

RESULTS OF PROCUREMENT AUDITS FOR THE F/Y 2007/08

INTRODUCTION

In view of its mandate under Sub-section 7(1)(j) of the Public Procurement Act, 2004, (PPA CAP. 410), the Public procurement Regulatory Authority (PPRA) carried out procurement audits in seventy (70) procuring entities (PEs) during the reporting period. However, further 30 audits for the financial year 2007/08 were yet to be completed. Their results will be released, once they are completed. The total volume of procurement carried out by the audited PEs is approximately Tshs. 576,942,391,149.

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 CAP. 410, 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 CAP. 410 and Regulations to enable appropriate measures including implementation of appropriate capacity building strategies, to be taken.

OUTCOME OF THE PROCUREMENT AUDITS

Generally, the outcome of the audits indicated an average level of compliance of forty three percent (43%) computed from the thirteen established compliance indicators. The average level of compliance for MDAs is forty five percent (45%) and for LGAs is forty one percent (41%). The audited PEs included thirty four (34) LGAs and thirty six (36) MDAs. The Tanzania Ports Authority attained a maximum average compliance of 73% while the Tanzania Library Services attained a minimum average compliance of 7%. The overall performance of the Audited PEs for all 13 CPIs is shown in **Figure 1**.

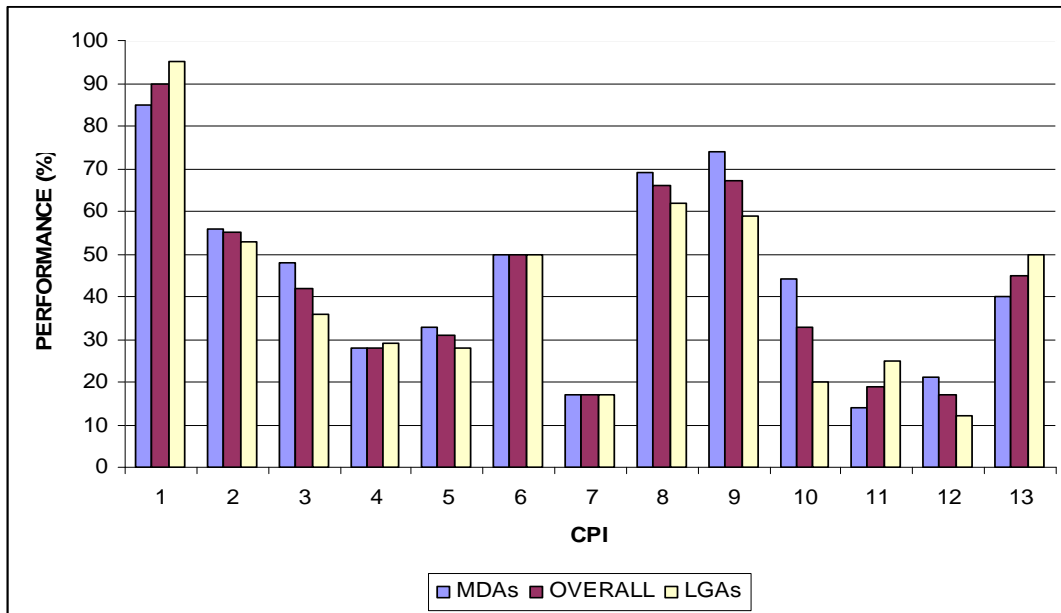
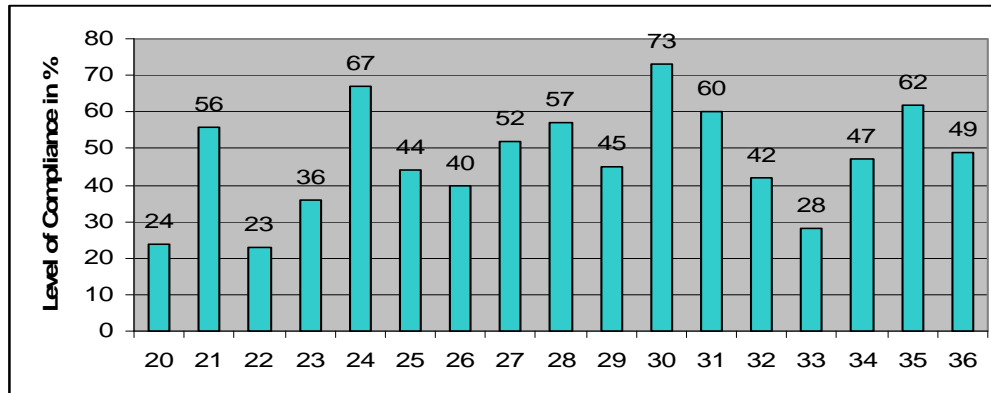
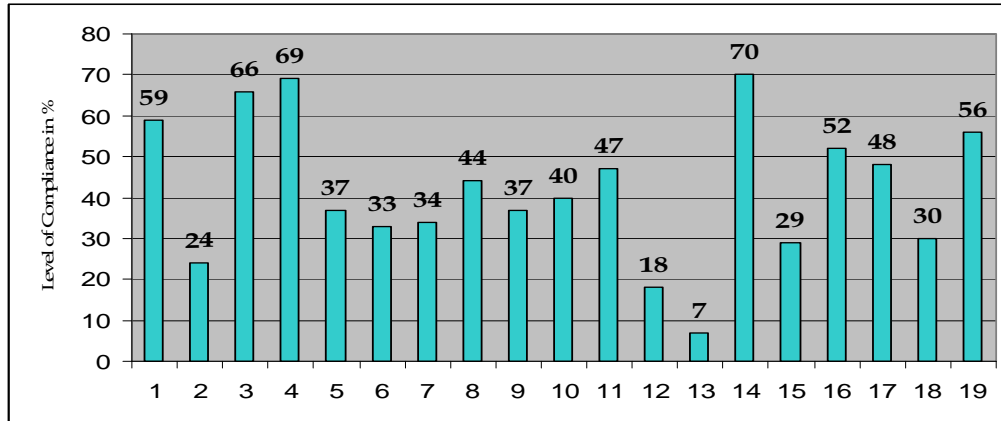


