Tender Committee carrying out the functions of Tender Board, with only Seven (7) members instead of 8 members. This is contrary to Section 28 and Second Schedule 2(c) of PPA 2004. The secretary to the Tender Committee is not the head of PMU.

**b) Establishment and composition of PMU**

PMU has not been established contrary to Section 34 of PPA 2004. However, the procurement functions are coordinated by the unit under the Directorate of Human Resources and Administration.

**c) Functioning of Accounting Officer, Tender Board and PMU**

There is interference between individual functions; such as:-

- i) The procurement decision ultimately rests with the Board of Trustees and not the Accounting Officer.
- ii) The evaluation Committee members were being appointed by the Secretary of the Tender Committee instead of being recommended by PMU and approved by Accounting Officer. This is contrary to Section 37(2) of PPA, 2004,
- iii) Secretary of Tender Board is the Director of Human Resources and Administration instead of a procurement specialist (Head of PMU)

- iv) Some of the tenders were directly advertised by user departments instead of the Accounting Officer. This is contrary to Section 33(d) of PPA, 2004.
- v) Communications of award decision are being done by the Secretary of Tender Committee instead of Accounting Officer. This is contrary to Section 33(f) PPA, 2004.

**d) Preparation of Annual Procurement Plan (APP)**

Annual Procurement Plan (APP) for the financial year 2006/2007 was not been prepared. This is contrary to Section 45 of PPA, 2004.

**e) Approvals**

Most of tender notices and tender documents were approved by the Tender committee.

**f) Advertisement of bid opportunities**

With the exception of General Procurement Notice (GPN), tenders were advertised in the newspapers.

**g) Publication of awards**

All the awarded procurement contracts were not disclosed to the public. This is contrary to Regulation 97(12) of GN. No. 97.

**h) Time for preparation of bids**

With the exception of tender No. 7 of 2006/07 for design, supply and installation of modern communication infrastructure, time for preparation of bids was in accordance with the applicable methods of procurement.

**i) Method of procurement**

All tenders used authorised methods of procurement in accordance with the limits of application.

**j) Use of standard tender documents**

With the exception of few tenders which were spotted using old tender documents for works procurement, most of the procurements used standard tender documents issued by PPRA.

**k) Record keeping**

Procurement records were poorly kept. Some of the records were found from the respective user departments. Hence retrieval of information was time consuming.

**l) Quality assurance**

NSSF did not appoint goods inspection and acceptance committee in all procurement of goods. This is contrary to Regulation 125 and 126 of GN. No. 97 of 2005.

**m) Contract implementation**

Some of the contracts were signed beyond the validity period of tender e.g. tender No. 7 was signed 140 days beyond the bid validity period.

**4.2.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Tender Board must be established in accordance with to Section 28 and Second Schedule of PPA 2004,
- b) The PMU should be established in accordance with the requirements under the PPA 2004. The Secretary to the Tender Board must be the head of PMU,
- c) The Annual Procurement Plan should be prepared using the templates provided by PPRA. The templates are available in the PPRA's website: [www.ppra.go.tz](http://www.ppra.go.tz) ,
- d) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- e) Staff in the PMU who are responsible to keep procurement records should be trained on proper record keeping,
- f) Goods inspection and acceptance committees must be formed to inspect the delivered goods. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,
- g) Contracts should be implemented by following the provisions in the respective contracts,

**4.3 Tabora Municipal Council**

The audit covered procurement processes carried out in the financial year 2006/2007 for works. A total of 17 works procurements were undertaken during the financial year, amounting to Tshs 185,677,090. The audit team

reviewed a sample of all 17 works procurements equivalent to 100% of all procurements in terms of volume and value.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 39% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the indicators for establishment and composition of Tender Board; Functioning of AO, TB and PMU; Complying with compulsory approvals; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Complying with the methods of procurements as stipulated in the Regulations; Use of standard tender documents; and Contract implementation.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Preparation of Annual Procurement Plan; Records keeping; and Quality assurance and control.

#### **4.3.1 Key observations**

**a) Establishment and composition of Tender Board:**

Tender Board has been established in accordance with the Local Government Authorities Regulations. However, some of the members delegated their functions to other staff contrary to the provisions in the PPA.

**b) Establishment and composition of PMU**

The Council has not established a PMU as required by the PPA and Local Government Authorities Regulations. Procurements are being carried out by a team of staff headed by a supplies officer.

**c) Functioning of Accounting Officer, Tender Board and PMU**

There was a number of interference between individual functions. In some cases appointment of evaluation team was done by the secretary to the Tender Board.

**d) Preparation of Annual Procurement Plan (APP)**

The Council prepared Annual Procurement Plan for the Financial Year 2006/2007. However the prepared APP was not in the format provided by PPRA and it lacks the necessary information.

**e) Approvals**

The tender notices and tender documents were not approved by Tender Board before being advertised/issued to bidders.

**f) Advertisement of bid opportunities**

Tenders are mostly advertised on the Municipal notice boards contrary to the requirement of wide circulation stipulated in the PPA and its Regulations.

**g) Publication of awards**

The Council published the results of tender awards locally on the notice boards within their premises, but not in the Authority's website and journal, Government Gazette or at least two newspapers of wide circulation as required by PPA and its regulations.

**h) Time for preparation of bids**

Tenders were floated for shorter periods than the period required by the PPA, some of them being floated for one week only under restricted tendering method.

**i) Method of procurement**

The Council used restricted tendering method and quotations. However in all quotations, procurement were made on the basis of single source without letters for invitation for quotations or evaluation reports.

**j) Use of standard tender documents**

The Council prepared tender documents but not in line with those issued by PPRA, and the same were not approved by the Tender Board.

**k) Record keeping**

The Council had no proper filing system. Documents were scattered in different sections, hence difficult to retrieve information.

**l) Quality assurance**

The Council did not appoint goods inspection and acceptance committee in all procurement of goods, contrary to Regulation 125 and 126 of GN. No. 97 of 2005.

**m) Contract implementation**

There were delays in execution of some of the contracts. Terms and conditions were not properly followed e.g. no liquidate damages were applied for delayed projects.

### **4.3.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The council should establish and staff the PMU in accordance with Regulation 7 and 22 of GN. No. 177 of 2007,
- b) The Annual Procurement Plan should be prepared using the templates issued by PPA. Approval procedures must be followed in accordance with Regulation 17(a) of GN. No. 177 of 2007,
- c) Tender notices and bidding documents should be approved by the tender board in accordance with Regulation 80 (3 & 4) and 83(5) of GN. No. 97 of 2005,
- d) Standard bidding documents issued by PPRA should be used as per the requirement in the Regulations,
- e) Records keeping should be improved. Staff in the PMU who are responsible for keeping records should be trained on proper record keeping,
- f) Goods inspection and acceptance committees must be formed to inspect the delivered goods. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,

### **4.4 Sumbawanga District Council**

During the financial year 2006/2007, the Council carried out 42 procurements for goods, works and Consultancy Services amounting to Tshs 1,412,556,111.80. The audit team reviewed a sample of 12 procurements

amounting to Tshs 1,113,379,315 equivalent to 79% of all procurements in terms of value and 29% of all procurements in terms of volume.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 25% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the indicators for: Establishment and composition of Tender Board; Complying with the methods of procurements as stipulated in the Regulations; and Records keeping.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Preparation of Annual Procurement Plan; Functioning of AO, TB and PMU; Complying with compulsory approvals; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Use of standard tender documents; Contract implementation; and Quality assurance and control.

#### **4.4.1 Key observations**

**a) Establishment and composition of Tender Board:**

Tender Board has been established with a composition of eight (8) members contrary to Regulation 5 of Local Government, GN. 49 of 2003 which required the Tender Board to be composed of seven members.

**b) Establishment and composition of PMU**

PMU has not been established contrary to Section 34(1) & (2) of PPA, 2004.

**c) Functioning of Accounting Officer, Tender Board and PMU**

There was interference between the individual functions as follows:-

- i) Most of procurement for works were handled by the works and water department from preparation and issuance of tender notice, tender documents, communication with contractors, issuing letter of award and extensions of contract execution period.
- ii) Quarterly procurement reports were not approved by tender Board/Accounting Officer,
- iii) Some of the tenders were totally executed without the knowledge of the Tender Board.

**d) Preparation of Annual Procurement Plan (APP)**

The Council prepared on Annual Procurement Plan for the Fy 2006/2007, but the same was not in the standard format issued by PPRA.

**e) Approvals**

The Council did not seek approvals from the tender board to all procurements processes except for award of some of the tenders. This is contrary to Regulation 82(3) and 86(6) of Local Government Regulation, GN. No. 49 of 2003.

**f) Advertisement of bid opportunities**

91% of tenders were not advertised. Only 8 tenders (about 9% of the Councils procurements, were advertised. Tender notices were placed on the notice boards of Government Offices and all District Councils Offices in Rukwa Region.

**g) Publication of awards**

All the awarded procurement contracts were not disclosed to the public. This is contrary to Regulation 97(12) of GN. No. 97 of 2005.

