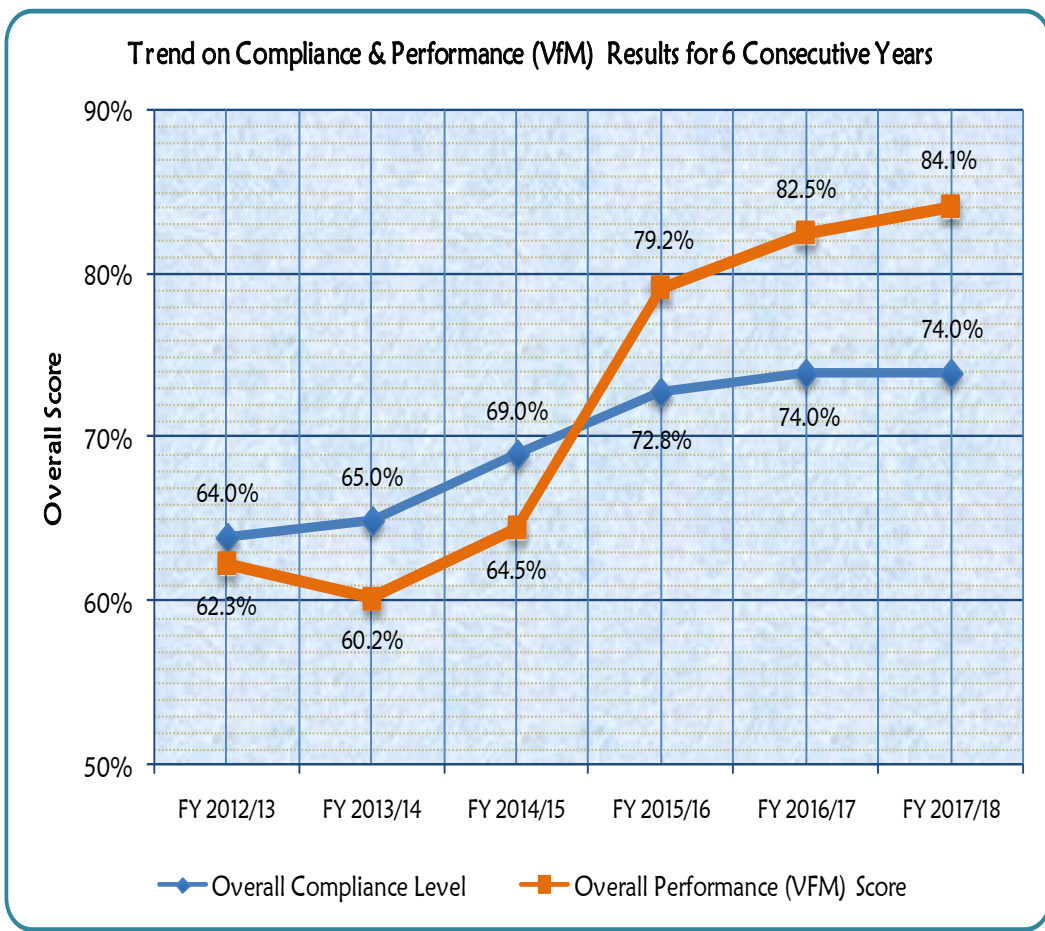




ANNUAL PERFORMANCE EVALUATION REPORT FOR FINANCIAL YEAR 2017/18



September, 2018



TRANSMITTAL LETTER



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Ref. No. AB 30/200/01/"D"/73

28th September, 2018

Hon. Dr. Philip Mpango (MP),
Minister for Finance and Planning,
Treasury Square,
18 Jakaya Kikwete Road,
P.O. Box 2802,
40468 DODOMA

Honourable Minister,

RE: SUBMISSION OF ANNUAL PERFORMANCE EVALUATION REPORT FOR FINANCIAL YEAR 2017/18

In accordance with Section 29 (1) (a) of the Public Procurement Act, CAP 410, I have the honour to submit to you the Annual Performance Evaluation Report of the Public Procurement Regulatory Authority for the financial year ended 30th June, 2018. Accordingly, the Act requires the Minister to lay the report before the National Assembly within three months from the date of receiving it or at the next meeting of the Parliament, whichever comes earlier.

Honourable Minister, I hereby submit.



Amb. Dr. Matern Y. C. Lumbanga
BOARD CHAIRMAN



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ABBREVIATIONS AND ACRONYMS

AfDB	<i>African Development Bank</i>
AG	<i>Attorney General</i>
AGC	<i>Attorney General Chambers</i>
AICC	<i>Arusha International Conference Centre</i>
AO	<i>Accounting Officer</i>
APGW	<i>Annual Procurement Governance Workshop</i>
APER	<i>Annual Performance Evaluation Report</i>
APP	<i>Annual Procurement Plan</i>
BAA	<i>Budgetary Approving Authority</i>
BDS	<i>Bid Data Sheet</i>
BoQ	<i>Bills of Quantities</i>
BOT	<i>Bank of Tanzania</i>
Brela	<i>Business Registration and Licensing Agency</i>
CAP	<i>Chapter</i>
CEO	<i>Chief Executive Officer</i>
Costech	<i>Commission for Science and Technology</i>
CPAs	<i>Contracting Public Authorities</i>
CPD	<i>Continuous Professional Development</i>
CRB	<i>Contractors Registration Board</i>
DC	<i>District Council</i>
DIT	<i>Dar es Salaam Institute of Technology</i>
DLP	<i>Defects Liability Period</i>
EAPPF	<i>East African Public Procurement Forum</i>
e-GA	<i>Electronic Government Agency</i>
EMP	<i>Environmental Management Plan</i>
ERB	<i>Engineers Registration Board</i>
FY	<i>Financial Year</i>
GAMD	<i>Government Assets Management Division</i>
GCC	<i>General Conditions of Contract</i>
GN	<i>Government Notice</i>
GPN	<i>General Procurement Notice</i>
GPSA	<i>Government Procurement Services Agency</i>
HESLB	<i>Higher Education Students Loans Board</i>
HIV/AIDS	<i>Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome</i>
HQ	<i>Headquarters</i>
IAA	<i>Institute of Accountancy Arusha</i>
IAGO	<i>Internal Auditor General's Office</i>
IAUs	<i>Internal Audit Units</i>
IGF	<i>Internally Generated Funds</i>
IRDP	<i>Institute of Rural Development and Planning</i>
IS	<i>Information System</i>
ISPGG III	<i>Institutional Support Project for Good Governance - Phase III</i>
KADCO	<i>Kilimanjaro Airport Development Company Limited</i>
KCMC	<i>Kilimanjaro Christian Medical Centre</i>
KRED	<i>Kitmeer Real Estate Developers</i>
Kuwasu	<i>Kahama Urban Water and Sanitation Authority</i>
LAPF	<i>LAPF Pensions Fund</i>
LGAs	<i>Local Government Authorities</i>



LPO	<i>Local Purchasing Order</i>
MC	<i>Municipal Council</i>
MDAs	<i>Ministries, Departments and Agencies</i>
MNH	<i>Muhimbili National Hospital</i>
MoCU	<i>Moshi Cooperative University</i>
MoEST	<i>Ministry of Education, Science and Technology</i>
MoFP	<i>Ministry of Finance and Planning</i>
MoICAS	<i>Ministry of Information, Culture, Arts and Sports</i>
MoU	<i>Memorandum of Understanding</i>
MoWTC	<i>Ministry of Works, Transport and Communication</i>
MPs	<i>Members of Parliament</i>
MSD	<i>Medical Stores Department</i>
MTSP	<i>Medium Term Strategic Plan</i>
MUCE	<i>Mkwawa University College of Education</i>
MVP	<i>Minor Value Procurement</i>
Mwauwasa	<i>Mwanza Urban Water and Sanitation Authority</i>
Nacte	<i>National Council for Technical Education</i>
NAOT	<i>National Audit Office</i>
NEEC	<i>National Economic Empowerment Council</i>
NCS	<i>National Competitive Selection</i>
NCT	<i>National College of Tourism</i>
NHC	<i>National Housing Cooperation</i>
Nida	<i>National Identification Authority</i>
NIP	<i>National Institute for Productivity</i>
NSSF	<i>National Social Security Fund</i>
OC	<i>Other Charges</i>
Osha	<i>Occupational Safety and Health Authority</i>
PA	<i>Public Authority</i>
PCCB	<i>Prevention and Combating of Corruption Bureau</i>
PEs	<i>Procuring Entities</i>
PFM	<i>Public Financial Management</i>
PFMRP	<i>Public Financial Management Reform Programme</i>
PMG	<i>Paymaster General</i>
PMIS	<i>Procurement Management Information System</i>
PMO	<i>Prime Minister's Office</i>
PMO - PSCP	<i>Prime Minister's Office – Private Sector Competitiveness Project</i>
PMU	<i>Procurement Management Unit</i>
PO-PSGG	<i>President's Office-Public Service and Good Governance</i>
PO-RALG	<i>President's Office-Regional Administration and Local Governments</i>
PPA	<i>Public Procurement Act</i>
PPAA	<i>Public Procurement Appeals Authority</i>
PPP	<i>Public - Private Partnership</i>
PPR	<i>Public Procurement Regulations</i>
PPRA	<i>Public Procurement Regulatory Authority</i>
PSPTB	<i>Procurement and Supplies Professionals and Technicians Board</i>
PVCA	<i>Procurement Value Chain Analysis</i>
Rahco	<i>Reli Assets Holding Company</i>
RAS	<i>Regional Administrative Secretary</i>
RCIP	<i>Regional Communication and Infrastructure Programme</i>
REA	<i>Rural Energy Agency</i>



RFP	<i>Request for Proposal</i>
RFQ	<i>Request for Quotation</i>
SCC	<i>Special Conditions of Contract</i>
SGSE	<i>Special Group Supporting Entities</i>
SMEs	<i>Small and Medium Enterprises</i>
SPN	<i>Specific Procurement Notice</i>
Suma - JKT	<i>Shirika la Uzalishaji Mali la Jeshi la Kujenga Taifa</i>
Sumatra	<i>Surface and Marine Transport Regulatory Authority</i>
TAA	<i>Tanzania Airports Authority</i>
TANePS	<i>Tanzania National e-Procurement System</i>
TanESCO	<i>Tanzania Electric Supply Company Limited</i>
Tanroads	<i>Tanzania National Roads Agency</i>
Tantrade	<i>Tanzania Trade Development Authority</i>
Tarura	<i>Tanzania Rural and Urban Roads Agency</i>
TAS	<i>Technical Audit Section</i>
TB	<i>Tender Board</i>
TC	<i>Town Council</i>
Temesa	<i>Tanzania Electrical, Mechanical and Electronics Services Agency</i>
TIE	<i>Tanzania Institute of Education</i>
TIRA	<i>Tanzania Insurance Regulatory Authority</i>
TOR	<i>Terms of References</i>
ToT	<i>Training of Trainers</i>
TPA	<i>Tanzania Ports Authority</i>
TPC	<i>Tanzania Posts Corporation</i>
TPDC	<i>Tanzania Petroleum Development Corporation</i>
TPJ	<i>Tanzania Procurement Journal</i>
TR	<i>Treasury Registrar</i>
TRL	<i>Tanzania Railways Company Limited</i>
TTB	<i>Tanzania Tourist Board</i>
TTCL	<i>Tanzania Telecommunications Company Limited</i>
TWCC	<i>Tanzania Women Chamber of Commerce</i>
UD	<i>User Department</i>
ULGP	<i>Urban Local Government Strengthening Programme</i>
URT	<i>United Republic of Tanzania</i>
VAT	<i>Value Added Tax</i>
Veta	<i>Vocational Education and Training Authority</i>
VfM	<i>Value for Money</i>
VTS	<i>Vehicles Tracking System</i>



ACKNOWLEDGEMENT

This is the twelfth Annual Performance Evaluation Report (APER) issued by the Public Procurement Regulatory Authority (PPRA) since it became operational in May 2005. It has been prepared in accordance with the Public Procurement Act, CAP 410 and provides performance of both PPRA as an institution and the public procurement sector in general.

PPRA is grateful to various stakeholders who contributed immensely towards helping it exercise the mandate provided under the law. They include the Ministry of Finance and Planning under the leadership of the Minister for Finance and Planning, Dr. Philip Mpango (MP), Deputy Minister, Dr. Ashatu Kijaji (MP) and the Permanent Secretary, Treasury who is also the Paymaster General, Mr. Dotto James, for providing support and guidance that led to the achievements explained in this report.

Along the same line, PPRA also recognizes development partners for their financial support under which a significant number of core activities were implemented through the Public Financial Management Reform Programme (PFMRP) as well as the Institutional Support Project for Good Governance - Phase III (ISPGG III) by AfDB aimed at increasing transparency in public procurement processes. The support by development partners complemented the Government subvention in ensuring attainment of PPRA objectives.

The achievements of PPRA during the reporting period would not have been possible without the support and cooperation of the entire procurement fraternity, which includes procuring entities, business community, civil society organisations, auditors, media and the general public. They all contributed in one way or another as the Authority strived to ensure that the public procurement law, regulations and procedures are complied with. Equally important were various institutions with which PPRA has memoranda of understanding.

Special thanks are extended to PPRA staff, Management and the Board of Directors who worked tirelessly to ensure attainment of organizational objectives for the financial year 2017/18.



STATEMENT FROM BOARD CHAIRMAN

The Public Procurement Regulatory Authority is a regulatory body established under the Public Procurement Act, CAP. 410 and charged with the responsibility of regulating and overseeing implementation of the Act in order to deliver best value for money and other socio-economic outcomes to the public.

During the year under review, PPRA continued to implement its second five-year Medium Term Strategic Plan (2015/16 – 2019/20) guided by both its Mission and Vision.

As PPRA implemented its activities for the year, not only did it realise some notable achievements, but also faced challenges that hindered smooth implementation of its plans and activities. Generally, stakeholders' needs for Authority's services increased dramatically compared to available resources, notably financial and human resources, and the rising operational costs.

I am grateful to the Government for showing a political will that enhances the quality of services being offered by PPRA. As a result, most of our reports and recommendations are being considered and actions are taken appropriately.

Amb. Dr. Matern Y. C. Lumbanga
BOARD CHAIRMAN



EXECUTIVE SUMMARY

INTRODUCTION

The twelfth APER depicts various regulatory and oversight undertakings by PPRA in FY 2017/18, aimed at improving public procurement systems in Tanzania in order to achieve best value for money in public procurement. PPRA carries out the following functions as provided in PPA, CAP. 410: -

- i) Offering advisory services on public procurement issues;
- ii) Monitoring and enforcing compliance with PPA;
- iii) Issuing standard bidding documents and guidelines;
- iv) Building capacity to stakeholders engaged in public procurement issues;
- v) Storing and disseminating information on procurement opportunities and tender awards; and
- vi) Determining, developing, introducing, maintaining and updating related systems to support public procurement by means of information and communication technology including the use of public electronic procurement.

OVERALL PERFORMANCE

During FY 2017/18, PPRA recorded some remarkable achievements as explained under the following subsections:

Performance in Public Procurement

Capacity building

- a) The Authority organized the 6th APGW between March and April 2018, with a theme “*Leveraging Technology in Public Procurement to Enhance Industrialization*”. The workshop had two sessions; the first session which was attended by 155 participants from 68 PEs, involved TB members, PMU staff, representatives of UDs and IAUs. The second session which was attended by 39 participants from 18 PEs involved board members of public authorities, council members and AOs. In total, 194 participants attended AGPW.
- b) Twenty applications for registration in preference scheme were received whereby only 13 firms were accepted for registration;
- c) The Authority, in collaboration with NEEC and TWCC, has started creating awareness to special groups to ensure the groups enjoy the benefits of preference scheme offered by the procurement legal framework. Two workshops on increasing awareness for women entrepreneurs were organized and attended by 70 participants;



- d) Sixteen procurement implementation tools were developed including guidelines and standard bidding documents. The developed guidelines include Participation of Special Groups in Procurement; Participation of Public Bodies in Public Procurement; Procurement of Capital Equipment, Materials, Products and Related Services for Development of Industries; Determination of Major and Minor Deviations; and Procurement of Conference Services from Public bodies. In addition, 10 standard tendering documents were reviewed. The tools are available on PPRA website (www.ppra.go.tz);
- e) Thirty tailor made training sessions on Cap. 410 for 23 PEs were conducted and attended by 513 participants compared to 338 participants from 17 PEs trained in the preceding year;
- f) Ten dissemination workshops aimed at equipping AOs, UDs, IAs and PMU with requisite knowledge of PPA and revised implementation tools were conducted and attracted 469 participants from PEs. In addition, the Authority conducted training in to regional and LGAs staff and PFM Champions on amended PPA 2011. The same was attended by 12 participants;
- g) The Authority, in collaboration with the World Bank, organized and conducted the following training sessions and seminars:-
 - i) Workshop on Tanzania's Procurement Data Infrastructure which was attended by 21 participants;
 - ii) Workshop on Tanzania PVCA which was attended by 30 participants; and
 - iii) Business outreach seminar which was attended by 27 participants.

Advisory services

- (a) PMG was advised on 11 contracts out of 62 that were procured on emergency basis compared to 35 contracts in the preceding year. Fifty contracts, most of them were received towards end of FY, were at different stages of review;
- (b) Three firms were debarred and blacklisted from participating in public procurement compared to one firm in the preceding year; and
- (c) Disciplinary actions were recommended to competent authorities as a result of findings in five out of 28 appeal decisions received from PPAA.

Procurement Management Information System

PMIS facilitates online submission of procurement information to PPRA. During the year under review, PMIS was improved to accommodate new features and legal requirements on reporting. Roll out of the improved system was achieved by training 383 officers from 199 PEs compared to 423 officers from 237 PEs in the preceding FY. In addition, 449 PEs were



registered to use the system indicating an increase in the number of PEs registered to the system compared to 435 PEs registered during FY 2016/17. Furthermore, PPRA conducted tailor - made training to 54 officers from three PEs.

National e-Procurement system

TANePS supports the entire public procurement circle - from planning to contract management. The system was officially launched in June. Features of TANePS include user registrations, e-Tendering, e-Purchasing, e-Auction, e-Payment and e-Contract management. TANePS has notable key benefits including standardising procurement processes; effective management of procurement lifecycle through automated procurement processes; easy access of procurement information; wide supplier participation in tendering processes; simplifying procurement audit exercise; enable enforcement of procurement law; mitigating corruption practices; reduction of time and cost in procurement process; as well as improving suppliers competitions, transparency, non-discrimination and equal treatment for all players.

Initially, the Authority started piloting TANePS in 100 selected procuring entities. The piloting of the system is done on procurement of Common Use Items and Services (CUIS) as well as medicines and medical items supplies. During the year under review, seven hundred and thirty (730) suppliers of different procurement categories were registered in the system and ready to use the system.

During the year under review, the following training sessions were conducted:

- i) Twenty two staff from PPRA, GPSA, MSD and eGA attended a workshop on ToT;
- ii) Two hundred and fifty seven staff from 81 PEs were trained for piloting the system; and
- iii) One thousand fifty six suppliers were trained on how to register into the system and use it.

Awarded Contracts by PEs

- a) Information on awarded procurement contracts received from 145 PEs represents 27 percent of 540 registered PEs. Compliance in submitting information on procurement contract awards decreased compared to the previous FY whereby 186 PEs or 34.80 percent of 533 PEs complied with this legal requirement. One hundred and forty five PEs submitted to PPRA information on volumes of awarded contracts worth TZS 3,217.39 billion. The figure included TZS 2,759.50 billion or 84.4 percent of awarded contracts by 15 PEs with the highest volumes of expenditure (from TZS 20 billion and above);
- b) Out of 15 PEs with the highest annual procurement expenditure, four, namely; Tanroads, TRC, Tarura and Tanesco accounted for 81.5 percent of the total expenditure by the big spenders; and



- c) According to the submitted information 33,403 contracts with a total value of TZS 123.28 billion were through Minor-Value Procurement; 21,962 contracts with a total value of TZS 165.912 billion were through Mini-competition (Framework contracts) and 20,939 contracts with a total value of TZS 2,981.51 billion, were through other procurement methods.

Compliance audits

- a) PPA CAP 410 mandates PPRA to conduct procurement audits during tender processing, contract implementation and after contract execution. Basing on the criteria for selection of PEs to be audited, PPRA planned to carry out procurement audit to 81 PEs including 13 PEs whose volume of procurement were above 20 billion. However, due to budget constraints, the plan was revised and number of PEs audited was reduced to 60 PEs. The audited PEs comprised of 19 MDAs, 19 LGAs and 22 PAs. The total number of all sampled and audited procurement contracts was 3,763 with a total value of TZS 805.68 billion;
- b) The procurement audits covered 171 works contracts worth TZS 436.85 billion, 339 goods contracts worth TZS 270.99 billion, 97 consultancy services contracts worth TZS 51.36 billion, 227 non-consultancy services contracts worth TZS 27.61 billion, 2,929 minor-value contracts worth TZS 18.87 billion, and one tender for disposal of public asset worth TZS 81.22 million. Out of all audited procurement contracts, 612 contracts worth TZS 403.72 billion or 50 percent in terms of value, were from 11 big spenders;
- c) Out of the 60 audited PEs, 58 PEs were assessed for compliance. The outcome of the assessment indicated an average compliance level of 74 percent which is the same average compliance level achieved for the previous FY. However, the recorded compliance level is below the targeted level of 80 percent that was set for FY 2017/18;
- d) Eleven big spenders out of 60 audited PEs with total volume of TZS 403.72 billion or 50 percent of the total value of audited procurement were assessed to have an overall compliance level of 72 percent. This is below the target level of 80 percent set for FY 2017/18; and
- e) Analysis of the compliance assessment indicated that 21 PEs had satisfactory compliance levels (80 percent or above) while 30 PEs had fair compliance levels (between 60 and 80 percent, 60 inclusive). Seven out of 58 assessed PEs or 12.1 percent, were observed to have poor compliance levels (below 60 percent).

Value for money audits

- a) PPRA conducted VfM audits on 199 procurement contracts worth TZS 470.03 billion out of the 3,763 audited procurement contracts. Among them, 51 were construction projects worth TZS 326.33 billion, 67 were goods contracts worth TZS 99.12 billion, 55 were consultancy contracts worth TZS 32.27 billion and 26 were water supply projects worth TZS 12.31 billion. Out of 199 audited projects, 172 projects or 86.4



percent worth TZS 380.11 billion were assessed to have satisfactory performance (75 percent or above). Twenty four projects or 12.1 percent of all 199 audited projects worth TZS 89.61 billion, were assessed to have fair performance (between 50 and 75 percent, 50 inclusive) while three out of 199 audited projects or 1.5 percent worth TZS 311.67 million had poor performance (below 50 percent);

- b) The overall VfM performance of all PEs for all the audited projects was **84.1 percent** which is satisfactory. The score indicates improvement compared to previous year's performance of 82.5 percent for 81 PEs audited; and
- c) Assessment of VfM audit results in terms of performance of PEs indicated that five PEs or 12 percent, had fair performance while 36 PEs or 88 percent, had satisfactory performance. The assessment results in terms of PEs categories indicated that 19 LGAs, eight PAs and nine MDAs had a satisfactory performance while four PAs and one MDA had a fair performance;

Assessment of corruption

In the course of carrying out compliance and VfM audits, the level of corruption likelihood in various projects/contracts was assessed. PEs which scored 20 percent or above on red flags were deemed to have a likelihood of corruption.

- a) The results revealed that 13 PEs had corruption symptoms in their procurement processes as they scored 20 percent or above in their overall score and/or in phases. The results revealed that four PEs namely; KADCO, MUCE, Kariakoo Market Corporation and MoEST had high corruption likelihood as they scored 37 percent, 34 percent, 38 percent and 22.6 percent, respectively. The assessment further revealed that nine PEs indicated a high likelihood of corruption in some stages of their procurement processes. The referred PEs are BOT, TAA, KCMC, TRL, TPC, Musoma MC, Bukoba MC, Temesa and NSSF.
- b) Ninety eight projects and/or contracts from 30 PEs were observed to have a high likelihood of corruption in all phases or in pre bid phase, evaluation and award phase or in contract management phase. The referred PEs were BOT, TAA, Korogwe TC, KADCO, MUCE, TRL, Kariakoo Market Corporation, Musoma MC, and Bukoba MC. Other PEs were MoICAS, Ruangwa DC, Babati TC, Singida MC, TanTrade, Temesa, TPA, Tanzania Film Board, Tanesco, and Tanzania Tourists Board. Others were HESLB, Tanzania Institute of Education, MSD, TPC, Songea MC, Bariadi TC, VETA, KCMC, Njombe TC, NSSF and MoEST. Out of 98 projects/contracts, 31 had an overall high likelihood of corruption, 39 contracts had a high likelihood of corruption in the pre-bid phase, 34 contracts had a high likelihood of corruption in evaluation and award phases, and 67 contracts had a high likelihood of corruption in contract management phase.



Recovery of overpayments made in FY 2014/15 - 2016/17

PPRA issued directives to the effect that PEs should ensure recovery of monies that were overpaid to contractors in FY 2014/15 - 2016/17. The overpayments had been discovered by PPRA during procurement audits in respective years. PEs that were found with overpayments were directed to recover the monies from respective service providers/contractors and submit to PPRA evidence of recovery.

At the end of the year under review, only TZS 370.03 million was recovered out of TZS 2,309.48 million that had been overpaid for the three financial years of 2014/15, 2015/16 and 2016/17. Thus, the total amount of unrecovered overpayments was TZS 1,939.45 million for the three consecutive financial years.

Investigations and special audits

- a) PPRA conducted six investigations from six PEs involving 34 tenders. The procuring entities were Sumatra (one tender), NIP (one tender), REA (four tenders), DIT (eight tenders), Tanroads Arusha (15 tenders) and MoEST (five tenders). The value of the contracts involved in the investigations was TZS 1.004 trillion. Furthermore, PPRA conducted special audits on six PEs involving selected tenders/projects to assess value for money on implemented projects. In the six audited PEs, 29 tenders were audited. These related to NSSF (10 tenders), Ministry of Agriculture (10 tenders), NHC (3 tenders), PMO - PSCP (3 tenders), MUCE (2 tenders) and HESLB (1 tender). The total value of all 29 audited tenders was TZS 371.97 billion. Thus, the total value of the contracts involved in the investigations and special audits was TZS 1,375.85 billion.
- b) Investigations and special audits revealed that the Government would suffer a loss to the tune of TZS 23.7 billion due to application of inappropriate procurement and contract management procedures by PEs. In addition, the Government could save TZS 13.84 billion had PEs implemented PPRA directives. The saving is from double taxation of VAT that was included in payments to contractors, wrong computation of contract values, and savings from suppliers who were paid without delivering goods.

Special audit on maintenance and repair of vehicles by Temesa

Assessment of efficiency in maintenance of Government vehicles by Temesa and/or the prequalified private garages was conducted for the purpose of determining how best the services were rendered. The assessment covered capacity of Temesa/prequalified private garages in carrying out maintenance repairs in terms of manpower, financial capability, quality, time, cost and technological issues.

- a) The assessment revealed that Temesa had inadequate manpower to carry out maintenance of vehicles. Modern vehicles use computer diagnosis while Temesa had not trained sufficient number of its staff to handle such vehicles. Moreover, there was insufficient technical staff to support the provision of services. A survey made at MT Depot revealed that the ratio of Engineers: Technicians: Artisans was 2:10:15



indicating that more artisans were needed. Likely, the assessment made in terms of equipment revealed that there was a gap in terms of technological component in carrying out maintenance of motor vehicle, thus Temesa needs state of the art equipment in engine diagnostics, overhaul and assembly;

- b) The assessment revealed continuous complaints regarding the quality of services offered by Temesa. The services are not trustworthy due to the fact that materials used are of low quality resulting into immediate breakdown after carrying out maintenance or repairs. In case such cases are reported, PEs are charged again to pay for the fault that is not theirs;
- c) There has been various complaints from PEs regarding the quality of services rendered by prequalified service providers due to continuous breakdowns after carrying out the services, high costs for carrying out services, and the use of sub standard oils and spare parts; and

The audit revealed serious delays by PEs to pay Temesa or prequalified service providers thus affecting performance of the maintenance system. It was also observed that Temesa delayed to pay the service providers after acquiring spares and lubricants. This was mainly caused by PEs' late payment for services.

Assessment fuel acquisition by PEs

Procurement audits conducted during the year assessed the procedures used by PEs in fuel acquisition and consumption whereby a number of common weaknesses were observed to most of audited PEs. The common weaknesses included Inconsistence in filling logbooks where some mileages covered were not captured in the logbooks as an evidence to justify the consumption of fuel; PEs not preparing periodic progress reports on fuel consumption; ledger books for fuel consumption not properly filled in to accommodate all relevant information on quantities of fuel issued per vehicle; and Unjustifiable high rate of consumption for some vehicles as compared to the normal consumption rate set out.

Assessment of efficiency in procurement process

The assessment of efficiency in procurement process of various tenders floated by PEs was done on 23 PEs and covered 143 tenders. The assessment aimed at determining the time deployed by PEs to process tenders from initiation of requirement by user departments to the signing of procurement contracts.

- a) The assessment revealed that an average time taken for the whole procurement cycle from submission of requirements by user department to contract signing was 150 days for an open and competitive tender compared to an average time taken from best practice which is 116 days.
- b) The assessment further revealed that the stages which had excessive delays included Time taken for preparation of bidding documents and RFPs before the same were approved by TB; Time from approval of the adverts to the date of advertising tender



opportunities; Time from receipt of evaluation report, review and preparation of evaluation summary by PMU to submission of the same to TB; Time from approval of evaluation report by TB to issuance of letter of intention to award the contract to bidders; Time from issuance of the letter of intention to award to the time of issuance of letter of acceptance; and Time from the issuance of the letter of acceptance (award) to the successful bidders to the date of signing the contract.

Monitoring and procurement audit of PPP projects

During the year under review, PPRA in consultation with PPP Centre, prepared the guideline for monitoring of PPP Projects. The guideline was prepared in line with the mandates given under Regulation 96 of PPP Regulations, 2015 with the objective of providing a road map and guidance to PPRA in monitoring and auditing of PPP projects and/or contracts. The guideline covers two main areas namely the monitoring of PPP projects by PPRA and procurement auditing of PPP projects.

Outreach Capacity and Visibility

The procurement audit report for FY 2016/17 containing the list of PE with projects with high corruption red flags was submitted to PCCB for further investigation;

- a) Four investigation reports on REA, MoEST, Tanroads - Arusha and PMO - PSCP were submitted to PCCB for further investigation as they were observed to have signs of corruption. The submitted reports included the following projects/tenders: Procurement for Supply and Installation of Medium and Low Voltage Lines, Distribution Transformers and Connection of Customers in Un-Electrified Rural areas in Mainland Tanzania on Turnkey Basis; Procurement of Printing Machine; Procurement of Equipments for Students with Disability; Procurement of Chemicals and Laboratory Equipments for Teachers Training Colleges; Procurement of Furniture for Lecture Theatres; Procurement for construction of Monduli - Engaruka Road and Matala - Njiapanda Road and Construction of Bridge at Njiapanda - karatu - Kilimapunda Road in Arusha; Procurement for Supply and Installation of Structured Cabling System; procurement for Supply and Installation of Core Data Center Equipment at the Ministry of Lands, and Housing and Human Settlements Development;
- b) PPRA participated in one interactive live TV programme and Sabasaba exhibition;
- c) The Authority prepared simplified popular version of APER in Kiswahili for FY 2016/17, which was translated into English. Four thousand copies of the popular version and 2,000 cartoon books were disseminated through various public events including workshops, exhibitions and seminars; and
- d) The Authority participated in the 10th EAPPF held in November 2017 in Kampala. The theme for the event was "*Leveraging Technology for Improved Procurement Outcomes*". Eleven Tanzanian delegates consisting of five PPRA officers , three



officers from Zanzibar Procurement Authority, two GPSA officers and one officer from World Bank Tanzania Office attended the forum.

Capacity to Deliver Quality Services

The Authority continued to strengthen its capacity to deliver quality services by implementing strategies that are stipulated in MTSP by ensuring adequate human, financial and other resources;

- a) Twelve employees attended seminars and workshops organized by professional bodies; 77 attended short courses, and two staff attended long-term training.
- b) During the period under review, PPRA relocated its Head Office to Dodoma at PSPF Dodoma Plaza, Jakaya Kikwete Road. The move followed the Government's directive to shift its business to Dodoma.

Services on HIV/AIDS Infections and Non-Communicable Diseases

During Financial 2017/18, the HIV and AIDS Policy was approved in line with the National Aids Policy. The approved policy provides guiding principles for developing, implementing and monitoring strategies and interventions and deal with HIV/ AIDs.

Implementation of National Anti-corruption Strategy

During the period under review, an action plan for the National Anti - Corruption Strategy (2017 - 2022) was prepared and submitted to the relevant authority. The plan addresses three broad areas namely;

- a) Enhancing efficiency, transparency, accountability;
- b) Enforcing e-Procurement system to all PEs; and
- c) Ensuring implementation of code of ethics in all procurement activities.

CHALLENGES

During the year under review, the following were the major challenges:

Sector related challenges

Short-term challenges

- a) Many PEs did not use the systems developed by PPRA thus hindering effective monitoring of procurement activities;
- b) Many PEs did not comply with the requirement of law on submission of information to PPRA thereby hindering efficient delivery of PPRA services;
- c) Many PEs did not submit periodic reports thus hindering effective monitoring of procurement activities; and
- d) Poor record keeping hence ineffective monitoring by PPRA.



Medium term challenges

- a) Weaknesses in contract management by PEs leading to time and cost overruns;
- b) Some stakeholders who are involved in procurement processes do not comply with the requirements of PPA and PPR;
- c) Inadequate staffing in institutions that deal with public procurement from supervisory to implementation thus contributing to underperformance;
- d) Lack of approved standards for items and services used by the Government; and
- e) Non registration of special groups to benefit the preference scheme due to lack of awareness.

Long term challenge

Lack of integrity, corrupt and fraudulent practices among public officers and bidders, thus hindering attainment of VFM in procurement.

Internal Challenges to PPRA

- a) Shortage of human resources, inadequate funding and insufficient cash inflows thus difficulties in implementing MTSP;
- b) Inadequate office facilities including office building hence high operating costs in form of rental charges;
- c) Inability to meet maturing financial obligations in a timely manner leading to low staff morale, due to delayed receipt of funds; and

WAY FORWARD

To overcome sector related challenges, PPRA will:-

- a) Continue to monitor and enforce compliance with PPA and institute appropriate measures against the culprits;
- b) Continue to build capacity to procurement stakeholders on applying PPA;
- c) Capacity building to procurement stakeholders on the use of tools and systems developed by PPRA;
- d) Liaise with institutions that are responsible for preparation and issuance of standards for goods and services used by government institutions to provide the standards;
- e) Liaise with special groups supporting entities in order to build capacity and register the special groups; and
- f) As to internal challenges, PPRA will continue to market its activities through resource mobilization policy and strategy in order to attract more financing and enhance collection of IGF to supplement the government subvention.



1.0. THE REPORT

This Annual Performance Evaluation Report (APER) is the twelfth since PPRA became operational in May, 2005. It presents evaluation of performance of PPRA in improving public procurement system and achieving country's socio economic objectives.

The report provides the Authority's achievements for the activities which are implemented in the second Medium Term Strategic Plan (2015/16 - 2019/20). Specifically, the strategic plan ensures compliance with PPA, building procurement capacity in the country, developing and disseminating various procurement tools and rolling out the system of sharing procurement information. It also covers implementation of various systems, tools and strategies developed by PPRA such as the Anti-corruption Strategy in Public Procurement, Checking and Monitoring of Procurement, Procurement Management Information System (PMIS) and Tanzania National e-Procurement System (TANePS).

The report further provides an overview of the performance of PEs in complying with PPA and its Regulations, and whether VfM objectives were achieved in executing procurement contracts.



2.0. REGULATORY AND INSTITUTIONAL FRAMEWORK OF PUBLIC PROCUREMENT

Public Procurement in Tanzania is governed by Public Procurement Act, which decentralizes the procurement system and provides mandate for each PE to carry out procurement functions and to be accountable for all procurement decisions made.

The Act further provides for the establishment of policy, regulatory and operational bodies with objectives and mandates, principles, methods and processes as well as sanctions against prohibitive actions in public procurement. It also sets out public procurement controls/audit mechanisms and a complaints resolution system.

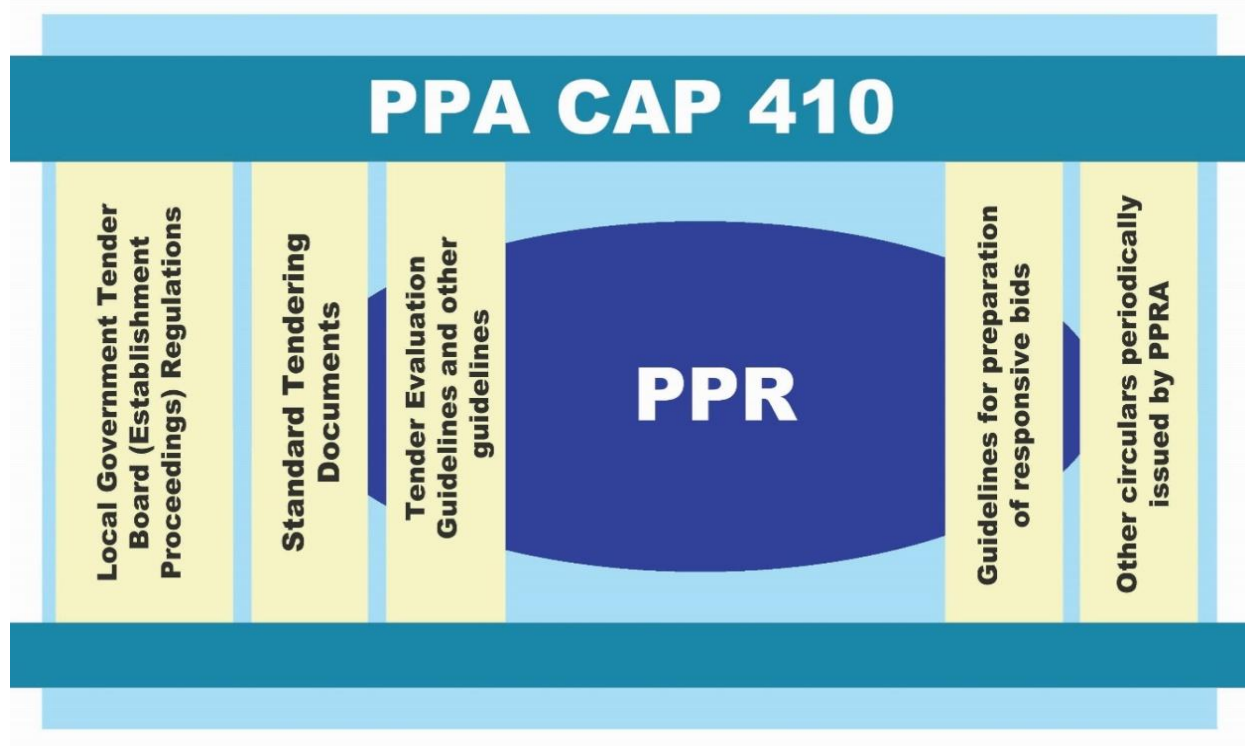


Figure 2 - 1: Public Procurement Regulatory Framework



In terms of institutional set up, the Act clearly separates the functions of Accounting Officers, Tender Board, Procurement Management Unit, User Department as well as Evaluation Committee and makes them accountable for their individual procurement decisions and actions.

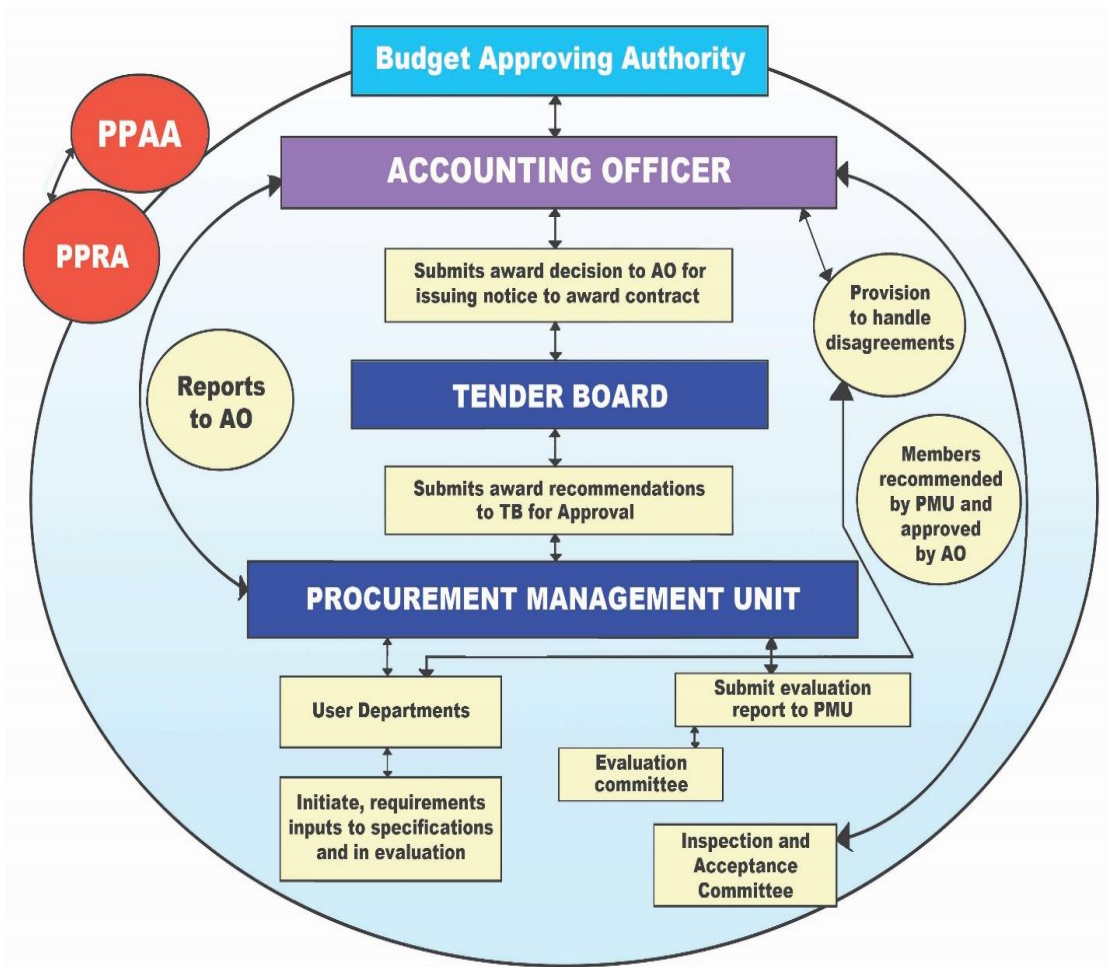


Figure 2 - 2: Institutional Setup in PEs



3.0. BACKGROUND

3.1. *Establishment and Objectives*

PPRA has powers to carry out its functions in order to meet the following objectives provided in PPA:-

- i) To ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement standards and practices;
- ii) To set standards for the public procurement systems in the United Republic of Tanzania;
- iii) To monitor compliance of procuring entities; and
- iv) To build, in collaboration with Public Procurement Policy Division and other relevant professional bodies, procurement capacity in the United Republic of Tanzania.

Mission

“To regulate the public procurement system and promote best practices in order to attain best value for money and other desired socio-economic outcomes”

Vision

“A public procurement system with integrity, offering best value for money”

3.2. *Functions and Powers*

The core functions of PPRA are provided in PPA and can be summarized into six categories as follows:

- i) To offer advisory services on public procurement issues to public bodies and any other person;
- ii) To monitor and enforce compliance with PPA;
- iii) To issue standard bidding documents and guidelines for the better carrying out of procurement activities;



- iv) To Build capacity to stakeholders engaged in public procurement issues in the country;
- v) To store and disseminate information on procurement opportunities and tender awards; and
- vi) To determine, develop, introduce, maintain and update related system to support public procurement by means of information and communication technology including the use of public electronic procurement.

PPRA is given powers to conduct investigation on its own initiatives or as a result of representation made to it by any person; to terminate procurement process for breaching the Act; require submission of information; and summon any person who can furnish information relating to an investigation or on any representation made to it.