Figure 1: Overall Performance of the audited PEs for all CPIs.

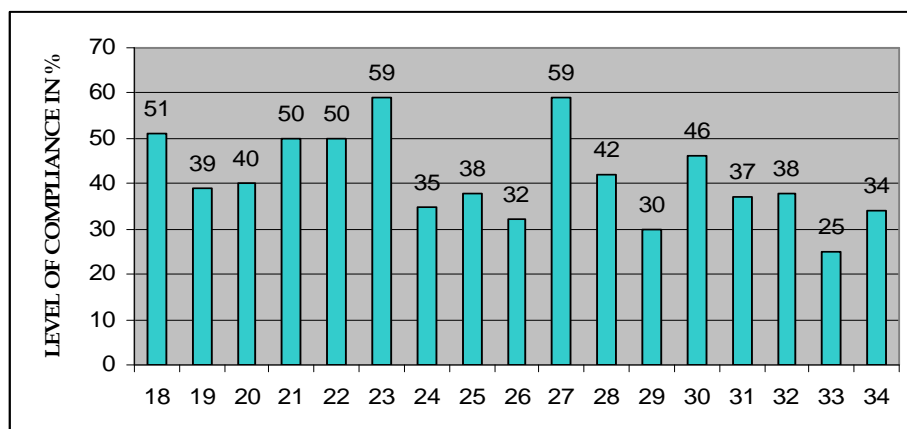
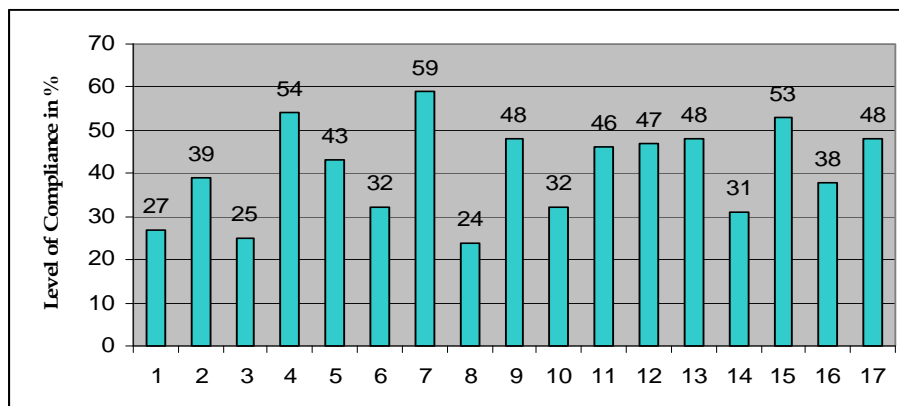
The level of compliance of MDAs is shown in **Figure 2** while that of LGAs is shown in **Figure 3**. Table 1 shows the description of all 13 indicators used to assess PEs.