**h) Time for preparation of bids**

The Council complied with the minimum time for preparation of bids for procurement of works, with the exception of Tender No. SDC/DTB/CDF/12 C/2006 and No. SDC/DTB/RF/12 F/2006. However, there was no evidence that appropriate time was provided to bidders for all procurements made on quotation basis for goods and minor works as deadline for submission and opening of bids was not indicted.

**i) Method of procurement**

Procurement methods used were in line with the limits of authority provided in the PPA 2004 and its Regulations with the exception of Tender No. SDC/DTB/2008 - 07/5 (Tshs 223.75m) and Tender No. SDC/DTB/2006 - 0/8 (Tshs 250.14m) for supply of fuel and building materials respectively, procured under quotation basis, of which the amount exceeded the allowed Tshs 80m.

**j) Use of standard tender documents**

In all procurements sampled and reviewed, the Council did not use Standard Tender Documents issued by PPRA.

**k) Record keeping**

Record keeping was generally satisfactory, except for the absence of bidders' register, contracts register, complaints book and payment records. Tender board minutes were not signed.

**l) Quality assurance**

The Council did not appoint goods inspection and acceptance committee in all procurement of goods. This is contrary to Regulation 125 and 126 of GN. No. 97 of 2005.

**m) Contract implementation**

Contract management was generally poor. Most of works contracts were not completed in time, extensions were not approved by tender board, and site meetings minutes were not kept.

**4.4.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The PMU should be established in accordance with Regulation 22 of the Local Government Authorities Tender Board (Establishment and proceedings) Regulations GN. No. 177 of 2007.
- b) The composition of the Tender Board should be as stipulated under Regulations 7 of the Local Government Regulations GN. No. 177 of 2007.
- c) The Annual Procurement Plan should be prepared using the templates issued by PPA. Approval procedures must be followed in accordance with Regulation 17(a) of GN. No. 177 of 2007,
- d) Tender notices and bidding documents should be approved by the tender board in accordance with Regulation 80 (3 & 4) and 83(5) of GN. No. 97 of 2005,
- e) Standard bidding documents issued by PPRA should be used as per the requirement in the Regulations,
- f) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,

- g) Goods inspection and acceptance committees must be formed to inspect the delivered goods. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,
- h) Contracts should be implemented by following the provisions in the respective contracts.

#### **4.5 National Health Insurance Fund (NHIF)**

During the financial year 2006/2007, NHIF carried out 35 procurements goods, works and Consultancy services amounting to Tshs 3,544,891,425. The

audit team reviewed a sample of 17 procurements amounting to Tshs 3,230,937,820 equivalent to 95% of all procurements in terms of value and 49% in terms of volume.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 23% computed from the thirteen established compliance indicators. It performed above average (50% and above) on one indicator only: Establishment and composition of Tender Board.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Preparation of Annual Procurement Plan; Functioning of AO, TB and PMU; Complying with compulsory approvals; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Use of standard tender documents; Complying with the methods of procurements as stipulated in the Regulations; Records keeping, Contract implementation; and Quality assurance and control.

#### **4.5.1 Key observations**

**a) Establishment and composition of Tender Board:**

There is a Tender Board established with 8 members. However letters of their appointment were not revealed to justify the compliance with Section 33 (b) of PPA, 2004 which requires the Accounting Officer to appoint the members of the tender board as specified in the Second Schedule of PPA, 2004. All tender board minutes were not signed contrary to Second Schedule (7) of PPA, 2004.

**b) Establishment and composition of PMU**

The PMU is not appropriately established as per the requirement under Section 34 of PPA, 2004. There is a supplies unit with two staff without administrative staff. The unit is headed by a Senior Procurement Officer.

**c) Functioning of Accounting Officer, Tender Board and PMU**

There is interference between individual functions:

- i) Functions of PMU being carried out by the supplies unit.
- ii) Notification of awards are sometimes not communicated by the Accounting Officer.

**d) Preparation of Annual Procurement Plan (APP)**

The Annual Procurement Plan was not prepared contrary to the requirements under Section 45 of PPA, 2004.

**e) Approvals**

70% of all the audited procurements were not approved by the tender board. This include tender notices, quotations, tender documents, short listing, evaluation reports, award letters, and addendum or variations of original contracts.

**f) Advertisement of bid opportunities**

Most of the procurements were not advertised contrary to Regulation 80(5) of GN. No. 97 of 2005.

**g) Publication of awards**

All the awarded procurement contracts were not disclosed to the public, contrary to Regulation 97(12) of GN. No. 97.

**h) Time for preparation of bids**

Due to lack of proper record keeping it was difficult to establish the time from issue of tender notice/tender document to the time of submission and opening, so as to ascertain the time provided to bidders to prepare their bids. Most of the evaluation reports did not include information on time for submission of bids as the reports were not dated.

**i) Method of procurement**

Apart from lack of Annual Procurement Plan, incomplete (missing) documents, poor filing system and missing of compulsory approvals, the audit team was unable to determine the method of procurement used except for quotations.

**j) Use of standard tender documents**

Seventy percent (70%) of all the audited procurements did not use standard tender documents issued by PPRA, contrary to Regulation 83(3 & 4) of GN. No. 97 of 2005. Some of the quotations were executed without formal contracts.

**k) Record keeping**

Record keeping is generally poor. Retrieval of information was very cumbersome. Some of the documents could not be traced during the whole period of audit such as minutes of tender board, evaluation reports, adverts, delivery certificates and some of the payments.

**l) Quality assurance**

Goods inspection and acceptance committees were not formed in all procurements of goods, contrary to Regulation 125 and 126 of GN. No. 97 of 2005.

**m) Contract implementation**

- All quotations were executed without contract agreements.
- Letters of notification of award were not issued hence not included in most of the contracts.
- All contracts were not numbered.
- Completion and delivery certificates were not issued.
- Liquidated damages were not deducted from defaulters.
- Most of procurement of goods were conducted without formal contracts.

**4.5.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The PMU should be established in accordance with Section 34 of PPA, 2004.
- b) The Annual Procurement Plan should be prepared using the templates provided by PPRA. The templates are available in the PPRA's website: [www.ppra.go.tz](http://www.ppra.go.tz) ,
- c) Tenders should be advertised in accordance with Regulation 80(5) of GN. No. 97 of 2005.
- d) The time for preparation of bids should be complied with as stipulated in the PPA 2004 and its regulations.
- e) Tender notices and bidding documents should be approved by the tender board in accordance with Regulation 80 (3 & 4) and 83(5) of GN. No. 97 of 2005,
- f) Standard bidding documents issued by PPRA should be used as per the requirement in the Regulations,
- h) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- i) Goods inspection and acceptance committees must be formed to inspect the delivered goods. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,

- j) Contracts should be implemented by following the provisions in the respective contracts,
- k) Methods of procurement should be adhered to as stipulated in PPA 2004 and its Regulations, and
- l) Records keeping should be improved. Staff in the PMU who are responsible for keeping records should be trained on proper record keeping.

During the financial year 2006/2007 the National Board Accountants and Auditors carried out 35 procurements including 23 goods, 8 non-consultancy services and 4 disposal of public Assets. Out of 35 procurements, 26 procurements were randomly selected and subjected to critical review. The selected procurements included 22 goods and 4 disposal of Public Assets. The total amount of reviewed procurement is Tshs 723,317,874 and US\$90,177 equivalent to 95% and 100% (in value Tshs or US\$) respectively.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 66% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Functioning of AO, TB and PMU; Complying with compulsory approvals; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Use of standard tender documents; Complying with the methods of procurements as stipulated in the Regulations; Records keeping; and Contract implementation.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Preparation of Annual Procurement Plan; Publication of contract awards; and Quality assurance and control.

#### **4.6.1 Key observations**

a) **Establishment and Composition of Tender Board:**

The Tender Board (TB) was established and has been operating with only 4 members due to the size of the organization. This is Contrary to Section 28 and Second Schedule of PPA, 2004. NBAA has not officially consulted PPRA on the procedures to follow as prescribed under Section 29(2) of PPA 2004.

b) **Establishment and composition of PMU:**

The PMU has not been established contrary to Section 34 (1 & 2) of PPA, 2004. The PMU functions are undertaken by one staff, Senior Supplies Officer (SSO), who is sometimes assisted by an Administrative staff.

c) **Functioning of Accounting Officer, Tender Board and PMU:**

Communication of tender results to unsuccessful bidders is sometimes being done by Senior Supplies officer instead of the Accounting Officer. This is contrary to Section 33(f) of PPA, 2004,

d) **Preparation of Annual Procurement Plan (APP):**

NBAA did not prepare Annual Procurement Plan for the Fy 2006/2007.

e) **Approvals:**

During the FY 2006/2007, TB made decision on thirteen (13) tenders. Procurement processes for all tenders were approved by the Tender Board.

f) **Advertisement of bid opportunities:**

All tenders were advertised as per the time stipulated in the PPA and Regulations.

g) **Publication of awards:**

No contract award was published to the Public.

h) **Time for preparation of bids:**

On average tenders floated under the National Competitive tendering were advertised at least 30 days which is the required minimum time.

i) **Method of Procurement:**

Methods of procurement were in line with their limits of application.

j) **Use of Standard Tender Document:**

All tender floated for FY 2006/2007 used standard bidding documents issued by PPRA.

k) **Records Keeping:**

Filing system for some of the procurement processes is poor. Documents were not filed in chronological manner, a situation that created difficult in retrieval of some of the documents. List of procured tenders was very poorly prepared a situation which made difficult to ascertain the number of procurement made as well as the total value.

l) **Quality assurance:**

Goods inspection and acceptance teams were not formed contrary to regulations 122, 126 and 127 of GN. No. 97 of 2005.

m) **Contract implementation:**

The review of sample tenders revealed that the signing and award of contracts was delayed. None of the contract for the sampled tenders was signed within the time limit.