PPA empowers PPRA to perform its advisory, monitoring and enforcement roles through:

- i) Carrying out procurement audits to PEs;*
- ii) Carrying out investigations for alleged mis-procurement;*
- iii) Recommending for disciplinary measures to competent authorities against any person implicated in violating PPA and PPR;*
- iv) Debarring and blacklisting tenderers from participating in public procurement proceedings where there are justifiable reasons; and*
- v) Providing advisory services to PEs on both general and specific matters under the procurement law including applications for retrospective approval to PMG.*



For PPRA to perform its functions effectively, PPA requires PEs to: -

- i) Prepare and submit their APPs to PPRA for monitoring and regulatory purposes;*
- ii) Prepare and submit GPNs, SPNs and contract award information to PPRA to be published in TPJ and on PPRA website;*
- iii) Submit to PPRA contract completion reports containing all information about implementation of contracts within 21 days from the date when such contracts were completed; and*
- iv) Prepare and include in its quarterly internal audit report, a report on whether the PE complied with PPA and submit the same to PPRA for monitoring purposes.*

3.3 Organization Setup

3.3.1 Board of Directors

The board of directors of PPRA is a governing body consisting of a chairman, who is appointed by the President, and six non-executive members appointed by the minister responsible for finance. During the period under review, the Board had five members including the chairman as follows:-

i)	Amb. Dr. Matern Y. Lumbanga	Chairman
ii)	Mr. George D. Yambesi	Member
iii)	Prof. Sylvia S. Temu.....	Member
iv)	Eng. Boniface C. Muhegi.....	Member
v)	Prof. Sufian H. Bukurura.....	Member
vi)	Dr. Laurent M. Shirima/Eng. Ayubu. O. Kasuwi.....	Secretary



However, in October, 2017 the tenure of two board members namely Prof. Sylvia S. Temu and Eng. Boniface C. Muhegi came to an end. Likewise, the contract of Dr. Laurent M. Shirima ended on 1st May, 2018 and Eng. Ayubu. O. Kasuwi acted in his position since then. PPRA Board of Directors consisted of the following members:-

BOARD OF DIRECTORS



Ambassador Dr. M. Lumbanga
Chairman



Mr. George D. Yambesi
Member



Prof. Sufian H. Bukurura
Member



Eng. Ayubu O. Kasuwi
Acting CEO



3.3.2 Management

The management is responsible for day-to-day operations of PPRA and comprises the CEO, five heads of divisions and two heads of units. The divisions include: Capacity Building and Advisory Services, Monitoring and Compliance, Legal and Public Affairs, Information Systems, and Corporate Services, whereas the units include: Internal Audit and Procurement Management. PPRA management consisted of the following members:-



Eng. Ayubu O. Kasuwi
Acting CEO & Director,
Monitoring and Compliance



Mrs. Bertha H. Soka
Director, Legal and Public
Affairs



Eng. Awadhi J. Suluo
Director, Capacity Building
and Advisory Services



Mr. Peter M. Shilla
Director, Information Systems



Mrs. Hannah C. Mwakalinga
Director, Corporate Services



Mr. Christopher E. Mwakibinga
Chief Internal Auditor



Mr. Robert M. Kitalala
Head, PMU



During the year under review, PPRA operated according to the structure indicated in Figure 3 - 1:-

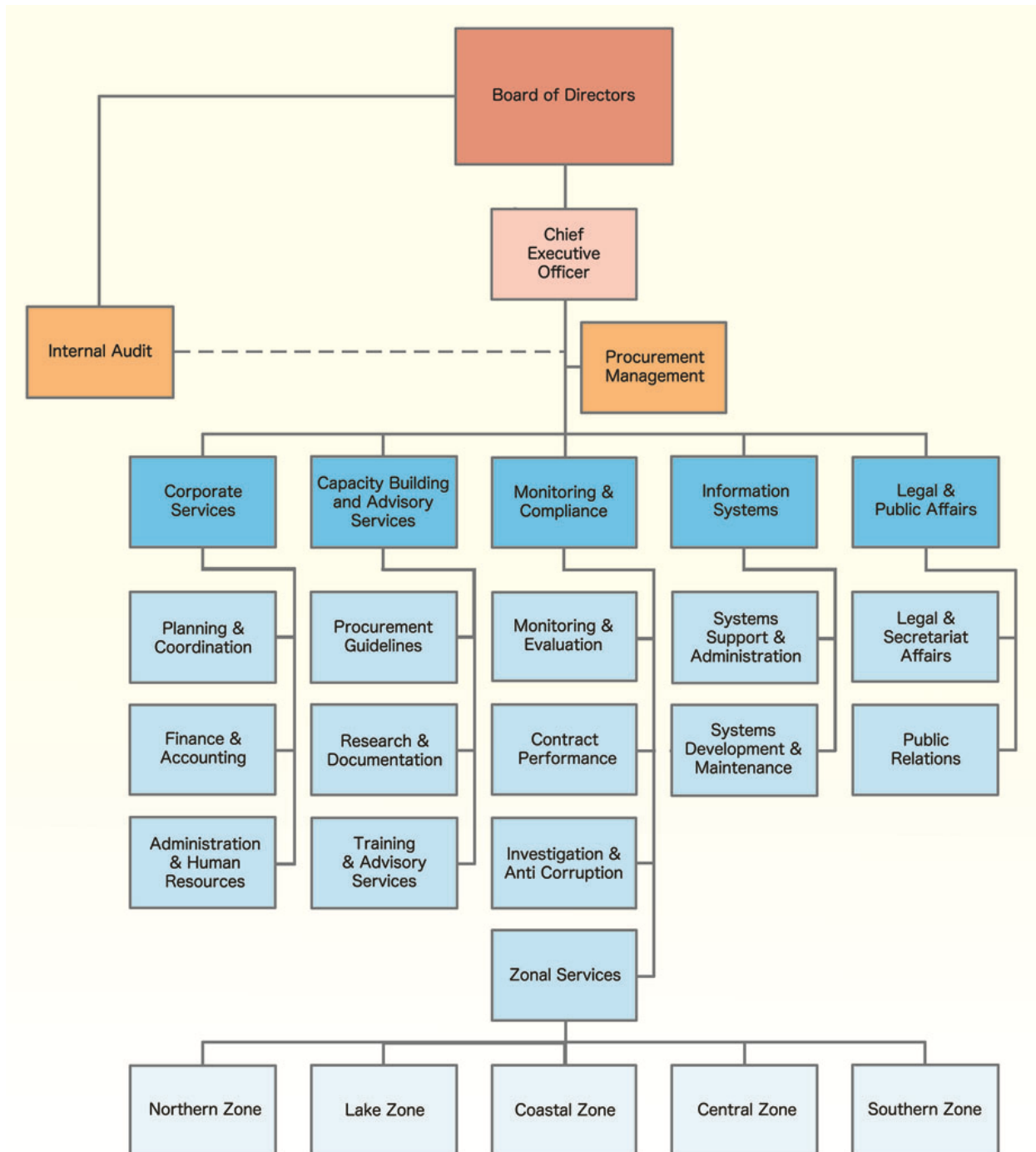


Figure 3 - 1: Organization Structure



4.0. REVIEW OF OPERATIONS

4.1 Introduction

PPRA performed various activities under its second MTSP under the following strategic objectives:-

- A. HIV/AIDS Infections Reduced and Services Improved;
- B. Implementation of the National Anti-Corruption Strategy Enhanced and Sustained;
- C. Performance in Public Procurement Improved;
- D. Outreach Capacity and Visibility Enhanced; and
- E. Capacity to Deliver Quality Services Strengthened.

4.2 General Performance

During the year under review, PPRA recorded major achievements under different objectives in its MTSP.

4.2.1 HIV/AIDS Infections and Services

During FY 2017/18 the HIV/AIDS and NCD policy was approved. This policy was prepared in line with the government circular No. 2 of 2014 to tackle issues related to HIV/AIDS and NCD. The policy also incorporate the Tanzanian 3rd National Multisectoral strategic framework for HIV/AIDS (NMSF) and guideline issued by PO-PSM of management of HIV/ AIDS and NCD in public service (2014).

4.2.2 Implementation of National Anti-corruption Strategy

During the period under review, an action plan for the National Anti - Corruption Strategy (2017 - 2022) was prepared and submitted to the relevant authority. The plan addresses three broad areas namely;

- a) Enhancing efficiency, transparency, accountability;
- b) Enforcing e-Procurement system to all PEs; and
- c) Ensuring implementation of code of ethics in all procurement activities.

4.2.3 Performance in Public Procurement

A. Monitoring and Conducting Procurement audits for Public Private Partnership Projects

The Authority is mandated under Section 9 of the PPA, 2011 as amended by section 21 of PPP (Amendment) Act, 2014 to regulate procurement of Public Private Partnership (PPP) projects in accordance with Regulations made under the PPP Act. The role of monitoring of procurement of PPP projects is well articulated under Regulation 89, 90, 91 and 92 of PPP Regulations, 2015.



In addition, Regulation 91 of PPP Regulations, 2015 mandates the Authority to carry out procurement, contract and performance audits. In these audits, the Authority aims at establishing whether Contracting Public Authorities (CPAs) comply with requirements of PPP Act and Regulations. Regulation 92 of PPP Regulations, 2015 also mandates the Authority to conduct investigations where there are allegations of breach of requirements of PPP Act and Regulations with regard to procurement of PPP projects.

In the year under review, PPRA in consultation with PPP Centre prepared guideline for monitoring of PPP Projects. The guideline was prepared in line with the mandates given under Regulation. 96 of PPP Regulations of 2015 with the objective of providing road map and guidance to the Authority in monitoring and auditing of PPP projects /contracts.

The prepared guideline covers two main areas namely: the monitoring of PPP projects by PPRA and procurement auditing of PPP projects. The guideline contains information on how PPRA will carry out its monitoring functions on PPP projects. It gives necessary information required from the contracting public authorities and the Authority's role on examining and analyzing the information submitted. The guideline covers the PPP project life cycle from project identification, carrying out feasibility study, procurement process, project development and management as well as project exit.

B. Enforcement of Compliance through System for Checking and Monitoring

PPRA developed a system for checking and monitoring that is used to monitor the public procurement procedures. The system is used by procuring entities (PEs) to monitor the compliance of their procurement activities with PPA. Procuring entities are required to prepare Annual Procurement Plan to guide them in procurement undertakings within the respective financial year and submit to the Authority for monitoring purposes. PEs are also required to submit monthly, quarterly and annual progress reports for ongoing procurement showing clearly tenders in process and those which have been awarded.

i) Annual Procurement Plans

During the year under review, a total of 419 PEs being 77.6 percent of the total 540 PEs, submitted their APPs to PPRA. Out of these, 163 being 38.9 percent were submitted manually and the remaining 256 being 61.1 percent were submitted through PMIS. APP submission through PMIS has increased by 14.1 percent compared to the preceding financial year, which stood at 47 percent. Analysis made to the past three consecutive financial years revealed that, there has been a continuous increase in number of PEs using PMIS for the submission of APP. The improvement has been the result of increase in sensitization through PMIS training, procurement audits and procurement training. Details on APP submission using different modes are as shown in Figure 4-1.

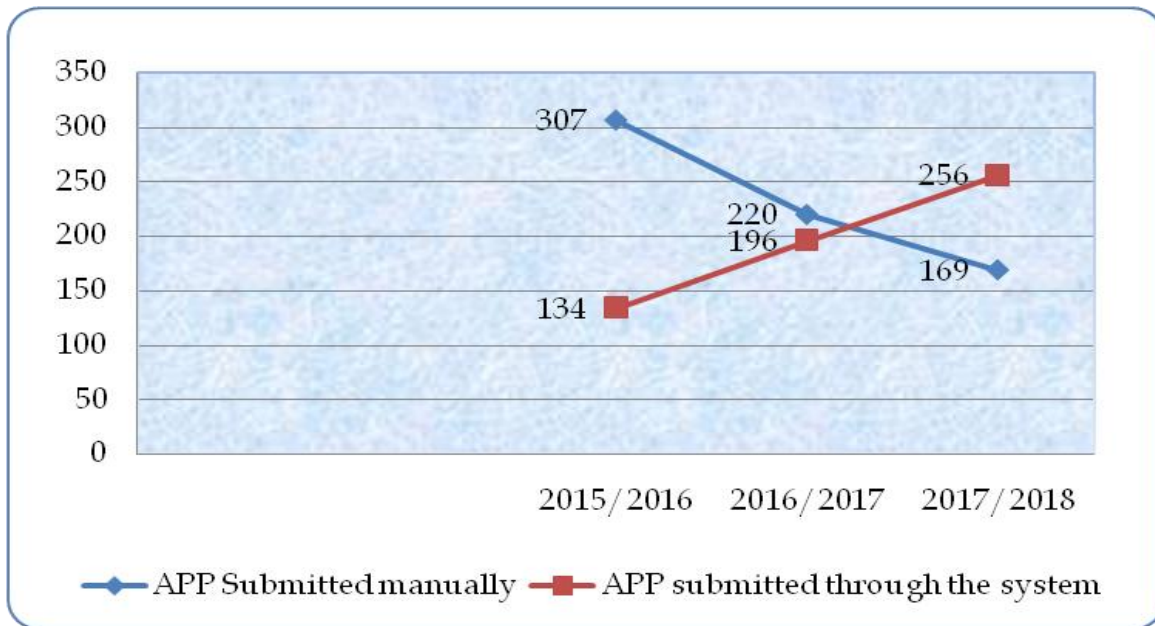


Figure 4 - 1: Details on APP Submission using Different Modes

ii) Publication of Procurement Information

All PEs are required to submit to the Authority GPNs and SPNs for publication in the TPJ and PPRA website. During FY 2017/18, a total of 276 out of 540 PEs or 51.1 percent submitted their GPNs compared to 44 percent of PEs which submitted GPNs in the preceding year. In addition, PPRA received and published 1,129 tender notices compared to 1,239 in the preceding year. This implies that there has been a diminishing rate in publication by 8.9 percent as compared to the preceding year.

iii) Monthly and quarterly procurement reports

Analysis made to the five consecutive years indicated that, there has been continuous improvement on submission of both monthly and quarterly procurement reports. During the reporting period, 321 PEs submitted the monthly and quarterly reports compared to 135 PEs in the preceding year. The higher level of compliance emanated from the increase in sensitization through procurement audits and training undertaken by the Authority. Details on submission of monthly and quarterly procurement reports for the last five consecutive years are as shown in Figure 4-2.

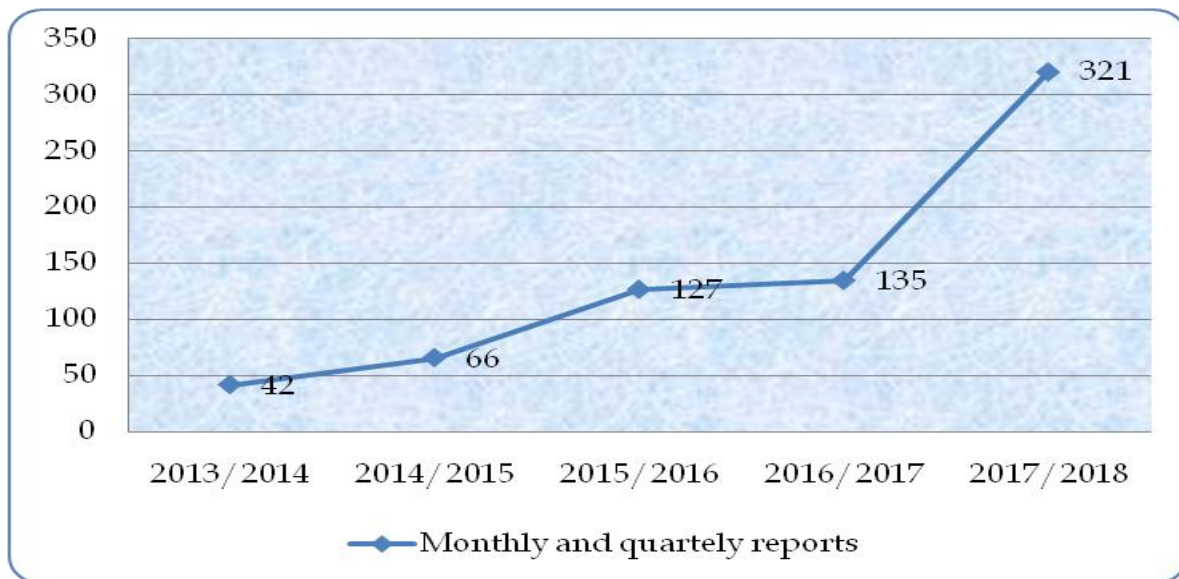


Figure 4 - 2: Trend on the submission of monthly and quarterly procurement reports

iv) **Quarterly internal audit reports**

By virtue of Section 48 (2 & 3) of PPA, 2011 and Regulation 86 of GN No. 446 of 2013 as amended in 2016 procuring entities (PEs) are required to submit to PPRA quarterly internal audit reports for monitoring of procurement activities and contract implementation by the Authority. The reports also assist the Authority to determine whether the Public Procurement Act and Regulations made under it has been complied with by PEs. In the year under review, 62 reports were submitted from 32 PEs equivalent to 6 percent of the total PEs which includes 10 LGAs. However, the Authority noted that only eleven (11) PEs submitted reports for three quarters while no PE submitted the internal audit reports for all four quarters of the year.

Due to low compliance level by Accounting Officers in submitting to the Authority quarterly internal audits reports, the concerted efforts had been used by the Authority including sending reminders to PEs using PMIS, SMS alerts and through procurement audits. In order to improve compliance and the quality of internal audit reports prepared by internal auditors, the Authority had prepared tool used by internal auditors in conducting procurement audits. It is also expected that since the Authority cannot conduct procurement audits to all PEs within the financial year due to human and financial constraints, the audits to be carried out by internal auditors in all PEs will provide information to the Authority for monitoring purposes. The tool prepared will be disseminated to internal auditors during FY 2018/19.

List of PEs and number of reports submitted is as indicated in **Table 4-1**.



Table 4 - 1: List of PEs Submitted Quarterly Reports for FY 2017/18

S/N	NAME OF PROCURING ENTITY	NUMBER OF REPORTS
1	Bukoba Municipal Council	1
2	Institute of Rural Development Planning – Dodoma	3
3	Contractor Registration Board (CRB)	3
4	Geita Town Council	3
5	Handeni District Council	2
6	Institute of Social Work	2
7	Songea Municipal Council	3
8	Iringa Municipal Council	3
9	Kilindi District Council	1
10	Muheza District Council	3
11	Kahama Urban Water Supply and Sanitation Authority (KUWASA)	3
12	LAPF Pensions Fund	1
13	National Identification Authority (NIDA)	1
14	Moshi Municipal Council	1
15	Roads Fund Board	3
16	Tanzania Meteorological Agency	1
17	Dar es Salaam University College of Education (DUCE)	3
18	Ministry of Natural Resource and Tourism	2
19	Musoma District Council	1
20	Regional Administrative Secretary – Kagera	1
21	Rural Energy Agency (REA)	1
22	Regional Administrative Secretary – Katavi	1
23	Mwanza Urban Water Supply and Sanitation Authority (Mwauwasa)	1
24	Muhimbili National Hospital (MNH)	2
25	Government Procurement Services Agency (GPSA)	3
26	Tanzania Petroleum Development Corporation (TPDC)	2
27	Higher Education Student's Loan Board (HESLB)	2
28	National Examination Council of Tanzania (NECTA)	1
29	Tanzania Insurance Regulatory Authority (TIRA)	3
30	e-Government Agency	1
31	Mwanga District Council	1
32	Institute of Accountancy Ausha (IAA)	1

According to the submitted internal audit reports, 27 reports representing 44 percent from 13 PEs (41 percent), highlighted areas that raised concern on non-compliance of procurement law including but not limited to inefficiency in performing functions of PMU, inefficiency of tender board in processing tenders and lack of approval of tender proceedings. In addition, 32 reports representing 52 percent of submitted reports from 17 PEs (53 percent), highlighted weaknesses in procurement record keeping relating to tender process. Moreover, 36 representing reports 58 percent from 20 PEs (62.5 percent) had concerns on supervision and management of signed contracts including violation of payment procedures by not attaching evidences to certify payments, quality issues, inspection of goods and works as well as not preparing contract implementation reports.



The reports submitted to the Authority revealed that most observed issues by internal auditors had appropriate responses although few observations remain unclosed for a long time.

Challenges encountered by the Authority with regard to submission of internal audit reports:-

- i) Laxity of PEs in submitting mandatory required quarterly audit reports;
- ii) Trend of heads of internal audit units not covering intensively procurement and contract implementation issues in their audit reports. Out of 62 received reports, only 50% of the reports had covered the whole procurement cycle including the institutional set up of the PE and responsibilities of each organ in carrying out procurement and contract implementation issues;
- iii) Inadequate knowledge on Public Procurement Act and contract management to staff under internal audit units hinders compliance by most PEs in auditing and preparing internal audit quarterly reports;
- iv) Non adherence by Accounting Officers on submission to PPRA quarterly internal audit reports; and

Recommendations:-

- i) The Authority to institute more enforcement to PEs with non-compliance in submission of quarterly internal audit reports;
- ii) Accounting Officers should budget for training for internal auditors on the Public Procurement Act and its Regulations as amended in 2016 in order to equip them with knowledge for better performance of their responsibilities; and
- iii) The Authority to sensitize the Accounting Officers on their responsibility stipulated under the law regarding submission of internal auditor's quarterly reports to the Authority.

C. Memorandum of Understanding between PPRA and other institutions

In carrying out its functions, The Authority collaborates with other institutions on certain defined areas through Memorandum of Understanding (MoU). During the period under review, the Authority entered into MoU with the National Economic Empowering Council (NEEC) on collaboration in increasing participation of local, small and medium enterprises (SMEs) in public procurement.

Summary of status of implementation of MoUs with other institution is indicated in Table 4-2.

Table 4 - 2: Summary of MoUs with Other Institutions

S/N	Institution	Implementation status
1	PSPTB	In order to enhance professionalism, PPRA has included in its audit methodology a requirement for checking professional status of practitioners in PEs
2	PCCB	<ul style="list-style-type: none"> The procurement audit report for FY 2016/2017 containing the list of PE with projects with high corruption redflags was submitted to PCCB for further investigation Five investigation reports were submitted to PCCB for further investigation as they were observed to have signs of corruption. The reports submitted were for: Rural Energy Agency, Ministry of Education, Science and Technology, Tanroads Arusha and PMO- Private Sector Competitiveness Project
3	NEEC	PPRA collaborated with NEEC in building capacity of procurement stakeholders on PPA, 2011 including women entrepreneurs

D. Capacity Building

The Authority has been mandated by the law (PPA) to build capacity for its stakeholders within the country. In its endeavour to carry out this responsibility, The Authority conducted training and seminars during the year under review. These training sessions aimed at creating and enhancing awareness to stakeholders regarding all matters related to Procurement Act, its Regulations and guidelines for carrying out procurement activities in the country as explained hereunder:-

i) Tailor Made Trainings

During the year under review, The Authority conducted 30 tailor made training sessions on Cap. 410 to 23 PEs which were attended by 513 participants as compared to 338 participants from 17 PEs trained in the preceding year.



Participants in a group photo after training session held in Morogoro

ii) **Dissemination of PPA, PPR and Procurement Implementation Tools**

During the year under review, The Authority conducted seven dissemination workshops on Public Procurement Act, regulations and procurement implementation tools. Three hundred seventy one (371) participants attended the workshops as compared to 805 participants in the preceding year.

iii) **Annual Procurement Governance Workshop**

The Authority organized the 6th Annual Procurement Governance Workshop between 27th March and 4th April, 2018 at the Institute of Rural Development Planning (IRDP) in Dodoma. The theme was *“Leveraging Technology in Public Procurement to Enhance Industrialization”*. The workshop had two sessions, whereby the first session was for TB members, PMU staff, representatives of UDs and IAUs attended by 155 participants from 68 PEs. The second session was for board members of public bodies, council members and AOs attended by 39 participants from 18 PEs making the total of 194 participants. The workshop came up with resolutions as appears in PPRA Website (www.ppra.go.tz).



iv) **Other Capacity Building Efforts**

During the FY 2017/18, the Authority organized and conducted the following training sessions and seminars:-

- a) One workshop on procurement audit skills for internal auditors was conducted in Dodoma from 24th to 27th October, 2017 which was attended by 42 participants;



- b) Two workshops on contract management in public procurement were conducted in Mwanza and Mtwara from 14th to 17th November, 2017 and 6th to 9th February, 2018 respectively. The two workshops were attended by 56 participants from various PEs;
- c) One day workshop on Tanzania's Procurement Data Infrastructure in collaboration with World Bank Tanzania Office which was held on 17th August 2017 in Dar es Salaam and attended by 21 participants;
- d) One day workshop on Tanzania Procurement Value Chain Analysis (PVCA) in collaboration with World Bank Tanzania Office which was held on 10th August 2017 in Dar es Salaam and attended by 30 participants;
- e) Training of Regional and LGAs staff from 10 regions namely Simiyu, Geita, Dodoma, Rukwa, Mtwara, Kigoma, Ruvuma, Katavi, Njombe and Mara was conducted from 18th to 20th June 2018 on amended PPA 2011 which was attended by twelve (12) participants,
- f) Training of PFM Champions from 10 regions namely Simiyu, Geita, Dodoma, Rukwa, Mtwara, Kigoma, Ruvuma, Katavi, Njombe and Mara was conducted from 21 to 23 June, 2018 in Dodoma on amended PPA 2011 which was attended by 37 participants;
- g) One day business outreach seminar in collaboration with World Bank Tanzania Office which was held on 1st August 2017 in Dar es Salaam and attended by 27 participants; and
- h) The Authority in collaboration with the National Economic Empowerment Council (NEEC) and Tanzania Women Chamber of Commerce (TWCC) has started creating awareness to the special groups to ensure the groups enjoy the benefits of preference scheme offered by the procurement legal framework. Two (2) awareness workshops for women entrepreneurs (contractors, service providers, suppliers and consultants) were conducted in Dodoma and Moshi on 31st January, 2018 and 13th June, 2018 respectively and were attended by 70 participants;



Women entrepreneurs and presenters in a group photo after the training session in Moshi

v) **Procurement Implementation Tools**

During the FY 2017/18, The Authority developed and reviewed 16 procurement implementation tools that include guidelines and standard bidding documents. The guidelines developed included Guidelines for:- Participation of Special Groups in Procurement; Participation of Public Bodies in Public Procurement; Procurement of Capital Equipment, Materials, Products and Related Services for Development of Industries; Determination of Major and Minor Deviations; and Procurement of Conference Services from Public bodies. In addition, 10 standard tendering documents were reviewed. The tools are available on PPRA website (www.ppra.go.tz).

E. Advisory Services

During FY 2017/18, PPRA continued to provide advisory services on both general and specific matters under the procurement law. Three hundred fifty three (353) general issues were provided with advices in line with PPA, 2011 and its Regulations and other applicable laws.

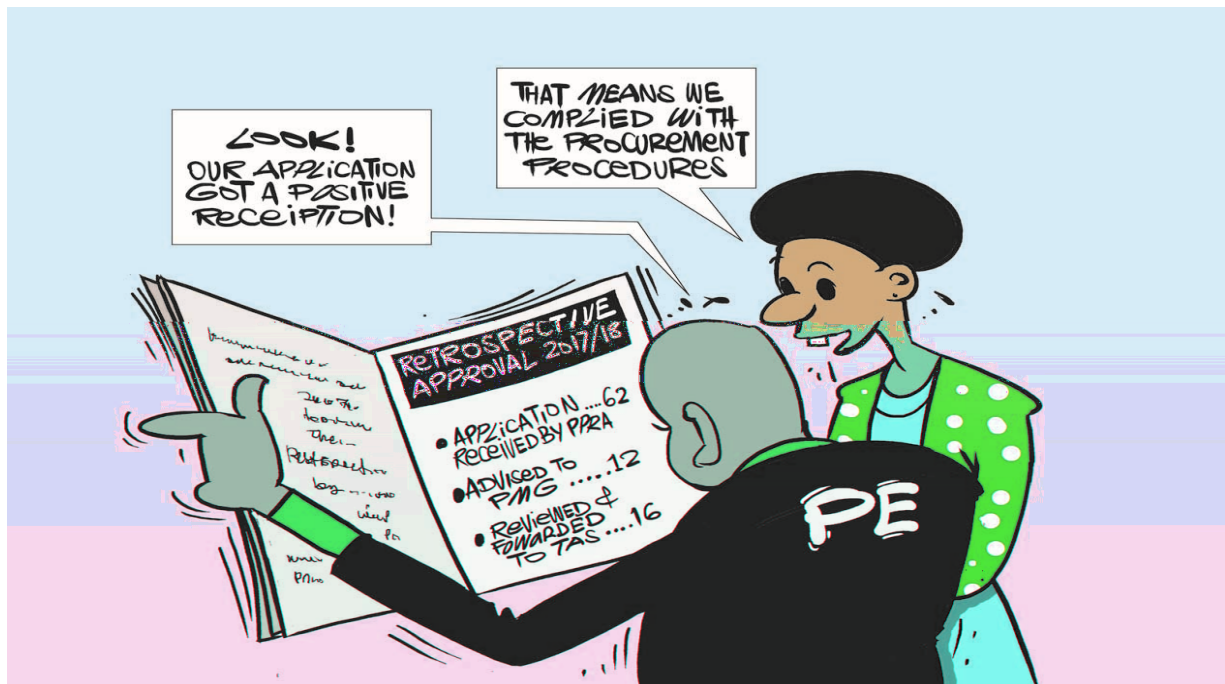
Specific matters under the procurement law which were taken into account included applications to PMG for retrospective approvals, debarment matters and disciplinary measures against defaulters of the procurement law. Details of specific matters dealt with during the review period are provided hereunder:-

i) Applications for Retrospective Approval

PPRA draws its mandate to review and advise PMG on applications for retrospective approval from the procurement law. According to PPA, AO of a PE may carry out emergency procurement if public interest so demands and applies for retrospective approval to PMG.



During the period under review, a total of Sixty two (62) contracts procured on emergency basis were submitted to PMG for retrospective approval and PMG forwarded the same to The Authority for review and advice. PMG was advised on 12 contracts compared to 35 contracts in the preceding year. Fifty (50) contracts which most of them were received towards the end of the financial year were at different stages of review.



ii) Debarment Matters

The Authority is empowered to debar and blacklist a tenderer from participating in public procurement proceedings for a specified time and to notify all PEs on such action if fraudulent or corrupt practices have been proven against the tenderer. Other grounds on which a tenderer can be debarred and blacklisted include his failure to abide by terms and conditions of contract.

In FY 2017/18, twenty four (24) debarment proposals were received from some PEs on various allegations including false representation, forgery, failure to submit performance guarantee as well as breach of contracts by some tenderers. Five (5) firms were debarred and blacklisted for one year each as compared to one firm in the preceding year. However, two firms appealed to PPAA against the debarment decisions and were lifted. The debarred firms were M/s Zedil Investment Company, M/s Lucky Construction Ltd. and M/s Maginga Business Holdings Co. Ltd. The remaining proposals were rejected for lack of justifiable grounds and submission out of time.



iii) Disciplinary Measures on Complaints Review Decision

PPA requires AO or PPAA to submit copy of an administrative review or appeal decision to PPRA, for it to recommend disciplinary action, if any, to competent authorities.

During the period, 124 copies of complaints addressed to AOs were received; however no matters of disciplinary nature were identified. In addition, twenty eight (28) copies of appeals' decisions were received from PPAA of which, five (5) were recommended for disciplinary actions.

Directory of PEs

PPRA maintains a directory of PEs for reference purposes. During the year under review, the number of PEs listed in the directory was 540 compared to 533 in FY 2016/17. The directory was updated based on information received from PO-PSGG, PO-RALG, NAOT, office of TR, PEs and from the government website.

F. Registration for Preference Schemes

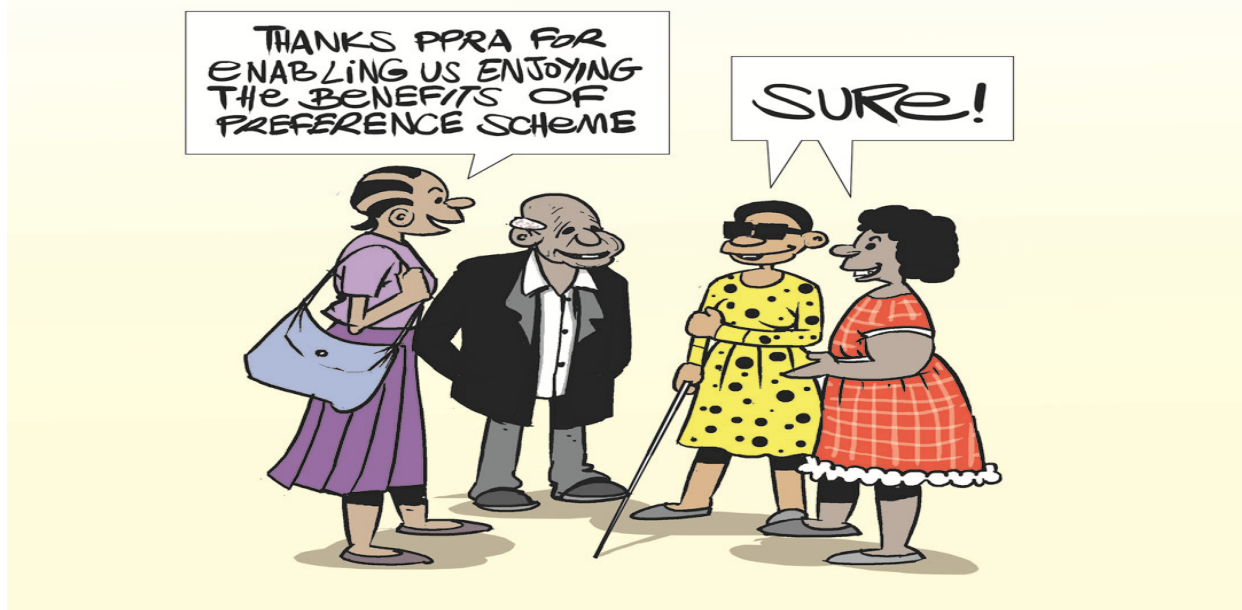
Registration for the purpose of preference schemes was divided into two categories. The first category was national preference given to local firms or association between local and foreign firms when competing with foreign firms; the second category was registration for special groups.

i) National Preference Scheme

The Authority has been registering suppliers and service providers who wish to apply for preference scheme pursuant to Regulation 32 of PPR. During the period under review, the Authority received 20 applications for registration where only 13 firms were accepted for registration.

ii) Preference for Special Groups

The Authority is mandated by PPA and PPR to maintain a register of special groups namely, women, elderly, youth and people with disability. The relevant special group supporting entities are required to register special groups wishing to be granted exclusive preference pursuant to Regulation 30B of PPR, Amendments, 2016. PPRA developed the guidelines for participation of special groups in procurement and is available on the PPRA Website (www.ppra.go.tz). Efforts have been made to ensure that Special Group Supporting Entities (SGSE) start to build capacity and enrol the special groups and submit such registration to the Authority.



G. PMIS roll out and training

PMIS facilitates online submission of procurement information to The Authority. During the period under review, PMIS was improved to accommodate new features and legal requirements on reporting. Roll out of the improved system was achieved by training 383 officers from 199 PEs compared to 423 officers from 237 PEs in the preceding financial year. Furthermore, The Authority conducted tailor made training to 54 officers from (3) PEs. Details of PMIS operationalization depicted in **Table 4 - 3**.

Table 4 - 3: PMIS Operationalization Progress

S/N	Description	2015/16	2016/17	2017/18
1.	Number of PEs which attended training	289	237	199
2.	Number of officers who attended training	451	423	383
3.	Cummulative number of registered PEs	298	435	449
4.	Cummulative number of registered users	289	1,165	1,805

H. Website and Tender Portal

Procurement stakeholders continued to make use of the website (www.ppra.go.tz) and tender portal (<http://tender.ppra.go.tz>) by accessing useful procurement related information including but not limited to, tender opportunities, GPNs as well as awarded contracts.

I. Implementation of e-Procurement System

During the year under review, PPRA continued to work with the contractor, Ms European Dynamics of Greece, towards establishment of a full-fledged Tanzania National e-Procurement System (TANePS). TANePS has notable key benefits including standardising procurement processes; effective management of procurement lifecycle through automated



procurement processes; easy access of procurement information, widen supplier participation in tendering processes; simplify procurement audit exercise; enable enforcement of procurement law; mitigate corruption in practices; reduction of time and cost in procurement process as well as improve suppliers competitions, transparency, non-discrimination and equal treatment for all players. The financiers of the system are PRMRP, AfDB through ISPGG III and World Bank through Regional Communications infrastructure Program (RCIP).

TANePS was soft-launched on 27th February, 2018 and officially launched in Dodoma on June 23, 2018 by the Prime Minister of the United Republic of Tanzania Hon. Kassim Majaliwa. The launching was done during Public Service week together with other RCIP projects financed by the World Bank.

Initially, the Authority started piloting TANePS in 100 selected procuring entities. The piloting of the system is done on procurement of Common Use Items and Services (CUIS) as well as medicines and medical supplies. During the year under review, seven hundred and thirty (730) suppliers of different procurement categories were registered in the system and ready to use the system.

TANePS is accessible at www.taneps.go.tz, the system supports the entire public procurement circle – from planning to contract closure. TANePS is based on the public procurement law. Features of TANePS include User registrations, e-Tendering, e-Purchasing, e-Auction, e-Payment, and e-Contract management;

During the year under review, the following training were conducted:

- i) Twenty two (22) staff from PPRA, GPSA, MSD and eGA attended workshop on Training of Trainers (ToT);
- ii) Two hundred fifty seven (257) staff from 81 PEs were trained for piloting the system; and
- iii) One thousand fifty six (1,056) suppliers were trained on how to register in the system and use the system.



Procuring Entities in TANePS Pilot Programme

1. Arusha City Council
2. Arusha International Conference Centre
3. Arusha Technical College
4. Uwasa - Arusha
5. Institute of Accountancy Arusha
6. Ngorongoro Conservation Area Authority
7. RAS - Arusha
8. Tanapa
9. Ardhi University
10. Bank of Tanzania
11. BRELA
12. Contractors Registration Board
13. Dar es Salaam City Council
14. Dawasco
15. e-Government Agency
16. Ewura
17. Government Procurement Services Agency
18. Higher Education Students' Loans Board
19. Ilala Municipal Council
20. Institute of Finance Management
21. Tanzania Insurance Regulatory Authority
22. Jakaya Kikwete Cardiac Institute
23. Kinondoni Municipal Council
24. Medical Stores Department
25. Ministry of Health, Community Development, Gender, Elderly and Children
26. Ministry of Home Affairs
27. Muhimbili National Hospital
28. Muhimbili Orthopaedic Institute
29. National Audit Office
30. National Electoral Commission
31. National Health Insurance Fund
32. National Housing Corporation
33. National Social Security Fund
34. Ocean Road Cancer Institute
35. PPF Pensions Fund
36. RAS - Dar es Salaam
37. Social Security Regulatory Authority
38. Sumatra
39. Tanzania Airports Authority
40. Tanzania Broadcasting Corporation
41. Tanzania Bureau of Standards
42. Tanzania Civil Aviation Authority
43. Tanzania Communications Regulatory Authority
44. Tanesco
45. Tanzania National Roads Agency
46. Tanzania Ports Authority
47. Tanzania Posts Corporation
48. Tanzania Revenue Authority
49. TTCL
50. Temeke Municipal Council
51. University of Dar es Salaam
52. Vocational Education and Training Authority
53. Benjamin Mkapa Hospital
54. Dodoma City Council
55. Uwasa - Dodoma
56. Institute of Rural Development Planning
57. LAPF Pensions Fund
58. Ministry of Agriculture
59. Ministry of Education, Science and Technology
60. Ministry of Finance and Planning
61. Ministry of Lands, Housing and Human Settlements Development
62. Ministry of Natural Resources and Tourism
63. Ministry of Works, Transport and Communications (Communications)
64. President's Office - Regional Administration and Local Government
65. President's Office, Public Service Management and Good Governance
66. Prime Minister's Office
67. Public Procurement Regulatory Authority
68. RAS - Dodoma
69. Tarura
70. University of Dodoma
71. Vice President Office
72. Mbeya City Council
73. Mbeya District Council
74. Mbeya University of Science and Technology
75. RAS - Mbeya
76. Rungwe District Council
77. Ilemela Municipal Council
78. Misungwi District Council
79. Mwanza City Council
80. Uwasa - Mwanza
81. RAS - Mwanza



Figure 4 - 3: TANePS Procurement Cycle Flow



Tanzania National e-Procurement System

Links: Homepage | About | User Guides | Help | Contact Us

Search Options: Search: Select [dropdown] [input] Search Advanced Search Current Tenders

Login Panel: Login Panel

Log In: Log In, Forgot your password?, Register as a Supplier

Information: General Procurement Notices, Current Tenders, Awarded Contracts, Bidding Advertisements, Opened Bid Details, Public Notice, Interactive Walkthroughs, User Guides, Statistics, Calendar

Welcome

TANePS (Tanzanian National e-Procurement System) is a web-based, collaborative system, developed in accordance with the requirement of public procurement laws, to facilitate public procurement processes in Tanzania. It offers a secure, interactive, dynamic environment for carrying out procurement of all categories, complexity or value.

TANePS supports processes of procuring Goods, Works, Consultancy, Non-Consultancy and Disposal of assets. The system supports various public procurement procedures including user registration, tender notification, tender preparation and submission, online tender evaluation, contract awarding, creation and management of catalogue, creation and management of framework agreements and auctions and payments. The system procedures will be implemented in accordance with guidelines issued on the use of the system

First-visit guide

- Register yourself and your organisation in the system
- Obtain access to the [user manuals](#)
- View the [latest tender](#) publications
- Find a specific tender by [searching](#) the tender registry
- View the details of a tender and navigate through all the available documentation
- Download available documentation

Why register?

- Become a pre-qualified supplier and receive email notifications for new tenders
- Obtain full and unrestricted access to documentation of published tenders
- To receive reminders and notifications for important tender activities
- Participate actively in tenders. Submit your bids and request for clarifications

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Figure 4 - 4: TANePS system Main Page

4.2.4 Outreach capacity and visibility

Dissemination of Public Procurement Information

During the year under review, the Authority continued to implement its communication policy and strategy, the guiding documents for effective communication with its stakeholders. Dissemination of procurement information is done through various means including TPJ and website.

i) Tanzania Procurement Journal

The procuring entities are required by the law to publish in TPJ various public procurement related information, including GPNs, SPNs, as well as contract awards. During the year under review, 52 editions of TPJ were released by the Authority and published on the Website. The weekly journal serves as a one-stop centre for public procurement information for stakeholders.



ii) Educational Programme

In the year under review the Authority provided education to the public on public procurement related issues through an interactive live TV programme (Morning trumpet) at Azam TV, as well as Sabasaba exhibition in 2017.

Moreover, the Authority prepared simplified popular version of APER in Kiswahili for FY 2016/17 which was also translated into English. Four thousand copies of the popular version and two thousand (2000) cartoon books were distributed in various public events including workshops, exhibitions and seminars.

iii) East Africa Public Procurement Forum (10TH EAPPF)

The Authority participated in the 10th EAPPF which was held from 1st to 3rd November, 2017 in Kampala, Uganda. The theme for this event was "*Leveraging technology for improved procurement outcomes*". Eleven Tanzanian delegates consisting of five officers from the Authority, three officers from Zanzibar Procurement Authority, two officers from GPSA and one officer from Tanzania World Bank Office attended the workshop.

4.2.5. Capacity to Deliver Quality Services

A. Strengthening of PPRA

The Authority continued to strengthen its capacity to deliver quality services by implementing strategies that are stipulated in MTSP in a dire situation since it had inadequate staff and office space. In order for the Authority to implement its mandate and delivering quality services, the following have been done:

i) Human Resources

During the period under review, the Authority managed to recruit nine staff through Public Service Recruitment Secretariat, making a total of 80 employees out of approved establishment of 152 employees whereby 53 are male while 27 are female as shown in **Table 4-4**.

Table 4 - 4: Staff complement as at 30th June, 2018

Gender	Staff Compliment	Percentage (%)
Male	53	66.25
Female	27	33.75
Total	80	100

ii) Staff development

The Authority enhanced knowledge and skills of its employees in regulatory, managerial, emerging sectors of economy and professional competencies through short courses, long-term courses, seminars and workshops. In the period under review, twelve (12) employees attended seminars and workshops organized by professional bodies; seventy seven (77)



attended short courses; and two (2) staff attended long-term training. Details of the training are presented in **Table 4-5**.

Table 4 - 5: Training attended by staff in 2017/18

S/N	Course	Number of staff		
		Male	Female	Total
1.	Master's Degree	2	-	2
2.	Professional trainings	8	4	12
3.	Short courses	50	27	77

iii) Relocation of PPRA Head Office

During the period under review, PPRA Headquarter Office was relocated to Dodoma at PSPF Dodoma Plaza, Jakaya Kikwete Road following the Government directives of shifting its offices to Dodoma Capital City. The Authority relocated fifty two (52) staff to PPRA Head Office in Dodoma. Thirteen staff (13) will be relocated to Dodoma in the FY 2018/19 making a number of sixty five (65) staff at the head office. Ten (10) staff remained at Coastal zone office in Kurasini, Dar es Salaam where as five (5) staff are at PPRA Central zone office located at Treasury Square along Jakaya Kikwete Road in Dodoma making a total of eighty (80) staff.

iv) Institutional Support Project for Good Governance

During the year under review, PPRA continued to coordinate and implement Institutional Support Project for Good Governance Phase III (ISPGG III). The project is financed by AfDB and also covers other beneficiary institutions namely NAOT, PCCB, PO - Ethics Secretariat, PMO - Labour, Youth, Employment and Persons with Disabilities as well as the Office of the Internal Auditor General (IAGO) and the External Finance Department which are both under MoFP. Through this project, the Authority disseminated e-Procurement system to pilot PEs and supplies, trained women entrepreneurs, supported in staff on short and long term training and improved internal system.

B. Improving Financial Performance

During FY 2017/18, the major sources of funding included internally generated funds, government subvention, PFMRP basket fund and AfDB. PPRA in the year and review received a sum of TZS 2.08 billion from internal sources and TZS 4.5 billion from the Government for recurrent expenditure and TZS 1.37 billion for development expenditure under PFMRP Basket Funding and TZS 5.46 billion from African Development Bank for ISPGG III.

In the year under review, total receipts amounted to TZS 13.41 billion compared to a total budget of TZS 15.92 billion, representing 84 percent of annual budget. Whereas in FY 2016/17, total receipts were TZS 11.27 billion as compared to a budget of TZS 14.29 billion (79 percent of annual budget). The budgeted and actual receipts for the year under review are shown in **Table 4-6**.


Table 4 - 6: Revenue Budget Performance

S/N	Source of funds	Budgeted Amount (TZS billion)	Revenue (TZS billion)
1	Government subvention–personnel emoluments	2.34	2.84
2	Government subvention – other charges	1.14	0.96
3	Verified debts	0.80	0.70
4	Own sources	3.98	2.08
5	PFMRP-Basket Fund	1.70	1.09
6	PFMRP-Local	0.5	0.28
7	ISPGG III	5.46	5.46
	TOTAL	15.92	13.41

In the year under review, total expenditure reached TZS 13.84 billion as compared to TZS 11.29 billion in the preceding year. The budgeted and actual expenditure for the year under review are as shown in **Table 4-7**. However, PPRA closed the year with liabilities amounting to TZS 1.08 billion due to inadequate funds to support the recurrent expenditure.

Table 4 - 7: Expenditure Budget Performance

S/N	Details	Budgeted Amount in TZS billion	Actual expenditure in TZS billion
1	Personnel emoluments	2.34	2.84
2	Recurrent expenditure (OC+IGF)	5.92	4.17
3	PFMRP-Basket Fund	1.70	1.09
4	PFMRP-Local	0.50	0.28
5	ISPGG III	5.46	5.46
	TOTAL	15.92	13.84

As in the preceding year, the situation depicted in **Table 4-8** implies that PPRA depended on development partners to finance some of its core activities relating to monitoring compliance, capacity building, and information systems.

Table 4 - 8: Analysis of Expenditure

S/N	Category	OC (TZS billion)	Personnel Emoluments (TZS billion)	PFMRP (TZS billion)	AfDB (TZS billion)	Total (TZS billion)
1	Monitoring and Compliance	0.00	N/A	0.52	0.03	0.55
2	Capacity Building	0.08	N/A	0.20	0.05	0.33
3	Information Systems	0.01	N/A	0.48	0.62	1.11
4	Personnel emoluments, training, administrative services and office setup	4.08	2.84	0.17	2.35	9.44
5	ISPGG III Other Beneficiaries	0.00	0.00	0.00	2.41	2.41
	TOTAL	4.17	2.84	1.37	5.46	13.84



5.0 PERFORMANCE OF PES

5.1 Volume of Awarded Procurement Contracts

PPRA received information on awarded procurement contracts from 143 PEs during FY 2017/18. The received information on awarded procurement contracts represented 26.48 percent of 540 registered PEs. Compliance in submitting information on procurement contract awards decreased compared to the last financial year whereby 186 PEs equivalent to 34.80 percent of 533 PEs complied with this legal requirement. In this regard, significant number of PEs did not comply with the requirement despite efforts made by the Authority in ensuring compliance.

5.1.1 Total value of Awarded Procurement Contracts

Analysis of the value of awarded contracts from submitted information which includes 15 PEs with high annual procurement expenditures of above TZS 20 billion represents a fair picture of procurement activities within the country. Volume of awarded contracts submitted by 145 PEs had value of TZS 3217.39 billion including TZS 2,759.50 billion equivalent to 84.4 percent which was the volume of awarded contracts by PEs with high volume of expenditure in procurement.

The trend on volume of awarded contracts against approved budget for the past nine financial years is as shown in **Table 5-1**.