KEY TO PEs

1	National Security Security Fund	19	Prime Minister's Office
2	National Health Insurance Fund	20	Tanzania Tourist Board
3	National Board of Accountants and Auditors (NBAA)	21	Minsity of Infrastructure Development
4	Tanzania Civil Aviation Authority	22	Ministry of Information, Culture and Sports
5	Arusha Urban Water Supply and Sewerage Authority (AUWSA)	23	Minstry of Technology and Higher Education
6	Moshi Urban Water Supply and Sewerage Authority (MUWSA)	24	Tanzania Revenue Authority
7	Ministry of Community Development, Gender and Children	25	National Examination Council of Tanzania
8	Muhimbili University College of Health Science	26	Muhimbili National Hospital
9	TACAIDS	27	University of Dar-es-Salaam
10	Ministry of Justice and Constitutional Affairs	28	Ministry of Home Affairs
11	Open University of Tanzania	29	Ministry of Finance
12	Tanzania Broadcasting Corporation	30	Tanzania Ports Authority
13	Tanzania Library services	31	Ministry of Housing and Human Settlement Development
14	Medical Stores Department	32	Ministry of Foreign Affairs and International Cooperation
15	Prisons Department	33	Ministry of Industry, Trade and Marketting
16	Dar-es-Salaam Institute of Technology	34	Tanzania Communication and Regulatory Authority
17	Public Services Pensions Fund	35	Ministry of Natural Resources and Tourism
18	Mzumbe University	36	Sokoine University of Agriculature

Figure 2- Level of Compliance of MDAs



KEY TO PEs

1	Sumbawanga Municipal Council	18	Kongwa District Council
2	Tabora Municipal Council	19	Njombe District Council
3	Sumbawanga District Council	20	Ileje District Council
4	Bukoba District Council	21	Mbozi District Council
5	Kigoma-Ujiji Municipal Council	22	Rungwe District Council
6	Songea Municipal Council	23	Kyela District Council
7	Morogoro Municipal Council	24	Kiteto District Council
8	Songea District Council	25	Hanang District Council
9	Meru District Council	26	Mwanga District Council
10	Igunga District Council	27	Same District Council
11	Nzega District Council	28	Korogwe District Council
12	Ngara District Council	29	Lushoto District Council
13	Biharamulo District Council	30	Kindondoni District Council
14	Manyoni District Council	31	Mkuranga District Council
15	Chato District Council	32	Kibaha District Council
16	Geita District Council	33	Dar-es-Salaam City Council
17	Mpwapwa District Council	34	Bagamoyo District Council

Figure 3 Level of Compliance of LGAs

Table.1: Compliance and Performance Indicators used to Assess PEs.