#### 4.6.2 Recommendations

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) Procedures in establishing the Tender Board with fewer members than what is stipulated under Section 28 and Second schedule of PPA 2004, should be followed.
- b) The PMU should be established in accordance to Section 34 of PPA, 2004 and the PMU should be reflected in the organisation structure.
- c) The communication of Tender results should be communicated by the Accounting Officer in accordance with Section 33(f) of PPA, 2004.
- d) The Annual Procurement Plan should be prepared using the templates provided by PPRA. The templates are available in the PPRA's website: [www.ppra.go.tz](http://www.ppra.go.tz) ,
- e) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- f) Goods inspection and acceptance committees must be formed to inspect the delivered goods in accordance with Regulation 122, 126, and 127 of GN. No. 97 of 2005. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers, and
- g) Records keeping should be improved. Staff in the PMU who are responsible for keeping records should be trained on proper record keeping.

The Audit covered procurement process carried out in the financial year 2006/2007 for goods, works, consultancy and non-consultancy services. The total value of all procurement during the financial year is Tshs 10,953,539,740. The Audit team reviewed a sample of 90% of all procurement equivalent to Tshs 9,678,412,195 in terms of value.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 68% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Establishment and composition of PMU; Preparation of Annual Procurement Plan; Functioning of AO, TB and PMU; Complying with compulsory approvals; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Use of standard tender documents; Complying with the methods of procurements as stipulated in the Regulations; Records keeping; and Contract implementation.

On the other side, the performance on the following indicators was below average: Publication of contract awards; and Quality assurance and control.

#### **4.7.1 Key Observations**

**a) Establishment and composition of Tender Board:**

Tender Board lacks one (1) member, contrary to Section 28 and Second Schedule of PPA 2004 which requires the Tender Board to have 8 members.

**b) Establishment and composition of PMU:**

PMU has been established. However its staff were not officially appointed.

**c) Functioning of Accounting Officer, Tender Board and PMU:**

i) Letter of communication of award was not done by the Accounting Officer (1 case).

ii) Contract signing was not done by the Accounting Officer (1case).

This is contrary to Sections 33(f) & (h) of PPA, 2004.

**d) Preparation of Annual Procurement Plan (APP):**

During the financial year 2006/2007 TCAA prepared its procurement plan. However the prepared APP was neither in format issued by PPRA nor approved by the Management.

**e) Approvals:**

Most of the procurements done in Fy 2006/2007 were approved by Tender Board.

**f) Advertisement of bid opportunities:**

Eighty Four (84%) of all procurement were advertised in local news papers.

**g) Publication of Awards:**

All awarded contracts for year 2006/2007 were not disclosed to the Public. This is contrary to Regulation 97(12) of GN. No. 97 of 2005.

**h) Time for preparation of bids:**

Bidders were provided with enough time to prepare their bids in accordance with the Third Schedule of GN. No. 97 of 2005.

**i) Method of procurement:**

Selection of procurement methods in all the sampled tenders were in line with the Second Schedule of GN. No. 97 of 2005.

**j) Use of Standard Tender Documents:**

Ninety percent (90%) of the sampled procurement used the Standard Tender documents prepared by PPRA as per requirement of Regulation 83(3) of GN. No. 97 of 2005.

**k) Record Keeping:**

Record keeping was generally good. However improvement is required on completeness and proper record keeping in order to make retrieval of information easier and more convenient.

**l) Quality Assurance:**

Procedures under receipts of goods were not well and appropriately executed at TCAA. The inspection and acceptance teams were not formed contrary to Regulations 122, 126 and 127 of GN. No. 97 of 2005.

**m) Contract implementation:**

Contract management was generally satisfactory. However issues such as application of liquidated damage, completion report and issuing of completion certificate, timely handling of claims and other contractual obligations were not properly administered.

#### **4.7.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Tender Board should be established in accordance with Section 28 and Second schedule of PPA, 2004.
- b) The PMU should be established in accordance to Section 34 of PPA, 2004 and it should be reflected in the organisation structure.
- c) Award communications of tender results should be communicated by the Accounting Officer as per Section 33(f) of PPA, 2004.
- d) The Annual Procurement Plan should be prepared using the templates provided by PPRA. The templates are available in the PPRA's website: [www.ppra.go.tz](http://www.ppra.go.tz) ,
- e) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- f) Goods inspection and acceptance committees must be formed to inspect the delivered goods in accordance with Regulation 122, 126, and 127 of GN. No. 97 of 2005. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,
- g) Records keeping should be improved. Staff in the PMU who are responsible for keeping records should be trained on proper record keeping, and
- h) All contracts should be managed/ implemented in accordance with the terms of contracts.

#### **4.8 Arusha Urban Water Supply and Sewerage Authority (AUWSA)**

The Audit covered procurement processes carried out in the financial year 2006/2007 for goods, and non-consultancy services. A total of 5 procurements were undertaken during the financial year, amounting to Tshs 1,017,998,908. The Audit team reviewed all 5 procurements equivalent to 100% in terms of volume and value.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 36% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Complying with the methods of procurements as stipulated in the Regulations; and Records keeping.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Functioning of AO, TB and PMU; Preparation of Annual Procurement Plan; Complying with compulsory approvals; Publication of contract awards; Use of standard tender documents; Quality assurance and control; and Contract implementation.

#### **4.8.1 Key Observations**

**a) Establishment and composition of Tender Board**

The tender Board lacks one (1) member. This is contrary to Section 28 and Second Schedule of PPA 2004 which requires the Tender Board to have 8 members.

**b) Establishment and composition of PMU**

PMU has not been established contrary to Section 34(1) & (2) of PPA, 2004.

**c) Functioning of Accounting Officer, Tender Board and PMU**

There was interference between individual functions such as:-

- i) The Finance Manager proposed the evaluation team for tender to supply water metres.
- ii) Internal Auditor attending Tender Board Meetings and appointed as member of Evaluation committee.

**d) Preparation of Annual Procurement Plan (APP)**

AUWSA did not prepare an Annual Procurement plan for the Fy 2006/2007.

**e) Approvals**

The PMU did not seek approvals from the Tender Board to all procurement processes except for evaluation reports and awards of Tender. This is contrary to Regulation 40(1&3) of GN. No. 97 of 2005.

**f) Advertisement of bid opportunities**

All procurements carried out in Fy 2006/2007 were advertised in newspapers as per requirement of Regulations 80(5) of GN No. 97 of 2005.

**g) Publication of awards**

All the awarded procurement contracts were not disclosed to the Public. This is contrary to Regulation 97(12) of GN. No. 97 of 2005.

**h) Time for preparation of bids**

There is a tendency for using NCB procurement method being floated for shorter periods than the required period, contrary to Third Schedule of PPA, 2004 which requires all tenders for NCB to be floated for a minimum of 30 days.

**i) Method of procurement**

Methods of procurements were in line with the limits of application though not approved by Tender Board.

**j) Use of standard tender documents**

The entity did not use the standard tender documents issued by PPRA. This is contrary to Regulation 83(3) & (4) of GN. No. 97 of 2005.

**k) Record keeping**

No independent file is maintained for each tender. Furthermore, complaint log, bid security and performance guarantee registers are not kept.

**l) Quality assurance**

Goods inspection and acceptance committees were not appointed in all procurement of goods. This is contrary to Regulation 122, 126 and 127 of GN. No. 97 of 2005.

**m) Contract implementation**

Generally the contract management is poor at AUWSA. 46 contracts awarded for tender No. 3 were not implemented as per contract terms. The price agreed were rejected by the suppliers resulted to opt for quotations. Some of the tenders were awarded beyond the bid validity period and also some of the contracts were signed without performance guarantee.

#### **4.8.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Tender Board should be established in accordance with Section 28 and Second schedule of PPA, 2004.
- b) The PMU should be established in accordance with Section 34 of PPA, 2004 and PMU should be reflected in the organisation structure.
- c) The Annual Procurement Plan should be prepared using the templates provided by PPRA. The templates are available in the PPRA's website: [www.ppra.go.tz](http://www.ppra.go.tz) ,
- d) The management, tender board members, PMU staff and internal Auditor should be trained on PPA and its Regulations.
- e) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- f) Goods inspection and acceptance committees must be formed to inspect the delivered goods in accordance with Regulation 122, 126, and 127 of GN. No. 97 of 2005. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,
- g) Records keeping should be improved. Staff in the PMU who are responsible for keeping records should be trained on proper record keeping, and
- h) All required approvals must be sought from the tender board for all stages of procurement,
- i) Standard bidding documents issued by PPRA should be used as appropriate,
- j) Contracts should be executed in accordance with the terms of contract.