Table 5 - 1: Trend Analysis of Awarded Contracts against Approved Budget

Financial Year	No. of PEs whose contract details were received	Number of contracts whose details were received	Value of Contracts received (TZS Billion)	Total Budget/Disbursed (TZS Billion)	percentage Expenditure Vs Budget (%)
2009/10	264	109,625	3,076	6,599	46.6
2010/11	315	142,396	4,523	10,202	44.3
2011/12	319	100,164	4,325	12,630	34.2
2012/13	265	78,738	4,884	14,937	32.7
2013/14	235	74,208	4,859	18,249	26.6
2014/15	267	75,509	4,349	19,853	21.9
2015/16	322	109,575	3,001	22,496	13.3
2016/17	186	73,154	6,311	20,696	30.5
2017/18	145	76,304	3,271	10,874	30.1

Annex 5-1 shows detailed analysis of value related to awarded contracts in four consecutive years while **Annex 5-2** shows detailed analysis of the number of awarded contracts in the same period.



The trend of volumes of awarded contracts for the past eight financial years is shown in **Figure 5-1**, indicating a decrease in the value of awarded contracts for FY 2017/18 when compared to the previous financial years.

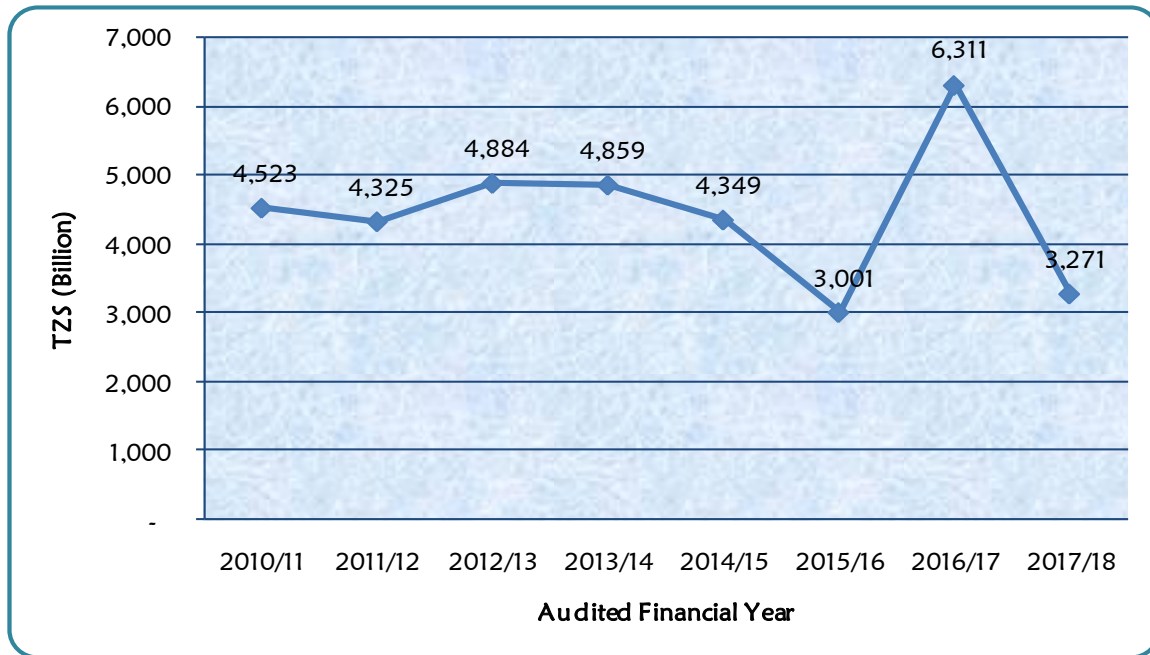


Figure 5 - 1: Trend of Volume of Procurement for the Past Eight Financial Years

5.1.2 Analysis of the Volume of Contracts in Terms of Procurement Methods

Analysis of the volume of contracts in terms of methods of procurement involved 145 PEs which submitted information on number and value as well as specific methods used in procurement contracts. Majority of the awarded contracts used Minor-Value procurement method and mini-competition in Framework contracts. According to the submitted information, 33,403 contracts with a total value of TZS 123.282 billion were through Minor-Value Procurement; 21,962 contracts with a total value of TZS 165.912 billion were through Mini-competition (framework) and 17,870 contracts with a total value of TZS 2,798.88 billion were through other procurement methods. In terms of value, procurement through International Competitive Tendering and National Competitive Tendering spent most value of 48.4 and 28.8 percent respectively when compared to the rest of procurement methods. **Table 5-2** indicates a detailed analysis of volume of contracts on specific procurement methods, number and value of contracts with their respective percentages.



Table 5 - 2: Analysis of Volume of Procurement Contracts in Terms of Procurement Method

Method	Number of contract	Value	Parentage Number	Parentage Value
ICT	90	1,583,629,759,703.64	0.1	48.4
NCT	2,461	943,317,659,816.63	3.2	28.8
RTM	1,738	98,799,334,672.67	2.3	3.0
SS	1,461	216,169,695,464.49	1.9	6.6
CQ	4,017	123,282,082,371.03	5.3	3.8
Mini-competition	21,962	165,912,341,711.07	28.8	5.1
Minor Value	33,403	123,968,779,577.39	43.8	3.8
Micro Value	11,150	10,228,887,080.65	14.6	0.3
Force Account	15	5,102,866,315.73	0.0	0.2
Disposal of Public Asset by Tender	7	975,057,303.99	0.0	0.0
Total	76,304	3,271,386,464,017.29	100.0	100.0

The distribution of volume of awarded contracts in terms procurement method as indicated in **Table 5-2** above is presented in **Figure 5-2** below to show the percentage value of all procurement methods for more details.

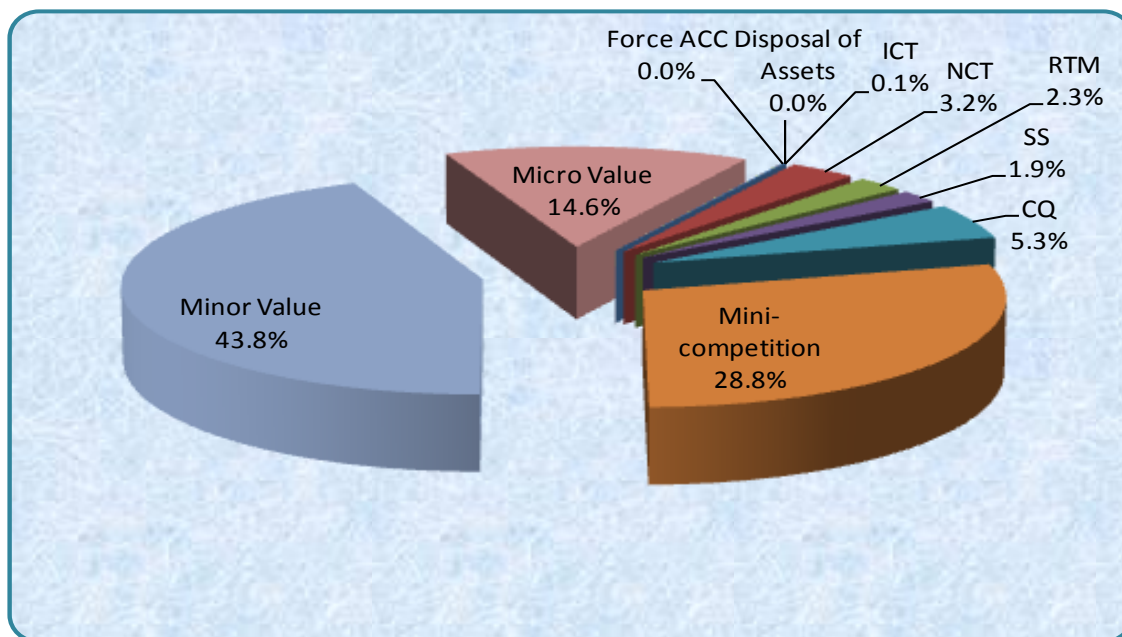


Figure 5 - 2: Distribution of Volume of Awarded Contracts in terms of Procurement Methods

5.1.3 Analysis of Volume of Contracts Awarded in Terms of Procurement Categories

According to submitted information on volume of awarded contracts from 145 PEs with the total value of TZS 3,271.39 billion, huge amount of budget was spent on works contracts while small amount of budget was spent on consultancy services contracts. Contracts for works worth TZS 2,403.83 billion equivalents to 73.5 percent and contracts for goods worth TZS 636.52 billion equivalent to 19.5 percent were observed to lead in using huge amount of



budget of all awarded contracts. **Table 5-3** indicates the volume of contracts awarded in terms of procurement categories.

Table 5 - 3: Analysis of Volume of Contracts Awarded in Terms of Procurement Categories

Category	Number of contracts	Value of contracts	Percentage Number of awarded contracts	Percentage Value of awarded contracts
Goods	53,603	636,521,046,125	70.2	19.5
Works	4,384	2,403,828,292,207	5.7	73.5
CS	413	104,384,765,841	0.5	3.2
NCS	17,897	125,677,302,541	23.5	3.8
Disposal of Assets	7	975,057,304	0.01	0.03
Total	76,304	3,271,386,464,017.29	100.0	100.0

The distribution of awarded contracts in relation to the analysis of volume of contracts awarded indicated in **Table 5-3** above is presented in **Figure 5-3** below to show the percent of values for all procurement categories for more details.

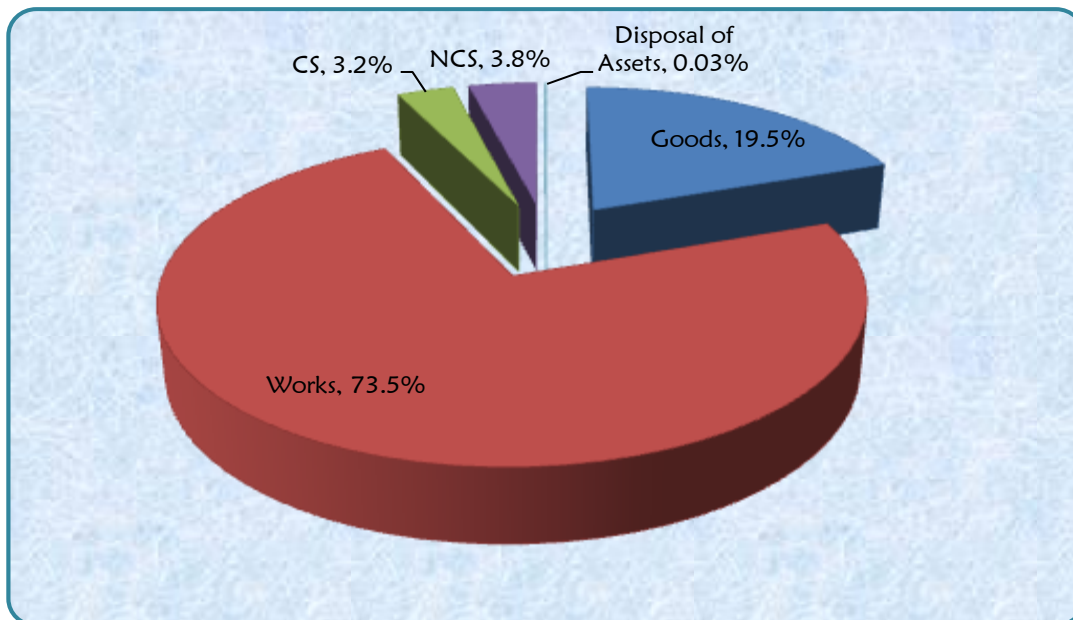


Figure 5 - 3: Percentage of Number Distribution of Awarded Contracts in Procurement Categories

5.1.4 Analysis of Volume of Procurement Expenditure Against Budget

Analysis of the budget and annual volumes of awarded procurement contracts information from 145 PEs indicated that a total budget amounting to TZS 15,378.16 billion was approved, while TZS 10,873.99 billion, equivalent to 70.7 percent of the approved budget was received. Out of the received amount, only TZS 3,271.39 billion, equivalent to 30.1 percent was spent on procurement related activities.



Comparison of the approved budget, received amount and expenditure in procurement is shown in **Figure 5-4** and the trend of the budget expenditure in procurement for the last seven years is shown in **Figure 5-5**.

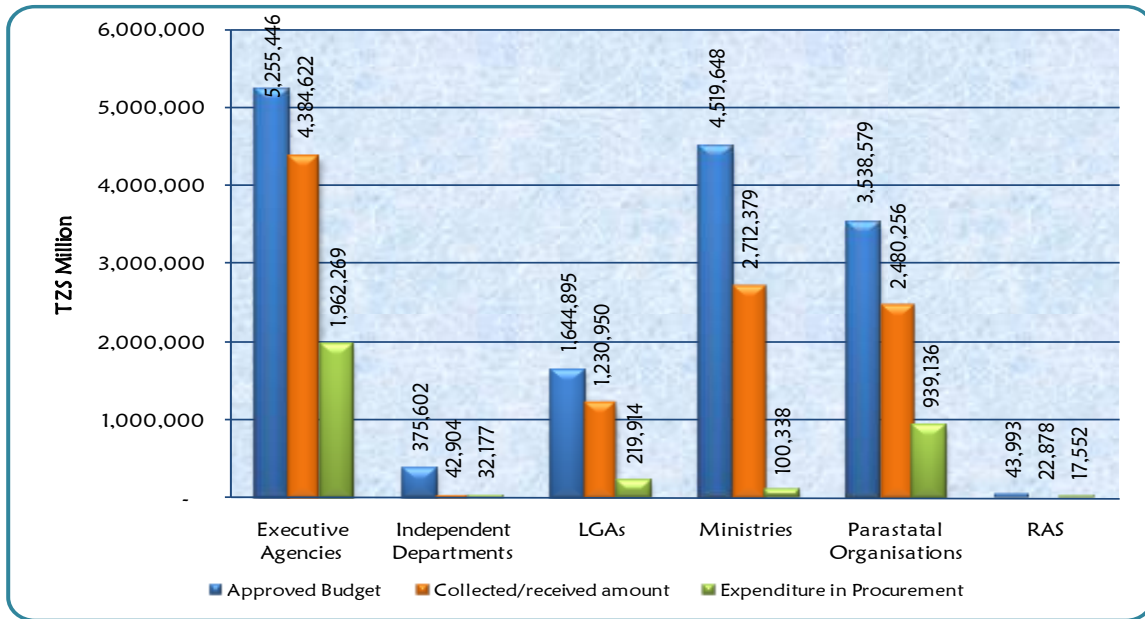


Figure 5 - 4: Comparison of Approved Budget, Received Amount and Expenditure in Procurement

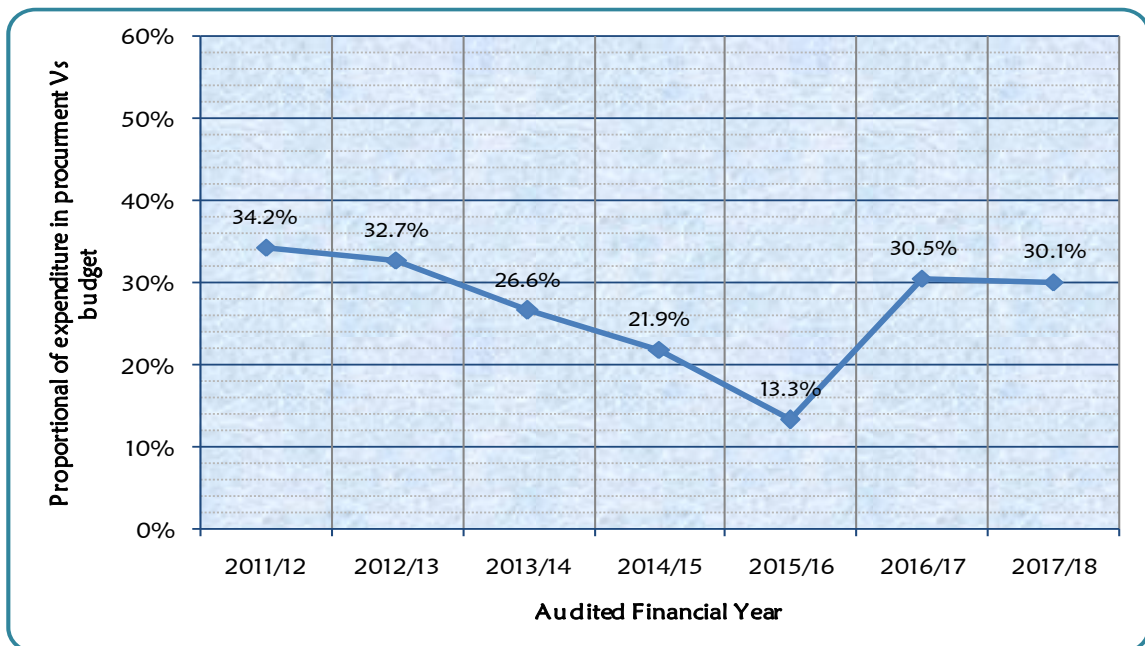


Figure 5 - 5: Trend of Expenditure in Procurement for the Last Seven Years



5.1.5 PEs with Volumes of Awarded Contracts Above TZS 20 Billion

The analysis of the volume of procurement for 15 PEs with annual procurement expenditure above TZS 20 billion had a total value of TZS 2,759.5 billion. Among the PEs with the highest annual procurement expenditure, four (4) PEs namely TANROADS, TRC, TPA TARURA and TANESCO were assessed to be leading as big spenders in procurement expenditure in which out of TZS 2,759.50 billion spent by PEs with the highest annual procurement expenditure of above TZS 20 billion, the leading four big spenders used an amount of TZS 2,249.40 billion which is equivalent to 81.5 percent of value of all 15 PEs with the high annual procurement expenditure. **Figure 5-6** indicates PEs with awarded contracts volumes of above TZS 20 billion.

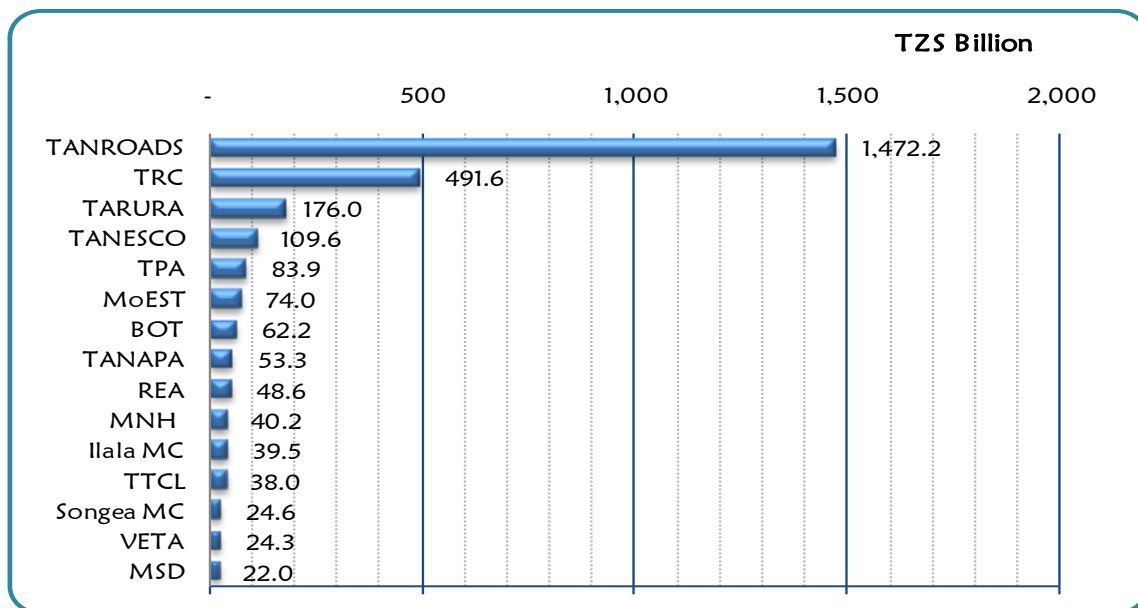


Figure 5 - 6: PEs with Awarded Contracts Volumes of Above TZS 20 Billion

The volume of procurement for big spenders for works contracts was observed to be the largest at 80 percent, followed by goods contracts at 14.1 percent, consultancy services contracts at 2.8 percent and non-consultancy services at 2.2 percent. The works contracts which incurred a significant amount of fund was observed to be in Tanroads and TRC while that of goods was observed in Tarura and Tanesco. **Figure 5-7** indicates the percentage distribution of volume of awarded contracts in Categories of Procurement by big spenders.

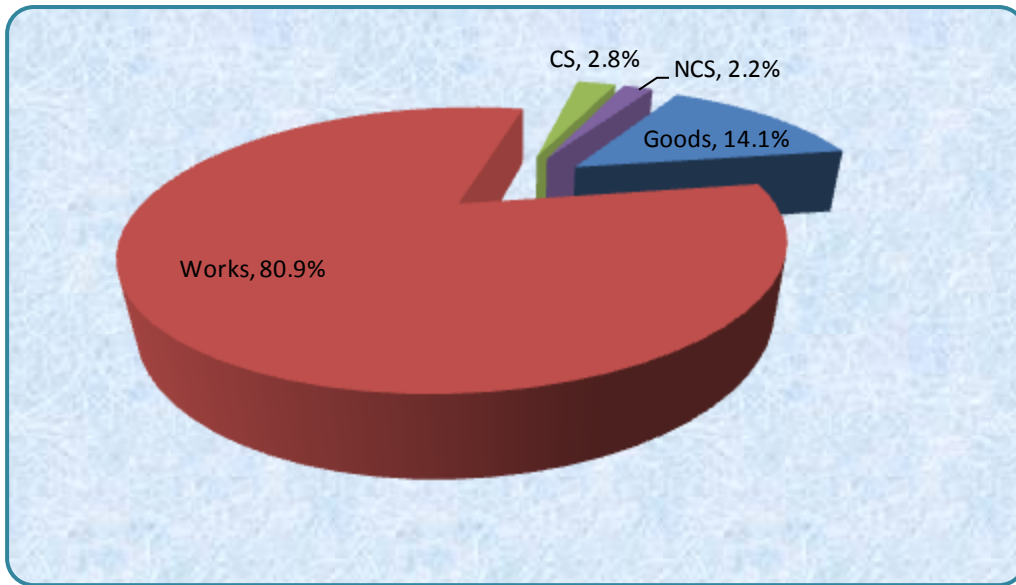


Figure 5 - 7: Percentage Distribution of Volume of Awarded Contracts in Categories of Procurement by Big Spenders.

5.1.6 Analysis of Procurement made by PE Categories

Analysis of procurement made in terms of PE categories indicated that the volume of procurement by Executive Agencies is observed to be the biggest with 60 percent followed by Parastatal Organizations with 28.7 percent, Local Government Authorities with 6.7 percent, Government Ministries with 3.1 percent, Independent Departments with 1 percent and Regional Administrative Secretariats with the lowest volume of 0.5 percent. **Figure 5-8** shows a comparison of procurement made by PEs category.

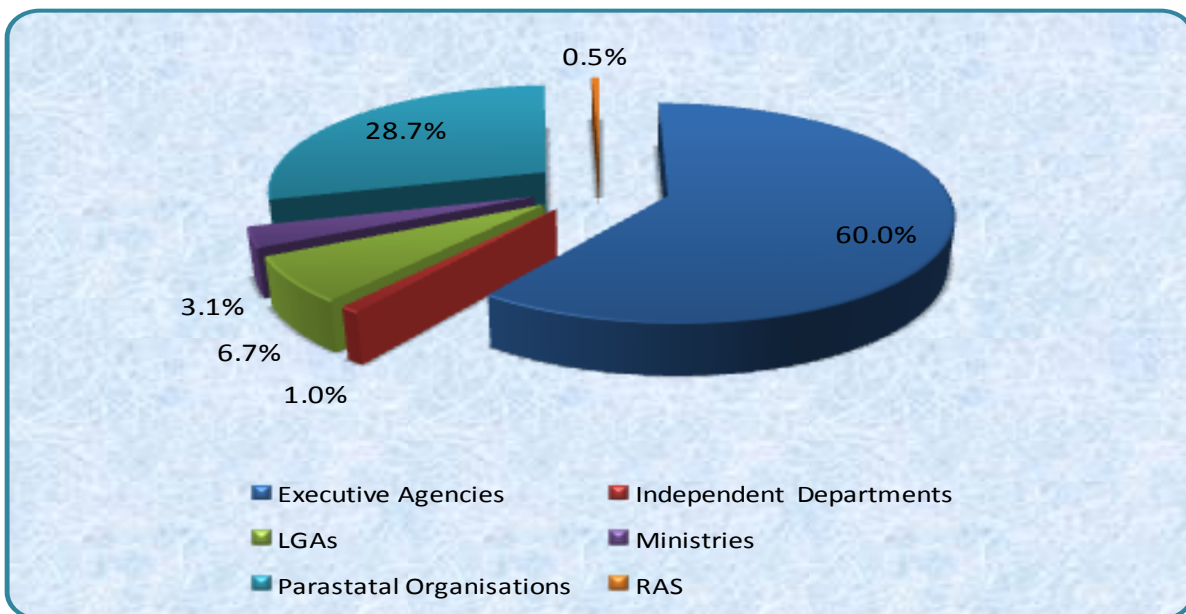


Figure 5 - 8: Comparison of volume of procurement in terms of PEs category



5.1.7 Volume of Contracts by Ministries

During the reporting period, only six (6) out of 21 ministries namely: Ministry of Agriculture, Ministry of Education, Science and Technology (MoEST), and Ministry of Health, Community Development, Gender, Elderly and Children, Ministry of Works, Transport and Communication (Works), Vice Presidents Office and Presidents Office, Regional Administration and local Government Authorities (PO-RALG) submitted information on contracts awarded whose analysis is shown in **Figure 5-9**. The total number of contracts awarded by the six (6) ministries were 1,928 contracts with a total value of TZS 100.34 billion compared to 2,002 contracts worth TZS 150.072 billion awarded by 9 ministries last year.

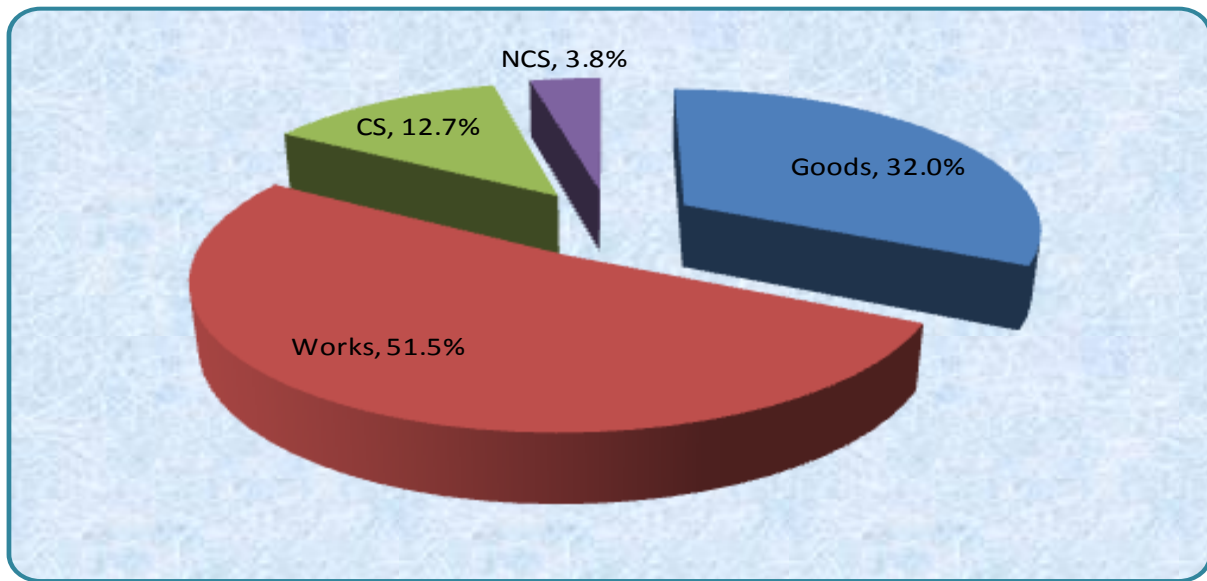


Figure 5 - 9: Percentage Distribution of Contracts by Ministries

5.1.8 Volume of Contracts Awarded by Parastatal Organizations

A total of 45 parastatal organizations out of 153 PEs, submitted information on 46,099 contracts worth TZS 939.94 billion compared to 37,423 contracts worth TZS 3,723 billion submitted by 60 parastatal organizations last financial year. Percentage distribution of the value of contracts is shown in **Figure 5-10**.

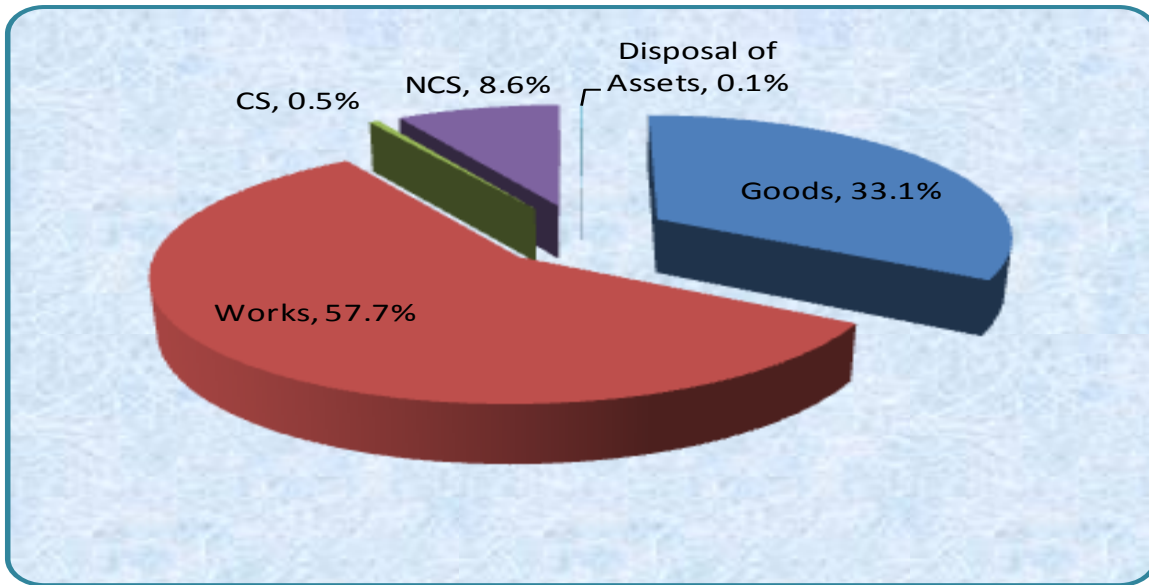


Figure 5 - 10: Percentage Distribution of Value of Awarded Contracts by Parastatal Organizations

Comparison of the total value of contracts for the past three consecutive years is shown in **Figure 5-11**. The analysis shows that the value for works has decreased.

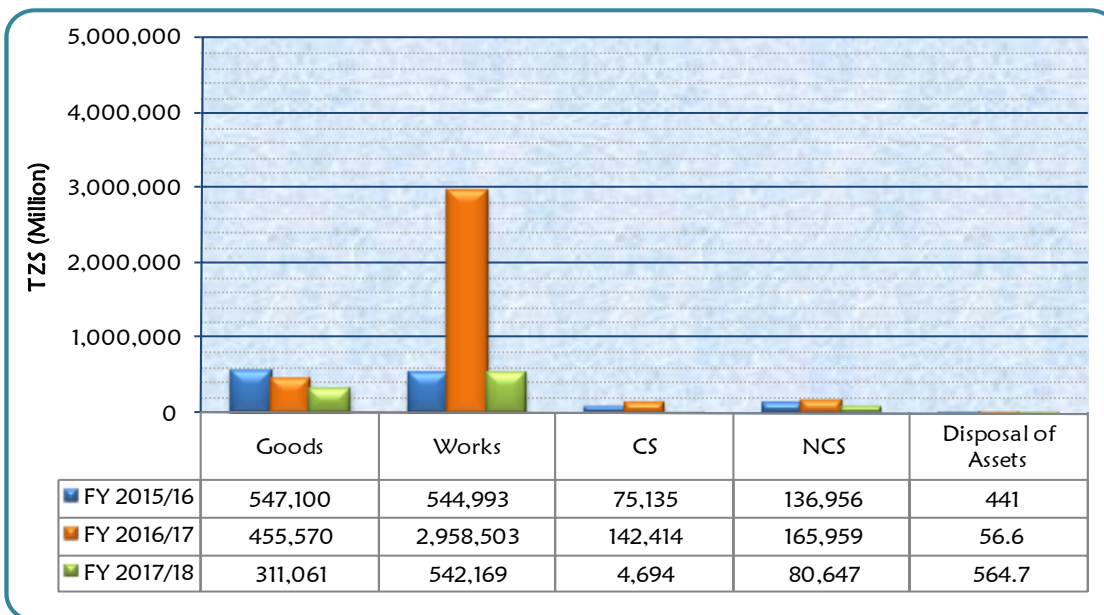


Figure 5 - 11: Awarded Contracts by Parastatal Organizations for the Past Three Consecutive Years

5.1.9 Volume of Contracts by Executive Agencies and Water Authorities

A total of 37 out of 94 executive agencies and water authorities submitted information on 9,329 contracts worth TZS 1,962.27 billion compared to 11,903 contracts worth TZS 1,899 billion by 94 executive agencies and water authorities last year.



Analysis shows that the largest volume of procurement was for works done by Tanroads and Tarura with 83.3 percent of all PEs submitted information on awarded contracts in this category of PEs. The proportion of the contracts is as shown in **Figure 5-12**.

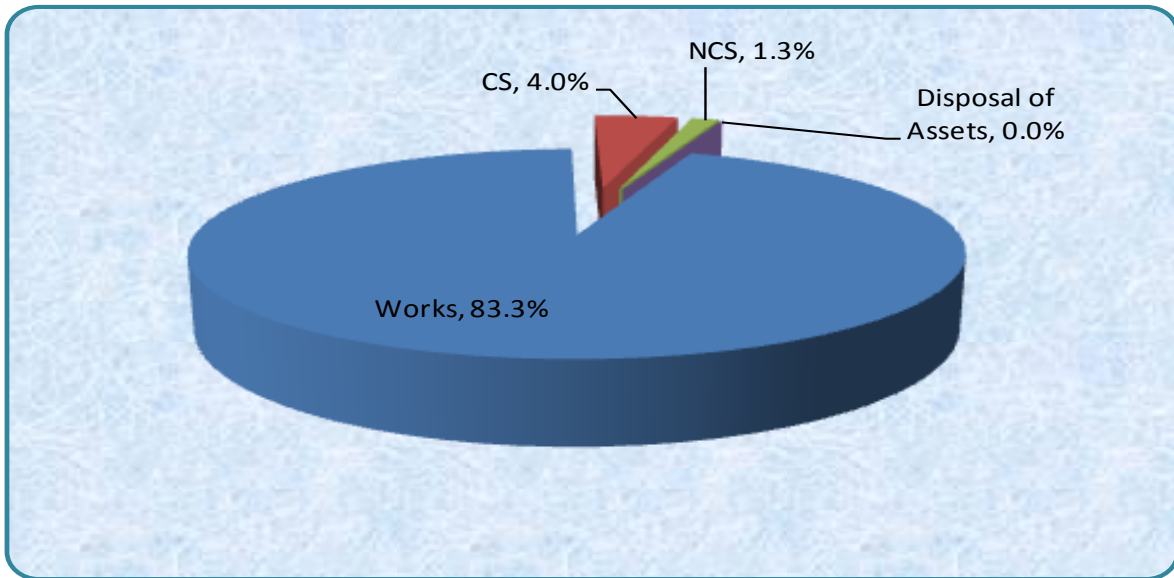


Figure 5 - 12: Percentage Distribution of Value of Contracts by Executive Agencies and Water Authorities

Comparison of the total value of contracts for the past three consecutive years is shown in **Figure 5-13**. However, when compared to two preceding years, the total value of works had slightly increased.

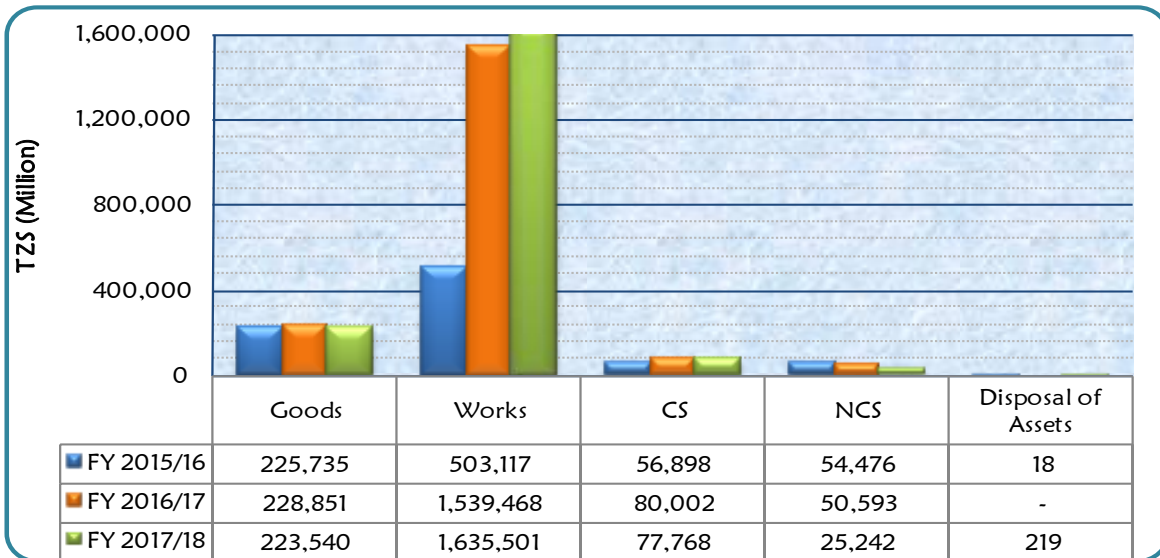


Figure 5 - 13: Awarded Contracts by Executive Agencies and Water Authorities for Three Consecutive Years



5.1.10 Volume of Contracts by Independent Departments

A total of 8 out of 49 independent departments submitted information on 2,981 contracts worth TZS 32.18 billion compared to 1,934 contracts worth TZS 248 billion by 12 independent departments last year.

Analysis of the submitted information shows that the largest volume of procurement was for goods with 75.7 percent followed by non-consultancy services with 16.0 percent as shown in **Figure 5-14**.

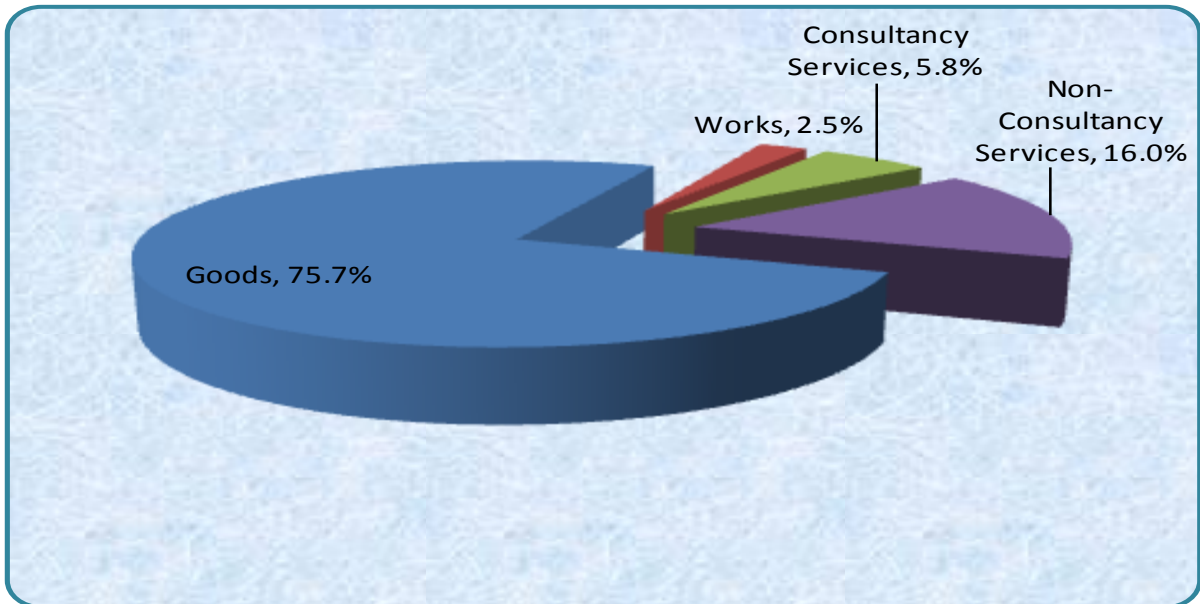


Figure 5 - 14: Percentage Distribution of Value of Contracts by Independent Departments

Comparison of the total value of contracts for the past three years is shown in **Figure 5-15**

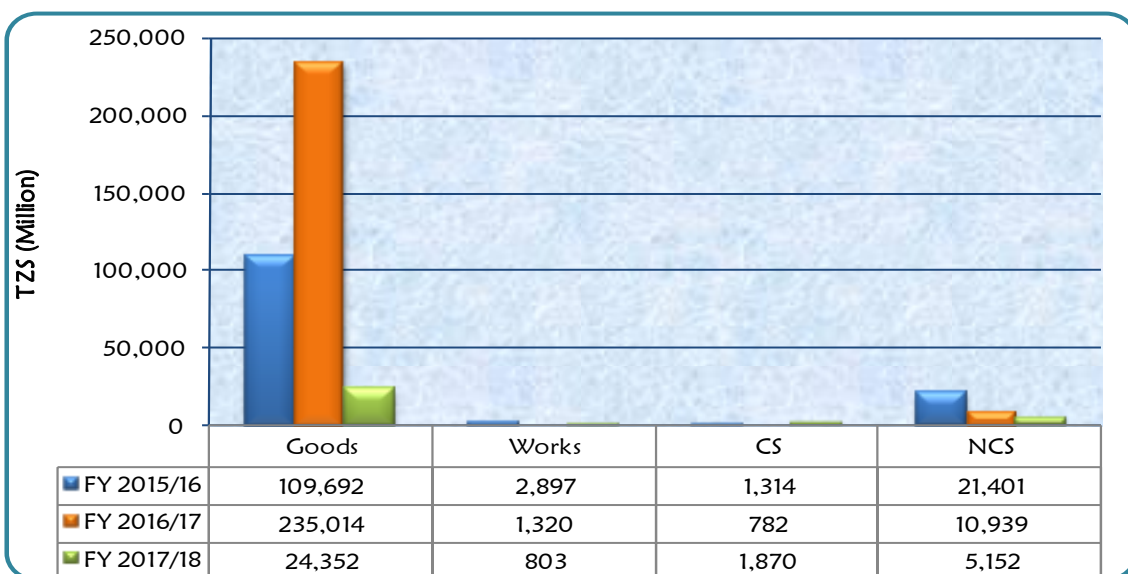


Figure 5 - 15: Awarded contracts by Independent Departments for Three Current Consecutive Years



5.1.11 Volume of Contracts by RAS

A total of 6 out of 26 RAS submitted information on 1,921 contracts worth TZS 17.55 billion compared to 3,217 contracts worth TZS 19.31 billion by 12 RAS in the previous financial year.

Analysis shows that the largest volume of procurement was for works with 72.4 percent followed by goods with 17.7 percent and non-consultancy services with 9.0 percent as shown in **Figure 5-16**.

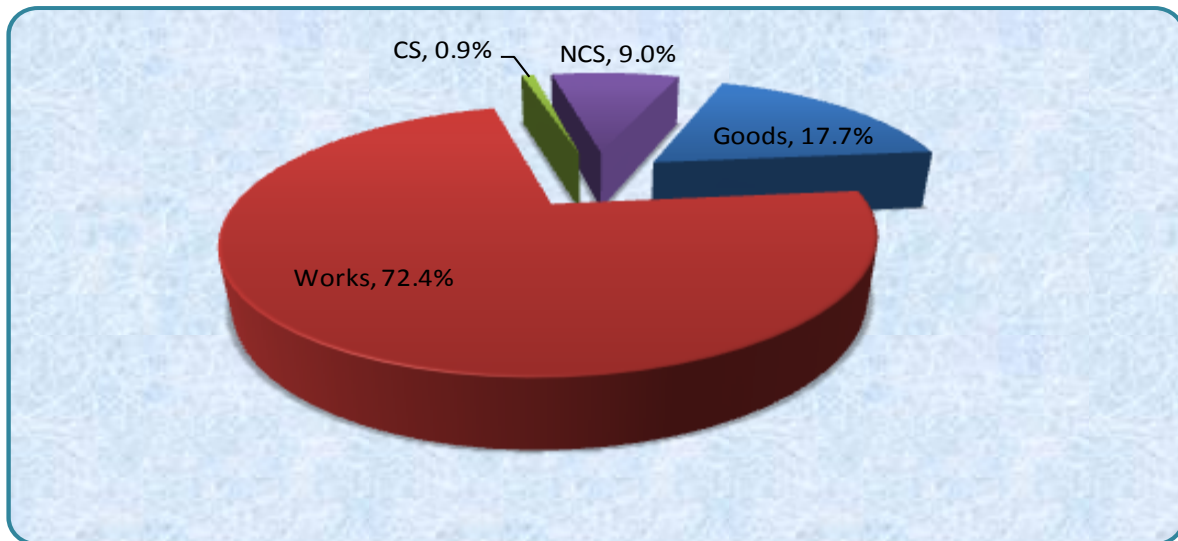


Figure 5 - 16: Percentage Distribution of Value of Contracts by RAS

Comparison of the total value of contracts for the past three years is shown in **Figure 5-17**.

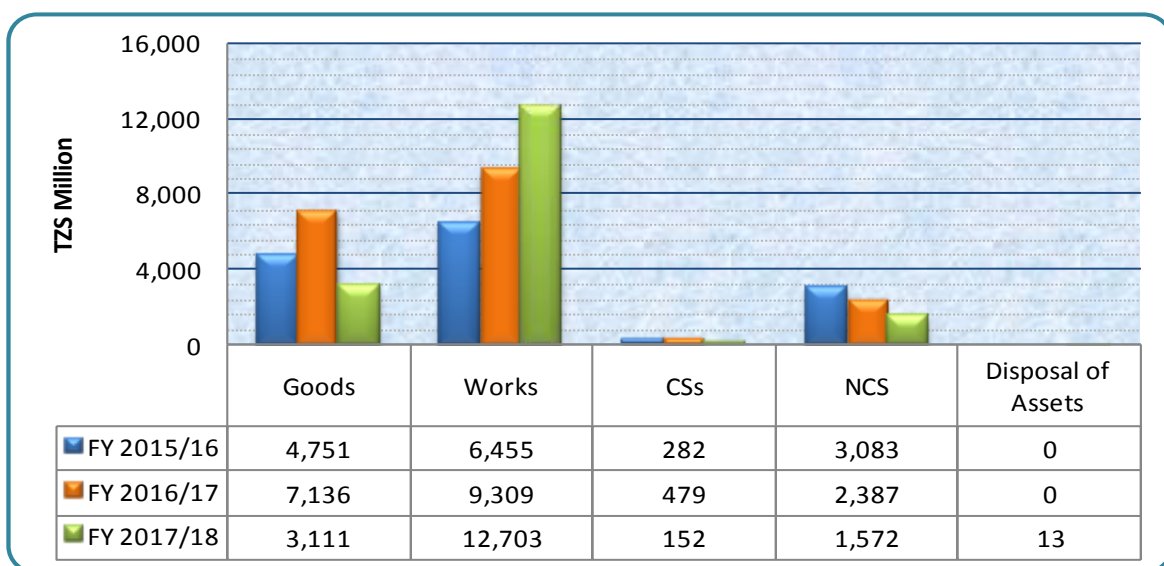


Figure 5 - 17: Awarded Contracts by RAS for Three Current Consecutive Years



5.1.12 Volume of Contracts by LGAs

A total of 43 out of 188 LGAs submitted 14,046 contracts worth TZS 219.91 billion compared to 16,675 contracts worth TZS 272.2 billion submitted by 56 LGAs last year. Analysis shows that the largest volume of procurement was for works with 73.2 percent, followed by goods with 19.3 percent, as shown in **Figure 5-18**.