S/N	INDICATOR	PERFORMANCE DATA
1.	Establishment and composition of Tender Board	Existence of a tender board in accordance with the requirements of the Act and Regulations
2.	Establishment and composition of PMU	Existence of a PMU in accordance with the requirements of the Act and Regulations
3.	Functioning of AO, TB and PMU	Percentage of tenders in which there was no interference between individual functions
4.	Preparation of Annual Procurement Plan	Prepared annual procurement plan
5.	Approvals	Percentage of tenders/contracts which received compulsory approvals in various processes
6.	Advertisement of bid opportunities	Percentage of open bidding procedures publicly advertised
7.	Publication of awards	Percentage of contract awards disclosed to the public
8.	Time for preparation of bids	Percentage of tenders complying with the stipulated time in the Act and regulations
9.	Method of Procurement	Percentage of tenders using authorized methods of procurement in accordance with their limits of application
10.	Use of standard tender documents	Percentage of tenders using standard/ approved tender documents
11.	Records keeping	Percentage of tenders with complete records
12.	Quality Assurance	Formation and functioning of inspection committees (goods) and project managers
13	Contract implementation	Percentage of contracts which have been implemented as per the terms of contract

Areas where PEs performed above average (50%) include: Establishment and composition of Tender Boards; Establishment and composition of Procurement Management Units (PMUs); 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. This is summarized in **Figure 4**

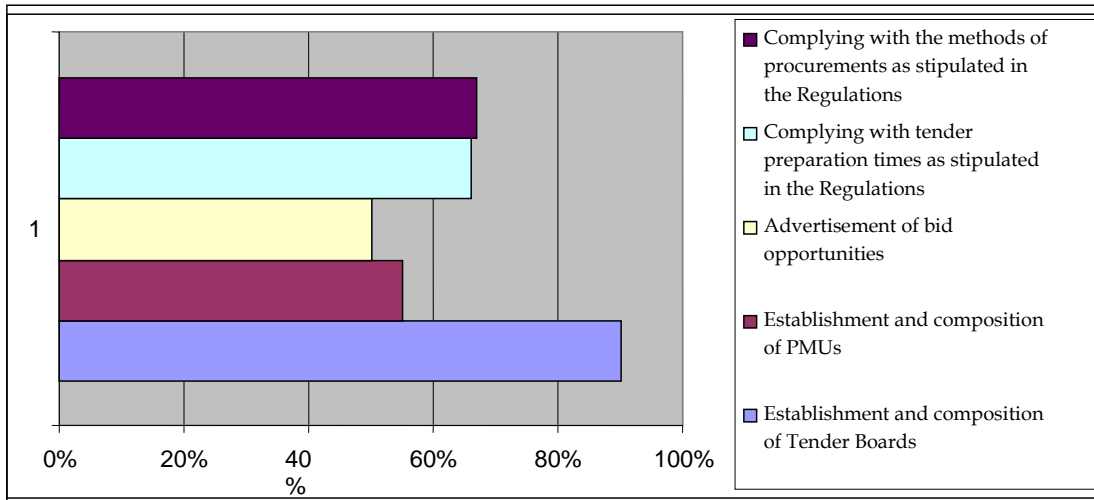


Figure 4. Observed areas of good performance as Revealed by Procurement Audits

Areas where PEs performed below average include: 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 management.

The areas where PEs performed very poorly (below 30%) include; Preparation of Annual Procurement Plan; Publication of contract awards; Records keeping; and Quality assurance and control.

The areas where the PEs performed below average and very poorly are summarized in **Figure 5**.