#### **4.9 Moshi Urban Water Supply and Sewerage Authority (MUWSA)**

The Audit covered procurement processes carried out in the financial Year 2006/2007 for goods, works, consultancy services and non-consultancy services. The total of 17 procurements were undertaken for Fy 2006/2007 amounting Tshs 818,081,453. The Audit team reviewed all 17 procurements equivalent to 100% of all procurements in terms of volume and value.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 32% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Functioning of AO, TB and PMU; Advertisement of bid opportunities; Complying with the methods of procurements as stipulated in the Regulations; and Contract implementation.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Preparation of Annual Procurement Plan; Complying with compulsory approvals; Complying with tender preparation times as stipulated in the Regulations; Publication of contract awards; Use of standard tender documents; Quality assurance and control; and Records keeping.

#### **4.9.1 Key Observations**

a) **Establishment and composition of Tender Board:**

The MUWSA Tender Board has seven (7) members contrary to Section 28 and Second Schedule of PPA, 2004 which requires the tender board to have eight (8) members.

b) **Establishment and composition of PMU:**

PMU has not been established contrary to Section 34(1) & (2) of PPA, 2004.

c) **Functioning of Accounting Officer, Tender Board and PMU:**

There is interference between individual functions, such as:-

i) The established committee namely PMU approved tender advertisements.

iii) PMU approved the procurement methods, sometimes decide to change the procurement from tender to quotation (e.g procurement for printing and computer maintenance and also from quotation to tender (Procurement for electrical items and water metres).

d) **Preparation of Annual Procurement Plan (APP):**

The Annual Procurement Plan for Fy 2006/2007 was prepared. However the APP prepared was not in format provided by PPRA and also was not approved by the Management.

**e) Approvals**

Approvals were not sought from the tender board for all procurement processes for Fy 2006/2007. This is contrary to Regulations 40(1 & 3) of GN. No. 97 of 2005.

**f) Advertisement of bid opportunities**

All procurements for Financial year 2006/2007 were advertised as required under Regulation 80(5) of GN. No. 97 of 2005.

**g) Publication of awards**

All the awarded contracts were not disclosed to the Public. This is contrary to Regulations 97(12) of GN. No. 97 of 2005 which requires the tender awards to be published.

**h) Time for preparation of bids**

All tenders for Financial year 2006/2007 were advertised on the same day on 3<sup>rd</sup> June, 2006 and opening date was on 22<sup>nd</sup> June 2006. The tendering period was only 20 days contrary to the Third Schedule (Tendering stage) of GN No. 97 of 2005 which requires that all tenders under National Competitive Tendering to be advertised for a minimum of thirty (30) days.

**i) Method of procurement**

Methods of procurement were in line with the limits of application though not approved by the tender board.

**j) Use standard tender document**

Standard tender documents issued by PPRA were not used. This is contrary to Regulation 83(3) & (4) of GN. No. 97 of 2005.

**k) Record keeping**

The entity had no proper filing system. The procurement and supplies Section kept tender documents in envelopes which may result in loss of records and information. Records were scattered. No complete set of records for procurement made in Fy 2006/2007 was maintained.

**l) Quality assurance**

Goods inspection and acceptance committees were not appointed in all procurement of goods. This is contrary to regulation 122, 126 and 127 of GN. No. 97 of 2007.

**m) Contract implementation**

Generally contract management is poor. Most of the contracts were not implemented as per contract terms.

**4.9.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Annual Procurement Plan (APP) should be prepared using the templates provided by PPRA,
- b) The management of MUWSA, Tender Board members internal Auditor and Procurement and supplies staff should be trained on PPA and its Regulations.
- c) The PMU should be established in accordance with Section 34 of PPA, 2004.
- d) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- e) Goods inspection and acceptance committees must be formed to inspect the delivered goods in accordance with Regulation 122, 126, and 127 of GN. No. 97 of 2005. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,
- f) Records keeping should be improved. Staff in the PMU who are responsible for keeping records should be trained on proper record keeping,
- g) All required approvals must be sought from the tender board for all stages of procurement,
- h) The entity should use the standard bidding documents prepared and issued by PPRA as per requirement of Regulation 83 (3 & 4) of GN. No. 97 of 2005.
- i) The contracts must be managed effectively to ensure that approved bidders perform their responsibilities in accordance with the terms of contracts.

**4.10 Ministry of Community Development, Gender and Children**

The Audit covered procurement processes carried out in the financial year 2006/2007 for goods, works consultancy and non-consultancy services. The total value of all procurement for the Fy 2006/2007 was Tshs 2,935,186,172. The Audit team reviewed a Sample of 15 procurements equivalent to 49% in terms of value amounting to Tshs 1,436,148,222.95.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 34% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Complying with tender preparation times as stipulated in the Regulations; Complying with the methods of procurements as stipulated in the Regulations; and Contract implementation.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Functioning of AO, TB and PMU; Preparation of Annual Procurement Plan; Advertisement of bid opportunities; Complying with compulsory approvals; Publication of contract awards; Use of standard tender documents; Quality assurance and control; and Records keeping.

#### **4.10.1 Key Observations**

a) **Establishment and composition of Tender Board:**

Tender Board has seven (7) members contrary to Section 28 and Second Schedule of PPA, 2004 which requires the tender board to have eight (8) members.

b) **Establishment and composition of PMU:**

PMU has not been established contrary to Section 34(1) & (2) of PPA, 2004.

c) **Functioning of Accounting Officer, Tender Board and PMU:**

There is interference between individual functions, such as:-

i) The appointment letters of evaluation committees are sometimes signed by the Secretary to the Tender Board. All Tender Evaluation reports reviewed showed that tender evaluation members were appointed by MTB which is contrary to Section 37(2) of PPA 2004.

ii) Communication/Notification of award to bidders were consistently done by the Secretary to MTB. This is contrary to Section 33(f) of PPA, 2004.

d) **Preparation of Annual Procurement Plan (APP):**

The Ministry prepared Annual Procurement Plan for Fy 2006/2007. However the APP prepared was not in the format provided by PPRA.

e) **Approvals**

Tender notices, procurement methods and tender documents were not approved by the Tender Board contrary to Regulation 80(3&4) and Regulation 83(5) of GN. No. 97 of 2005.

f) **Advertisement of bid opportunities**

Only 47% of all procurements were advertised, the remaining 53% were not advertised in the newspapers.

g) **Publication of awards**

All the awarded contracts were not disclosed to the Public. This is contrary to Regulations 97(12) of GN. No. 97 of 2005.

h) **Time for preparation of bids**

Tenders were floated for shorter period contrary to Section 61(3) of PPA 2004 and Third Schedule (Tendering Stage) of GN. No. 97 of 2005.

i) **Method of procurement**

Tenders floated for Fy 2006/2007 used procurement methods which are in line with limits of application though the methods were not approved by the tender board.

j) **Use standard tender document**

The Ministry did not use the standard bidding document issued by PPRA.

k) **Record keeping**

The Ministry had poor record keeping and filing system. No complete records for procurement made were maintained in a single file for each tender.

l) **Quality assurance**

The Ministry did not appoint goods inspection and acceptance committee in all procurement of goods. This is contrary to regulation 122, 126 and 127 of GN. No. 97 of 2007.

m) **Contract implementation**

- i) The Audit team could not obtain completion certificates or handling over reports of sampled tenders reviewed during the auditing.
- ii) Audit team could not obtain information regarding status of implementation of most of tenders. This signifies that the Ministry does not manage their contracts property.

#### **4.10.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Ministry should establish the Ministerial Tender Board in accordance to Section 28 and Second Schedule of PPA, 2004.
- b) Procurement Management Unit (PMU) should be established as per Section 34 of PPA, 2004 and PMU should be reflected in the organisation structure.
- c) The Management team, tender board members, PMU staff and internal auditor should be trained on PPA and its Regulations.
- d) The Ministry should make sure that in every financial year, the Annual Procurement Plan (APP) is prepared using the format/templates provided by PPRA and obtain approval by the Management.
- e) The Ministry should ensure that all tender processes such as tender notices and tender documents are approved by the Ministerial Tender Board.
- f) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- g) Goods inspection and acceptance committees must be formed to inspect the delivered goods in accordance with Regulation 122, 126, and 127 of GN. No. 97 of 2005. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,
- h) Records keeping should be improved. Staff in the PMU who are responsible for keeping records should be trained on proper record keeping,

- i) The entity should use the standard bidding documents prepared and issued by PPRA as per requirement of Regulation 83 (3 & 4) of GN. No. 97 of 2005.
- j) The contracts must be managed effectively to ensure that approved bidders perform their responsibilities in accordance with the terms of contracts.

#### **4.11 Bukoba District Council**

The audit covered procurement processes carried out in the financial year 2006/07 for goods, works consultancy services and non-consultancy services, this amount to total of Tshs 913,104,469. Out of total procurement carried out in FY 2006/2007. 68% were randomly selected for audit.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 53% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Preparation of Annual Procurement Plan; Complying with compulsory approvals; Complying with tender preparation times as stipulated in the Regulations; Use of standard tender documents; Records keeping; Quality assurance and control ; and Contract implementation.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Functioning of AO, TB and PMU; Complying with the methods of procurements as stipulated in the Regulations; Advertisement of bid opportunities; and Publication of contract awards.