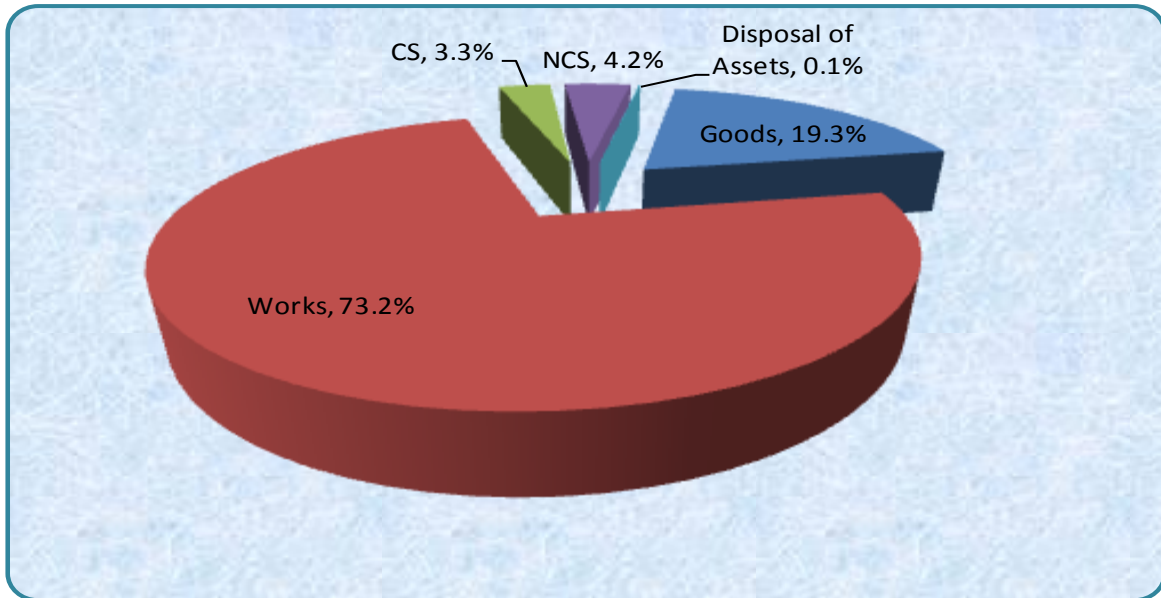


Figure 5 - 18: Percentage distribution of value of contracts by LGAs

Comparison of the total value of contracts for the past three years is shown in **Figure 5-19**.

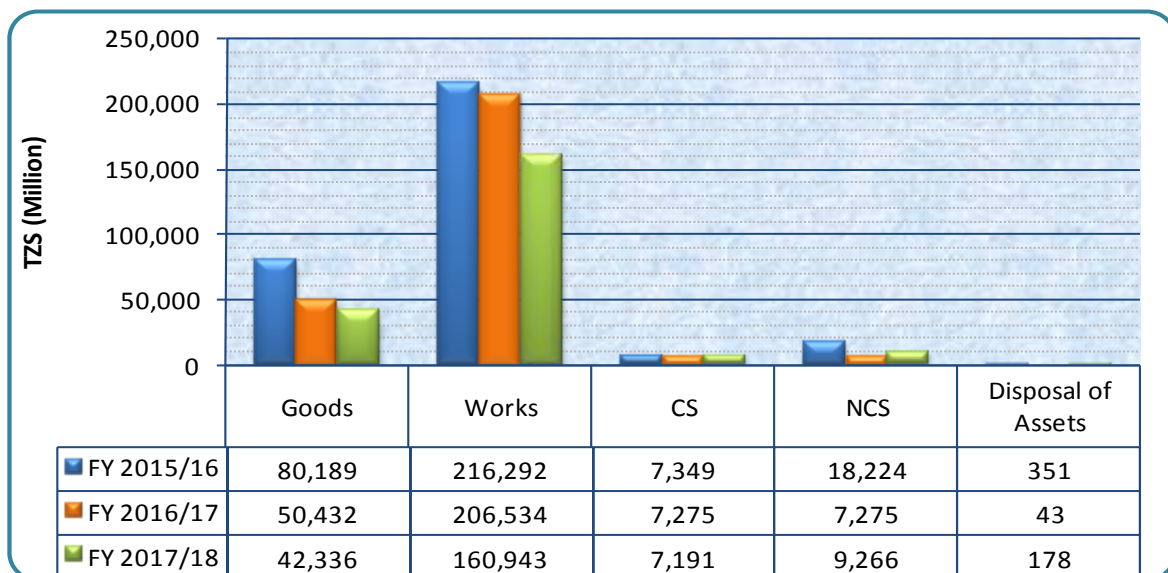


Figure 5 - 19: Awarded Contracts by LGAs for Three Consecutive Financial Years



5.2 Procurement Audits

PPA CAP. 410 mandates PPRA to conduct procurement audits during tender processing, contract implementation and after contract execution. The objective of compliance and value for money audits was to determine whether procurement was conducted in line with the procurement law.

In view of its mandate, PPRA carried out procurement compliance and value for money audits for the procurement conducted during FY 2017/18. Basing on the criteria for selection of PEs to be audited, PPRA planned to carry out audit to 81 PEs including 11 PEs whose volume of procurement were above 20 billion during FY 2016/17. However, due to budget constraints, the plan was revised and number of PEs to be audited was reduced to 60 PEs. The PEs to be audited comprised of 19 MDAs, 19 LGAs and 22 PAs. Compliance audit only were for 19 PEs while compliance and performance audits (value for money audits) were for 39 PEs whereas value for money audit only was for two (2) PEs.

5.2.1 Selection of PEs to be Audited

Selection of the PEs to be audited was risk based and considered a combination of the following criteria:

- a) PE with value of procurement contracts from TZS 20 billion during FY 2016/17 whereby Eleven (11) PEs out of twenty three (23) PEs were included;
- b) Others were targeted based on one or more of the following criteria:
 - i) Volume of procurement during the previous year;
 - ii) Frequency of complaints/mis-procurement allegations against a PE;
 - iii) New PEs and those with long time interval after they were last audited;
 - iv) PEs not complying with requirement for submission of procurement information and report to PPRA and those with partial compliance; and
 - v) Geographical location was considered due to budgetary reasons in order to determine the number of PEs to be audited to optimize resource utilization.

The criteria were applied and ranking was done for all PEs within each category i.e. MDAs, LGAs, and PAs. The number of PEs to be audited from each category was then proportionally determined depending on their category.

5.2.2 Audit Sample

This part presents a summary of audit sampling techniques employed for compliance and VFM audits.

A. Compliance Audit Sampling

Compliance audits employed both random and targeted sampling techniques depending on the following:



- i) Category of procurement (goods, works, consultancy, non-consultancy or disposal of public assets by tender);
- ii) Procurement methods used;
- iii) Contract value;
- iv) Contract signature date (contracts signed in FY 2017/18); and
- v) Nature of procurement: roads, irrigation, buildings, stationeries, food items, cleaning, vehicle maintenance etc.

Equally, risk based sampling was used in determining which areas to audit within a PE. The criteria used included all high risk procurement such as:

- i) Procurement which were not in the procurement plan;
- ii) Procurement through single source method;
- iii) Procurement executed using inappropriate methods;
- iv) Emergency procurement; and
- v) Contracts awarded without approval of tender board.

The following criteria were used in determining sample size:

- i) For PEs with value of procurement below TZS 3 billion, 75 to 100 percent of the total number of tenders/contracts;
- ii) For PEs with value of procurement of between TZS 3 and 10 billion, 50 to 75 percent of the total number of tenders/contracts; and
- iii) For PEs with value of procurement of above TZS 10 billion, 25 to 50 percent of the total number of tenders/contracts.

B. Value for Money Audit Sampling

The audits under this category used samples that was based on the following:

- i) Category of procurement (goods, works or consultancy);
- ii) Procurement methods;
- iii) Contract value;
- iv) Contract signature date; and
- v) Nature of procurement e.g. roads, bridges, irrigation, buildings, IT systems and equipment.

The sample size included a minimum of five projects of works, goods, IT equipment and/or consultancy contracts. For works projects, consideration included whether that procurement was for new construction, rehabilitation or maintenance.

5.2.3 Methodology

In the audit exercise, various approaches were used including; review of relevant documents, interview and in some selected cases, assessment of constructed facilities or procured goods.



(a) Compliance Audit Indicators

The compliance audit was based mainly on the seven compliance performance indicators weighted as shown in the in **Table 5-4**. Details of Compliance assessment tool were uploaded in PPRA Website (*www.ppra.go.tz*).

Table 5 - 4: Compliance Audit Indicators

S/N	Criteria	Weighting
1	Assessment on institutional setup and performance (TB, PMU and internal audit unit and User Department)	10
2	Appropriateness of preparing and implementing the Annual Procurement Plan (APP)	10
3	Appropriateness and efficiency of tender process (from preparation of tender documents to communication of contract awards)	20
4	Appropriateness of contract preparation, formation and implementation	40
5	Assessment on the management of procurement records	10
6	Assessment on the implementation of systems prepared by PPRA	10
7	Penalty for mishandling bidders' complaints	-10

(b) Value for Money Audit Indicators

In VfM audits for construction projects, physical works were inspected and measured to ascertain the quality and quantity of the work done while for goods contracts, items were inspected to ascertain quantity, compliance with provided standards and specifications.

For value for money audits, a different tool was used which is based on five performance indicators weighted as shown in the **Table 5-5**.

Table 5 - 5: VFM Performance Indicators

S/N	Indicator	Weighting
1.	Planning, designing and tender documentation	20
2.	Procurement processing	10
3.	Contract Implementation and Administration	20
4.	Quality & quantity of executed works, delivered goods or services	40
5.	Project completion and closure	10

5.2.4 Assessment of Corruption Red Flags

In order to collect information about possible symptoms of corruption in the procurement carried out by PEs, auditors were required to use the Red Flags Checklist jointly developed by PPRA and PCCB. The checklist also serves as a tool of addressing corruption at the level of PE. The tool is divided in three phases namely: pre-bid phase, evaluation and award phase and contract management and audit phase. In the course of carrying out compliance and VfM audits, the level of corruption likelihood in various contracts was established. PEs that scored 20 percent or above on red flags were deemed to have a likelihood of corruption.



It is important to note that a detected red flag is not in itself an evidence of corruption although the higher the percentage of red flags, the higher the likelihood that corruption has occurred. In some cases, the higher the number of red flags indicates that the weaknesses observed were not a result of existence of corruption but operational deficiencies.

During the year under review, procurement audits to 60 PEs were conducted. Among the audited 60 PEs, 59 PEs were assessed for corruption red flags likelihood in their procurement transactions. One PE i.e the Office of Attorney General was not assessed for corruption red flags likelihood since all implemented contracts in the financial year 2017/18 were non competitive in nature.

a) Results for Corruption Red Flags Assessment

The results of the sampled contracts for 59 PEs which were assessed for corruption red flags likelihood revealed that 13 PEs scored 20% or above in its overall score and/or in phases. The PEs were Kilimanjaro Airports Development Company (KADCO), Mkwawa University College of Education (MUCE), Kariakoo Market Corporation, Ministry of Education, Science and Technology, Bank of Tanzania, Tanzania Airports Authority, Kilimanjaro Christian Medical Centre, Tanzania Railways Limited, Tanzania Postal Corporation, Musoma Municipal Council, Bukoba Municipal Council, TEMESA and National Social Security Fund.

It was observed that 4 PEs namely: KADCO, MUCE, Kariakoo Market Corporation and Ministry of Education, Science and Technology had high corruption red flags likelihood in its overall. Eleven (11) PEs namely: KADCO, MUCE, Kariakoo Market Corporation, Ministry of Education, Science and Technology, Bank of Tanzania, Tanzania Airports Authority, KCMC, TRL, Bukoba MC, TEMESA and NSSF had high corruption red flags likelihood in contract management phase. Furthermore, three (3) PEs namely KADCO, MUCE and Kariakoo Market Corporation had high corruption red flags likelihood in evaluation and award phase and five (5) PEs namely, KADCO, Kariakoo Market Corporation, Tanzania Airports Authority, Tanzania Postal Corporation and Musoma MC had high corruption likelihood in pre bid phase. The list of PEs with high likelihood of corruption symptoms in overall assessment or in any of the phases is presented in **Table 5-6**.

Table 5 - 6: PEs with high corruption red flags

S/N	Name of PE	Pre bid phase (%)	Evaluation and award phase (%)	Contract Mgt (%)	Average scores (%)
1	Kilimanjaro Airports Development Company	38.0	32.0	45.0	37.0
2	Mkwawa University College of Education	18.0	37.0	50.0	34.0
3	Kariakoo Market Corporation	28.0	40.0	46.0	38.0
4	Ministry of Education, Science and Technology	16.5	15.9	35.3	22.6
5	Bank of Tanzania	17.9	12.7	20.9	16.4
6	Tanzania Airports Authority	23.2	14.6	27.8	18.7
7	Kilimanjaro Christian Medical Centre	13.0	13.0	30.0	16.0



S/N	Name of PE	Pre bid phase (%)	Evaluation and award phase (%)	Contract Mgt (%)	Average scores (%)
8	Tanzania Railways Limited	7.3	18.7	36.1	13.4
9	Tanzania Postal Corporation	20.3	15.8	11.6	16.0
10	Musoma Municipal Council	20.7	0.0	19.8	14.1
11	Bukoba Municipal Council	11.0	17.0	29.0	17.0
12	TEMESA	11.0	12.0	22.0	9.0
13	National Social Security Fund	10.4	7.6	21.1	13.0

b) PEs with Projects/Contracts Having High Corruption Red Flag

Ninety eight (98) projects/contracts from 30 PEs were observed to have high corruption likelihood. The PEs were: BOT, TAA, Korogwe TC, KADCO, MUCE, TRL, Kariakoo Market Corporation, Musoma MC, Bukoba MC, Ministry of Information, Culture, Arts and Sports, Ruangwa DC, Babati TC, Singida MC, TANTRADE, Temesa, TPA, Films Board of Tanzania, Tanesco, Tanzania Tourists Board, HESLB, Tanzania Institute of Education, MSD, Tanzania Postal Corporation, Songea MC, Bariadi TC, VETA, KCMC, Njombe TC, NSSF and Ministry of Education, Science and Technology. Out of 98 projects/contracts, 31 contracts had high corruption likelihood in its overall, 39 contracts had high corruption likelihood in pre-bid phase, 34 contracts had high corruption likelihood in evaluation and award phase and 67 contracts had high corruption likelihood in contract management and audit phase. Details of contracts/projects that had high corruption likelihood are summarized in **Annex 5-3**.

5.2.5 Findings for Procurement Compliance Audit

This part presents the findings for procurement compliance levels of PEs with PPA, 2011. Assessment of the seven performance indicators was assessed and analysis done on each indicator to determine PEs compliance level.

A. Compliance Audit Opinion

Scores attained in compliance audits were aggregated into three groups as indicated in **Table 5-7**.

Table 5 - 7: Compliance Audit Opinion

<i>Aggregated score in %</i>	<i>Assessment</i>	<i>Opinion</i>
80 - 100	Satisfactory performance	There is sufficient assurance that most requirements of PPA are complied, however few observed weaknesses required to be addressed
60 - 79	Fair performance with some significant reservations	<ul style="list-style-type: none"> Although most of the procurement complied with requirements of PPA, there are significant weaknesses that need to be addressed Management action is/was required to address the significant number of weaknesses observed
0 - 59	Poor performance	<ul style="list-style-type: none"> Most of the procurement does not comply with requirement of PPA



<i>Aggregated score in %</i>	<i>Assessment</i>	<i>Opinion</i>
		<ul style="list-style-type: none">• Urgent and significant management action is /was required to address the observed weaknesses to minimize the effects

B. Volume of Audited Procurement

For the FY 2017/18 compliance and value for money audit to fifty eight (58) procuring entities (PEs) and special audit to two (2) PEs were carried out. The audit covered procurement done during FY 2017/18 and the previous financial years for the projects which were still on progress during the year under review. The total number for all sampled and audited procurement contracts were 3,763 with a total value of TZS 805.68 billion. The audit covered 171 works contracts equivalent to 4.54 percent of the audited contracts with a total value of TZS 436.85 billion which is equivalent to 54.22 percent of the total value of audited contracts; 339 goods contracts equivalent to 9.01 percent in terms of numbers with a total value of TZS 270.99 billion equivalent to 33.63 percent of the total value; 97 consultancy services contracts equivalent to 2.58 percent in terms of number with a total value of TZS 51.36 billion equivalent to 6.37 percent of the total value.

Other audited contracts included 227 for non-consultancy services contracts equivalent to 6.03 percent in terms of number with a total value of TZS 27.61 billion equivalent to 3.43 percent of the value and 2,929 minor-value procurements equivalent to 77.84 percent in terms of number with a total value of TZS 18.87 billion equivalent to 2.34 percent of total value of the audited procurements. The audit also covered one (1) tender for disposal of public asset with a value of TZS 81.22 million. Out of all audited procurement contracts, 612 contracts with a total value of TZS 403.72 billion equivalent to 50 percent in terms of value were for 11 big spenders PEs. The distribution of volume of audited procurement categories is as shown in **Figure 5- 20**.

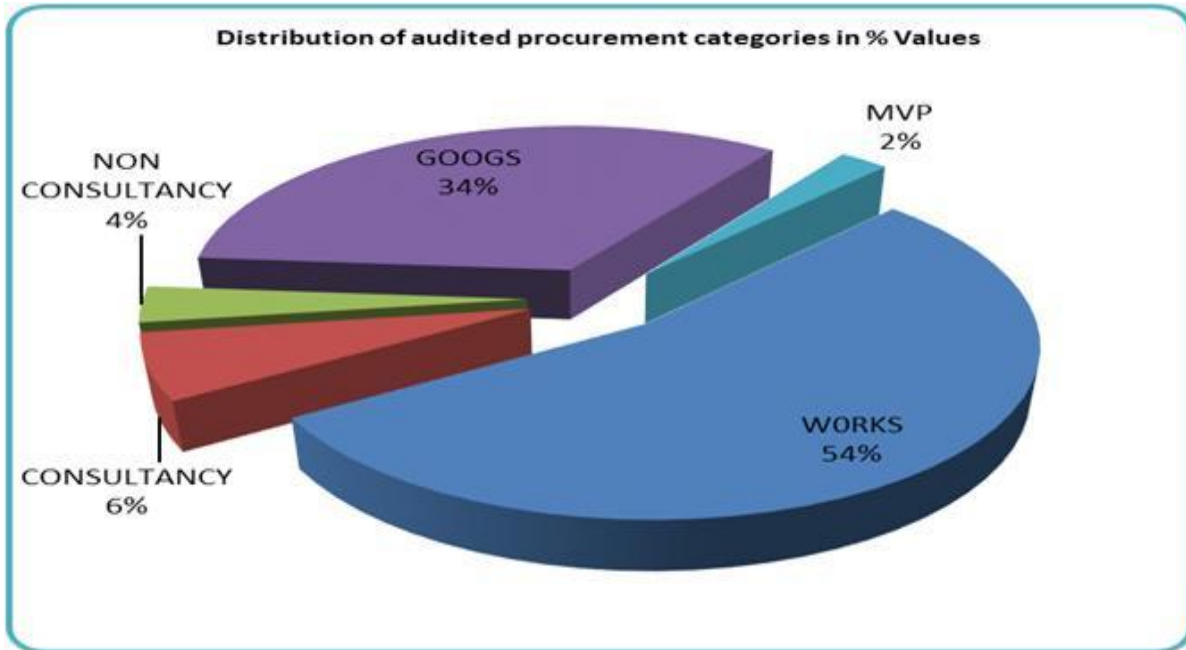


Figure 5 - 20: Distribution of volume of audited procurement categories by values

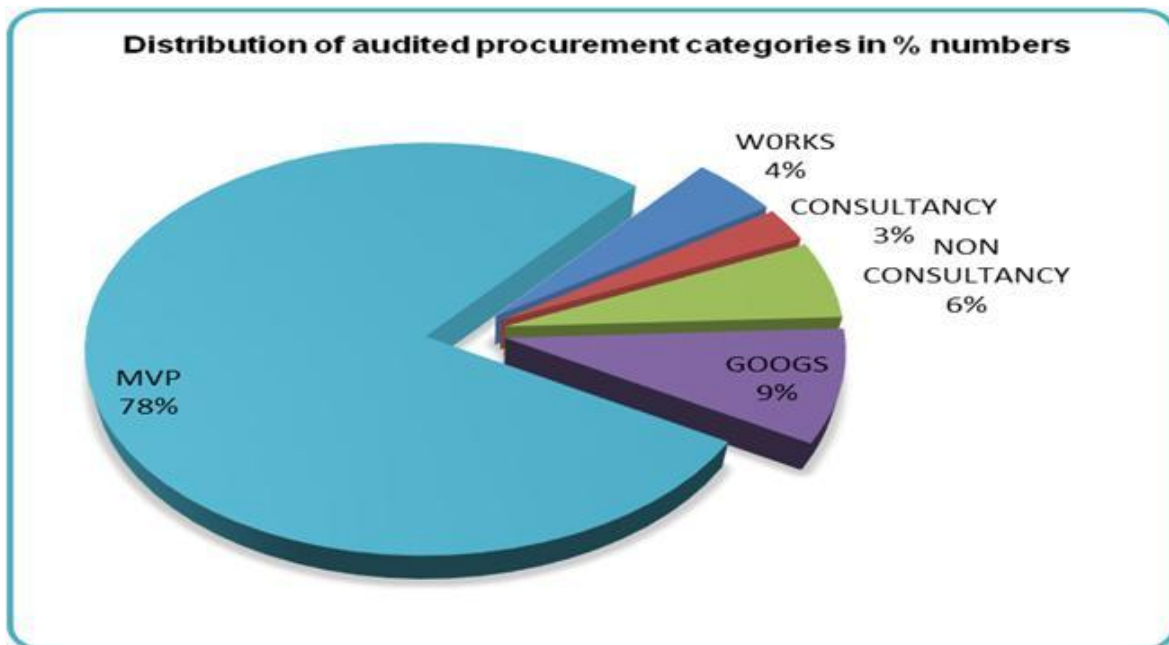


Figure 5 - 21: Distribution of volume of audited procurement categories by numbers

C. Overall Level of Compliance

PPA CAP 410 mandates PPRA to conduct procurement audits during tender processing, contract implementation and after contract execution. Basing on the criteria for selection of PEs to be audited, PPRA planned to carry out audit to 81 PEs including 13 PEs whose volume of procurement were above 20 billion during FY 2016/17. However, due to budget constraints, the plan was revised and number of PEs to be audited was reduced to 60 PEs.



The audited PEs comprised of 19 MDAs, 19 LGAs and 22 PAs. On the basis of audit objectives, compliance audit only were for 19 PEs while compliance and performance (value for money audits) were for 39 PEs and value for money audit only was for 2 PEs. Distribution of number of PEs in terms of type of audit is as shown in **Figure 5-22**.

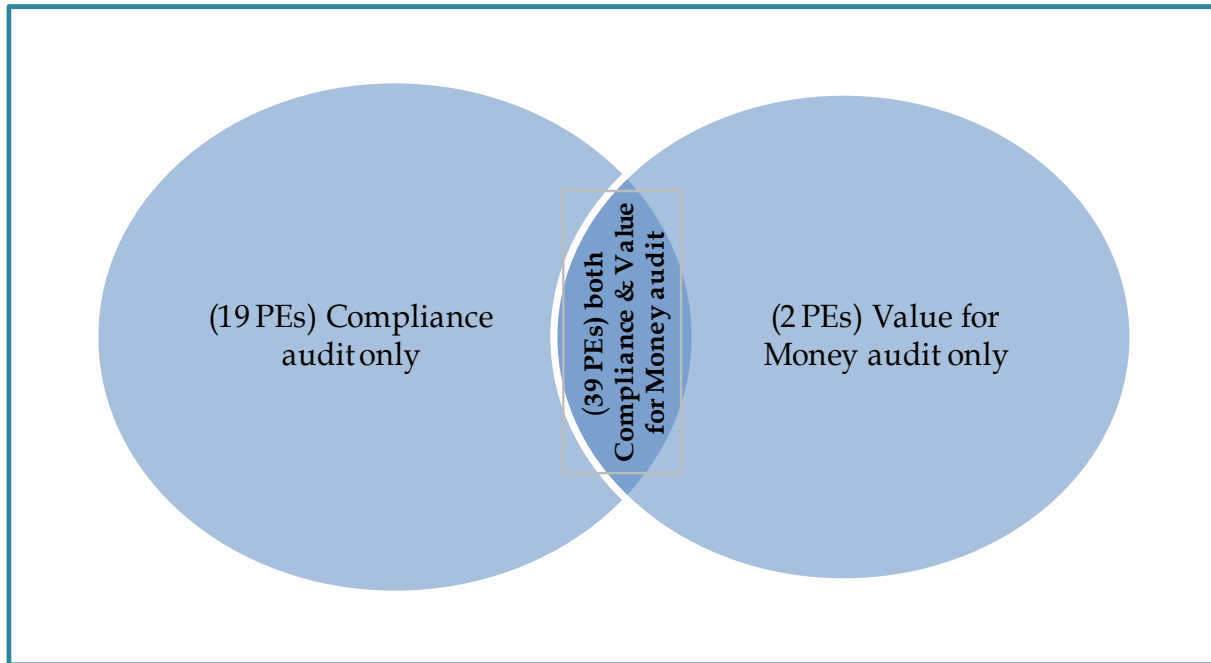
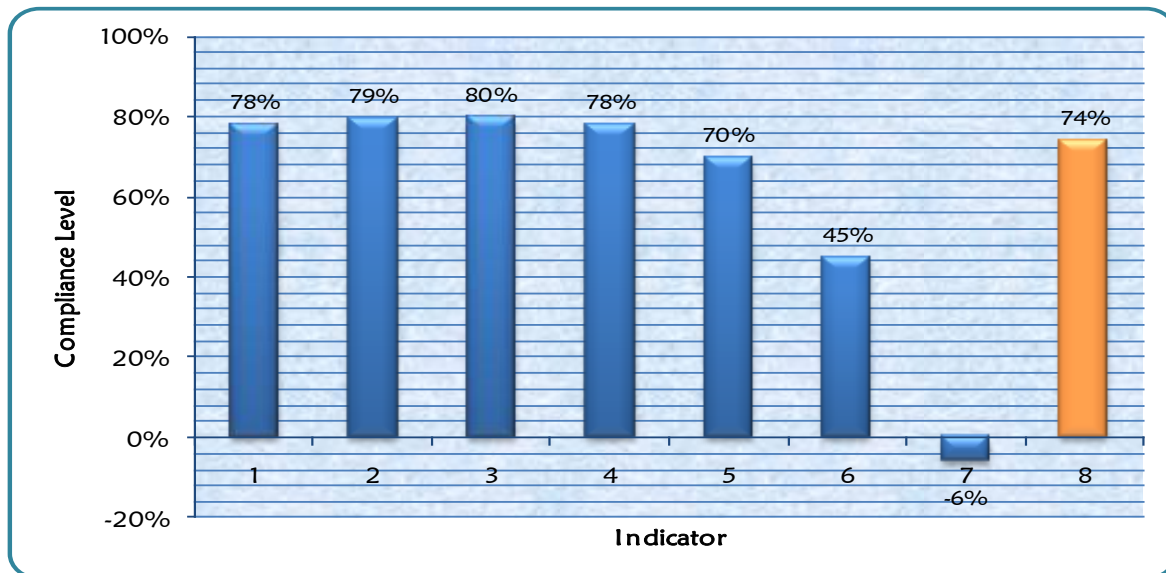


Figure 5 - 22: Distribution of Number of PEs in Terms of Type of Audit

On the basis of the seven performance areas, the outcome of the audits to 58 PEs assessed in compliance part indicated an average compliance level of 74 percent which is basically the same average compliance level achieved for the last year's 2016/2017 procurement audit. However, the recorded compliance level is below the targeted compliance level of 80 percent which was set for the FY 2017/18. Details of levels of Compliance are shown in **Annex 5-4**.

The average compliance levels for the seven performance indicators were as follows: Institutional Set up and Performance (78.7 percent); Appropriateness of the preparation and implementation of annual procurement plans (79 percent); Appropriateness of the tender process (80 percent); Appropriateness of contract preparation, formation and implementation (78 percent); Management of procurement records (70 percent); Implementation of systems prepared by PPRA (45 percent) and Mishandling of complaints in procurement process (-6 percent).

The analysis of the audit outcome revealed that, the compliance level of one indicator namely the appropriateness of the tender process was satisfactory (i.e 80 percent). Four indicators which are; institutional set up and performance, appropriateness preparation and implementation of annual procurement plans, contract management and management of procurement records achieved fair compliance (i.e. scored between 60 - 79 percent). The compliance level for one indicator namely implementation of systems prepared by PPRA was poor as it scored below 60 percent. The overall average compliance level for the seven performance indicators is as indicated by **Figure 5-23**.

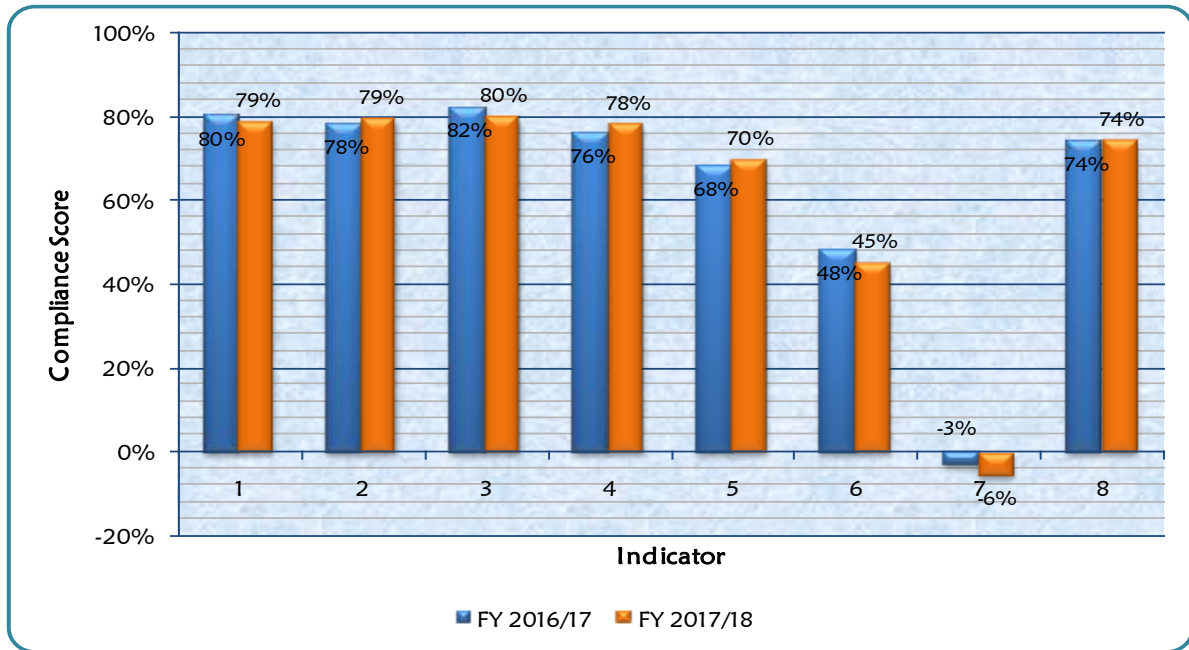


Key

1. Institutional Set up and Performance	2. Preparation and implementation of APP	3. Appropriateness of the Tender Process	4. Appropriateness of contract implementation
5. Record Keeping	6. Implementation of systems prepared by PPRA	7. Handling of Complaints	8. Overall

Figure 5 - 23: Average Compliance Level for the Seven Performance Indicators

In comparison of compliance level for the seven compliance indicators to the last year’s performance the following has been revealed: Institutional Set up and Performance score has slightly dropped from 80 to 78.7 percent; Appropriateness of the preparation and implementation of annual procurement plans has slightly increased from 78 to 79 percent; Appropriateness of the tender process has dropped from 82 to 80 percent; Appropriateness of contract preparation, formation and implementation has increased from 76 to 78 percent; Management of procurement records has increased from 68 to 70 percent); Implementation of systems prepared by PPRA has dropped from 48 to 45 percent and Mishandling of complaints in procurement process increased from -3 to -6 percent. The comparison of average compliance of audited PEs for the seven compliance indicators to that of last financial year is as shown in **Figure 5-24**.



Key

1. Institutional Set up and Performance	2. Preparation and implementation of APP	3. Appropriateness of the Tender Process	4. Appropriateness of contract implementation
5. Record Keeping	6. Implementation of systems prepared by PPRA	7. Handling of Complaints	8. Overall

Figure 5 - 24: Average Compliance for the Seven Compliance Indicators compared to Last Financial Year

The analysis of overall compliance of audited PEs for the last six consecutive years indicates improvement from an average score of 64 percent for financial year 2012/13 up to an average score of 74 percent for the financial year 2017/18. The comparison of average compliance of audited PEs over the past six consecutive financial years is as shown in **Figure 5-25**.

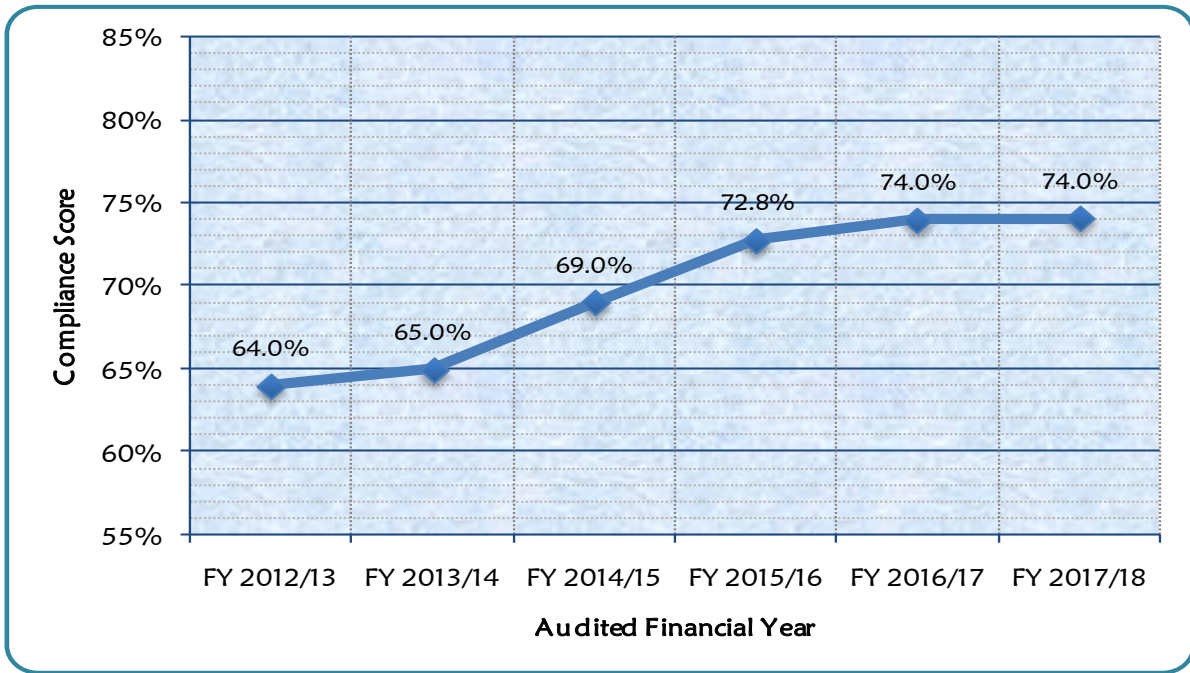


Figure 5 - 25: Trend of Overall Compliance of PEs over the Past Six Financial Years

The analysis of the results revealed that 7 PEs or 12.1 percent of all audited PEs had poor compliance level with score below 60 percent, 30 PEs or 51.7 percent of all audited PEs had fair compliance level ranging between 60 and 79 percent while 21 PEs or 36.2 percent of all audited PEs had achieved satisfactory compliance level with score of 80 percent or above. Compliance score ranges for the audited PEs is shown in **Figure 5-26**.

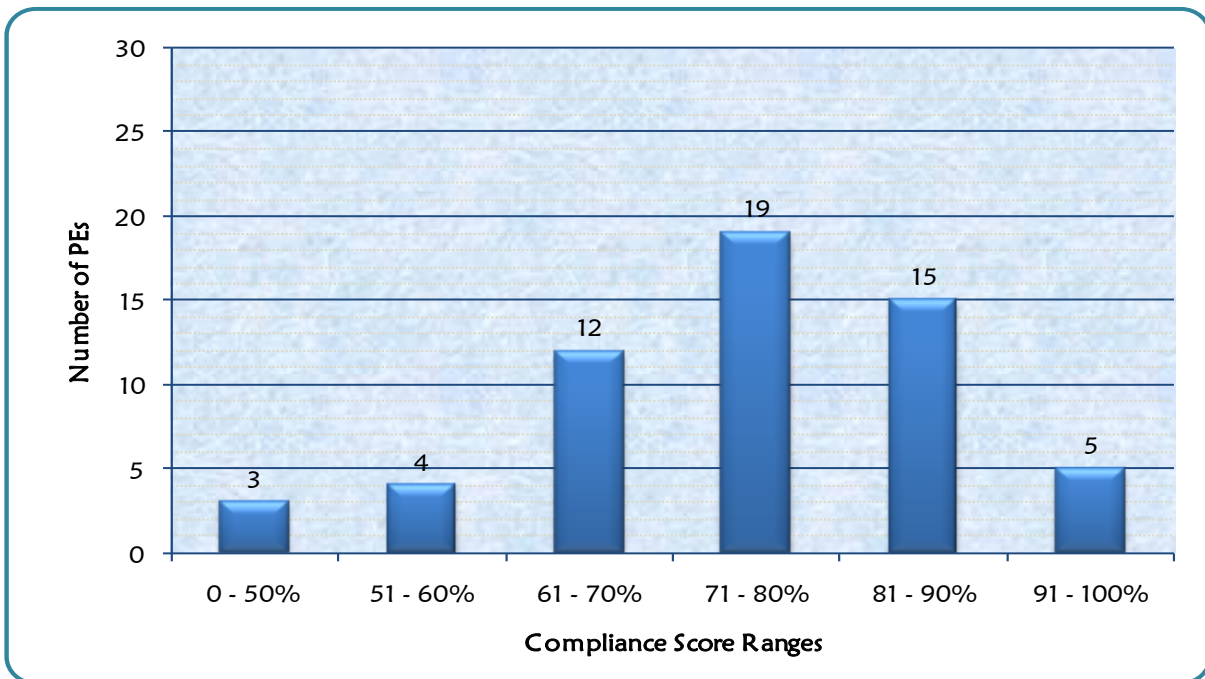


Figure 5 - 26: Compliance Score Ranges for Audited PEs



In general, the audit results indicate that more efforts are required in capacity building and monitoring for the five performance areas with compliance levels below the target of 80 percent.

The analysis also indicated that, one (1) LGA, five (5) PAs and one (1) MDA falls under the 7 PEs with poor compliance, namely: Kariakoo Market Corporation (47.03 percent), Bukoba Municipal Council (57.10 percent), National Institute for Medical Research (53.45 percent), Kilimanjaro Airport Development Company (41.78 percent), Tanzania Railway Ltd (52.18 percent), Tanzania Tourist Board (57.90 percent), and Ministry of Education, Science and Technology (47.45 percent). PEs with fair compliance include ten (10) LGAs, ten (10) PAs and ten (10) MDAs while PEs with satisfactory compliance level include eight (8) LGAs, seven (7) PAs and six (6) MDAs. Distribution of compliance level of the audited PEs is shown in **Figure 5-27**.

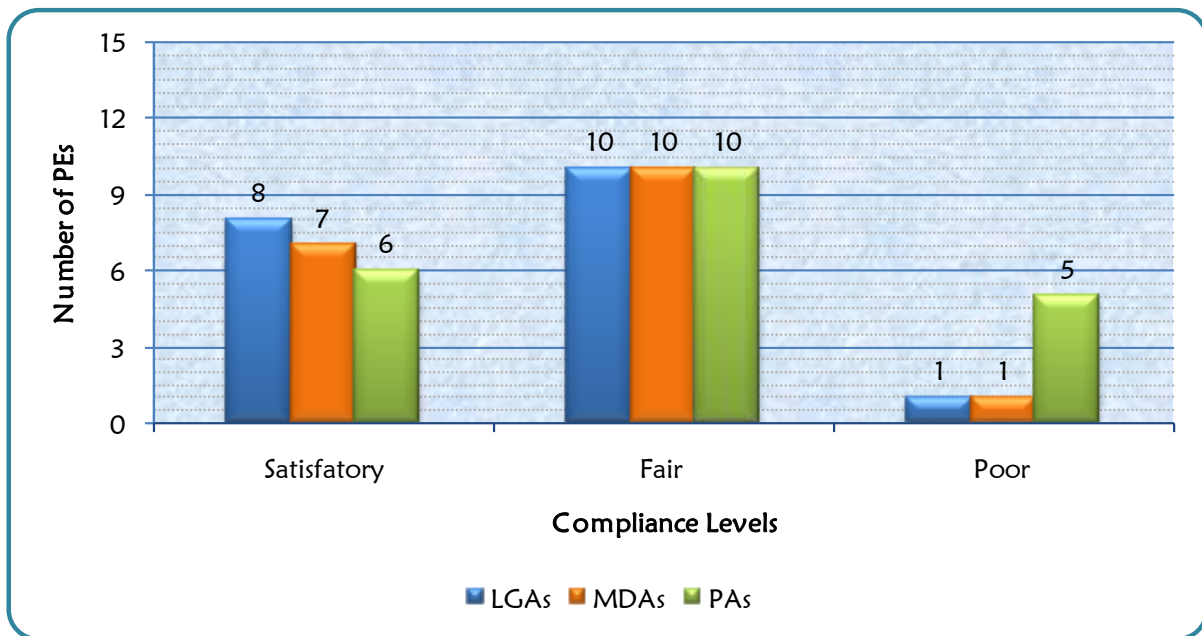


Figure 5 - 27: Distribution of Compliance Level of the Audited PEs

In comparison of compliance level for MDAs, PAs and LGAs with the previous year's results, the average compliance level for MDAs has decreased from 78 to 75 percent while for PAs has also decreased from 75 to 70 percent. The level of compliance for LGAs has increased from 69 to 77 percent over last year's score. However, the above changes in the compliance level for MDAs, PAs and LGAs has not caused changes to average PEs compliance level of 74 percent achieved in the last financial year. The comparison of level of Compliance for LGAs, MDAs and PAs is shown in **Figure 5-28**.

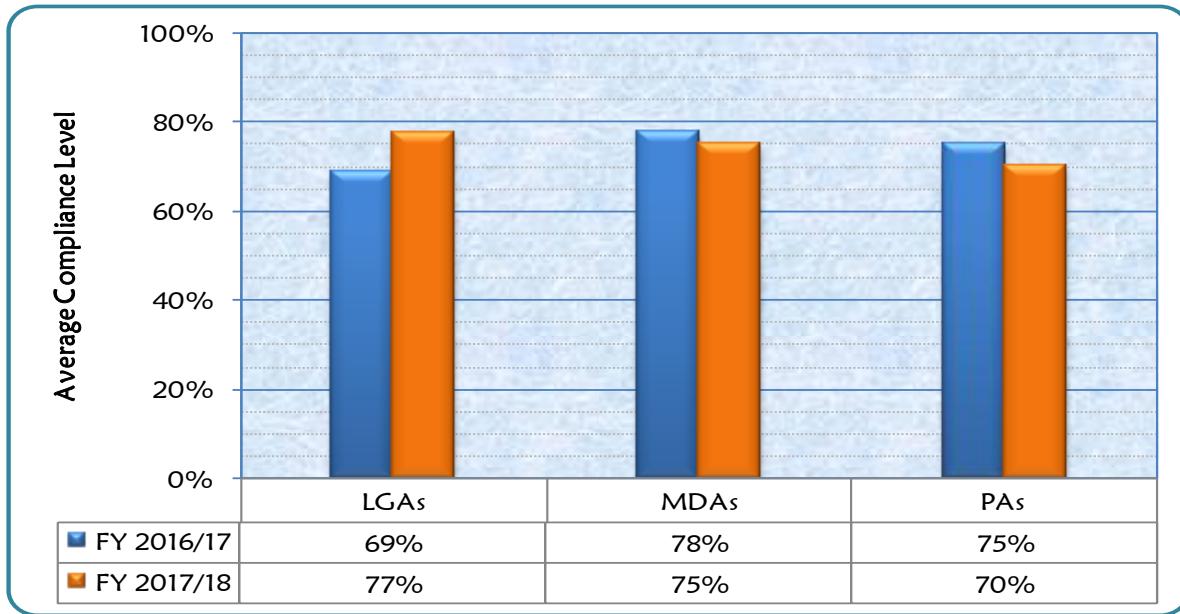
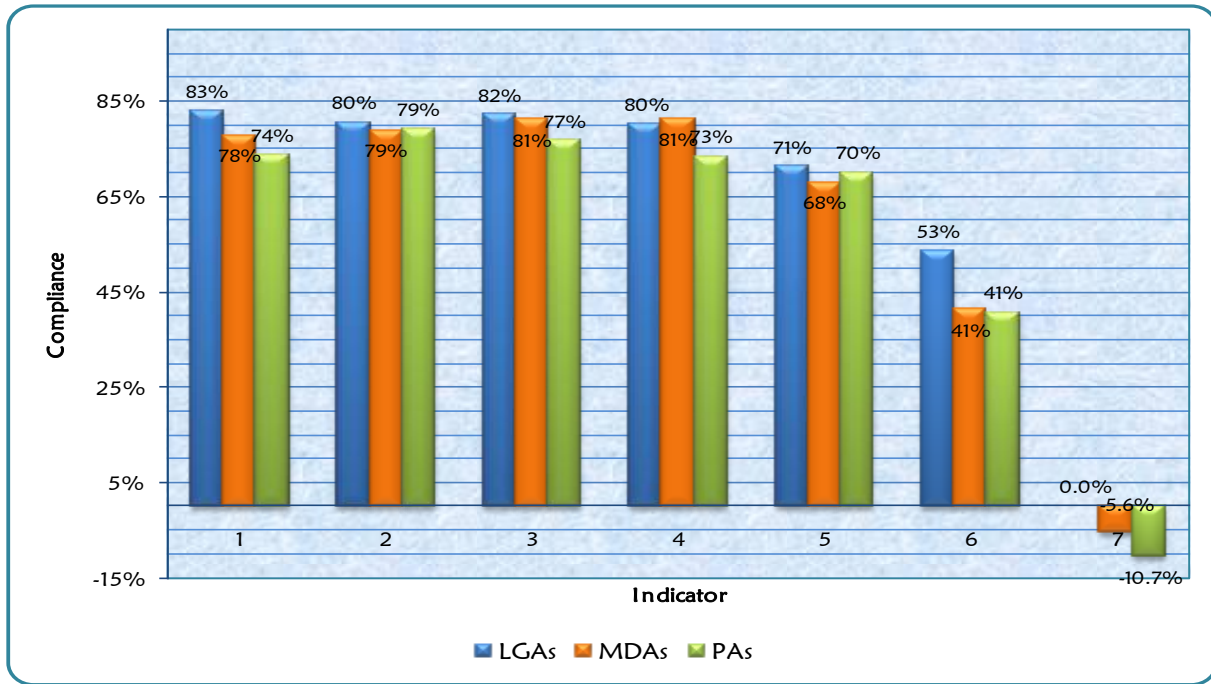


Figure 5 - 28: Comparison of Overall Level of Compliance for LGAs, MDAs and PAs

The detailed analysis of the audit results by PEs category on individual compliance indicator revealed that, LGA's compliance level was satisfactorily with score of 83 percent in the indicator for institutional set up and performance while MDA's and PA's compliance level was fair with score of 78 and 74 percent respectively. LGA's compliance was satisfactory at 80 percent meanwhile PA's and MDA's compliance was fair both at 79 percent on the indicator for appropriateness of preparation and implementation of APP. MDA's and LGA's compliance levels was satisfactory at 81 and 82 percent respectively on the indicator for appropriateness of the tender process while PA's compliance was fair at 77 percent. The compliance level for LGAs and MDAs performed satisfactorily at 80 and 81 percent on the appropriateness of contract preparation, formation and implementation while PA's compliance was fair with score of 73 percent. Analysis shows that MDA's, LGA's and PA's compliance levels were fair on the indicator for management of procurement records with scores of 68, 71 and 70 percent respectively.