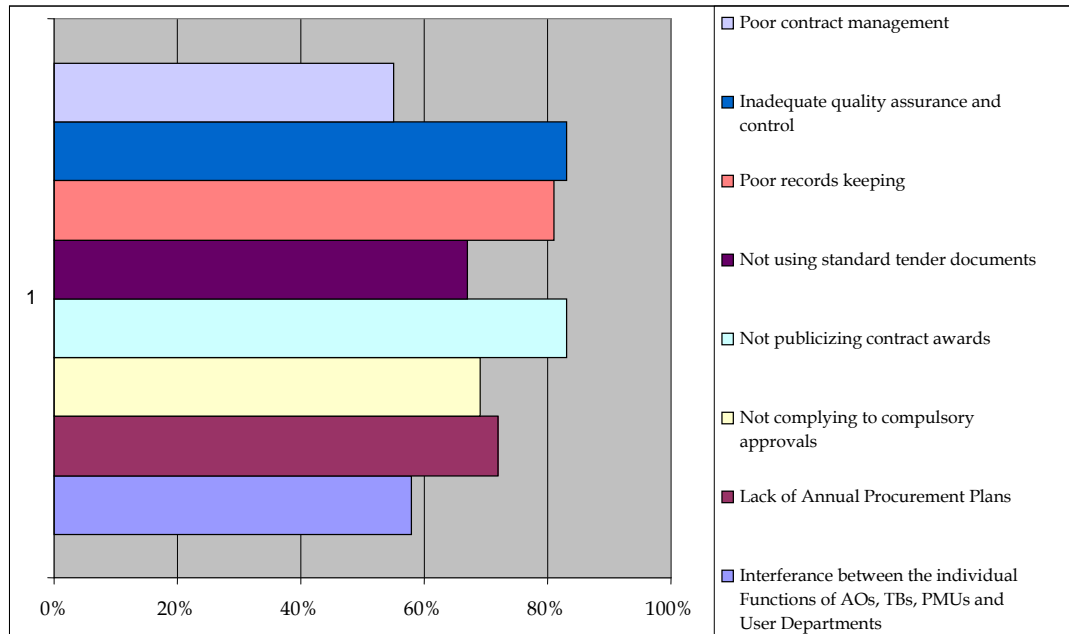


Figure 5 Observed areas of poor performance as revealed by Procurement Audits

Areas which need immediate interventions therefore include; Establishment of PMUs, preparations of APPs, use of STDs, record keeping, contracts management, independence of functions, compulsory approvals, and publication of contract awards. Assessment of major weaknesses and recommended interventions are shown in **Table 2**.

Table 2: Assessment of major weaknesses which were observed in the procurement audits

Major Weakness	Lack of properly established PMUs
Effect	<ul style="list-style-type: none"> ✓ Lack of procurement coordination resulting to inefficiency and non-compliance ✓ Mis-procurement
Possible Root Cause	<ul style="list-style-type: none"> ✓ Inadequate qualified procurement specialists in the market ✓ Lack of awareness ✓ Deliberate violation by AOs (Reluctance to change from the previous system)
Recommended Improvement Intervention	<ul style="list-style-type: none"> ✓ Coordination with training Institutions to review curricular in order to meet the current qualification requirements ✓ Enhance awareness campaign (training) ✓ Enhance compliance
Major Weakness	Not preparing APPs
Effect	<ul style="list-style-type: none"> ✓ Inefficiency ✓ Lack of control ✓ Increased procurement transaction costs ✓ Use of inappropriate procurement methods including excessive use of Minor Value Procurement method ✓ Emergency procurements ✓ Splitting of procurements
Possible Root Cause	<ul style="list-style-type: none"> ✓ Lack of qualified procurement specialists ✓ Lack of appropriate skills ✓ Preparations of procurement plans not integrated with budget preparation process ✓ Lack of procurement coordination between PMUs and User