##### **4.11.1 Key observations**

- a) Establishment of Procurement Management Unit (PMU): The Council has not established a PMU as required by Section 34(1) of the PPA, 2004,
- b) Tender Board was established however the Council Treasurer is the Secretary of Tender Board contrary to the requirement under the Second Schedule of PPA, 2004,
- c) There was no Tender Board approval for draft tender notices, quotations, shortlists, RFP evaluation reports and variations as required by PPA, 2004,
- d) Notifications of contract awards to successful bidders were not done by Accounting Officer contrary to Section 33(f) of PPA, 2004,
- e) Advertisements of Procurement Opportunities were not done according to Regulation 80(5) of GN. No. 97. Advertisements were placed on notice Board.
- f) Council does not send copies of acceptance notices to PPRA as per Regulation 97(13) of GN. No. 97,
- g) Most of evaluation reports were not signed by evaluators and some members of evaluation committee did not sign code of ethics as per Section 37(6) of PPA, 2004,

- h) Council does not appoint inspection and acceptance committee for goods inspection as per Regulation 127 of GN. No. 97,

#### **4.11.2 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) Council should establish Procurement Management Unit with immediate effect as per Section 34 of PPA, 2004,
- b) Head of Procurement Management Unit should be appointed as Secretary of Council Tender Board as per the requirements in the Regulations,
- c) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- d) All required procurement approvals should be sought from the Council Tender Board,
- e) Evaluation reports should be signed by evaluation committee and evaluation committee should sign the code of ethics as per section 37(6) of PPA, 2004,
- f) Goods inspection and acceptance committees must be formed to inspect the delivered goods in accordance with Regulation 122, 126, and 127 of GN. No. 97 of 2005. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers, and
- g) Staff in the PMU should be trained on PPA, 2004 and its Regulations.

#### 4.12 Muhimbili University College of Health Science

During financial year 2006/2007 MUCHS made procurement worth Tshs 1,242,177,880 and US\$ 66,454, audit were done on 88% and 81% of the total procurement in Tshs and US\$ respectively.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 44% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Establishment and composition of PMU; Functioning of AO, TB and PMU; Complying with compulsory approvals; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Complying with the methods of procurements as stipulated in the Regulations; and Use of standard tender documents.

On the other side, the performance on the following indicators was below average: Preparation of Annual Procurement Plan; Publication of contract awards; Records keeping; Quality assurance and control; and Contract implementation.

##### 4.12.2 Key observations

- a) The Annual Procurement Plan for was not prepared contrary to the requirement under Section 45 of PPA, 2004,
- b) Tender documents were not prepared in line with STDs issued by PPRA and no approval was sought from TB to approve the documents.
- c) Tender Board has been established. However, the Secretary of Tender Board is not the Head of PMU contrary to the requirement under the Second Schedule of PPA, 2004.
- d) There is excessive use of shopping method without justifiable reasons. The value of direct shopping for the year under review was Tshs 118,516,540 and US\$ 66,454 of which quotation for server with value of US\$ 25,269 was approved by Tender Board apart from exceeding the annual ceiling given to Accounting Officer and it also against Reg. 68 of GN No. 97,
- e) Members of the TB were also appointed as members of evaluation committee and later were involved in the approval of the same tenders contrary to Section 38 of PPA, 2004.
- f) Copies of acceptance notices are not submitted to PPRA as per the requirement under Regulation 97(13) of GN. No. 97,
- g) Notification of contract awards to unsuccessful bidders were not done by Accounting Officer.

- h) There are weaknesses in the record keeping. The majority of goods procured through quotation had no contract documents and some of the document could not be traced,
- i) Goods inspection and acceptance committees are not appointed contrary to the requirement under Regulation 127 of GN. No. 97,

#### **4.12.3 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Annual Procurement Plan should be prepared as required under Section 45 of PPA, 2004, by using the templates issued by PPRA,
- b) The entity should use the standard bidding documents prepared and issued by PPRA as per requirement of Regulation 83 (3 & 4) of GN. No. 97 of 2005.
- c) Head of PMU should be the Secretary of Tender Board as per the requirements in the second schedule of PPA, 2004,
- d) Independence of functions between the Accounting Offices, Tender Board, PMU and User Departments should be observed as per the requirements in the PPA,2004,
- e) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- f) Records keeping should be improved. Staff in the PMU who are responsible for keeping records should be trained on proper record keeping,
- g) Goods inspection and acceptance committees must be formed to inspect the delivered goods in accordance with Regulation 122, 126, and 127 of GN. No. 97 of 2005. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,
- h) The Management team, tender board members, PMU staff and internal auditor should be trained on PPA and its Regulations,
- i) The contracts must be managed effectively to ensure that approved bidders perform their responsibilities in accordance with the terms of contracts.

#### 4.13 TACAIDS

The audit primarily covered procurement process carried out in the fiscal year 2006/2007 for goods, works and consultancy services. Seven tenders out ten were reviewed. The total value of procurements could not be established due to lack of information for some of the tenders.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 38% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Complying with the methods of procurements as stipulated in the Regulations; and Use of standard tender documents.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Functioning of AO, TB and PMU; Complying with compulsory approvals; Preparation of Annual Procurement Plan; Publication of contract awards; Records keeping; Quality assurance and control; and Contract implementation.

##### 4.13.2 Key observations

- a) The Procurement Management Unit has not been established contrary to Section 34 of PPA, 2004,
- b) The Annual Procurement Plan for year 2006/2007 was prepared. However, there is no direct link between procurements made during the year 2006/2007 and the Procurement Plan.
- c) All procurement done using quotations were not approved by the Tender Board.
- d) Tender awards are not disclosed to the public contrary to regulation 97(11) of GN. No. 97,
- e) Record keeping is very poor. It was cumbersome to locate various procurement documents,
- f) Goods inspection and acceptance committees are not appointed contrary to the requirements under Regulation 127 of GN. No. 97.
- g) Staff in the Internal Audit Unit do not have adequate knowledge of the public procurement procedures.
- h) Communication of contract awards to successful bidders is done by the Director of Finance and Administration Contrary to Section 33(d) of PPA, 2004.

- i) Member of Tender Board were also appointed as members of evaluation Committee and letter were involved in the approval of the same tender contrary to section 38 of PPA 2004.

#### **4.13.3 Recommendation**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Procurement Management Unit should be established with immediate effect and the head of PMU should be the Secretary to Tender Board as per the requirements in the second schedule of PPA, 2004,
- b) The procurement plan should have a direct link to the approved budget and procurements should be done according to plan,
- c) All procurement should be approved by Tender Board,
- d) Tender board member should not be appointed as member of evaluation team,
- e) The Annual Procurement Plan should be prepared as required under Section 45 of PPA, 2004, by using the templates issued by PPRA,
- f) The entity should use the standard bidding documents prepared and issued by PPRA as per requirement of Regulation 83 (3 & 4) of GN. No. 97 of 2005,
- g) Independence of functions between the Accounting Offices, Tender Board, PMU and User Departments should be observed as per the requirements in the PPA,2004,
- h) Awarded contracts should be published to the public. The publication should indicate the name and contract price of the successful bidder,
- i) Records keeping should be improved. Staff in the PMU who are responsible for keeping records should be trained on proper record keeping,
- j) Goods inspection and acceptance committees must be formed to inspect the delivered goods in accordance with Regulation 122, 126, and 127 of GN. No. 97 of 2005. The committees are supposed to be specific (not permanent) to the procurement under consideration. The inspection reports should form the basis for certifying payments to suppliers,

- k) The Management team, tender board members, PMU staff and internal auditor should be trained on PPA and its Regulations, and
- l) The contracts must be managed effectively to ensure that approved bidders perform their responsibilities in accordance with the terms of contracts.

#### **4.14 Kigoma - Ujiji Municipal Council**

During financial year 2006/2007 Kigoma municipal Council carried out procurement of Goods, Works and Non-Consultancy. The Audit covered procurement process for 20 procurements. The total number of procurements and their values could not be established due to lack of some information.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 43% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Functioning of AO, TB and PMU; Advertisement of bid opportunities; Complying with tender preparation times as stipulated in the Regulations; Complying with the methods of procurements as stipulated in the Regulations; and Use of standard tender documents.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Complying with compulsory approvals; Preparation of Annual Procurement Plan; Publication of contract awards; Records keeping; Quality assurance and control; and Contract implementation.

##### **4.14.2 Key observations**

- a) Procurement Management Unit reports to Council treasure Contrary to regulation 22 of Local Government Regulation,
- b) Council prepared procurement plan for year 2006/2007. However the plan was not prepared using templates issued by PPRA.
- c) During the Audit, it was observed that the Council does not use standard tender document issued by PPRA.
- d) Tender Board approval was not sought to approve each stage of procurement
- e) Advertisement of procurement opportunities were not done as per requirement of regulation 80(5) of GN. No. 97 the advertisement were placed on notice board.
- f) Appointment of evaluation committees was done by Tender Board contrary to Section 37(2) which requires the PMU to recommend the evaluation committee for approval by the Accounting Officer.
- g) Members of evaluation committee do not sign the code of ethics as required by Section 37(6) of PPA, 2004 to declare that they do have a conflict of interest.
- h) Notifications of award to unsuccessful bidders were not done by Accounting Officer as per Regulation 97(11) of GN. No. 97.