However, the analysis indicated that MDA's, LGA's and PA's compliance level was poor on the indicator for implementation of systems developed by PPRA with scores of 41, 53 and 41 percent respectively. Performance of MDAs, LGAs and PAs in each indicator is shown in **Figure 5-29**.



Key

1. Institutional Set up and Performance	2. Preparation and implementation of APP	3. Appropriateness of the Tender Process	4. Appropriateness of contract implementation
5. Record Keeping	6. Implementation of systems prepared by PPRA	7. Handling of Complaints	

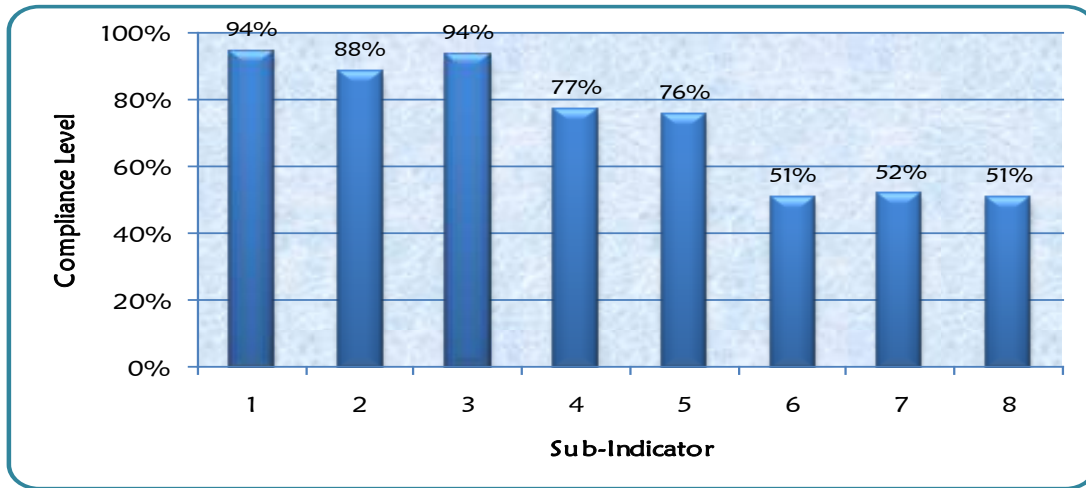
Figure 5 - 29: Performance of MDAs, LGAs and PAs in Each Indicator

D. Compliance Analysis for Individual Indicator

This part highlights performance of PEs in respect of each individual indicator and sub indicators. The purpose of the analysis is to identify and prioritize significant areas which need immediate and appropriate capacity building interventions.

i) Institutional Setup and Performance

The audit results indicated satisfactory compliance level on establishment of tender board which scored 94 percent, establishment PMU scored 88 percent and existence of internal audit units scored 94 percent. The compliance was fair on notifying PPRA about TB establishment which scored 77 percent and establishment of PMU sub-vote and allocation of funds scored 76 percent. However, on sub indicator on having knowledge of PPA and PPR for PMU staff, TB members and IAU staff, analysis indicates poor compliance with scores of 51 percent, 52 percent and 51 percent respectively. This shows that more efforts should be put to ensure that PMU staff, tender board members and internal audit unit attend training on PPA and PPR. Overall scores for sub-indicators on institutional set up is shown in **Figure 5-30**.



Key

1. Establishment of TB	2. Establishment of PMU	3. Establishment of IAU	4. Notification to the Authority on TB establishment
5. Establishment of sub-vote for PMU and allocation of adequate funds	6. Knowledge of PPA and PPR for PMUs staff	7. Knowledge of PPA and PPR for members	8. Knowledge of PPA and PPR for IAUs staff

Figure 5 - 30: Overall Scores for Sub-indicators on Institutional Set up

On the compliance of organs with their stipulated powers and responsibilities, the assessment indicated that budgetary approving authority, AOs and TBs performed their obligations satisfactorily as stipulated in PPA with compliance score above the target i.e. 87 percent, 87 percent and 89 percent respectively. However, PMU, UDs and internal audit unit compliance was fair at 76 percent, 77 percent and 74 percent respectively. Compliance of organs with stipulated powers and responsibilities is shown in **Figure 5-31**.

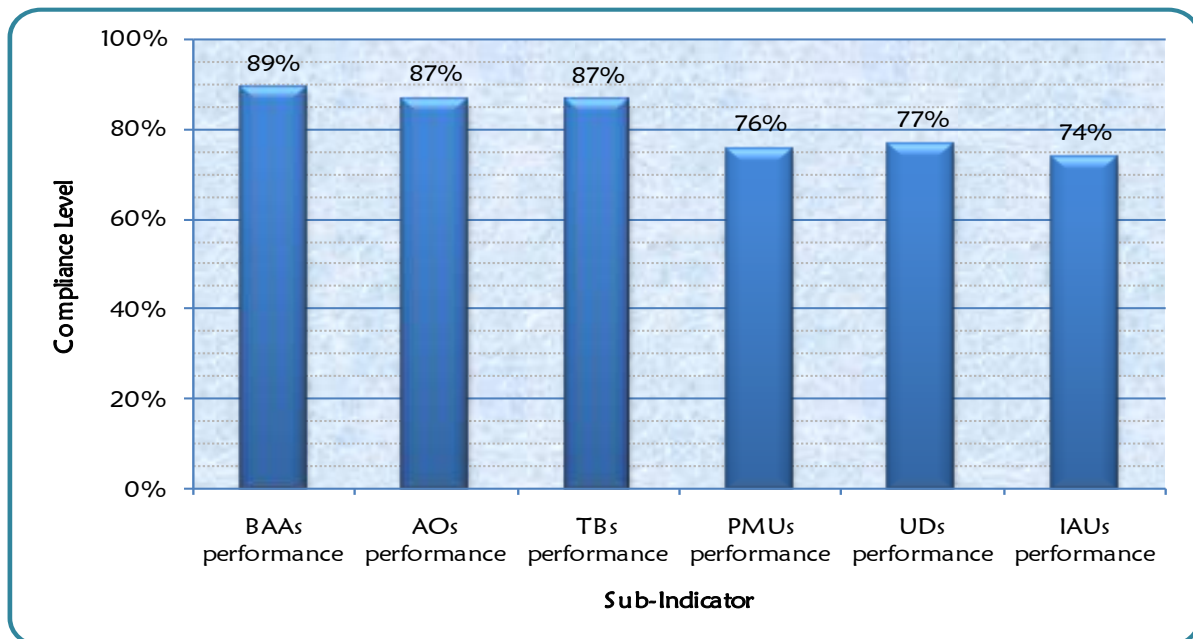


Figure 5 - 31: Compliance of Organs with Stipulated Powers and Responsibilities



The major observed weaknesses under institutional setup and performance were as follows: TB members, PMU and IAU staff did not attend training on the PPA 2011 and its Regulations 2013 and their attendant amendments of 2016, TB members did not sign code of ethics when deliberating on the recommendations from PMU and approve award of contracts, AO did not submit to Authority list of awarded contracts and copies of quarterly internal audit reports, TB did not approve contract documents and negotiation plans, BAA did not review quarterly procurement reports, PMU have no sub vote and had not been allocated funds in the budget, UD did not initiate procurement and disposal by tender requirements and forward them to PMU; UD did not maintain and archive records of contracts management and IAU did not include procurement issues in their quarterly audit reports.

ii) **Appropriate Preparation and Efficiency in Implementing the Procurement Plan**

The analysis on audit result under this indicator revealed satisfactory compliance on preparation of APPs with score of 84 percent indicating compliance with guidelines and standard format issued by the Authority. However, weaknesses were noted on publishing of GPNs in TPJ and PPRA website, and efficiency in implementation of APP which scored 76 percent and 74 percent respectively. Audit result shows that both MDA's and PA's compliance was fair at 79 percent on the indicator for appropriate preparation and implementation of APP whereas the score for LGA's was 80 percent being satisfactory compliance. The compliance level for the sub-indicators under preparation and implementation of APP is as indicated in **Figure 5-32**.below.

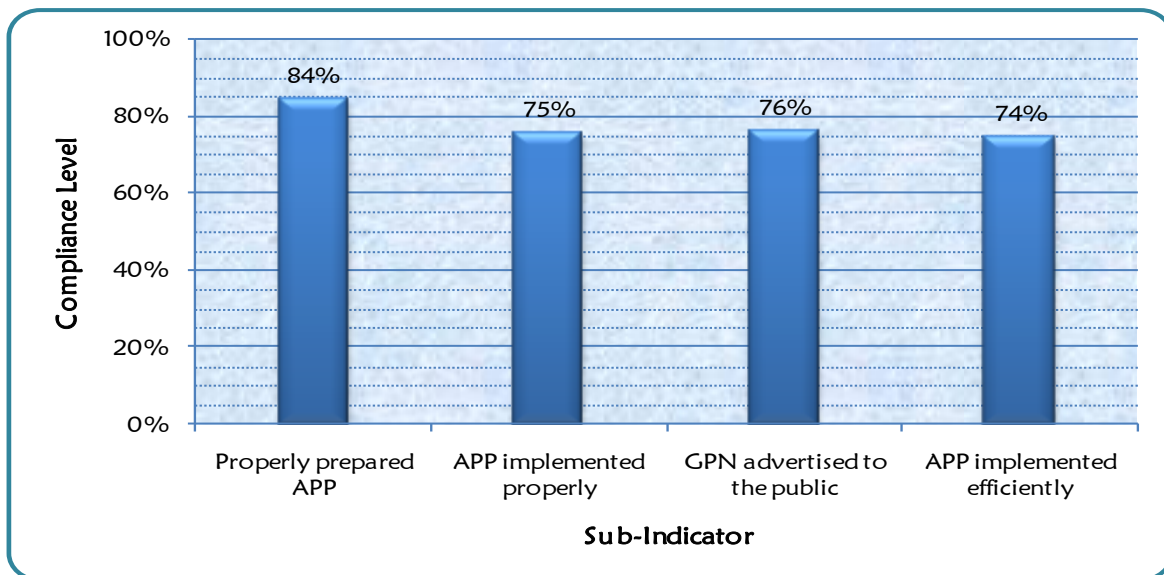


Figure 5 - 32: Compliance Level under Procurement Planning and Implementation

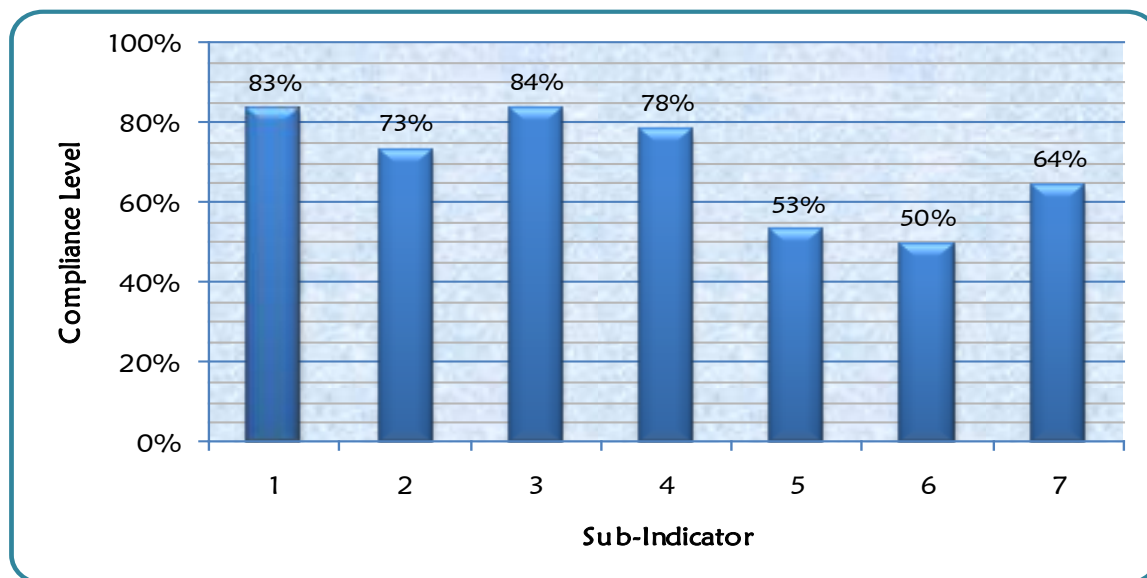
The major observed weaknesses under this indicator are as follows: all three templates of APP were not properly prepared, APP was not approved by the Budget Approving Authority, tender processing times was not allocated properly in APP, GPNs were not submitted to the Authority for advertisement in TPJ and Authority's Tender Portal, PEs



implemented some of procurements which were not included in APP and APPs were not updated accordingly, there was no proper arrangement of TB meetings in APP, there was no efficiency in implementing APP as delays were observed in the procurement processes and PEs didn't grant an exclusive preference of 30 percent in its annual procurement plan to special groups.

iii) **Appropriateness of Tender Processing**

The average compliance level on procurement process was satisfactory at 80 percent. The analysis of this indicator was divided into seven sub-indicators whereby two sub-indicators on confirmation of funds availability and evaluation reports contain all necessary attachments achieved satisfactory performance at 83 percent and 84 percent respectively. Three sub indicators namely: submission of tender advert to PPRA, issue of notice of intention to award contracts and use of procedural forms issued by PPRA achieved fair compliance level at score of 73 percent, 78 percent and 66 percent respectively. However, two sub indicators on publication of procurement awards on the tender portal and TPJ and notification of unsuccessful bidders attained poor compliance. The compliance level of sub-indicators under tender processing is shown in **Figure 5-33**.



Key

1. Confirmation of fund availability by vote book accountant	2. Submission of tender adverts to PPRA	3. Evaluation report contain all necessary attachments	4. Issue of notice of intention to award contract
5. Publication of awards in TPJ and Tender Portal	6. Notification of unsuccessful bidder	7. Using procedural forms issued by PPRA	

Figure 5 - 33: Compliance Level of Sub-indicators under Tender Processing

The major observed weaknesses under this indicator are as follows were: no evidence of certification of availability of funding by the Accounting Officer, adverts were not submitted to PPRA for publication in TPJ and Tender Portal, evaluation of tenders without using criteria stated in the tender documents, tender documents were not approved by the TB, evaluation committee members were not issued with appointment letters, evaluation



reports did not contain all the necessary attachments such as minutes of tender opening, copies of tender notices and signed covenant forms, AO did not notify the unsuccessful bidders the name of the proposed successfully bidder, contracts were signed beyond the tender validity period, TB did not approve the negotiation plan, letters for intention to award were not issued to bidders, awards information was not submitted to the Authority for publication in TPJ and tender portal, negotiation plan were not approved by TB, the procedures for rejection of abnormally low tenders were not followed, and procedural forms were not used during procurement process.

iv) **Appropriateness of contracts management**

The audit results indicated an average compliance level of 78 percent on this indicator which was fair compliance. The audits revealed that sub indicators on completeness of contract documents and signing, TB approvals, vetting of contract by AG or legal officer and proper signing of contracts scored 82 percent which was satisfactory compliance. Fourteen sub-indicators achieved fair compliance between 60 percent and 79 percent while other thirteen sub-indicators had satisfactory compliance of 80 percent and above. The compliance levels of sub indicators under contracts management is shown in **Figure 5-34**.

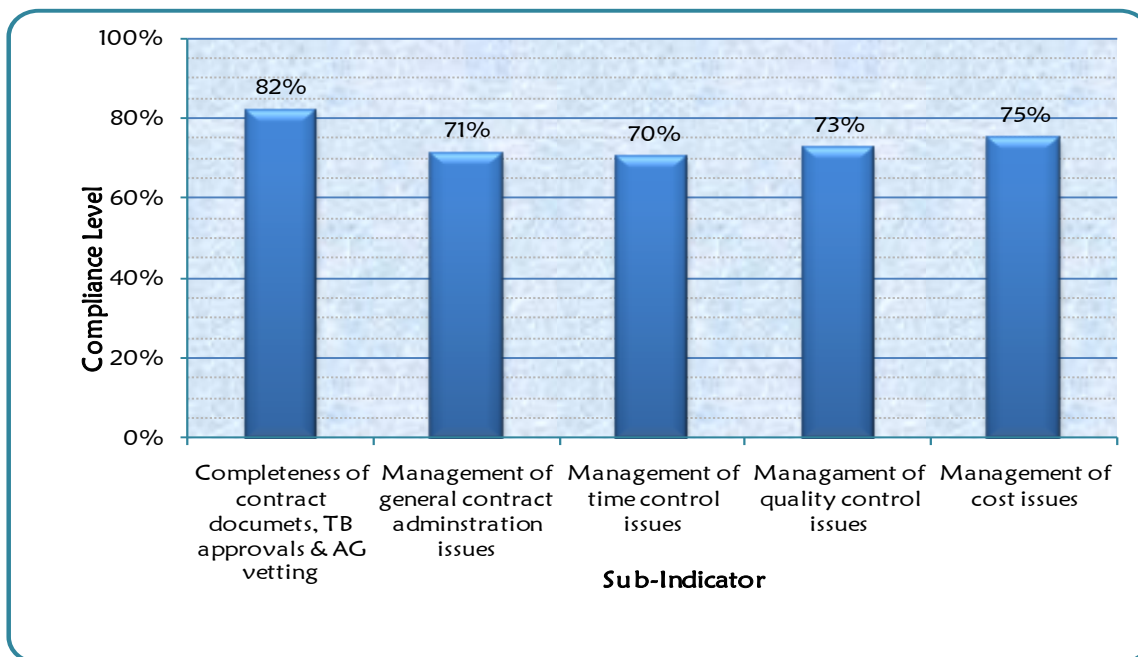


Figure 5 - 34: Compliance Levels of Sub Indicators under Contracts Management

The major observed weaknesses under this indicator are: draft contracts for reviewed tenders were not approved by TB, contracts were not vetted by legal officer, contracts were not signed properly, progress reports for non consultancy services were not prepared, there was delay in payments for suppliers, supervisors or contract managers for managing non-consultancy services contracts were not officially appointed by AO, inspection reports for goods and Goods Received Note were not attached to payment vouchers, Accounting Officer did not appoint projects supervisor for services, some of the contracts were implemented without submission of performance guarantees as per requirement of the contract, progress reports and measurement sheets were not attached with payment



certificates, there was delay of payments to suppliers and service providers, quality assurance plan were not prepared and adhered to during implementation of the contract, payments to suppliers for sampled tenders were not certified by UDs, there was no records of timely possession of site for non consultancy services, there was no proper management of performance securities, insurances or advance payment guarantees and PEs did not timely certify the certificates for contractual works.

v) **Management of Procurement Records**

The overall level of compliance on management of procurement records was fair with a score of 70 percent. The compliance was satisfactory on adequacy of space for procurement records and adequate storage facilities which scored 86 percent and 82 percent respectively. However, the compliance was fair on availability of complete records per tender which scored 62 percent while the sub indicator on proper arrangement of procurement records had poor performance with a score of 56 percent. The observed weaknesses under this indicator affected the efficiency of the audit exercise. The compliance assessment of the sub-indicators under records management is shown in **Figure 5-35**.

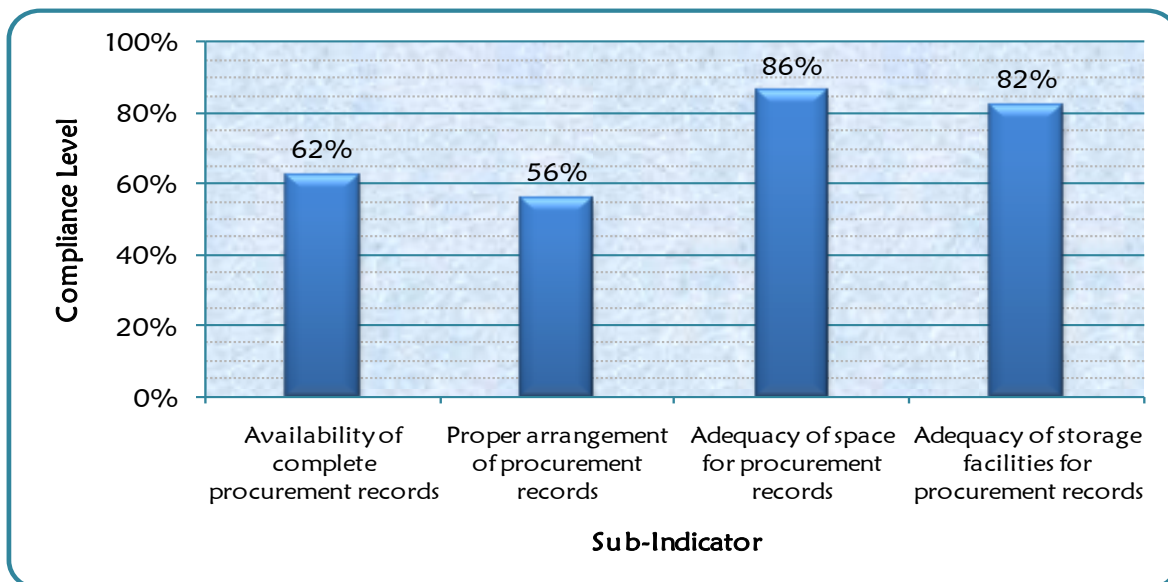


Figure 5 - 35: Compliance Level under Procurement Records Management

The major observed weaknesses under this indicator are: records of procurement were not properly kept, inadequate space for archiving procurement records, inadequate office space for PMU staff, records in some of procurement files reviewed were not properly arranged in accordance to successive stages of procurement process and PMU did not maintain complete procurement records.

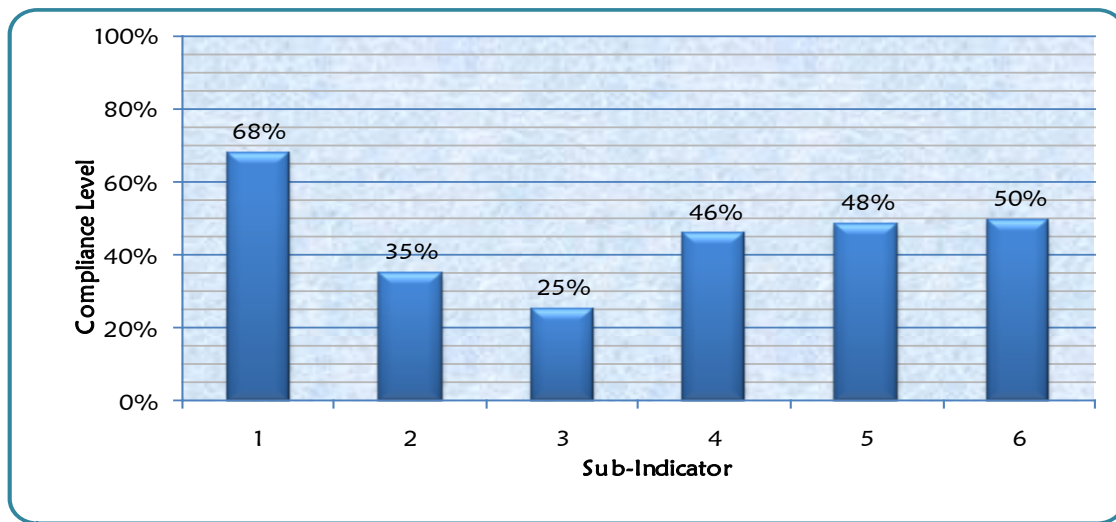
vi) **Use of Systems Developed by PPRA**

The assessment in this indicator involved the following sub-indicators: timely submission of procurement plans; submission of procurement process reports for individual tenders;



submission of contracts completion reports; submission of monthly, quarterly and annual procurement reports.

The audit results indicated poor compliance of PEs on this indicator with a score of 45 percent implying that more than half of the audited PEs are partially or not using the established systems. Further analysis revealed that, 12 out of 58 audited PEs did not use the system at all. The PEs were one (1) LGA, four (4) MDAs and seven (7) PAs. The compliance was fair on one sub indicator on submission of planned procurement through the system with a score of 68 percent while five sub-indicators had poor compliance. Compliance levels for use of systems developed by PPRA is as shown in **Figure 5-36**.



Key

1. Submission of planned procurement	2. Submission of tender process reports	3. Submission of contract completion reports
4. Submission of monthly procurement reports	5. Submission of quarterly procurement reports	6. Submission of annual procurement reports

Figure 5 - 36: Compliance Levels for use of Systems Developed by PPRA

The major observed weaknesses under this indicator were: PEs did not submit to PPRA through PMIS complete procurement monitoring checklist, contract completion reports, monthly procurement implementation reports and quarterly implementation reports.

vii) **Handling of Complaints**

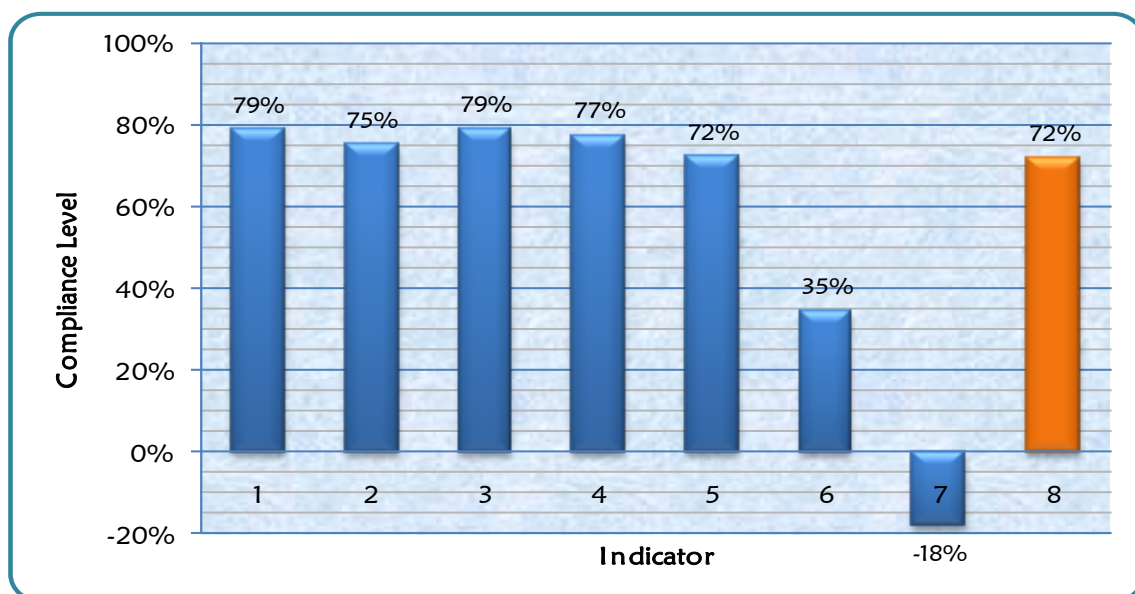
In this indicator, PEs were assessed whether they handled bidders' complaints in accordance with PPA and PPR. Depending on the number of mishandled cases, PEs were penalized to the maximum of 10 points. Analysis of the audit results indicated that, seven (7) PEs out of 58 audited PEs did not handle complaints properly as required by PPA and PPR. The PEs were five (5) PAs and two (2) MDAs. These PEs includes Tanesco (-2.5); Kariakoo Market Corporation (-7.5); Tanzania Post Corporation (-5.0); Bank of Tanzania (BOT) (-2.5); NSSF (-5.0); Tanzania Airport Authority (-5.0) and Tanzania Ports Authority (-5.0).



The major observed weaknesses under this indicator are as follows: AOs did not handle properly complaints submitted by bidders by suspending the procurement proceedings and institute investigation; and AOs not submitting copies of the complaints decision to PPRA.

5.2.6 Compliance for PEs with Contract Volumes of TZS 20 Billion and Above

Eleven (11) out of 58 audited PEs with total volume of TZS 403.72 billion equivalent to 50 percent of the total value of audited procurements were assessed to have an overall compliance level of 72 percent. This is below the target level of 80 percent set by the Authority for the financial year 2017/18. PEs names and their respective scores are; MSD (88.8 percent), NSSF (83.4 percent), Tanesco (82.2 percent), Veta (87.5 percent), TIE (63.6 percent), TAA (72.5 percent), TTCL (72.6 percent), BOT (78 percent), Ministry of Education Science and Technology (47.5 percent), TRL (52.2 percent) and TPA (61.6 percent). Compliance level of the 11 audited PEs with procurement volume of TZS 20 billion and above is shown by **Figure 5-37**.



Key

1. Institutional Set up and Performance	2. Preparation and implementation of APP	3. Appropriateness of the Tender Process	4. Appropriateness of contract implementation
5. Record Keeping	6. Implementation of systems prepared by PPRA	7. Handling of Complaints	8. Overall

Figure 5 - 37: Compliance of PEs with Expenditure of above TZS 20 Billion in Procurement

Further analysis carried out to 11 PEs with procurement volume above TZS 20 billion revealed that four (4) PEs had satisfactory compliance level of 80 percent and above, whereas five (5) PEs had fair compliance level ranging from 63 percent to 73 percent. However, two (2) PEs were observed to have poor performance that is below 60 percent. Distribution of compliance level of the audited PEs with procurement volume of TZS 20 billion and above is shown by **Figure 5-38**.

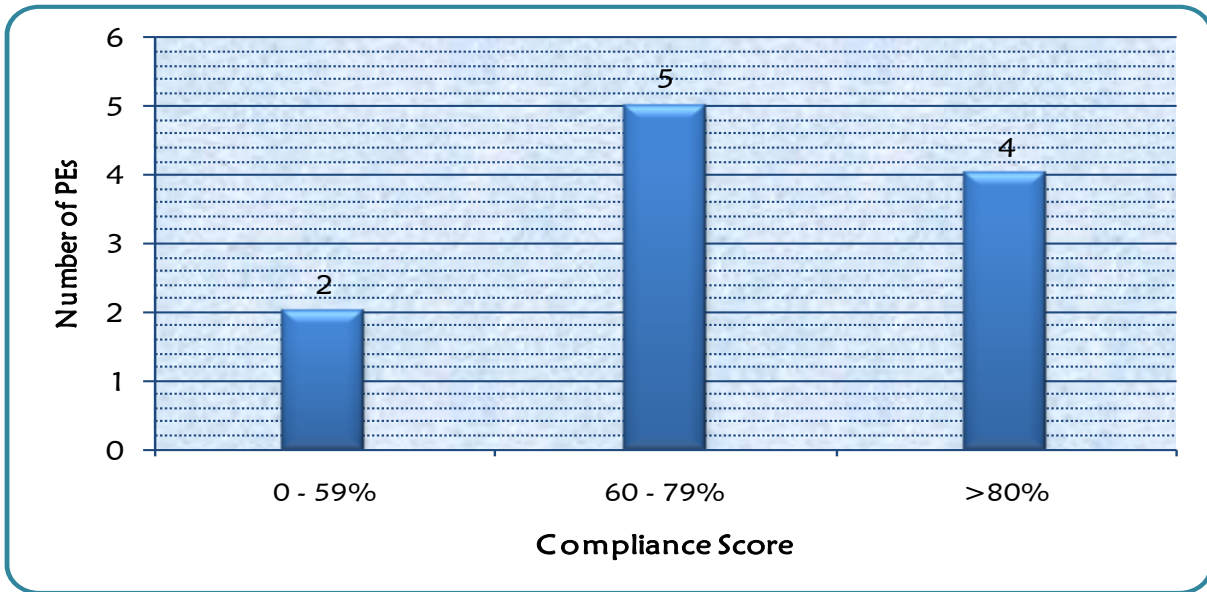


Figure 5 - 38: Distribution of compliance level of PEs with procurement volume of TZS 20 billion and above

5.2.7 PEs with poor performance

Analysis of the audit results indicated that 7 PEs out of 58 audited PEs equivalent to 12.1% were assessed to have poor compliance level (below 60 percent) based on seven compliance indicators. Five (5) out of 7 PEs with poor compliance did not submit any procurement information through PMIS developed by PPRA, thus, limiting the Authority’s efforts in monitoring procurement activities and contract implementations undertaken by such entities. The PEs were TRL, KADCO, TTB, Kariakoo Market and Ministry of Education Science and Technology.

The audit results confirmed that there was violation to the provisions of PPA and PPR by PEs to the extent that needs immediate intervention and collective efforts to address the identified capacity gaps through training. The PEs with poor performance are as shown in **Table 5-8**.

Table 5 - 8: PEs with Poor Performance

SN	Name of PE	Institutional Set up and Performance	Appropriate preparation and implementation of APP	Appropriateness of the Tender Process	Appropriateness of contract preparation, formation and implementation	Record Keeping	Implementation of systems prepared by PPRA	Handling of complaints	Overall Score (%)
1	National Institute for Medical Research	6.90	5.20	15.35	18.50	6.00	1.50	0.00	53.45



SN	Name of PE	Institutional Set up and Performance	Appropriate preparation and implementation of APP	Appropriateness of the Tender Process	Appropriateness of contract preparation, formation and implementation	Record Keeping	Implementation of systems prepared by PPRA	Handling of complaints	Overall Score (%)
2	Kilimanjaro Airport Development Company	6.90	5.40	4.43	19.75	5.30	0.00	0.00	41.78
3	Tanzania Railway Ltd	7.14	5.20	12.78	22.06	5.00	0.00	0.00	52.18
4	Tanzania Tourist Board	6.00	5.40	16.50	26.00	4.00	0.00	0.00	57.90
5	Kariakoo Market Corporation	5.30	8.00	9.82	25.68	5.73	0.00	-7.50	47.03
6	Bukoba Municipal Council	6.20	6.05	12.45	26.90	4.50	1.00	0.00	57.10
7	Ministry of Education, Science and Technology	5.17	3.00	12.15	23.13	4.00	0.00	0.00	47.45

Analysis of audit results indicated that three (3) out of seven (7) PEs with poor performance namely Kariakoo Market, Bukoba Municipal Council and Tanzania Railway Limited were previously audited by PPRA and issued with audit recommendations to assist them in complying with the procurement law. The audit results shows that the audit recommendations given to the respective PEs were not effectively adhered to as there was no improvement noted. Records of PEs with persistence poor performance is shown **Table 5-9**.

Table 5 - 9: PEs with Persistence Poor Performance

SN	Name of PE	Compliance Level (%)					
		FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
1	Kariakoo Market Corporation	7.9				48.0	47.0
2	Bukoba Municipal Council					54.9	57.1
3	Tanzania Railway Ltd (TRL)			51.2	29.6		52.2

5.2.8 Value for Money Audit Findings

PEs are required to ensure that procurement processes and contracts are performed in accordance with the requirements of PPA and PPR. The Authority is mandated by PPA to conduct procurement audits during tender preparatory stage, contract audits in the course of execution of an awarded tender and performance audits after completion of the contract.



The audit aimed at determining whether procurement processes were carried out in accordance with the requirements of PPA, 2011 whether contracts were implemented as per contract provisions and whether they met VFM objective.

Value for Money audits were carried out to 41 PEs during the financial year 2017/18. The audits covered construction projects, goods, consultancy services and water supply scheme projects. Entities selected were among the 58 PEs which had been subjected to compliance audit during the same year and included 10 MDAs, 19 LGAs and 12 PAs.

A. VfM Audit Opinion

Scores attained in VFM audits were aggregated into three groups as indicated in **Table 5 -10**.

Table 5 - 10: VFM Audit Opinion

<i>Aggregated score in %</i>	<i>Assessment</i>	<i>Opinion</i>
75 - 100	Satisfactory performance	<ul style="list-style-type: none"> • There is sufficient assurance that project objectives are likely to be achieved (or have been achieved) and VFM is likely to be realized (or has been realized) • Although the project is/ was exposed to some risks, they are considered to be manageable (they could have been managed) • Risk management action is/ was effective although improvement is/ was possible • Management action is/was required to address the weaknesses observed
50 - 74	Fair performance	<ul style="list-style-type: none"> • Although most of the project objectives are likely to be achieved there are significant weaknesses that need to be addressed for the project to realize VFM (or important improvement could have been made to enhance VFM) • Risk management plan is/ was not sufficiently effective • Management action is/was required to address the significant number of weaknesses observed
0 - 49	Poor performance	<ul style="list-style-type: none"> • Most of the project objectives are unlikely to be achieved (or have not been achieved) hence VFM is unlikely to be achieved (or has not been realized) • Key risks are/were not being managed effectively or are/were not being managed at all • Urgent and significant management action is/was required to address the observed weaknesses to minimize the effects

B. VFM Audit Scope

During the FY 2017/18, PPRA conducted VfM audits on 199 procurement contracts worth TZS 470.03 billion. Out of the audited contracts, 51 were construction projects worth TZS 326.33 billion, 67 were goods contracts worth TZS 99.12 billion, 55 were consultancy contracts worth TZS 32.27 billion and 26 water supply projects worth TZS 12.31 billion. Categories of audited contracts are summarized in **Table 5- 11**.



Table 5 - 11: Categories of Audited Contracts

S/N	Contract category		Number of projects	Value (TZS in millions)	Percentage (%)	
					Number	Value
1.	Works	Building	13	123,829.028	6.5	26.3
		Road	27	163,720.302	13.6	34.8
		Civil	11	38,782.993	5.5	8.3
		Water	26	12,314.967	13.1	2.6
2.	Goods	Goods	67	99,116.223	33.7	21.1
3.	Consultancy	Consultancy	55	32,268.850	27.6	6.9
Total			199	470,032.362	100.0	100.0

One hundred and nine (109) out of 199 audited contracts equivalent to 54.8 percent with a value of TZS 342.461 billion were still ongoing by the time of audit while 90 contracts equivalent to 45.2 percent with a value of TZS 127.764 billion were completed. The status of audited contracts is summarized in **Table 5-12**.

Table 5 - 12: Categories of Audited Project/Contracts

Status	Number of Projects	Contract Value	Percentage Number	Percentage Value
Completed	90	127,571,477,222.08	45.20	27
On going	109	342,460,884,945.35	54.80	73
Total	199	470,032,362,167.43	100.00	100.00

Out of 199 audited contracts, 119 equivalent to 59.8 percent with a value of TZS 247.26 billion were in LGAs while 38 contracts equivalent to 19 percent with a value of TZS 80.11 billion were in MDAs. Furthermore, 42 contracts equivalent to 21.1 percent with a value of TZS 142.67 billion were in PAs. The audited contracts in terms of PEs categories are summarized in **Table 5-13**.



Table 5 - 13: Audited Contracts in Terms of PEs Categories

Category	No. of contract	Contract Value	Percentage No.	Percentage Value
LGAs	119	247,258,960,343.95	59.8	52.6
MDAs	38	80,108,578,797.82	19.1	17.0
PAs	42	142,664,823,025.66	21.1	30.4
Total	199	470,032,362,167.43	100.0	100.0

C. Analysis of all Audited Projects Performance

- i) Out of 199 audited projects, 172 projects equivalent to 86.4 percent with total contract value of TZS 380.11 billion were assessed to have satisfactory performance. Ninety six (96) out of 172 projects equivalent to 88.1 percent with total value of TZS 264.20 billion were on progress while 76 projects equivalent to 84.4 percent with total value of TZS 115.91 billion were completed. This implies that the intended projects objectives had been achieved or were likely to be achieved and VfM had been realized or was likely to be realized.
- ii) Twenty four (24) projects equivalent to 12.1 percent of all 199 audited projects, worth TZS 89.61 billion were assessed to have fair performance. Eleven projects with total value of TZS 77.98 billion equivalent to 10.10 percent were still on progress while 13 projects with total value of TZS 11.63 billion equivalent to 14.3 percent were completed. Significant weaknesses were observed and the PEs were directed to address the observed weaknesses for the intended project objectives to be achieved and VfM to be realised.
- iii) Three (3) projects out of 199 audited projects equivalent to 1.5 percent worth TZS 311.67 million had poor performance. One project out of three projects with poor performance was completed while two were still on progress. The poor performance signifies that projects objectives were unlikely to be achieved and VFM unlikely to be realised for ongoing contracts and not realised for completed contract. PEs were directed to undertake urgent and significant management actions in order to address the observed weaknesses. Distribution of audited projects performance in LGAs, PAs and MDAs were as shown in **Figure 5-39**.

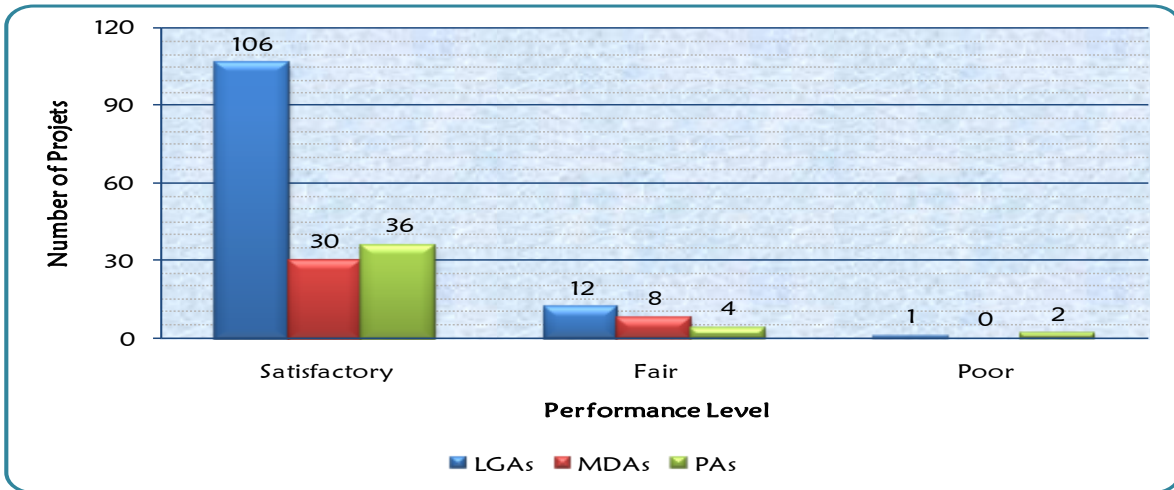


Figure 5 - 39: Distribution of Audited Projects Performance in LGAs, PAs and MDAs

iv) The performance of audited 199 projects were compared with the performance of 345 audited projects of the preceding financial year 2016/17. The analysis indicated that, the overall performance of 544 audited projects within the two financial years was satisfactory ranging from 75 to 100 percent. The total number of projects with satisfactory performance during the last financial year was 73 percent of all audited projects while for the reporting financial year (2017/2018) is 86 percent. VfM performance distribution of all audited projects during the two financial years are shown in **Figure 5-40**.

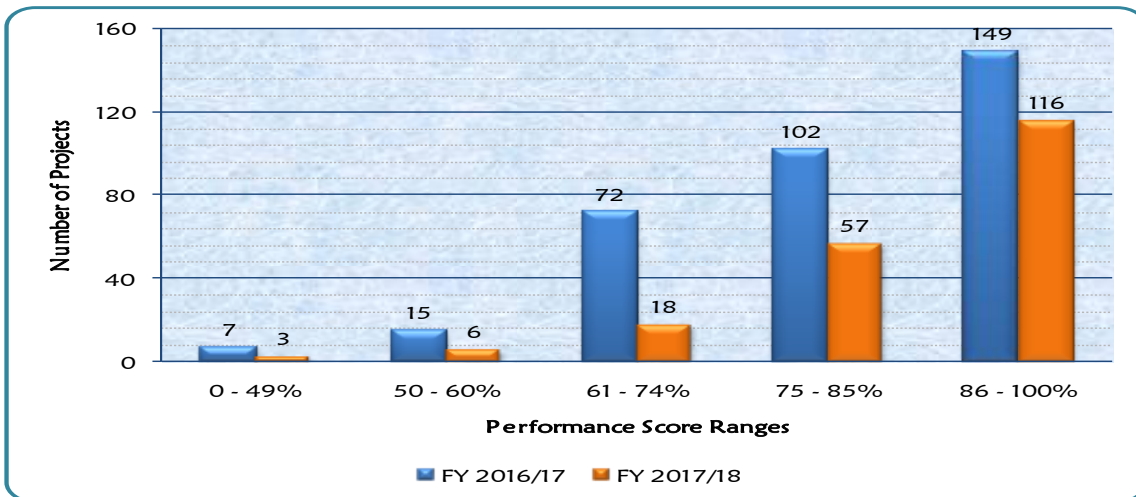


Figure 5 - 40: VfM Performance for Two Financial Years

v) **Overall VfM Results in Terms of Contracts Category and Status**

The performance of the audited projects was assessed in terms of contract types and category i.e goods, building works, civil works, water irrigation scheme and consultancy services. The assessment results indicated satisfactory performance for all types of audited contracts ranging from 82 percent - 91 percent. The overall performance result for each contract type and category is as shown in **Figure 5-41**.