	<ul style="list-style-type: none"> ✓ Departments ✓ Reluctance to change from the previous system
Recommended Improvement Intervention	<ul style="list-style-type: none"> ✓ Appropriate training (with practical exercises) ✓ Establishing PMUs with appropriate skilled staff ✓ Integrating preparations of procurement plans into budget preparation process ✓ Enhance compliance
Major Weakness	Not using STDs
Effect	<ul style="list-style-type: none"> ✓ Unfair contract awards resulting to complaints ✓ Inappropriate contract rights, obligations and risks allocations resulting to contract disputes, delayed completion, poor quality of works and services e.t.c
Possible Root Cause	<ul style="list-style-type: none"> ✓ Lack of qualified procurement specialists ✓ Lack of awareness on the available STDs ✓ Lack of skills on how to use the STDs ✓ Some of the STDs are complicated and voluminous compared to the type and value of procurements resulting to high costs of preparing tender documents
Recommended Improvement Intervention	<ul style="list-style-type: none"> ✓ Establish PMUs with appropriate skilled staff ✓ Disseminating STDs ✓ Simplifying the STDs to match with the nature of procurements
Major Weakness	Poor record keeping
Effect	<ul style="list-style-type: none"> ✓ Poor management of procurements ✓ Corruption, theft ✓ Loss of public properties
Possible Root Cause	<ul style="list-style-type: none"> ✓ Lack/inadequate record management skills. ✓ Inadequate facilities; ✓ Inadequate office space. ✓ Deliberate misplacement of documents.
Recommended Improvement Intervention	<ul style="list-style-type: none"> ✓ Training on record management ✓ Establishment of the procurement record management system ✓ Implementation of the PMIS ✓ Provision of adequate facilities and office space
Major Weakness	Poor contracts Management
Effect	<ul style="list-style-type: none"> ✓ Poor quality of works, goods and services ✓ Cost and time overruns ✓ Payments delays ✓ Payments for undelivered goods, works and services ✓ Not realizing value for money ✓ Contract disputes
Possible Root Cause	<ul style="list-style-type: none"> ✓ Inadequate resources (human, financial, vehicles, tools e.t.c) ✓ Lack of/ inadequate project supervision skills ✓ Lack of guidelines for community based projects ✓ Lack of/ inadequate contract management skills ✓ Lack of recognition on the importance of project supervision ✓ Corruption
Recommended Improvement Intervention	<ul style="list-style-type: none"> ✓ Increase resources ✓ Prepare guidelines for community based projects ✓ Training on project supervision and contract management ✓ Prepare project supervision manual in line with standard contract documents ✓ Implement the anti-corruption strategy ✓ Enhance awareness on the importance of projects supervision
Major Weakness	Interference of functions between AO, TBs, PMUs and User Departments

Effect	<ul style="list-style-type: none"> ✓ Lack of accountability ✓ Inefficiency ✓ Inappropriate procurement decisions ✓ Conflict of interest
Possible Root Cause	<ul style="list-style-type: none"> ✓ Lack of knowledge on the PPA provisions ✓ Deliberate violation of the provisions in the PPA
Recommended Improvement Intervention	<ul style="list-style-type: none"> ✓ Enhance training ✓ Enhance compliance
Major Weakness	Not seeking compulsory approvals
Effect	<ul style="list-style-type: none"> ✓ Lack of control ✓ Inefficiency ✓ Not realizing value for money
Possible Root Cause	<ul style="list-style-type: none"> ✓ Lack of knowledge on the PPA provisions ✓ Deliberate violation of the provisions in the PPA ✓
Recommended Improvement Intervention	<ul style="list-style-type: none"> ✓ Enhance training ✓ Enhance compliance
Major Weakness	Not publishing contract awards
Effect	<ul style="list-style-type: none"> ✓ Lack of transparency ✓ Unfair contract awards ✓ Complaints
Possible Root Cause	<ul style="list-style-type: none"> ✓ Lack of knowledge on the PPA provisions ✓ Deliberate violation of the provisions in the PPA
Recommended Improvement Intervention	<ul style="list-style-type: none"> ✓ Enhance training ✓ Enhance compliance