- i) It was observed that record keeping in Kigoma - Ujiji Municipal is poor contrary to Section 56 of PPA, 2005
- j) Council does not appoint goods inspection and acceptance committee as per Regulation 127 of GN. No. 97.

#### **4.14.3 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) Head of Procurement Management Unit should report to Accounting Officer as required by Regulation 22 of local government Regulation.
- b) Council should prepare procurement plan using template issued by PPRA.
- c) Kigoma - Ujiji Municipal Council should use standard tender document issued by PPRA as required by regulation 83(3) of GN. No. 97.
- d) Council should advertise tender opportunities using newspaper of national gradation as per regulation 80(5) of GN. No. 97.
- e) Evaluation Committee should be recommended by PMU and approved by Accounting Officer as per Regulation 37(2).
- f) Council should seek Tender Board approval in all procurement processes as per Section 31 of PPA, 2004.

#### **4.15 Ministry of Justice and Constitutional Affairs**

During the financial year 2006/2007 the Ministry carried out 16 procurements including 7 goods, 8 non-consultancy services and 1 for works. All procurements were subjected to critical review. The total volume of procurement was Tshs 403,640,836.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 39% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Functioning of AO, TB and PMU; Advertisement of bid opportunities; Complying with the methods of procurements as stipulated in the Regulations; Use of standard tender documents; and Quality assurance and control.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Complying with compulsory approvals; Preparation of Annual Procurement Plan; Publication of contract awards; Complying with tender preparation times as stipulated in the Regulations; Records keeping; and Contract implementation.

##### **4.15.2 Key observations**

**a) Establishment and Composition of Tender Board:**

The Tender Board (TB) was established but is operating with 7 members only. This is Contrary to Section 28 and Second Schedule of PPA, 2004.

**b) Establishment and composition of PMU:**

The PMU has not been established contrary to Section 34 (1 & 2) of PPA, 2004.

**c) Functioning of Accounting Officer, Tender Board and PMU:**

There were interference between individual functions for some of the procurements.

**d) Preparation of Annual Procurement Plan (APP):**

The Annual Procurement Plan for the Fy 2006/2007 was not prepared in conformity to the templates issued by PPRA.

**e) Approvals:**

Tender Board approvals were not sought for some of the tenders.

- f) Advertisement of bid opportunities:**
- 50% of the reviewed tenders had evidence to show that they were advertised properly.
- g) Publication of awards:**
- No contract award was published to the Public.
- h) Time for preparation of bids:**
- In most cases tenders were floated for shorter period than what is allowed in the Regulations.
- i) Method of Procurement:**
- 50% of the reviewed tenders had evidence to show that methods of procurements used were in line with the provisions in the Regulations.
- j) Use of Standard Tender Document:**
- All tender floated for FY 2006/2007 used the standard bidding documents issued by PPRA.
- k) Records Keeping:**
- Filing system of procurement process is very poor. Documents were not filed in chronological manner, a situation that created difficult in retrieval of some of the documents.
- l) Quality assurance:**
- Goods inspection and acceptance teams were not formed contrary to regulations 122, 126 and 127 of GN. No. 97 of 2005.
- m) Contract implementation:**
- The review of sample tenders revealed that the signing and award of contracts was delayed beyond tender validity period. Handing over reports and progress reports are not prepared.

#### **4.15.3 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Ministry should establish Tender Board in accordance with Section 28 and Second schedule of PPA 2004,

- b) The Ministry should establish PMU in accordance to Section 34 of PPA, 2004 .
- c) The entity should prepare the Annual procurement plan using the templates provided by PPRA.
- d) Contracts awards should be disclosed to the public as per Regulation 97(12) of GN. No. 97 of 2005.
- e) The Ministry should improve its procurement record keeping.
- f) Goods inspection and acceptance committee should be formed in accordance with Regulation 122, 126, and 127 of GN. No. 97 of 2005.
- g) Appropriate methods of procurements should be used,
- h) Tenders should be advertised properly.
- i) Contract implementation should be managed in accordance with the terms of contract.

#### 4.16 Songea Municipal Council

The audit for financial year 2006/2007 covered procurements with total value of Tshs 322,814,543.00 (95%) out of the total value of all procurements amounting to Tshs 340,940,717.00.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 32% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Establishment and composition of PMU; and Preparation of Annual Procurement Plan.

On the other side, the performance on the following indicators was below average: Complying with compulsory approvals; Publication of contract awards; Complying with tender preparation times as stipulated in the Regulations; Functioning of AO, TB and PMU; Advertisement of bid opportunities; Complying with the methods of procurements as stipulated in the Regulations; Use of standard tender documents; Quality assurance and control; Records keeping; and Contract implementation.

##### 4.16.2 Key observations

- a) The Municipal Council has established PMU with its head reporting to the Council Treasurer instead of Accounting Officer and the Unit is not reflected in the organisation structure of the council,
- b) The Annual Procurement Plan (APP) was prepared but not per PPRA's templates,
- c) There are interference of functions between AO, TB, and PMU. The Secretary to the Tender Board issues letters of acceptance to successful and unsuccessful bidders. Also PMU in collaboration with user Departments prepare and issue tendering documents without Tender Board approval,
- d) Approvals of bidding documents and invitation for quotations are not done by Tender Board. PMU issues bidding documents without approval from the TB,
- e) Advertisement of bids Opportunities: Most of tenders were advertised on notice board of the council. Contrary to the requirement of PPA, 2004 and its Regulations,
- f) Publication of awards: Contract awards are not published to the public. This is contrary to the requirement under the Ref. 97(12) of GN. No. 98 of 2005,
- g) The preparation of bids: only two (4) tender out fourteen (14) tenders were advertised with sufficient time as per PPA, 2004 and its Regulations,

- h) Methods of Procurement: All 14 tenders were procured under open tendering method, particularly National Competitive Bidding (NCB) except their advertisement were only four (4) tenders in wide circulated newspapers and the rest advertised in Notice Boards only,
- i) Use of standard Tendering documents. The bidding documents used are not prepared by PPRA. This is a requirement under Reg. (3) of GN. No. 97 of 2005,
- j) Record keeping: only two (2) tenders out 14 tenders had complete records,
- k) Quality assurance: procured goods were inspected as per requirement in PPA and its Regulations. However works progress reports are not prepared,
- l) Contract implementation: most of works contracts are not completed within the time stipulated in the contract thus resulted to liquidated damages to contractors as per contract but are not enforced by supervising officer,

#### **4.16.3 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The HPMU should report directly to the Accounting Officer.
- b) The Annual Procurement Plan should be prepared and submitted as per PPRA's templates.
- c) Accounting Officer, Tender Board and PMU should be independent in terms of functions and powers to procurement activities.
- d) Bidding documents and invitations to bidders should be approved by Tender Board prior to issuing to prospective bidders.
- e) Contract awards should be published to the public.
- f) Tender opportunities should be advertised in wide circulated newspapers with regard to methods of procurement.
- g) Time for preparation of bids should be observed with respect to procurement method selected.

- h) Use appropriate procurement methods to respective procurements as stipulated in the PPA and its Regulations.
- i) Appropriate standard bidding documents and standard invitation for quotations should be used.
- j) Record keeping should be improved
- k) Supervising officer should prepare progress report as a means of monitoring implementation of the works contracts. The progress report should be prepared on daily, weekly or monthly basis.

#### **4.17 Morogoro Municipal Council**

The audit for Fy 2006/2007 covered procurements with total value of Tshs 910,782,959 (62%) of the total volume of procurements which amounted to Tshs 1,459,977,689.80.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 59% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Establishment and composition of PMU; Complying with compulsory approvals; Preparation of Annual Procurement Plan; Functioning of AO, TB and PMU; Advertisement of bid opportunities; Complying with the methods of procurements as stipulated in the Regulations; Use of standard tender documents; Complying with tender preparation times as stipulated in the Regulations; Records keeping; and Contract implementation.

On the other side, the performance on the following indicators was below average: Publication of contract awards; and Quality assurance and control.

##### **4.17.2 Key Findings**

- a) The head of the PMU reports to the Municipal Treasurer.
- b) The Annual procurement Plan is not prepared as per PPRA's templates,
- c) Approvals on tender notice, shortlist and bidding documents are not obtained from the council Tender Board before issuing to prospective bidders,
- d) Tender opportunities are advertised in the Municipal Council notice boards and some in newspapers of wide circulation. However Tender adverts are not submitted for posting into PPRA's website and Journal,
- e) Contract awards are not published to the public?
- f) Use of standard bidding documents, invitation for quotations and evaluation guidelines is not appropriate,
- g) The entity does not have complete records on procurement transactions,
- h) The entity awards most of the contracts to the local firms/supplies or contractors all procurement are eligible for exclusive and margin of preference.