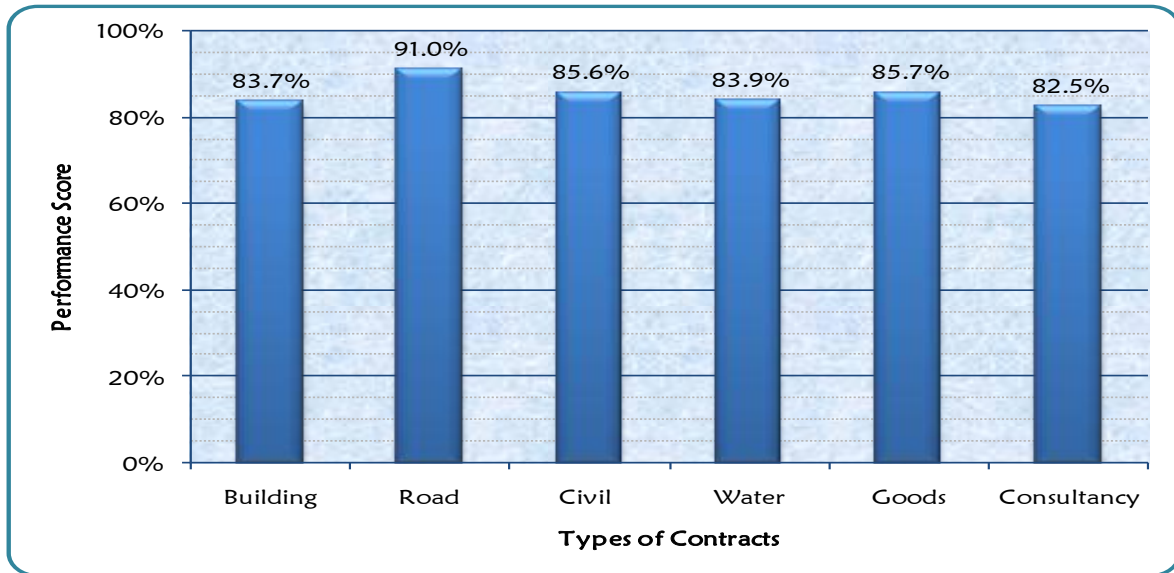


Figure 5 - 41: VFM Overall Results for Contracts Types and Category

The VfM performance was also assessed on completed projects and ongoing projects separately. The average performance of 109 ongoing contracts which are under execution was assessed to be 85.9 percent while that of 91 completed contracts was 84.3 percent.

vi) Analysis of Projects with Poor Performance

The analysis of audited projects revealed that three projects determined to have poor performance were both in the category of consultancy services. The projects had a value of TZS 311.67 million which is equivalent to 1.0 percent of all audited consultancy services contracts. The list of audited contracts with poor performance is indicated in **Table 5-14**.

Table 5 - 14: Projects with Poor Performance

S/N	Name of PE	Project/Contract Description	Contract Amount (TZS in millions)	Overall Score in %
1.	Higher Education Students' Loan Board	Contract No. PA/030/2016-17/HQ/C/09 for Provision of consultancy service for Integration (LMS, Vote Book, FMS and External Collection System).	35.76	49.5
2.	BOT	Consultancy Services for the Proposed Construction of New Hostel at BOT Training Institute in Mwanza City.	89.92	42.2
3.	Njombe Town Council	Contract no. LGA/134/2014/2015/C/01 (Phase II) for Provision of Consultancy Services for Preparation of Master Plan for Njombe Town Council.	186.00	37.2



vii) Analysis of VfM Performance of All Audited PEs

The performance level of 41 audited PEs on five performance indicators was ranked to determine those with satisfactory, fair and poor performance. The overall VfM performance of all PEs for all the audited projects was assessed to be 84.1 percent which is satisfactory performance. The score had shown improvement compared to the last year's performance which was 82.5 percent for audited 81 PEs. This year's performance signifies in general terms that, funds earmarked for selected projects were properly spent but with weaknesses which if properly addressed, the projects are likely to achieve the intended objectives and thus VfM is likely to be realized.

Assessment of VfM audit results in terms of performance of PEs indicated that, 5 PEs or 12 percent had fair performance while 36 PEs or 88 percent had satisfactory performance. The assessment results in terms of PEs categories indicated that, 19 LGAs, 8 PAs and 9 MDAs had satisfactory performance while 4 PAs and 1 MDA had fair performance ranging between 58 percent and 74.5 percent. The VfM performance of all audited MDAs, LGA and PAs are shown by **Figure 5-42**.

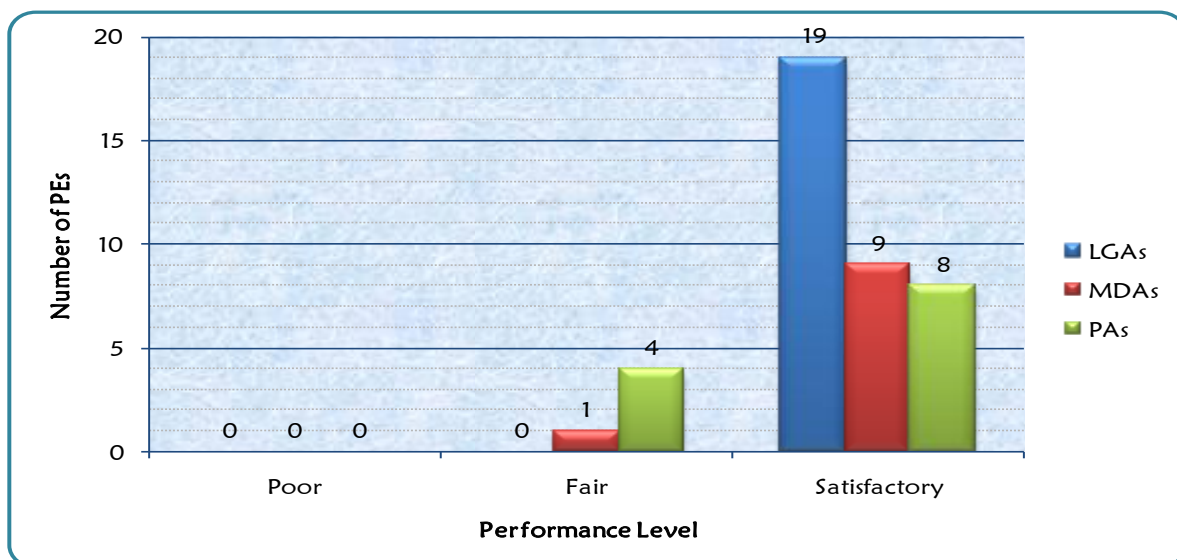


Figure 5 - 42: VfM performance of All Audited MDAs, LGAs and PAs

Comparison of performance level for MDAs, PAs and LGAs with the preceding year's results revealed that the average compliance level for MDAs has slightly increased from 86.1 to 86.2 percent while LGAs has also increased from 76.5 percent to 86.4 percent compared to last year's results. However, the performance of PAs has decreased from 83.2 percent to 78.2 percent compared to last year's audit results. The above changes in the compliance level for MDAs, PAs and LGAs has caused increase of overall performance level from score of 82.5 percent achieved in the last year up to score of 84.1 percent in the year under review. The comparison of performance level in terms of category of PEs are shown in **Figure 5-43**.

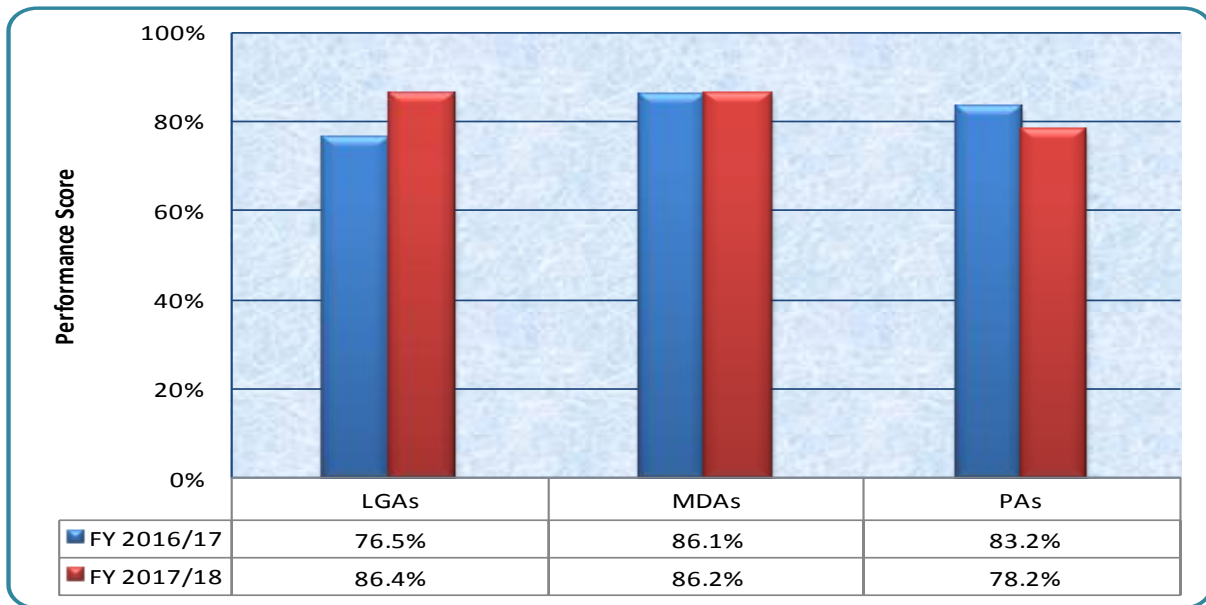


Figure 5 - 43: Comparison of Performance Level in Terms of Category of PEs

5.2.9 Overall Level of Performance of All Audited PEs on Individual VfM Indicator

The outcome of the value for money audit indicated the average performance levels of the five (5) VfM performance indicators to be as follows: planning, design and tender documentation (85.7 percent); procurement process (82.8 percent); works supervision and contract administration (78.1 percent); project completion and closure (71.1 percent); and quality and quantity of executed works or delivered goods & services (87.2 percent). The performance level was satisfactory on four (4) indicators (75 percent and above) except on the indicator on project completion and closure. The average performance of all audited 41 PEs to the individual VfM performance indicators are as presented in **Table 5-15** and shown by **Figure 5-44**.

Table 5 - 15: VfM Overall Results for Individual Indicators

S/N	Indicator	Average score (%)	Performance
1	Planning, Designing and Tender Documentation	85.7	Satisfactory
2	Procurement Processing	82.8	Satisfactory
3	Contract Implementation & Administration	78.1	Satisfactory
4	Quality & Quantity of Works, Goods or Services	87.2	Satisfactory
5	Project Completion and Closure	71.1	Fair
	Overall Score	84.1	Satisfactory

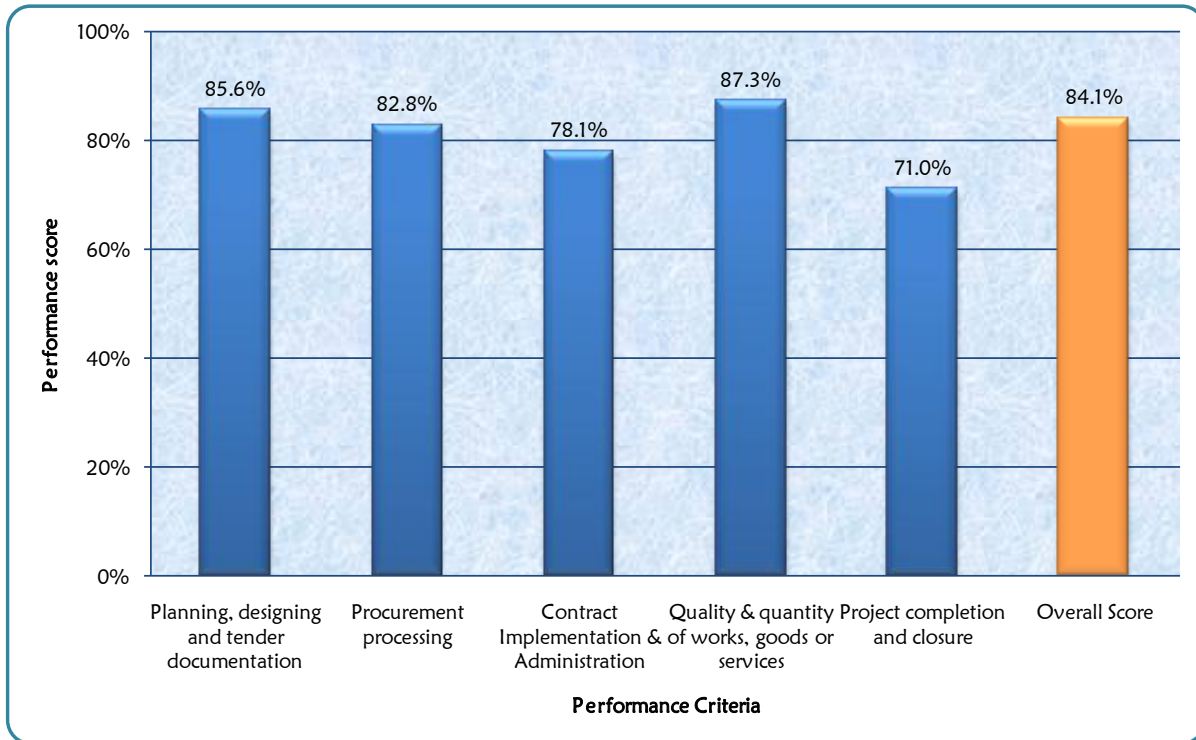


Figure 5 - 44: Overall VfM Results for Individual Indicators

During the year under review, in the indicator for planning, designing and tender documentation and procurement process there was a slight improve in performance as the score was 85.6 and 82.8 percent compared to preceding year’s score of 85 and 81.5 percent respectively. Likewise, indicators on contract implementation and administration, quality and quantity of executed works and project completion and closure there was also improvement in performance as the indicators scored 78.1 percent, 87.3 percent and 71 percent compared to preceding year’s score of 75.6 percent, 86 percent and 69 percent respectively. The VfM results for the five performance indicators as compared to the last financial year 2016/17 results are as shown in **Figure 5- 45**.

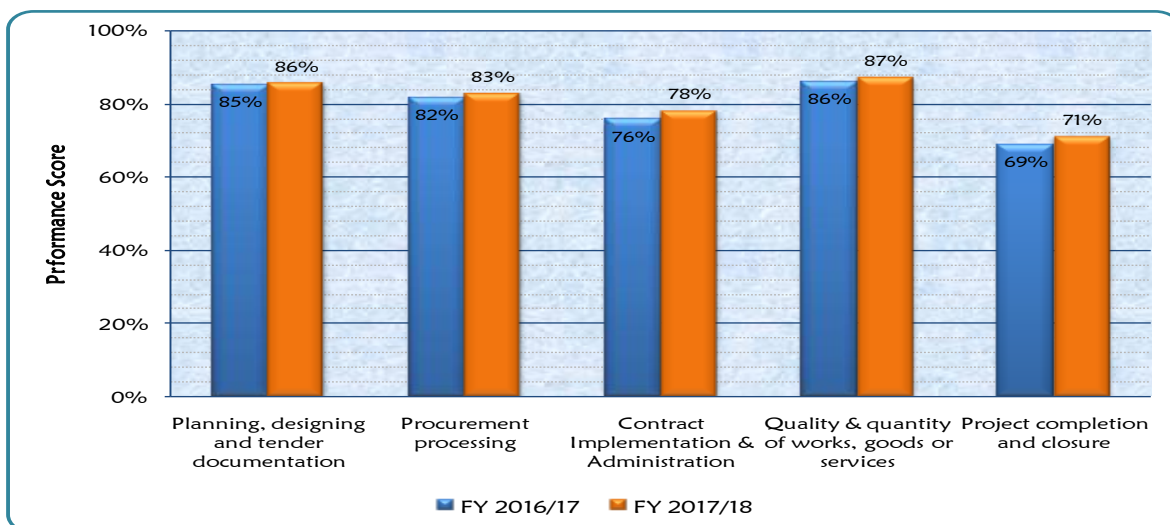


Figure 5 - 45: VfM results for the Five Performance Indicators Compared to Last Financial Year



The analysis of overall performance (VfM) results of audited PEs for the past six consecutive years indicates significant improvement from an overall score of 62.3 percent in FY 2012/13 which dropped to 60.2 percent during year 2013/14. However, from FY 2014/15 the performance increased to 64.5 percent and the trend continued to increase up to an overall score of 84.1% for the financial year 2017/18. The improvement has been increasing due to more effort in monitoring and conducting periodic and continuous auditing especially in those Local Government Authorities (LGAs) which are implementing Urban Local Government Strengthening Programme (ULSP) project funded by World Bank. The audit to the 18 LGAs and follow up of implementation of audit recommendations has been carried out continuously from year 2013/14 up to the financial year 2017/18. The comparison of overall performance score of audited PEs over the past six consecutive financial years is as shown in **Figure 5-46**.

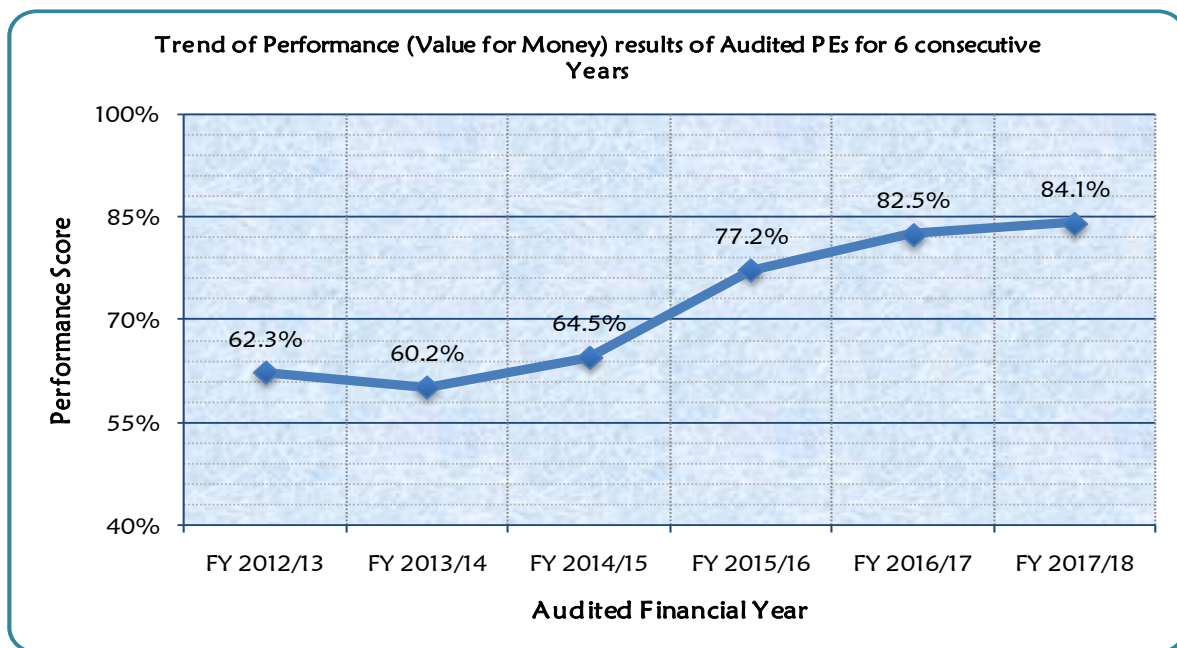


Figure 5 - 46: Comparison of Overall VfM Score of Audited PEs for the Past Six Consecutive Years

a) Planning, Designing and Tender Documentation

The analysis of audit results on planning, designing and tender documentation indicated an overall score of 85.7 percent which signifies satisfactory performance. The result shows that all LGA's, PA's and MDA's performance was satisfactory at 88.9, 81.6 and 84.3 percent respectively. However, one (1) PA namely; MUCE had poor performance of 37 percent while one PA namely VETA and three (3) MDAs namely MoEST, TAA and BoT had fair performances. Six (6) projects or 3% of all audited projects were assessed to have poor performance on this performance indicator. The overall VFM audit score on this indicator for MDAs, PAs and LGAs is shown by **Figure 5-47**.

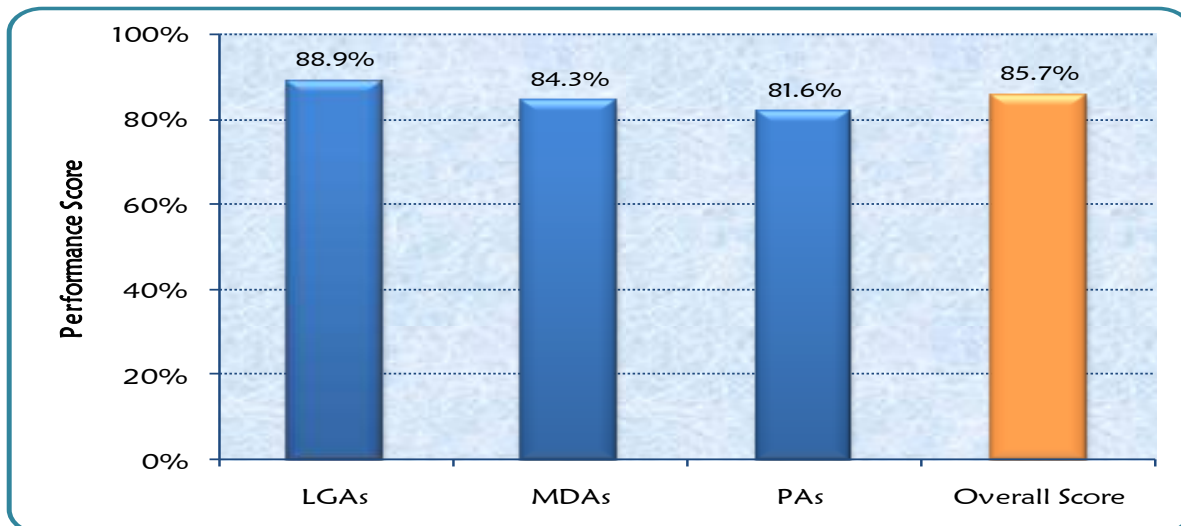


Figure 5 - 47: Overall PEs Performance on Planning, Designing and Tender Documentation

The major observed weaknesses under this indicator are as follows: Tender documents and RFP were incomplete because drawings, instruction to consultants, proposal data sheet, GCC and SCC were missing; tenders were implemented but were not in APP; feasibility study was not conducted; cost estimates were prepared without including detailed technical specifications; availability of funds not confirmed by the AO; UDs did not initiate procurement; lack of adequacy in design assessment based on updated building software; there was no procurement requisition form to show the cost estimates and vote number for funds availability and balance; inconsistency between drawings, technical specifications and BOQs; failure to use standard bidding document and RFP; ToR did not indicate past experience and duration required for the experience; inappropriate procurement methods were used; tender document did not indicate bid validity period; tender data sheet had discriminatory criteria and contradiction between clauses in the BDS and other clauses in the tender document.

b) Procurement processing

The analysis of audit results on the procurement process indicated an overall score of 82.8 percent, which is satisfactory performance. The overall performances of LGAs, MDAs and PAs on this indicator were assessed to be satisfactory at score of 88.3 percent, 80 percent and 76.4 percent respectively. In addition, one LGA, five PAs and two MDAs had fair performance (between 50% - 74%). Furthermore, the analysis indicated that three projects or 1.5% of all audited projects had poor performance while 32 projects or 16% of all audited projects had fair performance. The overall VFM audit score of LGAs, MDAs and PAs on this indicator is shown in **Figure 5-48**.

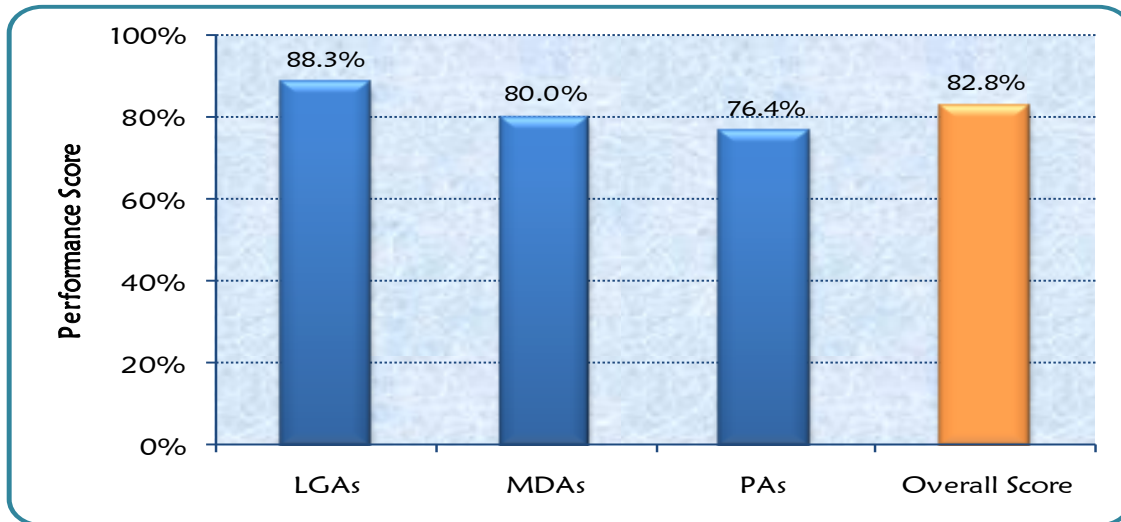


Figure 5 - 48: Overall PEs Performance on Procurement Processing

The major observed weaknesses were as follows: Lack of evidence whether TB approved tender documents, RFP, contract document and tender adverts; TB did not review and approve negotiation plans; notice of intention to award were not issued to bidders; unsuccessful bidders were not notified of tender results; evaluation reports were not signed by evaluation teams; two different versions of the negotiation minutes for the same tender; tenders were evaluated using criteria not explicitly stated in the bidding document; no evidence to confirm whether contracts were vetted/ratified by PEs legal officers or AG; evaluation team and negotiation teams were not appointed formally; tender adverts and awards were not submitted to PPRA for publication; lack of evidence whether the evaluation of tenders were done; ambiguous and unrealistic evaluation criteria were provided in bidding document; evaluation of tenders were not done properly; excessive delay in signing procurement contracts; minutes of negotiation were not approved by TB; lack of evidence whether detailed report on procurement through single source was submitted to PPRA; and evaluation report had no necessary attachments.

c) **Contract Implementation and Administration**

The audit result on performance of audited PEs on the contract implementation and administration was assessed to be 78.1 percent indicating that the stage was satisfactorily performed. Under this indicator, LGAs and MDAs performed satisfactory at scores of 82.3 percent and 84.9 percent respectively whereas PA's performance was fair at a score of 64.5 percent. Further analysis indicated poor performance on 13 audited projects equivalent to 6.5 percent of all audited projects out of which six (6) were on progress. The PEs management were directed to undertake urgent interventions to address the observed significant weaknesses for ongoing projects for VFM to be realized. Moreover, 4 PEs including one (1) LGA and three (3) PAs had poor performance. The overall VFM audit score of LGAs, MDAs and PAs for this indicator is shown by **Figure 5-49**.

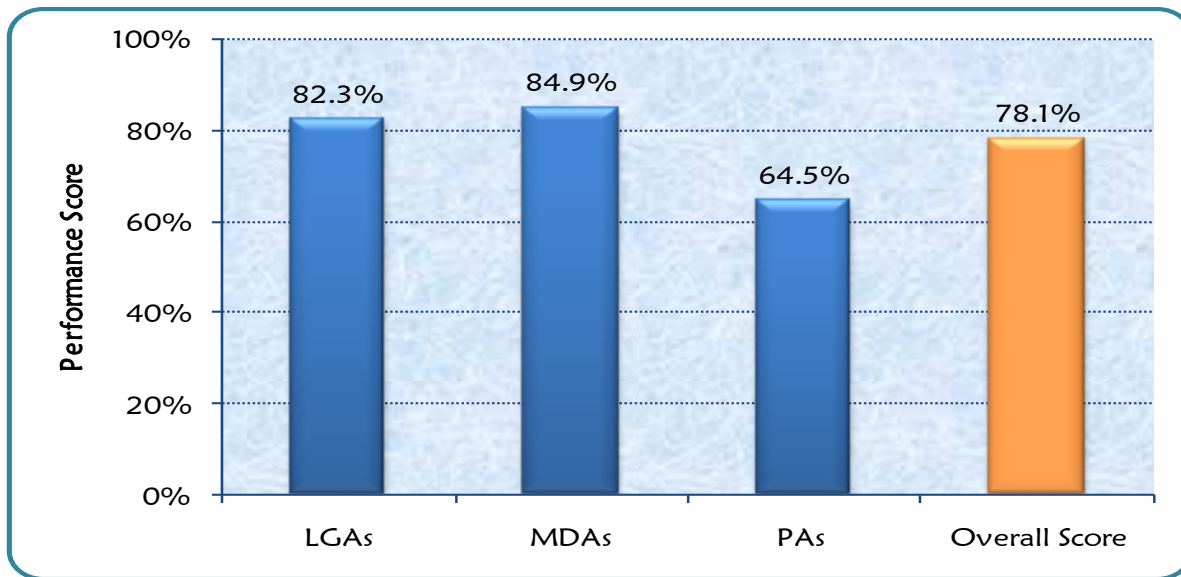


Figure 5 - 49: Overall PEs Performance on Contract Implementation and Administration

During works supervision and contract management stage, the following weaknesses were observed: non verification of advance payment guarantees, performance securities and insurance covers; project supervisors were not appointed; progress reports were not prepared; quality assurance plans were not prepared; interim reports were not prepared; schedule of works were not prepared; materials test and technical reports were not prepared; environmental and social impact assurance plans were not prepared; program of the works were not updated; delays in site possession to contractors; delayed payments to contractors, suppliers and service providers; liquidated damages not imposed for delayed works, supplies and services; key personnel indicated in the contract were not the ones involved in implementing the contract; snag list were not signed by parties to contract; there was no evidence of concrete test reports; measurement sheets had no reference to items in the BoQ; goods inspection and acceptance committee were not appointed by AO and regular site meetings were not held; and minutes of site meetings for rarely held meetings not prepared and signed.

d) Quality and Quantity of Executed Works and Delivered Goods or Services

Assessment of 41 PE's performance on the quality and quantity of executed works was observed to be satisfactory at 87.3 percent. All LGAs, MDAs and PAs had satisfactory performance at 86 percent, 92 percent and 80.8 percent respectively. However, one (1) PA namely, Higher Education Students' Loan Board had poor performance on this indicator. The analysis further indicated that three (3) projects [1 ongoing and 2 completed] equivalent to 1.5 percent of all 199 audited projects had poor performance. The overall PEs Performance on Quality and Quantity of Works and Services or Goods Delivered is shown in **Figure 5- 50**.

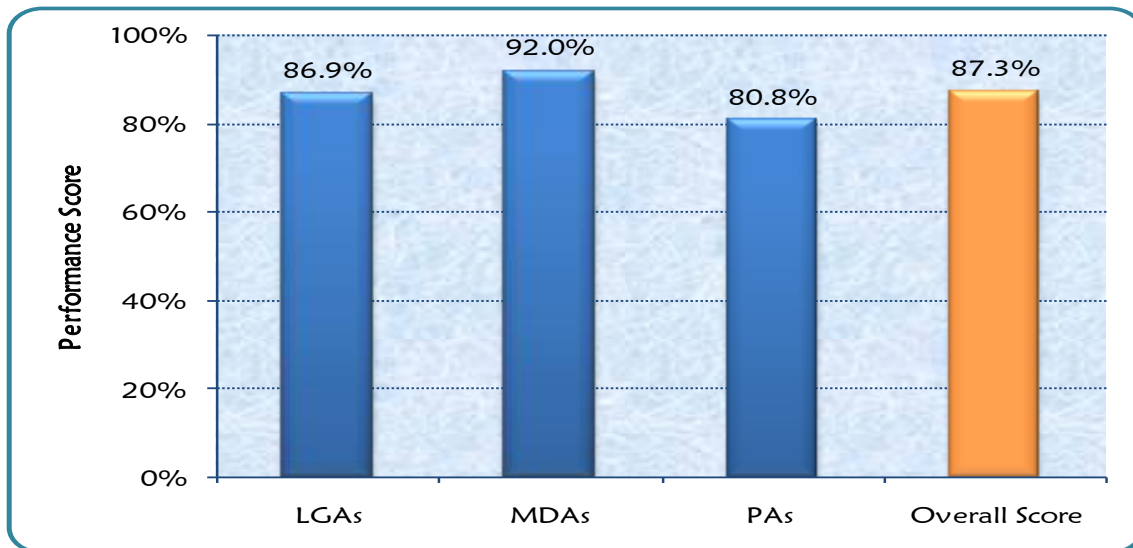


Figure 5 - 50: Overall PEs Performance on Quality and Quantity of Works and Services or Goods Delivered

The major observed weaknesses in this indicator were: incomplete as-built drawings; unsatisfactory workmanship of the completed projects; non compliance of supervised activities with safety and environmental management plan (EMP) supervision by consultants to construction projects; inspection of goods were not conducted; payments were made to unexecuted works and no evidences of quality control measures.

e) Project Completion and Closure

Procuring entities had fair performance with a score of 71.1 percent on project completion and closure. The performance of LGAs, MDAs and PAs was fair at scores of 62.1 percent, 76 percent and 76.1 percent respectively. The analysis of results revealed that 21 projects or 23.1 percent of 90 audited completed projects had poor performance on this indicator. Two (2) LGAs and one (1) MDA were assessed to have poor performance. The overall VFM audit score of LGAs, MDAs and PAs on project completion and closure is indicated in **Figure 5-51**.

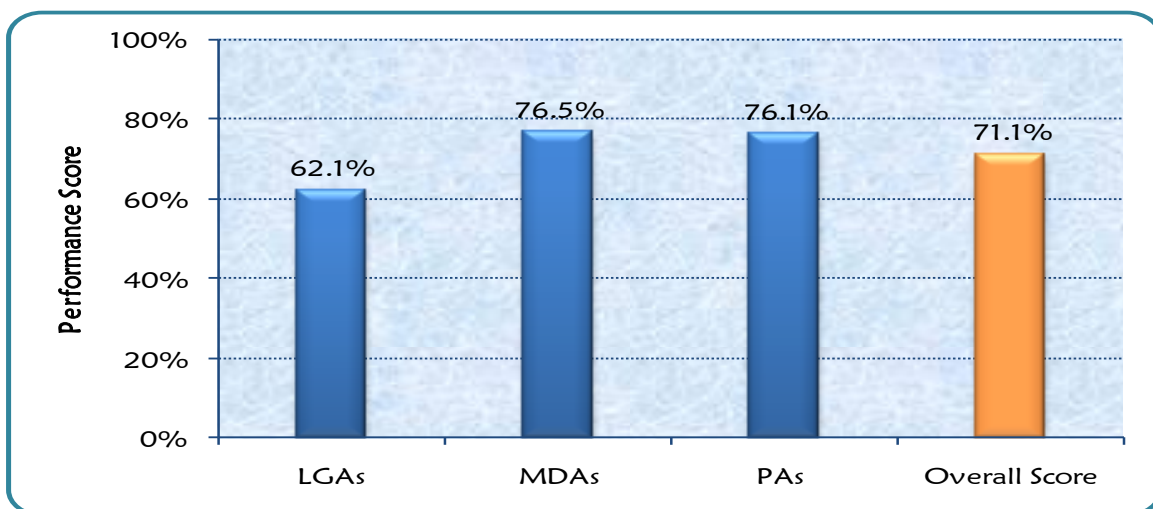


Figure 5 - 51: Overall PEs Performance on Project Completion and Closure



The major observed weaknesses in this indicator were: no site clearance after completion of construction works; manufacturer's warranty/guarantee certificate and manuals for supplied goods were either not issued or not appropriately managed; material test results were not submitted by contractors in construction projects; implementation/completion reports (service delivery reports) were not prepared; final inspection and site handover report were not prepared; as-built-drawings were not submitted and no action taken by PEs; goods acceptance certificates were not issued to suppliers; non imposition of liquidated damages for delayed projects completion or goods/service delivery; practical completion certificates were not issued for completed projects or services; no inspection was carried out at substantial completion to identify snags list; management of the defects liability period (DLP) were not well administered; lack of compilation and management of final inspections, site handing over minutes and snag list for completed projects; and final project reports as well as final account of the projects were not prepared.

5.2.10 Assessment of the Efficiency in Maintenance of Government Vehicles

a) Legal Mandate

Regulation 137 (2) of PPR 2013 as amended in 2016, gives mandate to Tanzania Electrical Mechanical and Electronics Services Agency (TEMESA) to carry out maintenance of all Government owned motor vehicles, plants and equipment. In addition, the Agency has mandate to undertake maintenance, repair and installation of electrical, electronics services, air conditioning and refrigeration. Procurement of maintenance services should ensure value for money, procurement standards and practices are achieved.

PPRA in view of its mandate under Section 9(1) of the PPA, 2011 undertook an arbitrary survey in order to identify reasons behind unjustifiable delays in maintenance services delivery, poor quality of services alleged with technological issues, associated with high costs of maintenance and unsustainable services.

b) Objectives of the Assessment

The major objectives of the assessment was to determine how best the services rendered by Temesa and/or prequalified private garages can be enhanced to arrest the alarming situation behind distress caused by substandard services rendered by Temesa/prequalified private garages. The assessment evaluated capacity of Temesa/private garages in carrying out maintenance repairs in terms of manpower, financial capability, quality, time, cost and technological issues. In addition, the assessment covered methodology adopted by Temesa/prequalified private garages starting from receive of request for maintenance up to the issue of certificate of inspection after maintenance has been carried out.

i) The capacity of Temesa to Carry out Maintenance of Motor Vehicle

The assessment revealed that Temesa's manpower in carrying out maintenance of vehicles is inadequate on the fact that modern vehicles use computer diagnosis while Temesa had not trained sufficient staff to handle such vehicles. Moreover, there was insufficient



technical staff to support the provision of services. Survey made at MT Depot revealed that the ratio of Engineers: Technicians: Artisans was 2:10:15 that depict that more artisans were needed. Likely, the assessment made in terms of equipment revealed that there was a gap in terms of technological component in carrying out maintenance of motor vehicle, hence Temesa needs state of the art equipment in engine diagnostics, overhaul and assembly.

Survey to TPA as one of the institutions performing similar activity revealed that there have been a well established Inspectorate and Maintenance Control Unit (IMC). The Unit composed of qualified technical workforce with relevant engineering disciplines to ensure practice of systematic maintenance and availability of equipment and facilities through appropriate guidance and follow up on sections. Responsibilities of the Unit were well defined that include accuracy of periodic reports by Engineering Department, Continuous verification of a work by sections as approved, and to verify effectiveness of maintenance executed by section. All those arrangement were not observed in Temesa hence need to be adopted so as to improve efficiency.

ii) **Procedures Used by Temesa in Acquiring the Auto Parts and Lubricants**

The assessment revealed that the auto-parts and lubricants are obtained from GPSA's prequalified suppliers. Some of the prequalified garages also supply spares to Temesa while fast moving items like filters, brake pads are kept in stock. It is not easy to guarantee the quality of the spares other than supplier guarantee. Lubricants are ordered in bulk from prequalified suppliers. Temesa did not estimate the requirements precisely to enable it to plan smooth procurement of spares and consumables in big batches or bulk as required by Regulation 131(4) (a) of GN 446 of 2013.

iii) **The Quality After Maintenance/Service by Temesa**

The assessment revealed that there has been a continuous complaints regarding to the quality of the service rendered by Temesa. The service is not trustworthy basing on the fact that the materials used are of low standards which results into immediate breakdown after carrying out maintenance or repairs. In case such cases are reported, PEs are charged again to pay for the fault that is not theirs.

In line with the complaints raised, the quality of supplied spare parts has a direct impact on the quality of work done. If the parts are sourced on one off basis, it is difficult to control the price as well as the quality and availability on time. It was also revealed that those who sell retail spares do not normally offer warranty. In this regard, there is a need to have a steady batch supply of spares and consumables with appropriate warranty. State of the art inspection tools are to be procured coupled with training on how to use them.

iv) **Custody of Spares and Used Tires from Vehicle after Service**

On completion of service by Temesa, the replaced spares are returned to the PE to prove that ordered parts were fitted in. However, assessment made to some PEs revealed that there is no proper control of the replaced items by ensuring that they are recorded in the



respective store books after their receipt and store them properly pending a decision on their disposal contrary to Regulation 137(5) of Procurement Regulations of 2013 as amended in 2016.

v) **Payment after the Receipt of Service by the PEs**

Payments for motor vehicles repair and maintenance are in three categories namely: payment to Temesa for work done for the PE, payment to suppliers and service providers by Temesa for goods (spares) services supplied and work done, and payment to Service Providers by PEs for services rendered. Each of the categories is experiencing payment delays, which is affecting the efficient performance of the maintenance system. Temesa has embarked on a credit policy of accepting a system generated LPO for all contracts. Temesa also gives a system generated LPO to all who have rendered services or supplied goods. Temesa and PEs need to intensify efforts to clear their dues to Service Providers as well as intensify efforts to collect their dues from PEs.

c) **Vehicle Maintenance/ Service Conducted by the Service Providers**

Regulation 137 (2) (b) of PPR, 2013 as amended in 2016 required Temesa to arrange, through open framework agreements for procurement of maintenance and repair services of government owned motor vehicles, plant and equipment. During the financial year 2017/18, PPRA conducted procurement audit to Temesa of which among other things was to establish whether procedures for obtaining the service providers complied with the set out pre requisite. The results of the assessment revealed that, Temesa had fully complied with the requirement.

Further, Regulation 137 (4) of PPR, 2013 as amended in 2016 stated that, in case TEMESA is unable to carry out repair and maintenance due to non availability of spare parts, technical knowhow or other resource constraints may procure such service from service providers awarded framework contract in consultation with the Procuring entity provided that the fee to be charged shall be prescribed in the circular to be issued by the Minister responsible for inspection conducted prior and after the service.

In view of the cited provision, Temesa has been engaging Service providers to carry out repair and maintenance of government owned motor vehicles. However, the assessment revealed that there had not been fully compliance with the requirement on the reason that, one of its regional offices was directly issuing permit for carrying out estimate and servicing motor vehicles to one of the shortlisted service providers instead of selecting randomly some of the shortlisted service providers and subject them to mini competition. The assessment further revealed that, current fee charged by Temesa for inspection before commencement of repair/service by the service provider and after the completion of the service/repair had been issued by the Accounting Officer of Temesa instead of the responsible Minister as required by the law.



i) Quality Control after Maintenance by the Service Provider

On completion of service and maintenance of motor vehicle by the service provider, the vehicle is returned to Temesa for post inspection using and issuance of certificate of approval to allow the PE to pay the service provider. Although control mechanism for inspection had been set aside, there have been various complaints from PEs regarding the quality of services rendered due to continuous breakdowns after carrying out the services, high costs for carrying out services and the use of sub standard oils and spare parts. This depicts that there is either a challenge on the integrity of the inspection system particularly the personnel or inappropriate inspection tools and mechanism applied and hence the oversight of inspection should be enhanced.

d) Challenges Encountered by the Entities Through the System of Vehicles Maintenance

- i) Genuine spare parts not readily available at affordable price basing on the fact that, most of the purchases are not made in bulk and most of the purchases made by Temesa are on credit basis which later caused severe delays in effecting payments;
- ii) Due to the challenge of manpower and delays in the acquisition of spare parts, the service is not done satisfactorily and timely; and
- iii) Payments are not made timely to Temesa and service providers after the completion of the service/maintenance.

e) The Way Forward

Based on the challenges observed in carrying out vehicle maintenance/ repair services of government owned motor vehicles by Temesa and the service providers, the following recommendations are set forward:

- i) Since the assessment revealed that, TPA has a well established Engineering Management Information System, TEMESA can use it as a reference on establishing their own system to enhance improvement of performance in their routine activities for repair and maintenance of government owned motor vehicles;
- ii) PEs to ensure that all replaced spare parts are returned to store to comply with the requirements of the law;
- iii) There should be continuous assessment of the prequalified garages by Temesa so as to check whether they still have the capacity of providing services for repair of Government owned motor vehicles;
- iv) Fees to be charged for both pre and post inspection should be issued by the respective Authority and follow the appropriate procedures prescribed in Reg. 137 (4) (2) (a) of Procurement Regulations of 2013 as amended in 2016;



- v) Temesa should promptly and closely make follow up on complaints raised by PEs on the quality of service provided on maintenance/service of Government owned vehicles and take the appropriate measures;
- vi) PEs should timely pay all charges related to vehicle maintenance/ service to both Temesa and service providers to enable them continuing providing services; and
- vii) PEs to be required to submit to Temesa well in advance projection of their maintenance needs to ease the task of planning by Temesa.

5.2.11 Assessment on Acquisition of Fuel by the Procuring Entities

Section 50 of PPA 2011 as amended on Public Procurement (Amendment) Act 2016, Reg. 130 and Reg. 131 of PPR 2013 as amended on 2016 describe the nature, need and procedures for procurement of common use items and services from the Agency and from the list of suppliers and services providers awarded framework agreements. Fuel which is among the common used items as per PPA and PPR can be procured either direct from the agency (GPSA) or from suppliers awarded framework contracts by the Agency for the supply of fuel.

a) Findings Observed after the Assessment

The audits assessed the procedures used by PEs for fuel acquisition and consumption whereby a number of common weaknesses regarding acquisition and consumption of fuel were observed to most of the audited PEs. The common observed weaknesses were as follows:

- i) Inconsistence in filling of logbooks: Some mileages covered by the motor vehicles were not recorded in the logbooks as an evidence to justify the consumption of fuel by some of the PEs' motor vehicles;
- ii) PEs had not been preparing progress reports regarding to the consumption of fuel for the government owned vehicles on monthly and quarterly basis;
- iii) Ledger books for fuel consumption were not properly filled in and accommodate all relevant information on the quantities of fuel issued per vehicle, the issuing dates and the officers who were issued with fuel; and
- iv) Unjustifiable high rate of consumption for some vehicles as compared to the normal consumption rate set out.

b) Recommendations

In line with the weaknesses observed, the following recommendations are set forward for enhancing efficiency in fuel consumption by the PEs:

- i) All PEs to adopt the use of vehicle management system (car track) so as to discourage the misuse of vehicles;



- ii) PEs to ensure that log books are properly filled in all times when vehicles are kept in use;
- iii) PE to ensure that progress reports having details of fuel consumption are prepared; and
- iv) PEs with high fuel consumption rate to employ professional transport Officer who can effectively and efficiently control the trends and rate of vehicles fuel consumption and also to review requisition forms and authorize accordingly.

5.2.12 Assessment of Efficiency in Procurement Process

Recently there has been a concern regarding delay in procurement process by PEs, which has resulted in delay of many development projects. This was among the reasons, which necessitated an amendment made in July and December, 2016 on PPA, 2011 and PPR, 2013 respectively. Among the areas amended included reduction of time taken from advertising tenders up to deadline for submission of tenders in each procurement method, for instance on International Competitive Tendering (ICT) from 45 to 21 days and National Competitive Tendering (NCT) from 30 to 14 days. Also the amendments had reduced time to issue letter of intention to award to tenderers who participated in the respective tender to lodge complaints if any, from 14 days to 7 working days.