#### 4.17.3 Recommendations

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Head of the PMU should report directly to the Accounting Officer,
- b) The Annual procurement plan should be prepared and submitted as per PPRA'S templates,
- c) All approvals stipulated in the PPA and its Regulations should be observed/adhered,
- d) Tender opportunities should be advertised where appropriate as stipulated in the PPA and its Regulations,
- e) Contracts awards should be published to the public,
- f) Time for preparation of bids should be adhered as stipulated in the PPA and its Regulations,
- g) Standard bidding documents, standard invitation for quotations and Evaluation guidelines issued by PPRA should be used as appropriate
- h) Record keeping system should be improved.

#### 4.18 Songea District Council

The audits for the Fy 2006/2007 showed that the council undertaken procurement value of Tshs 700,375,843.11, with total procurement volume of 76 tenders. A sample of 15 out of 76 tenders with total procurement value of the 657,817,803.11 were reviewed, which comprise 93.92% of total value procurements.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 25% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Preparation of Annual Procurement Plan; and Complying with tender preparation times as stipulated in the Regulations.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Complying with compulsory approvals; Functioning of AO, TB and PMU; Advertisement of bid opportunities; Complying with the methods of procurements as stipulated in the Regulations; Use of standard tender documents; Records keeping; Contract implementation; Publication of contract awards; and Quality assurance and control.

##### 4.18.2 Key Findings

- a) The Annual Procurement Plan are not prepared as per PPRA templates,
- b) Functions of AO, TB and PMU was not as stipulated notices were advertised without TB approval. The head of PMU reports to District Treasurer. Secretary to TB communicates contract awards,
- c) **Approvals:** Most of the tendering documents were not approved by Tender Board,
- d) Most of Tenders were not advertised. Only one tender was advertised in the widely circulated newspapers. All procurement of works were posted only on the Council Notice Board contrary to PPA 2004 and its Regulations,
- e) The entity does not publish contract awards to the public.
- f) Most of tenders, were advertised for submission of bids are within the minimum tendering period stipulated in PPA, 2004 and its Regulations.
- g) **Use of standard tender documents:** only bidding documents for works procurements were prepared. However the prepared documents do not conform with documents issued by PPRA.

- h) **Record Keeping:** The system for record keeping is not satisfactory. Most tender has incomplete records.
- i) **Quality assurance:** the entity do not appoint inspection and acceptance committees for inspection of procured goods and preparation of inspection report which form a basis for certifying payments to suppliers. Furthermore progress reports for works contracts are not prepared as a means of monitoring implementation of project,

#### 4.18.3 Recommendation

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Annual procurement plan should be prepared as and submitted as per PPRA's templates.
- b) The AO, TB and PMU should work independently in terms of their functions and power.
- c) The bidding documents, invitation for bids and quotations should be approved by the Tender Board prior issuance to prospective bidders.
- d) Contract awards should be published to the public.
- e) Tender advertisements should be submitted for posting into PPRA's website and Journal, and in wide circulated newspapers as stipulated in the PPA, 2004.
- f) Time for preparation of bids should be sufficient as per requirement in the PPA, 2004 and its Regulations.
- g) Standard bidding documents, invitation for quotations and evaluation guidelines should be use as appropriate.
- h) The system for record keeping procurement activities should be improved.
- i) Where preferential treatments are applicable should be clearly indicated in the bidding documents.
- j) Goods inspection and acceptance committee should be appointed by Accounting Officer and inspection reports should be prepared, which form a basis for certifying payments.

#### 4.19 Open University of Tanzania

During Fy 2006/2007 the Open University of Tanzania (OUT) had a total of 16 works contracts, one (1) consultancy assignment and 39 goods and consultancy. The total value of procurements amounted to Tshs 1,960,014,602.32. The audit covered 89% of the total value of procurements amounting Tshs 1,715,575,889.72.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 46% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Functioning of AO, TB and PMU; Complying with compulsory approvals; Complying with tender preparation times as stipulated in the Regulations; Complying with the methods of procurements as stipulated in the Regulations; Use of standard tender documents; and Quality assurance and control.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Preparation of Annual Procurement Plan; Advertisement of bid opportunities; Records keeping; Contract implementation; Publication of contract awards;

##### 4.19.2 Key observations

- a) The Annual Procurement Plan has not been prepared. This is contrary to the requirement under Section 45 of the PPA, 2004,
- b) Standard Tendering Documents (SIDS) used are not issued by PPRA. This is contrary to the requirement under Reg. 83(3) of the GN. No. 97 of 2005,
- c) The Procurement Management Unit (PMU) has not been established. This is contrary to the requirement under Section 34 of PPA, 2004,
- d) Approvals on the tender notice and tender documents are not sought from the Tender Board. This is contrary to the requirement under Reg. 80 and Reg. 83(5) of GN. No. 97 of 2005,
- e) Tenders are not advertised as stipulated in the PPA, 2004 and its Regulations.
- f) Publication of contract awards are not done. This is contrary to the requirement under Reg. 97(12) of GN. No. 97 of 2005,
- g) Minor value procurements do not follow procedures stipulated in the PPA, 2004,

- h) Contracts implementation are very poor. Performance bond, where specified in the contracts were missing and records on completion and delivery dates were missing too. Furthermore advance payments were issued prior to submission bank guarantee as indicated in the contract,
- i) Record keeping is not sufficient/proper some records such tender notices and documents for most of works and goods procurements were missing,
- j) Lack of contracts for procured goods and works. Most of the suppliers/contractors were engaged without contracts. Some of the procurements were done by using force account, and

#### **4.19.3 Recommendations**

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Annual Procurement Plan should be prepared as per PPRA's templates,
- b) Standard Tendering Documents prepared by PPRA should be used as appropriate,
- c) The procurement Management Unit should be established immediately,
- d) Bidding Documents and Tender Notices should be approved by the Tender Board prior to issuing to prospective bidders,
- e) Tender opportunities should be advertised as appropriate,
- f) Contract awards should be published to the public,
- g) Minor value procurement should follow procedures stipulated in the PPA, 2004 and its Regulations,
- h) Contract implementation should be as per terms contained there in,
- i) Record keeping system should be improved, and
- j) Supplies/contractors or service provides should be engaged with formal contracts or using local purchase order (LPO) issued by PPRA.
- k) Capacity building to AO, PMU, TB and User Department is crucial to improve performance on procurement as stipulated in the PPA 2004.

#### 4.20 Meru District Council

The audits covered procurements of the Fy 2006/2007 with estimated total value of all procurements amounting to Tshs 1,046,323,540.00. The audit sample total value of Tshs 773,469,610.00 (74%) were reviewed.

The overall performance of the entity in complying with the PPA and its Regulations was assessed to be 48% computed from the thirteen established compliance indicators. It performed above average (50% and above) on the following indicators: Establishment and composition of Tender Board; Functioning of AO, TB and PMU; Preparation of Annual Procurement Plan; Complying with compulsory approvals; Complying with tender preparation times as stipulated in the Regulations; Publication of contract awards; Use of standard tender documents; Records keeping; and Contract implementation.

On the other side, the performance on the following indicators was below average: Establishment and composition of PMU; Advertisement of bid opportunities; Complying with the methods of procurements as stipulated in the Regulations; and Quality assurance and control.

##### 4.20.2 Key Findings

- a) The Procurement Management Unit (PMU) is established with only one staff. The establishment is contrary to the requirement under Section 34(2) of PPA, 2004.
- b) The Annual Procurement Plan are not prepared as PPRA's templates.
- c) Minor value procurements do not follow procedures stipulated in the LGA's Regulations, 2007. This is contrary to the requirements of under Reg. 27 (2-3) of LGA, 2007.
- d) Tender advertisements are not submitted for posting into PPRA's website and journal. This is contrary to the requirement under Reg. 9(a) and Reg. 7(a) of the GN. No. 97 and GN. No. 98 of 2005 respectively.
- e) The standard Tendering Documents and evaluation guideline are not used as appropriate. This is contrary to the requirement of under Reg. 83(3) of GN. No. 97 of 2005.
- f) Goods inspection and Acceptance committees are not appointed for inspection of supplied goods. This is contrary to the requirement under Reg. 127 of GN No. 97 of 2005.

#### 4.20.3 Recommendations

In view of the above observations, the provisions in the PPA and its Regulations must be adhered to and specific emphasis should be on the following:

- a) The Procurement Unit should be established with appropriate staff level,
- b) The Annual Procurement Plan should be prepared as per PPRA's templates and guidelines,
- c) Minor value procurements should follow procedures stipulated in the Regulations.
- d) Tender adverts should be submitted for posting into PPRA's website and journal.
- e) Standard Tendering documents, invitation for quotations and evaluation guidelines should be used as appropriate,
- f) Goods inspection and acceptance committees should be appointed for inspection of procured goods, and
- g) Capacity building to PMU, Tender Board and user department is of paramount importance to the requirements of PPA, 2004 and its Regulations.

## 5.0 Assessment of the Performance of the audited PEs in Complying to the PPA 2004 and its Regulations

### 5.1 Performance of the 1<sup>st</sup> to 5<sup>th</sup> PEs

S/N	Indicator	Performance Data	Max Score	Performance Score				
				1	2	3	4	5
1.	Establishment and composition of Tender Board	Existence of a tender board in accordance with the requirements of the Act and Regulations	100	80	80	80	80	80
2.	Establishment and composition of PMU	Existence of a PMU in accordance with the requirements of the Act and Regulations	100	0	40	0	0	40
3.	Functioning of AO, TB and PMU	Percentage of tenders in which there was no interference between individual functions	100	20	50	50	0	30
4.	Preparation of Annual Procurement Plan	Prepared annual procurement plan	100	0	0	0	30	0
5.	Approvals	Percentage of tenders/contracts which received compulsory approvals in various processes	100	0	85	50	0	30
6.	Advertisement of bid opportunities	Percentage of open bidding procedures publicly advertised	100	30	90	50	9	30
7.	Publication of awards	Percentage of contract awards disclosed to the public	100	0	0	50	0	0
8.	Time for preparation of bids	Percentage of tenders complying with the stipulated time in the Act and regulations	100	30	92	50	40	0
9.	Method of Procurement	Percentage of tenders using authorized methods of procurement in accordance with their	100	100	100	50	83	20

		limits of application						
10.	Use of standard tender documents	Percentage of tenders using standard/ approved tender documents	100	0	90	50	0	30
11.	Records keeping	Percentage of tenders with complete records	100	10	50	20	60	20
12.	Quality assurance	Formation and functioning of inspection committees (goods) and project managers	100	30	40	0	0	0
13.	Contract implementation	Percentage of contracts which have been implemented as per the terms of contract	100	50	50	50	20	20
<b>TOTAL</b>			<b>1300</b>	<b>350</b>	<b>767</b>	<b>500</b>	<b>322</b>	<b>300</b>
<b>OVERALL PERFORMANCE</b>				<b>26%</b>	<b>59%</b>	<b>39%</b>	<b>25%</b>	<b>23%</b>
<b>PROCURING ENTITIES</b>				<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

1.	Sumbawanga Municipal Council
2.	National Social Security Fund
3.	Tabora Municipal Council
4.	Sumbawanga District Council
5.	National Health Insurance Fund

## 5.2 Performance of the 6<sup>th</sup> to 10<sup>th</sup> PEs

S/N	Indicator	Performance Data	Max Score	Performance Score				
				6	7	8	9	10
1.	Establishment and composition of Tender Board	Existence of a tender board in accordance with the requirements of the Act and Regulations	100	80	80	80	100	80
2.	Establishment and composition of PMU	Existence of a PMU in accordance with the requirements of the Act and Regulations	100	0	80	0	0	0
3.	Functioning of AO, TB and PMU	Percentage of tenders in which there was no interference between individual functions	100	88	95	40	50	30
4.	Preparation of Annual Procurement Plan	Prepared annual procurement plan	100	0	50	0	0	20
5.	Approvals	Percentage of tenders/contracts which received compulsory approvals in various processes	100	100	90	10	0	30
6.	Advertisement of bid opportunities	Percentage of open bidding procedures publicly advertised	100	100	94	100	100	47
7.	Publication of awards	Percentage of contract awards disclosed to the public	100	0	0	0	0	0
8.	Time for preparation of bids	Percentage of tenders complying with the stipulated time in the Act and regulations	100	100	90	50	0	50
9.	Method of Procurement	Percentage of tenders using authorized methods of procurement in accordance with their limits of application	100	100	80	100	100	100

10.	Use of standard tender documents	Percentage of tenders using standard/ approved tender documents	100	100	90	0	0	30
11.	Records keeping	Percentage of tenders with complete records	100	84	70	50	20	0
12.	Quality assurance	Formation and functioning of inspection committees (goods) and project managers	100	25	20	0	0	0
13.	Contract implementation	Percentage of contracts which have been implemented as per the terms of contract	100	76	50	40	50	50
<b>TOTAL</b>			<b>1300</b>	<b>853</b>	<b>879</b>	<b>470</b>	<b>420</b>	<b>436</b>
<b>OVERALL PERFORMANCE</b>				<b>66%</b>	<b>68%</b>	<b>36%</b>	<b>32%</b>	<b>34%</b>
<b>PROCURING ENTITIES</b>				<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>

6.	National Board of Accountants and Auditors (NBAA)
7.	Tanzania Civil Aviation Authority
8.	Arusha Urban Water Supply and Sewerage Authority (AUWSA)
9.	Moshi Urban Water Supply and Sewerage Authority (MUWSA)
10.	Ministry of Community Development, Gender and Children

### 5.3 Performance of the 11<sup>th</sup> to 15<sup>th</sup> PEs

S/N	Indicator	Performance Data	Max Score	Performance Score				
				11	12	13	14	15
1.	Establishment and composition of Tender Board	Existence of a tender board in accordance with the requirements of the Act and Regulations	100	80	80	100	100	80
2.	Establishment and composition of PMU	Existence of a PMU in accordance with the requirements of the Act and Regulations	100	0	50	0	25	0
3.	Functioning of AO, TB and PMU	Percentage of tenders in which there was no interference between individual functions	100	40	59	0	50	50
4.	Preparation of Annual Procurement Plan	Prepared annual procurement plan	100	100	0	0	30	10
5.	Approvals	Percentage of tenders/contracts which received compulsory approvals in various processes	100	60	50	20	40	20
6.	Advertisement of bid opportunities	Percentage of open bidding procedures publicly advertised	100	0	64	100	60	50
7.	Publication of awards	Percentage of contract awards disclosed to the public	100	0	0	0	20	0
8.	Time for preparation of bids	Percentage of tenders complying with the stipulated time in the Act and regulations	100	80	64	100	60	40
9.	Method of Procurement	Percentage of tenders using authorized methods of procurement in accordance with their limits of application	100	40	64	60	80	50
10.	Use of standard tender	Percentage of tenders using standard/	100	80	54.5	100	50	100

	documents	approved tender documents						
11.	Records keeping	Percentage of tenders with complete records	100	80	31	0	0	20
12.	Quality assurance	Formation and functioning of inspection committees (goods) and project managers	100	50	25	0	0	50
13.	Contract implementation	Percentage of contracts which have been implemented as per the terms of contract	100	80	27	0	40	40
<b>TOTAL</b>			<b>1300</b>	<b>690</b>	<b>568.5</b>	<b>490</b>	<b>555</b>	<b>510</b>
<b>OVERALL PERFORMANCE</b>				<b>53%</b>	<b>44%</b>	<b>38%</b>	<b>43%</b>	<b>39%</b>
<b>PROCURING ENTITIES</b>				<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>

11.	Bukoka District Council
12.	Muhimbili University College of health Science
13.	TACAIDS
14.	Kigoma - Ujiji Municipal Council
15.	<b>Ministry of Justice and Constitutional Affairs</b>

#### 5.4 Performance of the 16<sup>th</sup> to 20<sup>th</sup> PEs

S/N	Indicator	Performance Data	Max Score	Performance Score				
				16	17	18	19	20
1.	Establishment and composition of Tender Board	Existence of a tender board in accordance with the requirements of the Act and Regulations	100	100	100	100	100	100
2.	Establishment and composition of PMU	Existence of a PMU in accordance with the requirements of the Act and Regulations	100	80	50	0	0	0
3.	Functioning of AO, TB and PMU	Percentage of tenders in which there was no interference between individual functions	100	0	66	0	68	60
4.	Preparation of Annual Procurement Plan	Prepared annual procurement plan	100	50	50	70	0	60
5.	Approvals	Percentage of tenders/contracts which received compulsory approvals in various processes	100	0	75	0	73	70
6.	Advertisement of bid opportunities	Percentage of open bidding procedures publicly advertised	100	35.7	80	6.6	41	20
7.	Publication of awards	Percentage of contract awards disclosed to the public	100	0	0	0	0	50
8.	Time for preparation of bids	Percentage of tenders complying with the stipulated time in the Act and regulations	100	35.7	50	73	63	50
9.	Method of Procurement	Percentage of tenders using authorized methods of procurement in accordance with their limits of application	100	35.7	100	13.3	63	20

10.	Use of standard tender documents	Percentage of tenders using standard/ approved tender documents	100	0	50	0	63	50
11.	Records keeping	Percentage of tenders with complete records	100	14.28	60	13.3	45	60
12.	Quality assurance	Formation and functioning of inspection committees (goods) and project managers	100	42.8	0	0	50	0
13.	Contract implementation	Percentage of contracts which have been implemented as per the terms of contract	100	21.4	80	33.3	35	80
<b>TOTAL</b>			<b>1300</b>	<b>415.6</b>	<b>761</b>	<b>329.5</b>	<b>601</b>	<b>620</b>
<b>OVERALL PERFORMANCE</b>				<b>32%</b>	<b>59%</b>	<b>25%</b>	<b>46%</b>	<b>48%</b>
<b>PROCURING ENTITIES</b>				<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>

16.	Songea Municipal Council
17.	Morogoro Municipal Council
18.	Songea District Council
19.	Open University of Tanzania
20.	Meru District Council

**ISSUED BY:**

**THE CHIEF EXECUTIVE OFFICER,  
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