The assessment on efficiency of procurement process for various tenders floated by PEs was carried out in order to determine time deployed by PEs to process tenders from initiation of requirement by the user departments up to the signing of contracts between the PE and the bidders. In this regard, the assessment aimed at establishing the causes of excessive delays in processing tenders by PEs, whether there is negligence in internal procedures of the PE which contributed to delays despite the law being amended.

The assessment was done on 23 PEs where procurement audit for financial year 2017/18 was carried out and it covered 143 tenders. The assessment done on each stage of procurement cycle revealed that an average time taken for the whole procurement cycle from submission of requirements by user department to contract signing was 150 days for an open and competitive tendering compared to an average taken from best practice which is 116 days. The stages which contributes to excessive delays includes but not limited to: preparation of bidding documents and RFPs and approval by the tender board; time from receipt of evaluation report, review and preparation of evaluation summary by PMU up to submission to TB for approval; from approval of evaluation report by the TB up to the issuance of the letter of intention to award the contract to all bidders who participated; from issuance of the letter of intention to award to the time of issuance of the letter of acceptance; and from the issuance of the letter of acceptance (award) to the successful bidders to the date of signing the contract. The assessment for each stage is as follows:

a) Time Spent from Needs Initiation by User Department to Approval by Accounting Officer

Time spent on this stage was assessed to be between one (1) and 16 days with an average of 4 days. The best practice on average time taken by other PEs from initiation of requirement by user department to the approval of the AO is 7 days. This implies that the assessed 23 PEs



are performing well in this stage as they are performing within the agreed best practice. However, the assessment revealed that among 23 PEs assessed, one PE namely: Judiciary of Tanzania has spent 16 days which is more than the agreed 7 days in this stage. Likewise, one tender LGA/058/216-2017/W/06 floated by Babati TC took 150 days which is an excessive delay.

b) Time Spent by PMU in Preparation of Tender Document to the Approval by Tender Board.

The assessment revealed that time spent on this stage was between 1 and 70 days with an average of 18 days. However, the best practice on average time taken by other PEs from preparation of tendering documents to its approval by tender board is 7 days. The assessment further revealed that among 23 PEs assessed, 16 PEs exceeded 7 days which is the average time spent in best practice with a range from 8 days to 70 days. Furthermore, 10 out of 143 tenders which were assessed had excessive delays on this stage. The time spent in these tenders ranged from 33 days to 154 days which is excessive delay. The excessive delayed tenders were floated by Songea MC, BOT, Mpanda MC, Morogoro MC, Tanesco and Singida MC. Therefore, the Authority had an opinion that, despite of having standardized versions of tender documents prepared by PPRA readily available with slight customization, in this stage there has been excessive delay in procurement process. PMU's were advised to put strategies in mitigating the causes of delay.

c) Time Spent from Approval of Advertisement to the Date of Advertising the Tender Opportunity

Time spent on this stage was assessed to be between two (2) and 25 days with an average of 10 days. The best practice on average time taken from approval of the advertisement to the date of advertising the tender opportunity is 7 days. The assessment has revealed that 13 out of 23 PEs exceeded 7 days which is the average time spent in best practice with a range from 8 days to 25 days. Five (5) out of 143 tenders from 4 PEs namely BOT, Tanesco, Babati TC and TRL had excessively delayed on advertising the tender notice ranging from 21 days to 97 days. In view of the above, the Authority had an opinion that in this stage there has been excessive delay in procurement process. PMU staff were advised to get prepared well in advance and advertise tenders immediately after approval of the adverts.

d) Time Spent from Tender Advertisement to Tender Opening

Time spent on this stage was assessed to be between 7 and 22 days with an average of 17 days. According to requirement of the PPA, 2011 and PPR, 2013 as amended in 2016, time which should be allowed to tenderers to prepare their tenders and submit the same ranges from 4 days for non-open tenders to 21 days for open and competitive tenders depending on the methods of procurement used. One out of 143 tenders floated by Korogwe TC under restricted tendering method took 112 days which is excessive delay. The Authority advises all PEs to comply with the requirements of the law.



e) **Time Spent from Tender Opening to Appointment of Evaluation Team**

Time spent on this stage was assessed to be between 2 and 16 days with an average of 5 days. The best practice on average time taken from tender opening to appointment of evaluation committee is 5 days. The assessment has revealed that 8 PEs exceeded 5 days which is the average time spent in best practice with a range from 6 days to 16 days. In that perspective, the Authority had an opinion that this stage in average there has been no excessive delay in procurement process. PMU staff are advised to get prepared well in advance and recommend members of the evaluation team depending on the nature of procurement in question.

f) **Time Spent by Evaluation Team from Appointment to Commencement of Evaluation Process**

Time spent on this stage was assessed to be between 1 day and 13 days with an average of 3 days. However, the best practice on average time taken from date of appointment of evaluation team to commencement of evaluation exercise is 3 days. The assessment has revealed that five (5) PEs exceeded 3 days which is the average time spent in best practice with a range from 4 days to 13 days. Therefore, the Authority had an opinion that this stage in average has no excessive delay in procurement process. However, one (1) tender out of 143 tenders implemented by Tanesco was assessed to have excessive delay since it took 31 days to start evaluation exercise. PMU staff are advised to get prepared with documents which are to be handled over to evaluation team in order to start evaluation exercise immediately after appointment of evaluation committee.

g) **Time Spent by Evaluation Team to Evaluate Specific Tender and Submission of Evaluation Report to PMU**

Time spent on this stage was assessed to be between 4 days and 29 days with an average of 8 days. The best practice on average time taken to evaluate tenders and submit evaluation reports to PMU is 10 days. In view of the above, the Authority had an opinion that this stage has no excessive delay in procurement process. However, the assessment revealed that among 23 PEs assessed, four (4) PEs exceeded 10 days which is the average time spent in best practice with a range from 14 days to 29 days. In addition, two (2) out of 143 tenders floated by two PEs namely BOT and Songea MC had excessive delay in evaluation of tenders. In this stage PMU staffs are advised to efficiently supervise the evaluation exercise since it may delay the procurement process and evaluation committee members are advised to do the evaluation diligently with minimal possible time.

h) **Time from Receipt of Evaluation Report, Review and Preparation of Evaluation Summary for Submission to TB**

Time spent on this stage was assessed to be between 2 days and 41 days with an average of 12 days. The best practice on average time taken from receipt of evaluation report, review and preparation of evaluation summary and submission to tender board is 7 days. The assessment has revealed that among 23 PEs assessed, 11 PEs exceeded 7 days which is the average time spent in best practice with a range from 8 days to 41 days which is excessive delay. In addition, two (2) out of 143 tenders assessed from BOT and Tanesco



had excessive delay in this stage taking 128 days and 209 days respectively. In view of the above, the Authority had an opinion that at this stage, there has been excessive delay in procurement process. The Authority would like to advise PMU staff to comply with requirements stipulated under the PPA, 2011 and PPR, 2013 in efficiently doing their responsibilities.

i) Time Spent from Submission of Evaluation Report to TB up to Approval by Tender Board

Time spent on this stage was assessed to be between 1 day and 112 days with an average of 12 days. The best practice on average time taken from when the evaluation report was submitted to TB by PMU to when approval was granted by TB is 14 days. The assessment has revealed that only 3 out of 23 assessed PEs has exceeded 14 days which is the average time spent in best practice with a range between 16 days to 112 days. Therefore, the Authority had an opinion that there has been no significant delay in procurement process in most PEs. However, 3 out of 143 assessed tenders from BOT, Babati TC and Singida MC had excessive delay ranging from 30 days to 142 days. PMU staff are advised to schedule tender board meetings as they prepare APP so that approvals are obtained on time or use extra ordinary meetings and circular resolution.

j) Time Spent from Approval of Evaluation Report to Issuance of Letter of Intention to Award Contract

Time spent on this stage was assessed to be between 2 days and 61 days with an average of 16 days. The best practice on average time taken from approval of evaluation report by the TB up to the issuance of the letter of intention to award contract to all bidders who participated in the tender is 7 days. The assessment has revealed that 15 PEs out of 23 assessed PEs exceeded 7 days which is the average time spent in best practice with a range from 9 days to 61 days hence an excessive delay. Moreover, six (6) out of 143 assessed tenders floated by 4 PEs namely Songea MC, BOT, Tanesco and Babati TC had excessively delayed on issuance of letter of intention to award with a range from 67 to 142 days. Therefore, the Authority had an opinion that in this stage there has been excessive delay in procurement process. The Law requires the AO to be briefed of the tender process within three (3) days from date of tender board award and thereafter if the AO is satisfied with the tender process, issue letter of intention to award. PMU staffs are advised to brief the AO as soon as practicable to accelerate the issuance of the letter of intention to award.

k) Time Spent from the Issuance of Letter of Intention to Award to Time of Issuance of Letter of Acceptance

Time spent on this stage was assessed to be between 7 and 32 days with an average of 11 days. The best practice on average time taken from issuance of the letter of intention to award to the time of issuance of the letter of acceptance is 7 days. The assessment has revealed that 15 out of 23 PEs exceeded 7 days which is the average time spent in best practice with a range from 8 days to 32 days which is excessive delay. In addition, seven (7) out of 143 assessed tenders floated by 3 PEs namely; Songea MC, Tanesco and Singida MC had excessively delayed on issuance of letter of acceptance with a range from 18 days to 32



days. The Authority had an opinion that this stage there has been excessive delay in procurement process.

Moreover, this stage has a mandatory legal requirement of giving tenderers 7 working days to lodge complaints if any and thereafter, if no complaints have been received, the AO shall issue letter of acceptance. When 7 working days has elapsed and the AO having handled all complaints received or no complaint has been received, PEs are advised to proceed without wasting more time.

l) Time Spent from Expiry of Cool-Off Period to Issuance of Letter of Acceptance to Successful Bidder

Time spent on this stage was assessed to be between 3 day and 28 days with an average of 7 days. The best practice on average time taken by other PEs from elapse of the cool-off period until the issuance of letter of acceptance to the successful bidder is 7 days. Therefore, the Authority had an opinion that in this stage there has been no excessive delay in procurement process. However, the assessment has revealed that 5 out of 23 PEs exceeded 7 days which is the average time spent in best practice with a range from 9 days to 28 days which is excessive delay. Likewise, one out of 143 tenders floated by Babati TC had excessively delayed on issuance of letter of acceptance for 30 days. The AOs are advised that, if no complaint has been received, or has handled all received complaints, should issue letter of acceptance immediately thereafter.

m) Time Spent from Issuance of Letter of Acceptance to Successful Bidder to the Date of Signing the Contract

Time spent on this stage was assessed to be between 7 day and 46 days with an average of 18 days. PPA, 2011 and PPR, 2013 as amended in 2016 stipulate that signing of the contract should be within 14 working days after issuance of letter of acceptance and fulfillment of conditions precedence. The assessment has revealed that 13 out of 23 PEs exceeded 14 days which is the time stipulated by the law with a range from 16 days to 46 days which is excessive delay. In addition, four (4) out of 143 tenders floated by BOT, Morogoro MC and Tanesco had excessive delay on signing of contracts with a range of 53 days and 84 days. Therefore, the Authority had an opinion that in this stage, there has been excessive delay in procurement process. PEs are reminded to timely fulfill their mandatory legal obligations of vetting draft contracts including contracts with values above 1 billion by the AGC.

Moreover, the assessment has revealed that 15 out of 23 PEs took between 5 days and 36 days for tenderers to submit performance security after contract signature that is non-compliance of the law. In addition, one (1) tender floated by Songea MC out of 143 assessed tenders took 56 days for the successful tenderer to submit performance security after signing the contract. PEs are advised to ensure that successful tenderers submit performance security within time stipulated and ensure the contract is signed on time.

Details of tenders with excessive delays on each stage of procurement cycle are found in PPRA Website (www.ppra.go.tz).



n) **Recommendations and Way Forward**

- i) The Authority shall prepare guidance on internal procurement processing time to guide PMU regarding average time that should be taken for each category of procurement and for each procurement method especially on stages with excessive delays that are not guided by the law. The average time used in this assessment which were derived from best practice shall be used as a guide; and
- ii) PEs are advised to follow planned time in the approved Annual Procurement Plans (APPs) for processing tenders with compliance of the law in order to efficiently implement development projects.

5.2.13 Outstanding Procurement Audits for FY 2016/2017

During the FY 2016/17 the Authority planned to conduct procurement audits to 130 PEs. However, at the time of issuing the APER for FY 2016/17, only 112 PEs had been audited and their results included in APER for that financial year. The pending 18 PEs were LGAs which their audits is funded by the World Bank through the Urban Local Government Support Programme (ULGSP).

The results of the audited 18 LGAs revealed an overall compliance level of 76.05 percent. The recorded compliance level was slightly above the overall average compliance level for financial year 2015/16 which was 74 percent. The recorded compliance level was however below the targeted compliance level of 80 percent which was set for the FY 2016/17. Summary of 18 LGAs Compliance Score on Seven Indicators for FY 2016/2017 is indicated in **Annex 5.5**.

5.3 Investigation on Allegations, Complaints and Reported Cases of Mis-Procurement

Section 10 of the Public Procurement Act, 2011 gives mandate to PPRA to carry out investigations on tenders where there are allegations of misconduct or misappropriation of public funds. By virtue of Section 11 of the Act, investigations can be initiated by PPRA itself where it considers it necessary or after receiving allegations from whistleblowers or after receiving directives from various Government authorities. The investigations conducted relates to tender processes, contracts implementation, registration of bidders, and the circumstances or practice and procedures relating to the grant or revocation of prescribed licenses.

During the financial year 2017/18, PPRA conducted six (6) investigations from six (6) procuring entities involving 34 tenders. The procuring entities were Sumatra (1 tender), NIP (1 tender), REA (4 tenders), DIT (8 tenders), Tanroads Arusha (15 tenders) and Ministry of Education, Science and Technology (5 tenders). The value of the contracts involved in the investigation was TZS 1.004 trillion.



Subsequent to the investigations conducted, the Authority managed to save TZS 3.99 billion as contained in **Annex 5.6** emanated from double VAT that was included in contractors payments, wrong computation of contract values, and savings from suppliers that did not deliver goods but were paid. Details of investigations conducted are contained in PPRA Website (www.ppra.go.tz). Summaries of investigations conducted by PPRA during FY 2017/18 were as follows:

5.3.1 Investigation conducted at DIT for tenders advertised in the FY 2017/18

The investigation at DIT was conducted following request from the Principal of DIT who received complaints from bidders participated in the tenders for FY 2017/18. The investigation aimed at examining whether procurement processes and procedures were complied by the PE. The investigation involved eight (8) tenders where seven (7) were for non-consultancy services and one (1) for procurement of goods. The investigated tenders were for: running of student's cafeteria, provision of security services, provision of cleaning services, printing services, running of canteen, operation of a shop for selling of stationeries, running of a saloon and supply of stationeries and office consumables.

The investigation revealed that annual procurement plan for 2017/18 was not properly prepared; tender documents were not properly prepared; evaluation of tenders was not properly conducted for instance some of recommended bidders for award of tenders did not submit all required information and did not meet all provided criteria; there was no equal treatment of the bidders during evaluation of tenders; some bidders were eliminated in the tender process before start of the evaluation exercise, other bidders were removed in the tender process for failure to submit required information while such information were contained in their bids; the form of bids and price schedules of other bidders were observed to resemble each other implying that the tenders were prepared by one person; PMU did not critically review the evaluation report before submission to the tender board; and the award of contracts to bidders exceeded the available budget.

PPRA directed DIT to address all the weaknesses relating to the preparation of the APP and the tender documents and restart afresh the entire tender process; build the capacity of PMU staff on their functions; submit to PCCB information relating to the tender for operation of cafeteria for further investigation as the tender had elements of corruption. The Institute was further directed to take disciplinary actions to the Acting Head of Procurement Management Unit for his failure to properly supervise the tender process and advise the tender board appropriately during adjudication of the tenders. In addition, the Institute was directed to take disciplinary actions to the members of the evaluation committee for failure to properly evaluate the tenders and to the members of the tender board for approval of award of contracts without complying with requirements of the law.

DIT has submitted to the Authority an implementation report of the directives given by the Authority. The submitted implementation report revealed that DIT had implemented directives given to great extent while few directives including taking disciplinary actions to officers involved in the tenders in question and recovery of loss occasioned by the cancellation of the tender process were in progress.



5.3.2 Investigation Conducted at REA for Supply and Installation of Medium and Low Voltage Lines, Distribution Transformers and Connection of Customers in Un-Electrified Rural Areas in Mainland Tanzania on Turnkey Basis

PPRA conducted investigation at REA after receiving information on various sources regarding the violation of Public Procurement Act on the acquisition of contractors to execute tenders for supply and installation of medium and low voltage lines, distribution transformers and connection of customers in un- electrified rural areas of Mainland Tanzania on turnkey basis. The investigation involved one tender for employing a consultant and three tenders for obtaining contractors having the total number of 29 lots. The tenders investigated were: procurement of Consultant under REA phase III project and tenders for the supply and installation of medium and low voltage lines, distribution transformers and connection of customers in un- electrified rural areas of Mainland Tanzania. The value of the contracts involved in this investigation was equivalent to TZS 984,345,001,450.

The investigation revealed that, REA entered a contract with consultant SMEC who did not have relevant registration with CRB, hence brought doubt on the validity of the contract entered; tenders for acquiring contractors were floated before the consultant completed the task for the preparation of detailed survey and design of the project; tenders for obtaining the contractors were not properly evaluated; negotiations with contractors recommended for the award of contract were not properly done; quantities of the requirements indicated into six signed contracts were lesser than those submitted by the contractors after carrying out survey of the project hence brought a difference of about TZS 99.07 billion on those contracts; the contract signed between REA and M/s Urban and Rural Engineering Limited was doubled with VAT equivalent to TZS 3,834,378,471; and there had been contradiction on the specific part liable for import duty. The investigation also revealed that, the legality of the bids submitted by M/s Sengerema Engineering Limited was in controversy as had several anomalies; the contract value approved by the tender board on tender No. 9 lot 9 differs with the one recommended by the evaluation committee; 55 villages which were already electrified for Tanga, Shinyanga, Arusha, Manyara and Mwanza were again included in the contracts of the contractors who are executing the project in those regions; and the existence of doubt on whether the local manufacturer of transformers, cables and poles can manage to serve all contractors to enable timely execution of the project.

PPRA directed REA to implement the following: to seek advice to the Attorney General regarding the validity of contract it entered with SMEC; to review all contracts it entered with contractors so as to establish all areas with anomalies and make the appropriate adjustments; to ensure that all procurement carried out complied with the requirements of the law; to carry out assessment of the local manufacturer of poles, transformers as well as cables and take the appropriate action; and to train staff on PPA and PPR. REA was required to implement the recommendation for disciplinary actions against officers who violated the procurement law while they were discharging their functions. Those officers include the Accounting Officer, the tender board members, the Head of PMU, the evaluation teams and the negotiation teams.



REA submitted to PPRA an implementation report of the directives issued after the completion of investigation exercise. The implementation report submitted revealed that, REA implemented most of the directives issued. However, few recommendations were not implemented which include the issue of disciplinary action; assessment on the capacity of manufacturer of poles, transformers and cables to meet the project demand on time; and validity of the contracts entered between REA and SMEC International Pty.

5.3.3 Investigation to the Ministry of Education, Science and Technology on tenders implemented during FY 2015/16 - 2017/18

Investigation at the Ministry of Education, Science and Technology was conducted after the Hon. Minister for Education, Science, and Technology realized inefficiency in procurement and contract management hence the Ministry contacted PPRA to carry out a thorough analysis of some tenders and advise the Ministry accordingly.

The Investigation covered five tenders for procurement of goods which involved procurement of printing machine for text books and other printed materials; facilities for people with special needs; chemicals and laboratory apparatus for seven teachers training colleges (Tabora, Kleruu, Morogoro, Mpwapwa, Butimba, Mtwara and Monduli); chemicals and laboratory apparatus for four teachers training colleges (Songea, Kleruu, Mpwapwa and Morogoro); and furniture for lecture theatres for Morogoro, Butimba, Kasulu and Marangu teachers training colleges. Furthermore, the scope of investigation involved review the capacity and capability of Procurement Management Unit (PMU) to handle procurement issues and performance of Ministerial Tender Board. It also examined the use of circular resolution by tender board on award of tenders and appropriateness use of “force account” method in implementing development projects.

a) Tender for Procurement of Printing Machine for Text Books

The Authority observed that the procurement of printing machine for text books and other printed materials was not included in the annual procurement plan for the financial year 2016/17, appropriate standard bidding documents were not used, technical specifications were not properly prepared and were in favour of one bidder who participated in the tender. Other weaknesses include ambiguous information regarding the source of funds, mechanism to conduct post qualification not provided in the tender document, evaluation exercise was done by evaluators without expertise of the respective field, inappropriate corrected arithmetic errors, and non-adherence of the comments issued by the Attorney General on the draft contract.

Based on the observed weaknesses, PPRA directed the Ministry to include all requirements in the APP and revise it wherever need arises; use of appropriate standard bidding documents which are well prepared; preparation of unbiased technical specifications; and evaluation to be carried out by competent people with knowledge of the subject matter. Other decisions made PPRA was PMU to perform their functions as per Section 38 of the



PPA 2011 as amended in 2016; and seeking the legality of the contract signed with M/s Achelis.

b) Tender for Procurement of Facilities for Students with Special Needs

The investigation revealed that the evaluation team carried out post qualification using criteria not stated in the tender document; bid validity period for tenders which were waiting the decision of tender board were not extended; inappropriate identification, preparation and packaging of requirements; inappropriate decision made by the tender board on cancellation of tender; and Swedish Embassy was given contradictory information with regard to the post qualification conducted to M/s Mbesa Bookshop.

Regarding the observed weaknesses, PPRA directed that, evaluation should be done using criteria stated in the bidding document and should be done by persons with competence. Furthermore, PMU should carry out their responsibilities as stipulated under Section 38 of the PPA, 2011 as amended in 2016. In addition, the Ministry was directed to ensure that tender packages are well prepared including categorization of requirements basing on their nature and the procurement method to be employed in order to maximize competition.

c) Tenders for Procurement of Chemicals and Laboratory Apparatus for Seven Teachers Training Colleges

The investigation revealed that the bidder recommended for award of contract did not meet some of provided criteria, did not submit required manufacturer's authorization for goods to be supplied, the supplier failed to effectively perform the contract as some of the chemicals and apparatus were supplied outside contractual period, some of the supplied chemicals and apparatus worth TZS 846,700 had a shelf life of less than two years from the date of delivery contrary to the requirements of the contract; apparatus worth TZS 9,932,600 was not supplied as required; and poor procurement record keeping.

PPRA directed the Ministry to ensure that quantities of requirements indicated in the tender document to be accurate and realistic, excess chemicals delivered to Tabora Teachers Training College to be sent to other teachers' training colleges with deficit of chemicals. In addition, it was directed that evaluation of tenders to be done by competent personnel using criteria stated in the bidding document. It was further directed that deduction of TZS 19,854,345 to be effected from payments to be made to M/s Scientific Centre for chemicals delivered with shelf life less than two years from delivery date, chemicals not delivered and chemicals delivered late beyond date of delivery. Additionally, the Ministry was required to ensure proper management of signed contracts.

d) Tender for Procurement of Chemicals and Laboratory Apparatus for Four Teachers' Training Colleges

The investigation revealed that some procured chemicals with value of TZS 1,059,250 did not have more than two years of "shelf-life" from the date of its delivery as provided in the contract; chemicals with the value of TZS 34,695,000 were not delivered by the supplier M/s



Scientific Center though payment was made; evaluation exercise was not properly conducted as the evaluation team failed to correct errors in the bid price submitted by the supplier hence the award was done with an addition of TZS 4,608,000.

PPRA directed the Ministry to ensure UDs or respective teachers training colleges to estimate realistic quantities and uses competitive procurement methods in order to obtain competitive bid prices. Moreover, the Ministry should recover TZS 40,362,250 paid to M/S Scientific Centre for additional payments resulted from arithmetic errors on his bid, chemicals delivered with shelf life less than two years from delivery date and chemicals not delivered by the supplier respectively and ensure proper preparation of contracts and management of signed contracts.

e) Tenders for Procurement of Furniture for Lecture Theatres

The investigation revealed that the supplier Jaffery Ind. Saini Limited submitted to the Ministry profoma invoice before the Accounting Officer approved the commencement of the procurement; the tender board meeting that approved the method of procurement and the name of supplier did not have required quorum; PMU misled the tender board by requesting the approval of award of contract while in essence the tender had never been initiated; identification of furniture requirements was done after the contract with the supplier had been signed; recommendations from Ministry's Legal Department on the requirement for submission of performance security was not considered in the signed contract and the unit price for a chair submitted by the supplier did not correspond with market rate.

Regarding the observed weaknesses, PPRA directed the Ministry to ensure requirements are prepared and estimated before initiating procurement proceedings. In addition, it was directed to use open and competitive procurement methods for procurement of the remaining furniture.

f) Assessment of Compliance with Procurement Law and Corruption Red Flags

PPRA carried out assessment on the five investigated tenders to determine the level of compliance by the Ministry to the Public Procurement Law and Regulations. The assessment revealed the compliance level of 50 percent which is a poor performance according to compliance indicators set by the Authority.

In addition, the assessment on corruption red flags indicated an average score of 28 percent whereby according to criteria set by PPRA implies that procurement proceedings at the Ministry have indications of corruption likelihood. In this regard, the report was submitted to PCCB for further investigation pursuant to Section 15(1) of the PPA 2011 as amended in 2016.



g) Assessment on Capacity of Internal Audit Unit, Tender Board and PMU

PPRA assessed the efficiency of internal audit unit, tender board and PMU and observed that PMU was headed by a person with no relevant professional qualifications, inadequate number of staff and lack of training to PMU on public procurement law. In addition, PMU had poor record keeping on procurement and contract management. Regarding the tender board, it was observed that, members had no knowledge of public procurement law to manage procurement proceedings whereas the Internal Audit Unit lack knowledge of public procurement that constrained them with the techniques to audit procurement issues.

In line with the specific recommendations issued in all areas that were assessed, PPRA recommended to the Ministry on the use of open and competitive methods for all cases that suffice such requirement in order to obtain value for money. Other recommendataions issued include the Head of PMU to be a person with appropriate professional qualifications, officers participating in the supervision of contracts to be trained on public procurement law. Moreover, PMU and internal audit unit to be staffed into appropriate level in order to perform properly their responsibilities. PPRA also directed disciplinary actions to be taken to tender board members, evaluation committee members who evaluated tenders and the two staff who acted in the position of HPMU and involved in the violation of the law.

The Ministry of Education, Science and Technology had not implemented all the directives issued to them by PPRA relating to this Investigation.

5.3.4 Investigation at Sumatra on the Tender for Supply, Installation and Commissioning of Vehicle Tracking System

PPRA conducted the investigation at Sumatra following a request from the Permanent Secretary, Ministry of Works, Transport and Communication to investigate the tender to determine whether the tender followed procurement procedures stipulated in the Public Procurement Law and advise accordingly. The value of the contract involved in the investigations was TZS 2,444,482,155 (VAT Inclusive).

The investigation revealed that, Sumatra complied with some of the requirements of PPA, 2011 on acquiring the supplier for tender No. AE/025/ 2015-2016 /HQ/G/22 for Supply, Installation and Commissioning of Vehicle Tracking System (VTS). It was observed that Sumatra complied with requirements as follows: The budget and annual procurement plan for the financial year 2015/16 contained details and estimates for this tender amounting to TZS 3,500,000,000 and the same was approved by Sumatra Board of Directors; conducted feasibility study before starting the procurement process; effectively involved user department and e- Government Agency (eGA) in various stages in the procurement process and implementation of VTS; complied with requirements for rejection of all bids submitted after determining non responsiveness of bidders to the requirements of the tender; Sumatra Tender Board approved the revised tender document after making the necessary amendments on qualification and experience of bidders which were the major reason for rejection of bids submitted in the previous procurement process. It was also observed that



the system procured and installed by Sumatra was effectively performing its intended functions.

Despite the compliance stated above, the Authority observed some weakness relating to the tender in question. The weaknesses observed were: Sumatra issued tender documents to four bidders who participated in the cancelled tender without requirement to purchase the tender document while selling the document to some of the bidders who also participated in the cancelled tender process; Sumatra failed to publish the tender notice in appropriate foreign or international publications or professional or trade journals; the evaluation committee disqualified some bidders who submitted abnormally low tender without following the procedures provided under Regulation 17 of GN No. 446 of 2013 which required Sumatra to seek clarification from respective bidders on their submitted bid prices.

Furthermore, Sumatra did not officially appoint a project supervisor to supervise the implementation of VTS project; Sumatra effected payments to the supplier for delivered goods before inspecting the same and prepare an inspection and acceptance report which should have been used to support payments; and the project implementation was not completed within the scheduled time.

PPRA directed Sumatra to ensure compliance with the Public Procurement Act by appointing goods inspection and acceptance committees, PMU implements its functions according to Section 38 of the Act, tender board performs its functions according to Section 33 and the Second Schedule of the Act. In addition, Sumatra was directed to provide training to its staff on PPA, 2011 and to make sure that it has plans in place to ensure all motor vehicles are installed with VTS. Challenges observed relating to human resources at the VTS center at Michokeni and within the ICT Unit are handled timely to enable the system perform its intended objectives.

Sumatra has submitted to PPRA an implementation report, which revealed that Sumatra had an action plan for the implementation of the directives given. Likewise, some of the given directives has been implemented.

5.3.5 Investigation on the Tender for Developing Plots 775/39 and 776/39 Owned by NIP

PPRA conducted the investigation at NIP following a request from the chairperson of NIP Board of Directors. The Chairperson sought an advice on actions to be taken to the officers involved in the procurement process for engaging M/s Zawadi Communications Limited as an Investment Broker and the procedures to be employed to recover funds inappropriately paid to the Broker. The requested investigation also aimed at examining whether the engagement of M/s Kitmeer Real Estate Developers Limited (KRED) and NSSF as investors for developing plot No. 775/39 and 776/39 at Ohio Street Dar es Salaam followed appropriate procurement procedures.

The investigation revealed that NIP did not properly follow the set out procurement procedures as it was observed that the development of the plots was not in the NIP annual procurement plan for 2008/09; there was no advertisement of tenders; service providers



were secured without submission of proposals to NIP; the proposal submitted by KRED was not subjected to evaluation; M/s Zawadi Communication Limited was engaged as an investment broker without obtaining approval of the tender board; there was no proof whether NIP appointed a project officer and transaction advisor for the project; NIP acquired a loan amounting to USD 1,532,458.91 from NSSF to cater for project expenses but the loan was not effectively utilized for the intended purpose; feasibility study was not carried out; NIP paid to the legal advisor the whole legal fee without having a formal signed contract and before the project comes to an end; and service providers were engaged without having formal written contracts.

PPRA directed NIP to restart the procurement process in compliance with the Public Private Partnership Act of 2010 and Public Private Partnership Regulations of 2011 in conjunction with PPA, 2011 and its Regulations; ensure that in future procurement procedures are effectively adhered to; prepare annual procurement plan detailing activities to be implemented in every financial year; establish tender board and PMU or delegate its procurement functions to the other procuring entity; recover brokerage fee amounting to USD 480,000 (equivalent to TZS 753,312,000) paid to M/s Zawadi Communications Limited; establish the amount of fee ought to have been paid to the legal advisor basing on the actual legal services rendered to NIP and recover the remaining balance from the legal advisor; take disciplinary action against two Accounting Officers who were directly involved in the overall process of approving payment amounting to USD 480,000 to M/s Zawadi Communications Limited, signing the joint venture agreement for developing plots 775/39 and 776/39 with NSSF without following the appropriate procurement procedures, and approved payment amounting to USD 22,756 as a legal fee without having any formal signed contract. NIP was also directed to consult the office of the Internal Auditor General to conduct financial audit in all transactions committed using the loan and advice NIP on appropriate measures to be taken; PCCB to carry out further investigation in order to determine whether NIP performed diligently on various issues related to the development of plots 775 /39 and 776 /39 specifically on the acquisition of an investment broker and the appropriateness on spending a total of USD 613,402.25 on administrative matters.

The implementation status submitted by NIP to the Authority revealed that NIP has partly implemented the given directives. NIP informed the Authority that a request had been submitted to the Office of the CAG to carry out financial audit to the project and come up with additional recommendations. Therefore, NIP will recover the alleged misappropriated funds after receiving CAG's financial audit report.

5.3.6 Investigations at Tanroad Arusha on Selected Tenders Implemented During Financial year 2015/2016-2016/2017

The Authority conducted an investigation at Tanroads Arusha for some of the tenders conducted during the financial year 2015/16-2016/17 after receiving allegations involving violation of public procurement procedures from the Ethics Secretariat. The Investigation covered 118 tenders whose value was TZS 25,378,235,540 and 139 LPO whose value was TZS 286,143,984. In addition, fifteen (15) tenders among the above mentioned tenders were observed to have irregularities and malpractices. The Authority reviewed all 15 tenders to



determine whether procedures, processes and documentations for procurement and contracting were in accordance with the provisions of PPA, 2011 and PPR, 2013.

The Authority observed a number of irregularities in the bidding process and several weaknesses in management of the contracts. During the evaluation exercise, it was observed that evaluation was not properly conducted using the evaluation criteria provided in the tender documents thus led to award of contracts to unqualified contractors. Either, Tanroads Arusha terminated the contract with the contractor A & E Building and Civil Engineering Limited under contract No. AE/001/16-17/AR/TEN/W/08 due to the contractor's failure to implement fully its contractual obligations. According to the reviewed documents, it was observed that the Contractor A & E Building and Civil Engineering Limited did not comply with the evaluation criteria provided in the bidding documents. If the evaluation of the tender would have been properly held, the PE would have found exactly the qualified contractor who would have been able to implement fully its contractual obligations.

On the implementation of the contracts, the investigation conducted has revealed that Tanroads-Arusha did not follow proper procedure in making a "sub-contracting" for contract No. AE/001/16-17/AR/CON/W/47 and 05 after the contractor who had entered into a contract failed to perform its contractual obligations and thus its responsibilities transferred to another contractor;

Tanroads-Arusha failed to make comprehensive monitoring of the contractor A & E Building and Civil Engineering Limited to pay the debts of TZS 63,151,174 after termination of his contract; the existence of false reports of a final inspection before handing the project (substantial handing over inspection report) led the contractor Luneco Investment Limited to be paid for works which were not inspected under contract No. AE/001/15-16/AR/CON/W/31 and 74.

Furthermore, the investigation conducted has revealed that most of the works of construction of the infrastructure of the water room (concrete drifts) for contract Na. AE/001/15-16/AR/CON/W/31 and 74 was not executed according to the specifications as a result a large part of the infrastructure was washed away during periods of heavy rain, some heavily destructed and became unfit for use again. This is due to the lack of adequate supervision during the construction of the infrastructure that causes the contractor to perform the work below standards.

The Authority observed that one of the employees of Tanroads, was one of the owners of Wincom Enterprises Company Limited which has entered a contract with Tanroads-Arusha contrary to the requirements of section 84 (3) of PPA, 2011.

The Authority directed the following:

- i) The Tender Evaluation Committee members and PMU should be held accountable for being unfair to bidders; Tanroads Arusha should follow proper procedures when entered in "sub contracting" with contactors in order to avoid unnecessary delays and additional expenses;



- ii) Tanroads Arusha should recover from the contractor A & E Building and Civil Engineering Limited the amount of TZS **63,151,174** which was paid on false reports during the final inspection;
- iii) Tanroads Arusha should ensure the contractor Luneco Investment Limited corrects all the defects identified under contract No. AE/001/15-16/AR/CON/W/31 and 74;
- iv) Tanroads-Arusha should conduct evaluations to determine the actual amount of money which were used in contract No. AE/001/2015-16/AR/CON/W/31 and 74, and take action as appropriate;
- v) Disciplinary action to be taken against an employee of Tanroads Arusha who was one of the owners of Wincom Enterprises Company Limited which entered a contract with Tanroads-Arusha contrary to the requirements of section 84 (3) of PPA 2011.
- vi) Furthermore, disciplinary actions to be taken against all the staff who presented false reports of a final inspection before handing the project under contract No. AE/001/15-16/AR/CON/W/31 and 74; and
- vii) PCCB to conduct more investigation on Contract No. AE/001/16-17/AR/CON/W/08, 05; Contract No. AE/001/15-16/AR/CON/W/31 and contract No AE/001/15-16/AR/CON/W/74.

5.4 Special Audits Conducted on Selected Tenders During Financial Years 2016/17 and 2017/18

Section 9 (1) (i) of the PPA, 2011 gives mandate to PPRA to conduct procurement audits during tender preparatory process, contracts audits during contract execution and performance audit after completion of contract implementation. During the financial years 2016/17 and 2017/18 the Authority conducted special audits in six (6) procuring entities on selected tenders/projects to establish whether those projects implemented followed laid down procurement procedures and the Government obtained value for money on those implemented projects. In the six audited procuring entities, twenty nine (29) tenders were audited: NSSF (10 tenders), Ministry of Agriculture (10 tenders), NHC (3 tenders), PMO – PSCP (3 tenders), MUCE (2 tenders) and HESLB (1 tender). The total value of all audited twenty nine tenders was TZS 371,970,331,228.

In these special audits, the Authority managed to save an estimated amount of TZS 9,854,223,736 being amount that will be recovered from overpayments made to contractors, amount misused by public officials and amount recovered for items paid for but not delivered and installed. The special audit also revealed that Government had incurred loss in some of the projects implemented by procuring entities. The Authority established an estimated loss of TZS 23,705,394,884. Details of savings and loss are contained in **Annex 5 - 7**. The loss was occasioned by use of USD currency in effecting payments instead of using TZS, payment of materials on site, claim of financing costs due to delayed payments,



relocation of project site which necessitated redesigning, and claim of loss and expenses by contractors due to suspension of works.

Summaries of special audits conducted by PPRA during FY 2016/17 and 2017/18 were as follows:

5.4.1 National Social Security Fund

The Authority carried out special procurement audit at the National Social Security Fund (NSSF) for ten (10) selected tenders conducted during the financial year 2016/17. The total value of the audited tenders was TZS 73, 597,352,446.92. Among the tenders audited included three (3) tenders that were procured by NSSF on behalf of Mkulazi Holding Company Limited. The Company contracted out its procurement activities to NSSF as it didn't have an established tender board and PMU. The audit findings and audit recommendations for all audited ten (10) tenders as contained in the special audit report were forwarded to NSSF for their implementation.

The special audit conducted by the Authority enabled a saving of TZS 75,000,000 million which was observed in the misappropriation of fund for one of the implemented projects. This implies that after recovery of the overpaid amount, NSSF will have a saving of the said amount.

This part presents only the major audit findings observed in the five (5) audited tenders worth TZS 4,061,802,712. The major audit observations were as follows:

a) Tender No. PA/004/2016-2017/HQ/W/07 for Renovation of Mikocheni Executive Apartments

It was observed that the specifications and bill of quantities prepared were weak and work items were not correctly described. There was no project supervisor appointed thus poor supervision of the project. Due to poor supervision, there was inclusion of items undone or incomplete in payment application by the contractor, lack of site office (the contractor was using employer's facilities but included site establishment in his payment applications), no site instructions have been issued and inclusion for payment of materials on site.

Following the weaknesses observed, the Authority directed NSSF to:

- i) Provide adequate supervision in projects in order to monitor progress and ensure compliance with specifications; and
- ii) Concerning the contractor's claims which included works which were either poorly done or works not done, the Accounting Officer was directed to submit evidence to PPRA to establish whether the poorly observed works were improved by the contractor and the contractor was not paid for works not done as observed by the auditors.



b) Tender No. PA/004/2016-2017/ HQ/G/41 for Procurement of Tractors and Other Farm Equipment for Mbigiri Farm in Morogoro Rural District Under Emergency Procurement

Among the weaknesses observed in this tender were: the supplier was paid TZS 776,371,200 before completion of the tender process and without unconditional bank guarantee as well as signed contract as required by Regulation 233(1) of GN No. 446 as amended in 2016. The verification of the supplied tractors indicated that the supplied ridgers were not working. This implies that the goods delivered were not inspected to establish the appropriateness of the compliance with technical specifications.

The Authority directed NSSF to:

- i) Comply with requirements of the PPA, 2011;
- ii) Take disciplinary actions to the officers involved in initiating and authorizing payment of TZS 776,371,200 to the supplier before the tender process was completed; and
- iii) Submit evidence to PPRA to establish if the observed defects in the supplied ridgers were corrected by the supplier.

c) Tender No. PA/004/2016-2017/HQ/W/24 for Conducting Survey and Drilling Required Boreholes at Mbigiri Farm Using Technical Team from Government Institutions

The Authority observed that the procurement in question was implemented using force account procedure. It was observed that NSSF did not comply with procurement procedures as provided in the PPA, 2011 and guidelines issued by the Authority. It was also observed that the planned boreholes were 10 in number and the budget for the ten boreholes was TZS 200,000,000. The average cost for each borehole was therefore TZS 20,000,000. The Authority observed that TZS 126,000,000 has been spent but only one borehole was completed and working while two boreholes have been drilled but not completed whose total expenditure was TZS 51,000,000 hence TZS 75,000,000 was observed to be misused.

Following the weaknesses observed the Authority directed the following:

- i) NSSF should prepare requirements, specifications, drawings and bill of quantities and should comply with procurement law in future procurements;
- ii) The Accounting Officer should recover TZS 75,000,000 from officials who misused the money in drilling boreholes and submit evidence of recovery to PPRA; and
- iii) The Accounting officer should take disciplinary actions against officers involved in the misuse of TZS 75,000,000.



5.4.2 Ministry of Agriculture

PPRA carried out special value for money audit at the Ministry of Agriculture (MoA) to selected contracts which were implemented in Morogoro, Tanga, Arusha and Coast Regions during the financial years 2012/13, 2013/14 and 2014/15. The special audit involved ten (10) contracts which were procured by MoA with total contract value of TZS 21,386,268,780. The audited contracts included construction of warehouses which was divided into six (6) lots, consultancy services contract for design and supervision of construction of six (6) Warehouses, contract for Irrigation Scheme at Dakawa, contract for provision of consultancy service for four (4) selected Pilot Irrigation Schemes in Morogoro Region and contract for Supply of Cassava Processing Plant.

The Major observed weaknesses in three of the audited tenders were as follows:

a) Contract No. ME 012/2014-2015/PHRD-HQ/C/04 for Provision of Consultancy Services for Selected Pilot Irrigation Schemes in Morogoro Region

The special audit revealed that M/s Mzalendo Associates Consulting Co. Ltd submitted forged bank guarantee from CRDB Bank for advance payment. However, MoA did not report the matter to the law enforcers for appropriate actions.

The MoA was directed to ensure that the matter is reported to law enforcers on fraud actions by M/s Mzalendo Associates Consulting Co. Ltd concerning submission of forged documents for their appropriate actions.

b) Contract No. ME 012/2012-2013/ASDP/HQ/G/25 for Supply of Cassava Processing Plant

The special audit revealed that the supplier M/s Intermech Engineering Ltd did not provide performance guarantee as required in the contract documents. In addition, the Ministry terminated the contract with the Supplier M/s Intermech Engineering Ltd for failure to deliver the goods/plant without claiming the liquidated damages of TZS 25,025,000 which is 10% of the contract price as per contract provisions.

MoA was directed to ensure the following:

- i) Observe and administer the contract in accordance to the contract provisions and ensure contracts are secured for performance in future; and
- ii) Claim liquidated damages of TZS 25,025,000 from M/s Intermech Engineering Ltd due to the Supplier's failure to deliver the goods as per contract provisions.



c) Contract No. ME 012/2014-2015/PHRD/W/99 Lot 1, 2, 3, 4, 5 and 6 for Construction of Warehouses at Mombo - Korogwe, Mkula - Kilombero, Mkindo - Mvomero, Uturo - Mbarali, Lekitatu - Arumeru and IDP - Bagamoyo

The special audit revealed that the Financing Agreement between the World Bank and the Government of United Republic of Tanzania expired before completion of construction works to various lots that resulted to lack of funds for completion of the works. It was observed that the contract No. ME 012/2014-2015/PHRD/W/99 Lot 1 for construction of Warehouses at Mombo - Korogwe was sub-contracted. However, no records of recovery of the balance of advance payment amounting to TZS 48,601,364 paid to the contractor M/s Herkin Builders Ltd as advised by the Consultant in the revised payment certificate No. 2. It was further observed that no contractual measures have been taken to the Contractor M/s Herkin Builders for failure to complete the works under contract No. ME 012/2014-22015/PHRD/W/99 Lot 2 for construction of Warehouse in Mkula - Kilombero.

MoA was directed to ensure the following:

- i) Source out additional fund for completing the balance of uncompleted works as the works to some of the lots were still at various stages of completion;
- ii) Immediately claim the balance of advance payments amounting to TZS 48,601,364 from M/s Herkin Builders Ltd under the contract No. ME 012/2014-2015/PHRD/W/99 Lot 1 for construction of Warehouses at Mombo - Korogwe;
- iii) Consider terminating the contract No. ME 012/2014-22015/PHRD/W/99 Lot 2 since the delay for completion of the works has exceeded the number of days for which the maximum amount of liquidated damages can be paid; and
- iv) Enforce clauses of the contract for payment upon termination whereby the Project Manager should issue a certificate for the value of the works done and materials ordered, advance payments received up to the date of the issue of the certificate less the percentage (40 percent of contract price) to the value of works not completed.

5.4.3 National Housing Corporation

The Authority conducted the special audit at the National Housing Corporation (NHC) for specific tenders conducted during the financial year 2013/14. The audit covered three (3) tenders namely: The Proposed Design and Construction of Mixed Use Property on Plots 1-3 & 44, at the Junction of New Bagamoyo /Mwai Kibaki Road; The Proposed Design and Construction of Kawe 711 Residence on Plot No. 711, along Mwai Kibaki Road; and The Proposed Design and Construction of Mixed Use Block on Plot No. 300, at Victoria Area along New Bagamoyo Road. The total value of all audited tenders was TZS 266,899,590,612. The special audit at NHC enabled a saving of TZS 5,158,345,312 that was overpaid to contractors. The Authority also observed a loss of TZS 23,705,394,884 occasioned by use of USD currency in effecting payments instead of using TZS, payment of materials on site,



claim of financing costs due to delayed payments, relocation of project site that necessitated redesigning, and claim of loss and expenses by contractors due to suspension of works.

Apart from the special audit conducted at NHC, verification of the value for money audit findings carried out in previous FY 2016/17 was conducted.

Major observed weaknesses in the audited tenders were as follows:

1. Verification of the Value for Money Audit for the Proposed Design and Construction of Mixed Use Property on Plots 1-3 & 44, at the Junction of New Bagamoyo/Mwai Kibaki Roads- Morocco Square

- a) The special audit revealed that, NHC still continued paying the contractor two currencies at the rate of 60 percent in TZS and 40 percent in USD. The audit report carried out towards the end of 2016 recommended the Employer and the Contractor to meet and resolve the above anomaly. However, up to IPC no. 31 of 11th December, 2017 at the time of verification, the Employer was still effecting payment in the same manner of 60 percent in TZS and 40 percent in USD. The financing costs associated with the overpayment of money due to the use of USD currency have been calculated up to IPC no. 30 amounting to TZS 1,829,959,768 as of January 15, 2017. It is expected to be more as the trend continues;
- b) It was also observed that the audit report recommended valuations not to be based on “milestone schedule” but be valued as per the contract clauses according to the work done. NHC still did not adopt what was recommended;
- c) Another weakness observed was that Employer had allowed payment for materials on/off site in IPCs no. 3, 4, 5 and 20 to 31 contrary to contract provisions. Up to IPC no. 30, the estimated loss in terms of financing cost has been estimated to be TZS 1,680,946,219. The Employer had changed the inclusion of materials from being a separated sheet breakdown to being incorporated as part of works. For instance, latest IPC no. 31, there was an overpayment of TZS 732,908,262.55 as running costs due to inclusion of the materials on/off site as part of the Total Builder’s work executed. An overpayment of such in all IPC affected has lead into financing costs, estimated to be over TZS 48,395,000.00;
- d) It was revealed that the advance payment which amounted to TZS 12,858,338,594 was overpaid by TZS 467,268,293;
- e) The total amount of taxes (VAT) paid up to IPC no. 31 was TZS 17,886,897,726. The source of this information being the Contractor’s tax invoices found in the Employer’s IPCs files. Considering the overpayment done through USD payment arrangement, up to IPC no. 31, TZS 438,784,921 was paid as VAT but not declared as VAT through undervaluing the USD against TZS, thus pegging it to the exchange rate of the bid



submission time hence getting more dollars and paying fewer shillings. NHC has shown to have withheld a total amount of TZS 1, 577,779,458 as withholding tax;

- f) It was observed that the total VAT amount included in IPCs appeared to be different from what the Contractor claimed and got paid. Considering IPC No. 31, it indicated a total cumulative amount of VAT to be **TZS 15,981,948,384** as opposed to TZS **17,551,039,284**, the difference being **TZS 1,569,090,899** more than what is indicated in the IPCs. NHC has been paid as extra on top of what is certified; and
- g) By 15th January, 2018, the project status was at 75 percent thus being ongoing. The project appeared to be behind the program by more than 7 months beyond the original contract period, which was three years, commencing on 17th June, 2014 with completion on 16th June, 2017.

Following the weaknesses observed, the Authority directed HNC to ensure the following:

- i) NHC should stop paying in USD currency, amend the contract to be in TZS as was intended from the tender stage and recover all the money which has been doubly paid by using USD currency. Up to IPC no. 30, a loss of **TZS 13,943,416,690.50** had been established due to the use of USD currency. The PE should make sure such costs are recovered from the contractor;
- ii) NHC should stop making payments based on milestone schedule and instead payment should be paid as per the work done;
- iii) NHC should follow the contract and stop making un-contractual payments to the contractor and should recover **TZS 1,680,946,219** as financing charges from the contractor's succeeding IPCs since what the contractor requested and got paid for was wrong;
- iv) NHC should stop payment to materials on/off site, overpayment of TZS **732,908,262.55** as running costs due to inclusion of the materials on/off site as part of the Total Builder's work executed should be recovered. NHC should make sure that the financing costs are recovered from the contractor on succeeding IPCs;
- v) NHC should recover from the contractor overpayment of TZS 467,268,293 as advance payment;
- vi) NHC should make sure that its Project Quantity Surveyors follow the contracts in executing their duties;
- vii) The lost money of TZS 438,784,921 which was paid as VAT but not declared as VAT through undervaluing the USD against TZS should be recovered from the contractor as it is directly double paid money;
- viii) NHC should deduct TZS 1,569,090,899 from the contractor which was paid more than what is indicated in the IPCs; and
- ix) The Project Manager should administer the completion stage contractually and avoid delays.



2. The Proposed Design and Construction of Kawe 711 Residence on Plot No. 711, along Mwai Kibaki Road termed as “Kawe 711”

In this tender major observed weaknesses were as follows:

- a) The special audit revealed that relocation of project from Ngano Street to Kawe spells incomplete feasibility study resulted to Variation Order (VO) no. 1 amounting to TZS 150 Million covering Geotechnical Survey and ESIA; Doubtful tender evaluation process whereby NHC requested bidder no.5 M/s Estim Construction Co. Ltd (tender winner) to submit more documents for clarification raised doubts as requirement intended to qualify the bidder’s price offer;
- b) The Authority observed that the bidder amended and introduced a new item in the Price Offer Form of the Bid Documents, proposing two currencies i.e 60 percent in TZS and 40 percent in USD contrary to the provisions of tender documents. It was still observed that losses caused by payment term of two currencies at the ratio 60 percent in TZS and 40 percent in USD, so far, up to IPC number 9, an amount of TZS 2,569,050,043.28 has been double paid. It is estimated that at the completion of the project, more than TZS 12 billion will be paid as “ghost payment”;
- c) There was delays in responding to queries raised by the Contractor; NHC was slow/late in responding to issues or letters contrary to provisions of the contract which restricts letters/queries to be responded within 28 days from the date of receipt;
- d) It was also observed that contractor claimed building permit charges amounting to TZS 67,012,000 which was contrary to provisions of the contract which stipulates that Building Permit is the contractor’s responsibility;
- e) The project was initiated without committed funds for the Project. The Contractor is claiming the financing cost of the delayed payments amounting to TZS 527,389,678 as per provisions of the contract which requires the Employer to pay within 42 days for Advance Payment and 56 days of the date of each Interim certificate;
- f) NHC changed the scope of works hence reducing the volume of works but such change did not address changes in costs. Following change of scope, the Contractor submitted quotation with costs amounting to USD 44,632.32 as extra costs for redesign;
- g) The Authority also observed that the advance payment which amounted to TZS 9,835,165,555 was overpaid by TZS 279,437,398 and USD 115,020;
- h) Payment valuation in this project was being done based on “milestone schedule”, which was recommended to be stopped in the audit report of Morocco Square Project; and



- i) NHC was losing TZS 2,569,050,043 disguised in USD currency paid, the Government was also losing its VAT proportion which is more than TZS 51,212,119 up to IPC no. 9 of which the project is yet to be completed.

Following the weaknesses observed the Authority directed NHC the following:

- a) Ensure proper planning to avoid unnecessary extra costs to the project;
- b) The Tender Evaluation Committee members and PMU be held accountable for being unfair to bidders;
- c) Should respond to issues within reasonable time to avoid unnecessary delays and additional expenses;
- d) Should not pay Contractor's claims amounting TZS 67,012,000/= as building permit charges and if already paid the same should be recovered;
- e) Should not execute any project where there are no funds;
- f) Should ensure that payments are made within 42 days for Advance Payment and 56 days of the date of each Interim certificate;
- g) Establish a new contract sum based on the revised scope;
- h) Provide evidence to PPRA on whether the advance payment TZS 242,386,073 overpaid has been fully recovered from the contractor;
- i) Should stop making payments based on milestone schedule instead be paid as per the work done; and
- j) The lost money TZS 2,569,050,043 disguised in USD currency paid on VAT proportion should be recovered from the contractor as it is direct double paid money.

3. The Proposed Design and Construction of Mixed Use Block on Plot No. 300, at Victoria Area along New Bagamoyo Road, Kinondoni Dar Es Salaam.

The special audit revealed the following:

- a) Payment in this project was being effected in a form of "milestone schedule", instead of payments be made as per the work done;
- b) Delays in responding or none response to queries raised by the Contractor;
- c) NHC was paying more money in VAT than what was indicated in the IPCs whereby up to IPC no. 3, TZS 112,619,081 was paid as an extra on top of what was certified;
- d) Suspension of works occurred due to delayed payments as a result, TZS 2,189,663,247 has been put forward as a claim of loss and expenses by the Contractor;
- e) It was observed that the excavated basement with executed concrete piles was full of water and the exposed reinforcement of the foundation piles were immersed into water; and
- f) Contractor suspended the works because of unavailability of funds. The progress was 10 percent while original completion time elapsed on 16th February, 2016.



Following the weaknesses observed the Authority directed NHC the following:

- i) Ensure that the Project Manager responds to contractor's queries on time to avoid delays;
- ii) Should claim TZS 112,619,081 which was paid as extra on top of what was certified in VAT up to IPC no. 3;
- iii) Should make sure that the Contractor protects the works done and its quality;
- iv) Should commit funds prior to commencement of the project as in accordance to Regulation 75 of GN. No. 446 of 2013; and
- v) Should act quickly and give decisions on matters causing suspension to rescue the project;

5.4.4 Special audit Conducted on Selected Tenders Implemented by Private Sector Competitiveness Program under Prime Minister's Office

The special audit was conducted by the Authority at Prime Minister's Office in two tenders implemented by the Private Sector Competitiveness Project (PSCP). The audit was requested by PCCB following observed violation of PPA, 2011 and World Bank Procurement Guidelines when awarding the two tenders. The two tenders were: Tender No LANDS/G/27 for Supply and Installation of Structured Cabling System and Tender No. LANDS/G/28 for Supply and Installation of Core Data Center Equipment at the Ministry of Lands, Housing and Human Settlements Development. Also, the special audit was extended to include a review of Tender No. LAND/S/9 of consultancy services for physical design of security and integrated digital network infrastructure office layout plan, partitioning, preparation of BOQs for the National Land Information Centre at the Ministry Headquarter. The consultant supervised the implementation of the above two tenders. The total value of all audited tenders was TZS 1,258,800,613. In this special audit, the Authority managed to save TZS 114,265,960 being costs for items paid for but not delivered and installed.

The special audit revealed a number of weaknesses as follows:

a) Tender No. LANDS/G/27 for Supply and Installation of Structured Cabling System and Tender No. LANDS/G/28 for Supply and Installation of Core Data Center Equipment

The special audit revealed a number of similar irregularities and malpractices on two referred tenders which were implemented by Private Sector Competitiveness Project under Prime Minister's Office as follows: Failure to include respective tenders in PMO's APP; lack of AO's approval to proceed with procurement; submitted bids lacked a valid business license and manufacturer's authorization letter; failure to use standard bidding documents; lack of evidence of submission of performance securities; no evidence of appointment of evaluation team; and lack of evidence of TB approval on award recommendations. Likewise, lack of evidence whether AO appointed negotiation team; lack of evidence whether negotiation plan was prepared; lack of evidence whether TB approved minutes of negotiations; lack of evidence of issue of notice of intention to award, publication of awards and notification of unsuccessful bidders.



Also another shortfalls observed included the following:- PSCP submitted the request to the World Bank for “No Objection” prior to obtaining TB approval of tendering and contract documents; M/s Hexatech Company Limited commenced implementation of the contract prior to World Bank “No Objection” and contract signing; first payments to the supplier was made before signing the contract and approval for “No objection” from the World Bank; the supplier failed to complete the assignment on time; no evidence of signed delivery notes for items supplied; no evidence of minutes of site meetings and contract implementation reports; lack of evidence of record of issuance of goods and receipt of goods to users; user satisfaction of the goods could not be assessed since the data centre and the facilities have not been put in use. Lastly, Inspection done on site revealed that some of the items had not been installed and some were not yet delivered to the site. Hence there was an overpayment of USD 43,280 for undelivered items for tender No. LANDS/G/27 and USD 7,800 for undelivered items for tender No. LANDS/G/28 making a total overpayment to be USD 51,080.

b) Tender No. LAND/S/9 of Consultancy Services for Physical Design of Security and Integrated Digital Network Infrastructure Office Layout Plan, Partitioning and Preparation of BOQs

The special audit revealed a number of irregularities and malpractices on the tender as follows: Lack of evidence of TB approval on selection method and approval of shortlist of consultants; the invitation letter did not indicate the deadline for submission of proposals; no evidence of TB approval on award recommendation; lack of evidence of AO’s consent of TB’s award decision; the EOI evaluation report stated that the committee conducted evaluation based on evaluation criteria set in the advert without mentioning the detailed criteria that were used; no evidence of appointment of members of negotiations team; negotiation plan was not prepared; lack of evidence whether AO issued the letter of acceptance; the implementation started before contract signing; first payment was made prior to contract signing; implementation of contract commenced prior to obtaining “No Objection” on contract signing from the World Bank. Lastly, lack of evidence for final payment to Softwox Limited which leads to difficulties in determining whether the consultant was overpaid or underpaid.

Furthermore, the special audit revealed poor performance overall score of 28 percent in terms of value for money assessment whereby Planning, Designing & Tender Documentation stage scored 77 percent; Procurement stage scored 50 percent; Contract Implementation stage scored 42 percent, Quality of goods or rendered services scored 44 percent and Project completion and closure scored 19 percent.

The Authority directed the following to Prime Minister’s Office-PSCP as far as observed weaknesses are concerned:-

- i) The supplier, Hexatech Company should refund USD 51,080 which they received from PSCP for items that were not delivered and installed;



- ii) Disciplinary measures should be taken against Officers who authorized the overpayment of USD 51,080 for undelivered items and items not installed;
- iii) In case the World Bank declare “mis-procurement” and the government required to refund portion of the loan relating to the three tenders, the government should recover the funds from the officers implicated in the violation;
- iv) To organize training for staff involved in these projects to address knowledge gaps indicated in the special audit report; and
- v) Take all identified weaknesses in this special audit as a lesson learnt for the forthcoming phases of the programme, to ensure PPA, 2011 and World Bank Procurement Guidelines are complied with.

PPRA will initiate the process of debarring both M/s Hexatech Company Limited and M/s Softwox Limited if further investigation by PCCB uncovers existence of corruption in tendering and contract management.

5.4.5 Special Audit Conducted at HESLB for Tender No. PA/030/2017-2018/HQ/C/12 for Provision of Consultancy Services for Short Training in Technical and Vocational Skills

The special audit followed directives given to the Authority by Hon. Minister for Education, Science and Technology who requested the Authority to conduct special audit at Higher Education Students’ Loans Board (HESLB) in order to know whether procurement processes and procedures in the respective tender were complied with as provided by the Public Procurement Act, 2011.

The special audit revealed the following major findings:

- a) The tender document used was not a standard tender document issued by PPRA; the tender document missed necessary information relating to the tender; and the evaluation criteria provided in the tender document were ambiguous. It was also noted that the evaluation exercise was not properly conducted as the evaluation committee recommended for award of tender to training providers who did not meet the requirements provided in the tender document. The Authority also observed that the negotiations with selected training providers were not properly conducted as the negotiations teams agreed with four training providers to train on focus areas which the providers do not have registration and some of them are not even registered by NACTE or VETA;
- b) HESLB entered into contracts with some of the training providers to train on courses they do not have registration from either NACTE or VETA. One of the training providers do not have registration from either of the two authorities to train on any course but HESLB entered into contract with them with disregard of its registration status;



- c) The Secretary of the tender board misled the tender board on the results of the tender evaluation. The secretary recommended to the tender board for pre-contract negotiations to be conducted to the nine training institutions and requested the tender board to discuss and approve the award recommendations while knowing that not all training institutions were recommended by the evaluation committee for award of contract;
- d) During the tender process training providers were required to submit to HESLB their training costs. However, it has been noted that payment claims submitted by training providers covered items which do not qualify to be included under tuition fees. For instance, some of the submitted tuition fees by the providers covered items such as t-shirts, certification, identity cards, participants bus fare to and from, accommodation, meals, stationeries, protective clothes, training materials etc;
- e) There are no quality control measures being implemented by HESLB to ensure the quality of the training provided. The programme coordinating team was required to make regular follow ups and to prepare monthly and quarterly reports. However, this was observed not to be done by the coordinating team as required by the programme operational manual;
- f) The Authority carried out value for money audit on the tender to assess its performance. The audit revealed that the overall score was 37.4 percent that was poor performance. The average scores in the indicators established by PPRA were as follows: Planning, Design & Tender Documentation Stage scored 50 percent, Procurement Stage scored 29 percent, contract Implementation Stage scored 29 percent, quality of services supplied and Project Completion and Closure Stage were not assessed as the contracts were still under implementation stage; and
- g) Corruption red flag assessment conducted in tender revealed the overall red flag score to be 17 percent signifying that there was low likelihood of corruption symptoms. However, despite the low likelihood of corruption symptoms indicated by the overall red flag score, the pre- bid phase had high corruption symptoms as it scored 30 percent. The evaluation and award phase scored 14 percent and contract management and audit phase scored 0 percent.

Following the special audit findings, the Authority issued the following directives to HESLB:

- i) To ensure that in the forthcoming phases of the programme all the weaknesses observed are addressed and proper procurement procedures are followed as provided by the law;
- ii) Disciplinary actions to be taken against the secretary of tender board for misleading the tender board hence approving award of contracts to training providers with no qualifications;



- iii) The consultant's contracts to be reviewed to indicate the commencement dates, the duration of each course and the rates to be paid by HESLB for each trainee per each course and also to remove from their contracts the courses they were allowed to train while they had no registration; and
- iv) The Authority recommended for the Ministry of Education, Science and Technology to disburse required funds to HESLB to enable them monitor the implementation of the project.

5.4.6 Mkwawa University College of Education

PPRA carried out special value for money audit at Mkwawa University College of Education (MUCE) to contract no. PA/058/2009/2010/W/4 for Proposed Construction of Lecture Hall at Mkwawa University College of Education implemented during the financial years 2009/10 to 2017/18. The special audit involved both works contract with total sum of TZS. 8,565,248,606.37 and consultancy services contract for design and supervision with total sum of TZS. 263,070,227.41. Therefore, the total audited value was TZS 8,828,318,833.78.

The audit revealed that MUCE entered into contract with M/s MNM Engineering Services Ltd for construction of the Lecture Hall. However, for reasons not documented in procurement records, his contract was terminated and a new contract was entered with M/s CATIC International Engineering Ltd. The special audit conducted by the Authority enabled a saving of TZS **2,511,682,806** which was observed as amount overpaid to contractors for materials on site and for unsupplied generator.

The major observed weaknesses were as follows:

- i) MUCE paid TZS 1,321,071,705.75 to M/s MNM Engineering Services Ltd prior contract termination and TZS 961,611,100.00 to M/s CATIC International Engineering Ltd for materials on site contrary to contract requirements. MUCE also paid M/s CATIC International Engineering Ltd 50 percent payment of generator item to the tune of TZS 229,000,000 under IPC No. 11 dated 30th October 2017 for supplying and installation of generator on site. Unfortunately, until the audit exit date on 3rd August 2018, no generator was at site meaning that the client paid for unsupplied goods.
- ii) The original design of lecture theatre failed to follow the existing site terrain levels as required by client and as explained in the terms of reference. Extreme deviation of site levels by 2.2m was observed during setting out of the lecture theatre where design level was at 1.4m but existing site level was at 3.6m which necessitated variation to the tune of TZS 994,946,473.31 as cost overrun to the project;
- iii) Contract provisions for the lecture hall were changed after terminating the first contractor without tender board approval. That is, the contract used for M/s MNM Engineering Services Ltd and that of M/s CATIC International Engineering Ltd differs slightly whereas changes were made in the general conditions of contract clause 40 and 36 of the second contract. In the second contract, both clauses have



the same contents but different headings where clause 40 of GCC reads change in quantities while clause 36 reads change in contract price. The changes finally enabled price adjustment due to works suspension to the tune of TZS. 991,704,514.26.

- iv) Payments to the contractor for IPCs No. 6 and 7 were delayed for 613 and 564 days respectively contrary to general conditions of contract which require client to effect payments within 28 calendar days from issuance of such certificate. The result of such delay by MUCE has caused accrued interest to the tune of TZS 178,640,062.23 payable to M/s CATIC International;
- v) Deviations from contract specifications were made on site to some items e.g. handrail was changed from stainless steel to black pipes; LG Air conditioners were changed to GREE type; and bull nose fascia board was changed from Aluco bond to Aluminium Sheet which all were of inferior specifications compared to the original contract documents. There was no evidence to show that the noted changes had Client's prior approval.

On the basis of the observed weaknesses the following were recommended:

- a) MUCE to recover TZS 2,282,682,805 from M/s MNM Engineering Services Ltd and M/s CATIC International Engineering Ltd for non-contractual payment made on materials on site;
- b) The Accounting officer to ensure that the generator paid for is supplied and installed failure of which MUCE should recover TZS 229,000,000 from M/s CATIC International Engineering Ltd for failure to supply and install the required generator; and
- c) MUCE to undertake re-measurement on all variations and changes in specifications, extensions of time and proper price analysis due to works suspension and submit report to PPRA.

5.5 Implementation Status on Directives Issued to PEs in Respect to the Investigations

Regulation 92 of the PPR of 2013 requires PE's competent Authority to submit within fourteen days action plan on implementation of investigation directives and recommendations; and within three months to submit the implementation status of the respective directives given. In line with the set out prerequisite, the Authority has prepared a status of implementation of directives and recommendations relating to investigations and procurement audits conducted in the Financial Year 2014/15- 2017/18.

The implementation of directives revealed that, some PEs did not implement directives and recommendations as directed. Few PEs partly implemented the given directives and recommendations while others did not implement them at all.



Directives and Recommendations Issued During Financial Year 2017/18

In the period under review, PPRA carried out five investigations and issued directives and recommendations. Consequently, four PEs (NIP, DIT, SUMATRA and REA) partly implemented investigation directives and recommendations while One PE namely Ministry of Education, Science and Technology did not provide any status on implementation of PPRA directives and recommendations to date. Pending issues for implementation are shown in the **Table 5 - 16**.

Table 5 - 16: Directives and Recommendations Pending for Implementation in the Financial Year 2017/18

PE	Details of Investigation	Issues pending for implementation
National Institute for Productivity (NIP)	Investigation on the tender for developing plots No. 775/39 and No. 776/39 owned by NIP	<ul style="list-style-type: none"> (i) Conducting financial audit on utilization of loan amounting to USD 1,532,458.91 from NSSF, and submit results of the audit report to the Authority (ii) After concluding financial audit submit evidence of recovery of USD 480,000 (equivalent to Tshs. 753,312,000) brokerage services from M/S Zawadi communication Ltd and USD 22,756 (equivalent to Tsh. 36,832,861) paid to M/s RM - Business & Maritime Attorney for semi performed legal services, NIP was to establish the amount of fee ought to have been paid to legal advisor and recover the remaining balance, (iii) Evidence of restarting the procurement process for development of the aforementioned plots as per appropriate law, (iv) Taking disciplinary actions against the officers who approved various payments regarding the amount set aside for the execution of the project
Dar es Salaam Institute of Technology (DIT)	Investigation on various tenders advertised DIT for FY 2017/18	<ul style="list-style-type: none"> i. Organizing training to Tender Board members, Internal Audit Unit and Procurement Management Unit to equip them with PPA knowledge for their effective and efficient execution of their duties as per provisions of the procurement law ii. Recovery of TZS 10,495,800.00 from DIT officials paid for various procurement activities improperly handled
Rural Energy Agency (REA)	Investigation on tender for provision of consultancy service for REA Phase III project and tenders for Supply and Installation of Medium and Low Voltage Lines, Distribution Transformers and Connection of Customers	<ul style="list-style-type: none"> i. Legitimacy of the contract entered between M/s SMEC and REA from the Attorney Generals' office, taking into consideration of response received from Engineers Registration Board that M/s SMEC was not registered to render consultancy services in electrical installations works ii. Disciplinary action against TB, PMU, EC and negotiation committee members who violated



PE	Details of Investigation	Issues pending for implementation
	in Un-Electrified Rural areas in Mainland Tanzania on Turnkey Basis-Round I	<ul style="list-style-type: none"> the provisions of procurement law iii. Training to TB members, IA and PMU on CAP.410 to enable them handle properly their duties in accordance to procurement law iv. REA's strategies to ensure current contracts are not frustrated due to non-availability of materials taking into consideration the capacity of local suppliers in producing required transformers, poles and wires
Ministry of Education Science and Technology	Investigation on various tenders implemented during FY 2015/16 and 2017/18	<ul style="list-style-type: none"> i. Seeking advice from the Attorney General's Chamber on the legality of contract entered between the Ministry and M/s Achelis Tanganyika ii. Deducting TZS 19,854,345 from M/s Scientific Centre for delivering items with shelf life less than two years from the delivery date contrary to the provision of contract iii. Recovering TZS 40,362,250 from M/s Scientific Centre being excess amount to the contract due to non computation of arithmetic errors iv. Organizing training to TB members, IA and PMU to enable them to carry out their responsibilities in line with the requirements of the procurement law v. Taking disciplinary action against the TB, PMU, the Solicitor who witnessed the signing of contracts and failed to observe comments given by AG's office on various draft contracts, and EC members for failure to observe the procurement law

5.5.1 Directives and Recommendations Issued During Financial Year 2016/17

During Financial Year 2016/17, PPRA carried out eight (8) investigations from 8 PEs namely NIDA, TRA, Kondo DC, MOI, NIC, TCRA, TCAA and MOFP. Observation revealed weakness in two (2) PEs namely MoFP and TCAA, while one (1) PE namely NIDA was directed to restart the procurement process and the rest five (5) PEs noted to have irregularities. Issues pending for implementation are detailed in Table 5 - 17.

Table 5 - 17: Directives and Recommendations Pending for Implementation in the Financial Year 2016/17

PE	Details of Investigation	Issues pending for implementation
Tanzania Revenue Authority (TRA)	Investigation on tender for procurement of	i. Taking disciplinary action against officers from PMU, UDs and EC members who violated provisions of Public procurement law



PE	Details of Investigation	Issues pending for implementation
	Internal Domestic Revenue Administration System	<ul style="list-style-type: none"> ii. Recovering monies from officers (User Department, PMU and EC) who caused loss associated with repeated tendering processes iii. Current status of the procurement and position regarding the acquisition of the Internal Domestic Revenue Administration System following the 4th cancellation of the procurement process
Kondoa Dc	Investigation on the Tender for Rehabilitation of Gubali-Haubi-Ntomoko and Haubi Pahi roads	Recovering TZS 4,887,327.99 from the former Accounting Officer whose position as DED ceased by the time of investigation
NIC	Investigation on the tender for supply and installation of electronic insurance system for NIC	<ul style="list-style-type: none"> i. Verification of all payments which had been made to consultant (DVI) of NIC ii. Consultant to refund all payments been paid to him for non-performed task(s) iii. Assurance of 100 percent performance of the system by NIC iv. Training of staff on the use of electronic insurance system v. Recover of TZS 11,600,000 paid to evaluation committee members

5.5.2 Directives and Recommendations Issued During Financial Year 2015/16

During Financial Year 2015/16, PPRA carried out seven (7) investigations from 6 PEs namely NIDA, TIA, Kondoa DC, MOI, MoHA and two tenders from Ministry of Health, Gender, Children and Elderly. Investigations carried out to the following PEs were observed with irregularities. Issues pending for implementation are detailed in the **Table 5 - 18** below.

Table 5 - 18: Directives and Recommendations Pending for Implementation in the Financial Year 2015/16.

PE	Details of Investigation	Issues pending for implementation
Tanzania Institute Accountancy (TIA)	Investigation on Lease agreement between TIA and Mr. Vedastus Ngasa Lukago of Mwanza for lease of buildings on Plot no. 107 and 108 Block "FF" Nyakato, Mwanza	<ul style="list-style-type: none"> i. Taking disciplinary action against the Acting Chief Executive Officer who signed the agreement for causing financial loss of TZS 1,073,172,25 paid for renting buildings at higher rent contrary to government circulars ii. Evidence of recovery of balance of rent to be refunded to Institute after terminating the lease agreements at Dar es salaam campus iii. Disciplinary actions against Head of PMU and members of TB for non-adherence with the



PE	Details of Investigation	Issues pending for implementation
		requirement of procurement the law
Kondoa DC	Investigation on the Tender for Supervision Contract and Rehabilitation of Ntomoko Gravity Flow Water Supply Scheme at Kondoa District and Chemba District Councils	<ul style="list-style-type: none"> i. Recovery of total of TZS 45,300,000.00 which was paid for design review and preparation of bid documents to POA Engineering Pty Ltd although the said services were not done ii. Recovery from Mwanshinga Enterprises Co. Limited TZS 165,010,000.00 paid for uncompleted works iii. Disciplinary action against the Head of PMU, TB, negotiation team and EC who did not perform well their responsibilities as stipulated under PPA 2004
Ministry of Health, Gender, Children and Elderly	Contracts for provision of maintenance services and procurement of medical equipment between Ministry of Health, Social Development, Gender, Eldery and Children and Philips Medical Systems Netherland BV	<ul style="list-style-type: none"> i. Carrying out review of the rendered services before effecting the remaining balance amounting to USD 5,728,356.06 to M/s Philips Medical Systems Netherland ii. Medical Systems Netherland to supply new 168 machines which were not supplied contrary to contract provisions iii. Evidence on whether the equipment delivered to hospitals are installed and utilised as intended and maintained whenever the need arises iv. Evidence whether the Ministry directed M/s Philips to carry out training to other hospital staff to comply with the requirement of the 2012-2016 contracts before its expiry
Ministry of Water and Irrigation	Tender for Consultancy Services for Design Review and Supervision of Project for Extension of Lake Victoria Pipeline to Tabora, Igunga and Nzega Towns (Phase 1 & Phase 2)	<ul style="list-style-type: none"> i. Recovery of USD 899,000 from M/s WAPCOS for amounts certified for inflated remuneration of consultants staff ii. Evidence on the advise sought from the office of the Attorney General on the validity of the contract entered between the Ministry and M/s WAPCOS for phase I iii. Evidence on bridging the financial gap observed on the loan agreement signed between the Ministry of Water and Irrigation with the Exim Bank of India iv. Evidence on disciplinary measure against the Accounting Officer, members of the TB, negotiation committee members, head of PMU, the Director of Urban Water Supply (DUWS) who were involved on implementation of this tender v. Recovery of TZS 43,329,768.00 that was utilized by some officials as expenses for attending a signing ceremony which was held in India
Ministry of Home Affairs-Immigration Department	Tender for provision of consultancy service for carrying out the feasibility study of the e-immigration system	Evidence on disciplinary action against members of the TB, PMU for failure to observe the provision of procurement law



PE	Details of Investigation	Issues pending for implementation
Ministry of Home Affairs-Tanzania Police Force	Tender for supply, installation and commissioning of the Automated Fingerprints Identification System (AFIS)	<ul style="list-style-type: none"> i. Evidence on completion of contractual obligations by the contractors for all pending activities ii. Training on usage of the system to the users of the system iii. Evidence on carrying out maintenance on equipment as per contract provisions; iv. Evidence on fully functioning of the automated system(AFIS) to replace the manual system
National Identification Authority (NIDA)	Investigation on various tenders implemented from FY 2012/13 to 2015/16	<ul style="list-style-type: none"> i. Evidence on recovery of Tshs. 167,445,671.96, TZS 91,525,423.73 and USD 1,135,333.50 from M/s GIL paid in excess due to exchange rate error, VAT miscomputation and contingency respectively ii. Evidence on recovery of USD 259,786 (Equivalent to TZS 569,192,090.04) paid to M/s BMTL for exaggerated quantities in square meters paid for renting various regional NIDA offices iii. Evidence on recovery of TZS 27,000,000.00 mistakenly VAT amount paid to individual consultant that was not VAT registered iv. Evidence of recovery of USD 14,000,000.00 from M/s IRIS Corporation Berhad v. Evidence of recovery of TZS 45,515,961.00 from M/s Gwiholoto Impex Ltd for the money that was double paid

5.5.3 Directives and Recommendations Issued For Financial Year 2014/15

In the Financial Year 2014/15, PPRA carried out five (5) investigations from four PEs namely Tanesco, NHIF, NEC and RAHCO. Out of all investigation carried out, two PEs namely NHIF and NEC failed to implement all investigation directives and recommendations. Issues pending for implementation are detailed in the **Table 5 - 19**.

Table 5 - 19: Directives and Recommendations Issued For Financial Year 2014/15

PE	Details of Investigation	Issues pending for implementation
National Health Insurance Fund (NHIF)	Tender for Proposed Construction of NHIF Zonal Office to Build on Plot No. 83-86 Block "1" in Tabora region	<ul style="list-style-type: none"> i. Evidence on disciplinary measures against EC members, Head of PMU and TB for improper discharging their functions as required by procurement law ii. Evidence on termination of contract with M/s China Wuyi Company for misrepresentation of facts and fraud iii. Evidence of tender re-advertisement after termination of contract iv. NHIF to review costs incurred in the procurement process and all officers involved to refund the costs



PE	Details of Investigation	Issues pending for implementation
		incurred for failure to exercise due care in their duties
National Electoral Commission (NEC)	Tender for Supply of Biometric Voters Registration Kit (BVR)	<ul style="list-style-type: none"> i. Evidence on disciplinary action against TB members, Head of PMU and Accounting Officer who participated in the tender process ii. Evidence on disciplinary action against members of the evaluation committee involved in the first tender process and after re-tendering for failure to abide the evaluation guidelines and requirements iii. Recovery of USD 9,000 which was paid by NEC to M/s Safran Morpho as compensation following the order by PPAA from members of EC, the Head of PMU and members of the TB

5.6 Implementation of Previous Board of Directors' Directives on Procurement Audits for Financial Year 2014/15- 2016/17

PPRA issued directives for the recovery of overpayments to PEs that were observed to overpay various contractors during compliance and value for money procurement audits carried out during Financial Years 2014/15 to 2016/17.

The Authority observed overpayments to PEs and hence PEs were directed to recover the amounts and submit to the Authority evidence of recovery of the overpaid amounts from respective service providers/contractors. Breakdown of all detected overpayments including the final procurement audit reports forwarded to the PEs for their appropriate action.

During FY 2014/15, the Authority issued directives and recommendations to PE listed below for recovery of overpayments detected in audited projects. Currently, the Authority had not received implementation status on recovery of detected overpayments. The **Table 5 - 20** below shows the list of PEs with outstanding directives and recommendations:

Table 5 - 20: PEs with Outstanding Directives and Recommendations

PE	Project details	Issues pending for implementation
Misungwi DC	Periodic Maintenance of Misungwi Township Road 7km, Routine Maintenance of Misungwi Hospital Road 0.5km, Routine Maintenance of Misungwi-Nange Road 10km, Routine Maintenance of Misungwi-Koromije Road 21km and Routine Maintenance Lubuga-Nyambeho Road 8km for tender No. LGA/093/2013/2014/W/RF/04.	A total of TZS 3,064,880.00 has not been recovered from M/s Nyakahara Investment Ltd out of TZS 7,064,880.00 which were to be recovered
Kishapu DC	Construction of Mipa hostel in the contract No. LGA/108/2011/2012/MIPA SEC/C.01	No evidence on recovery of overpayment amounting to TZS 3,000,580.00 from M/s Mwifumbo Investment Co. Ltd



PE	Project details	Issues pending for implementation
Mpanda DC	Contract No. LGA/099/2014/2015/W/WATER/03 for Construction of Mechanized Pipe Water Scheme at Igagala	No evidence on recovery of TZS. 12,437,400 paid to M/s Decady Investment Co. Limited for the works which were not executed
	Contract No. LGA/099/2014/2015/W/RD/01 for periodic maintenance of Mishamo complex roads 10km,	No evidence on recovery of overpayment amounting to TZS 2,000,000 on item of project signboard paid but not fixed.
Songea DC	Contract No. SDC/LGA/102/TN/W/12/2013/2014 for the Rehabilitation of Mpitimbi - Mbinga Mhalule Road	A total of TZS. 5,531,100.00 has not been recovered out of TZS. 27,082,500.00 paid to M/s JP Traders Ltd
Butiama DC	Contract No. LGA/BTM-DC/2013/2014/W/33 for RM & PM along Biatika – Rwamkoma - Butiama Road.	No evidence on recovery of overpayment amounting to Tzs. 5,756,000.00 from M/s Kitanga Contractors Ltd for works that were not executed.
	Contract No. LGA/BTM-DC/2013-2014/W/40: RM, SI & PM and installation of culverts along Kitaramanka – Magunga – Busegwe Road.	No evidence on on recovery of overpayment amounting to TZS 1,629,800.00 from M/s Gethoma Hardware and Construction Ltd for works that were not executed.
	Contract No. LGA/BTM-DC/2013-2014/W/31: RM & SI along Kyasuke – Ryamisanga – Masurura, Bugunga – Buruma – Kiabakari, Mwibagi – Kwigutu – Nyasirori and Nyamika – Ryamugabo – Mayani Roads.	No evidence on recovery of overpayment amounting to TZS 6,610,000.00 from M/s MSM Investment Co. Ltd for the works that were not executed.
Rungwe DC	Contract No. LGA/071/2014/2015/W/03 Lot No. 5 for Periodic Maintenance Works along Masebe – Bujela – Kiloba (3km), Bulongwe – Ngaseke – Igembe (7.5km) and Routine Maintenance Works Along Bujela – Kiloba (8km) road section	Out of the total overpayment amounting to TZS 17,850,000.00 made to M/s Seekevim Ltd, TZS 16,099,450.00 has been withheld by the management from contractor's retention money. However, a status on the clearance of the overpayment is yet to be received.
	Contract No. LGA/071/2014/2015/W/03 Lot No. 3 for Spot Improvement Works Along Kyela Road – PCCB Offices (1km) and Periodic Maintenance Works along Soko Mjinga – Mafula Soap (1.5km), TANESCO – Majengo (1.5km) Kiwira Road – Nbembela (2.5km) and along Bomani – Msasani (1.6km) road section.	Out of total overpayment amounting to TZS. 23,079,250.00 paid to Edimos Enterprises a total of TZS 20,006,837.40 was withheld from the contractor's final certificate and was required to recover the remaining balance of TZS. 3.072,250.00. So far, the remaining amount is yet to be recovered
	Contract No. LGA/071/2013/2014/HQ/W/06 for Rehabilitation and Upgrading of Tukuyu Town roads to Bitumen Standards (DSD).	No evidence on recovery of overpayment amounting to TZS 48,117,120.00 from M/s Seekevim Ltd
Mwanza MC	Contract No. LGA/089/2012/13/W/9/10 for Spot Improvement works along Majengo Mapya (0.4km), Pasiansi - Lamala (0.5km) and Periodic Maintenance Works along Kijiji - Bigbite (1km) and Breweries (0.5km).	No evidence on recovery of overpayment amounting to TZS 12,828,877.95 from M/s Jalizy International for the works which were not executed



PE	Project details	Issues pending for implementation
	Contract No. LGA/089/2012/13/W/11/03 for Construction of Stone Pavement Road (Lying of Stone Pavement Wearing Course) along Sweya Road (5.3km), Ihumilo Road (0.54km), and Capri point – Maji.	No evidence on recovery of overpayment amounting to TZS 2,463,200.00 from M/s R.H.M Investment Ltd for the works which were not executed
	Contract No. MCC/089/2012/2013/W/11 for Construction of Stone Pavement at Capripoint - Maji (0.2km) and Nyakurunduma - Mkuyuni (0.5km) Road within Nyamagana and Mkuyuni Ward.	No evidence on recovery of overpayment amounting to TZS 6,385,370.00 from M/s Wanjeru Construction Co. Ltd for the works which were not executed
	Contract No. CC/089/2012/2013/W/11 for Construction of Stone pavement at Ihumilo (0.675km) and Sweya Road (0.53km) within Mkolani Ward	No evidence on recovery of overpayment amounting to TZS 11,977,170.00 from M/s Cossiga Company Limited for the works which was not executed
	Contract No. MCC/089/2011/2012/W/42 for Completion of 10 holes Toilet Block, Class partition and Water Harvesting at Kilimani Secondary.	No evidence on recovery of overpayment amounting to TZS 1,395,001.00 from M/s Tanzania Electric Works Ltd for works which were not executed
	Contract No. LGA/089/2014/2015/W/01/02 for Routine Maintenance Works along various roads within Mwanza City Council (Patch works, Road Marking and Road Sign).	No evidence on recovery of overpayment amounting to TZS 2,463,200.00 from M/s Jassie Company Ltd for the works which were not executed
Kigoma DC	Contract for periodic maintenance of Chankabwimba - Mkongoro, spot improvement of Pasua Bitale and routine maintenance Bitale - Bubango road LGA/043/2014/2015/HQ/W/01 LOT 2.	No evidence on recovery of payments amounting to TZS 7,477,780 from M/s Mosaco Road Works
	Contract No. LGA/2013/2014/W/4 for construction of OPD at Nyarubanda village.	No evidence on recovery of overpayment amounting to TZS 1,331,000 from M/s Mwanasili Construction Co. Ltd.
	Contract No. LGA/043/2013/2014/W/12 for the construction of one laboratory wing at Nyarubanda secondary school.	No evidence on recovery of overpayment amounting to TZS 2,292,000 from M/s Kam construction
	Contract No. LGA/043/2013/2014/W/2/lot 5 for Routine and Spot Maintenance of Pasua Butare (13km) and Periodic Maintenance of Butare - Bubango (9.1 km) Road	No evidence on recovery of overpayment amounting to TZS 13,125,000 from M/s Rumanyika Investment Co.
	Contract No. LGA/043/2013/2014/W/2/lot 1 for Routine Maintenance of Kalinzi - Kitwanga Road (19.9 km) and Chakabwimba - Mkongoro 13 km.	No evidence on recovery of overpayment amounting to TZS 22,500,000 paid to M/s Kagoma construction and office supplies.
TRL	Verification of emergency works for protection of railway track at Munisigara-Maganza (km 300/0-3 302/7-8 and Maganza Kidete (km 315/1-9) claimed to have been washed away	No evidence on recovery of overpayment amounting to TZS 20,720,000.00 from M/S 2000 Multi Tech Limited
	Emergency works on flood prone areas at Kilosa	Recovery of overpayment amounting to



PE	Project details	Issues pending for implementation
	10-426/0 for undelivered gabions and boulders	172,914,190.90 from all officers who were issued with monies to facilitate procurement of gabions and boulders is yet to be done and instead TRL through letter with Ref. No. TRL/SUPP/37/41 of 22 nd October 2017, showed that all gabions were washed away by the strong water current hence requesting for sympathy for what happened.

During Financial Year 2015/16, PPRA issued directives and recommendations for the following PEs to recover overpayments detected. In line with the directives issued, PEs that not submitted evidences on recovery of overpayments shown in the **Table 5 - 21**.

Table 5 - 21: PEs not Submitted Evidence on Recovery of Overpayments

PE	Project details	Issues pending for implementation
National Social Security Fund (NSSF)	NSSF Mzizima Towers project	<ul style="list-style-type: none"> i. No evidence on recovery of overpayment amounting to TZS 128,005,900.00 from M/s Tanpile Limited JV China Railway Jianchang Engineering (CRJE) Co. Ltd under Lot 1 for Site Preparation, Earthworks and Piling on Mzizima Towers Project; ii. No evidence on recovery of overpayment amounting to TZS 218,240,000.00 from M/s Group Six International Ltd under Lot 2 for Pile Head cutting; and iii. No evidence on recovery of overpayment amounting to TZS 417,498,163.65 from M/s Chongqing International Construction Corporation JV Group Six International Co. Limited under Lot 3.
Rural Energy Agency (REA)	Contract No. AE/008/2015-16/HQ/W/61 for Proposed partitioning of REA office at Mwasiliano Tower	No evidence on recovery of overpayment amounting to TZS 427,000 from M/s Atoto Metal Company
	Contract No. AE/008/2013-14/HQ/G/15 Lot 19 for additional works and extension of time for supply and installation of distribution substations (11/33kv) medium, LV lines, transformers and connections of customers in un-electrified rural area of Handeni, Korogwe and	No evidence on recovery of overpayment amounting to TZS 267,955,904.48 and USD 110,158.83 from M/s STEG International



PE	Project details	Issues pending for implementation
	Lushoto in Tanga Region	
TANROADS	Contract No. AE/001/2013-2014/LD/W/62 for Emergency Repair Works on Lukuledi I Bridge (Nyangao) along Mingoyo –Mkungu Trunk Road & Lukuledi II Bridge along Mtama – Mikao Regional Road implemented by Tanroads-Lindi	No evidence on recovery of overpayment amounting to TZS 9,770,845.00 from M/s Wanyumbani Construction Co. Ltd
	Contract No. AE/001/2013-2014/LD/W/63 for Emergency Repair Works on Mkwaya Flood Plain along Mtegu- Mingoyo Trunk Road implemented by Tanroads –Lindi	No evidence on recovery of overpayments amounting to TZS 3,334,584.00 from M/s M.E & Company Ltd which is liquidated damages charges;
	Contract No. AE/001/2013-2014/LD/W/67 for Emergency Repair Works along Nangurukuru - Liwale Regional Road [Package III Zinga – Kimambi Section] implemented by Tanroads –Lindi	No evidence on recovery of overpayment amounting to TZS 1,019,176.86 from M/s Makapo Contractors & General Supplies Co. Ltd.
	Contract No. AE/001/2013-2014/LD/W/66 for Emergency Repair Works along Nangurukuru - Liwale Regional Road implemented by Tanroads Lindi	No evidence on recovery of overpayment amounting to TZS 38,906,707.50 from M/s J.P. Traders Ltd.

During the Financial Year 2016/17, the Authority issued directives and recommendations to PEs to recover overpayments detected. In line with the directives issued, the PEs that not submitted evidence on recovery of overpayments listed in the **Table 5 – 22**.

Table 5 - 22: PEs not Submitted Evidence on Recovery of Overpayments in the FY 2016/17

PE	Project details	Issues pending for implementation
National Social Security Fund (NSSF)	Contract No. NSSF/W/25/2016-2017 for Construction of Gravelly Improvement of Dakawa to Mbigiri Sugar Factory Road at Morogoro Region - by National Service Construction Department (SUMA JKT)	No evidence on recovery of overpayment amounting to TZS 366,260,000.00 from M/s National Service Construction Department
	Contract No. NSSF/ W/21/2016-2017 for Design and Build for Spot Improvement, General Maintenance of Ngerengere – Mkulazi Road and Farm Boundary Clearance Mkulazi Ward in Morogoro Rural District in Morogoro Region	No evidence on recovery of overpayment amounting to TZS 98,200,000.00 from M/s National Service Construction Department



PE	Project details	Issues pending for implementation
Kwimba District Council	Contract No. LGA/096/2016/2017/W/RF/07 for Routine Maintenance of Icheja-Mwandubi road (6.4km), routine (20.16km) and periodic maintenance (5km) and construction of culverts and side drains of Ngudu urban roads.	No evidence on recovery of overpayment amounting to TZS 18,750,000 from M/s Samka Contractor Ltd
Tanzania Telecommunication Company Ltd (TTCL)	Contract No. PA/032/2017/HQ/W/01 for Remodelling Works to Dodoma CSC Shop and a leased shop at Nyerere Square located in Dodoma by The Works LTD	No evidence on recovery of overpayment amounting to TZS 236,000 from the Contractor.



6.0 CHALLENGES AND WAY FORWARD

6.1 Challenges

During the year under review, major challenges were divided into sector related challenges and internal challenges.

6.1.1 *Sector related challenges*

Short-term challenges

- a) Many PEs did not use the systems developed by PPRA thus hindering effective monitoring of procurement activities;
- b) Many PEs did not comply with the requirement of law on submission of information to PPRA thereby hindering efficient delivery of PPRA services;
- c) Many PEs did not submit periodic reports thus hindering effective monitoring of procurement activities; and
- d) Poor record keeping hence ineffective monitoring by the Authority.

Medium term challenges

- a) Weaknesses in contract management leading to time and cost overruns;
- b) Some stakeholders who are involved in procurement processes do not comply with the requirements of PPA and PPR;
- c) Inadequate staffing in institutions that deal with public procurement from supervisory to implementation thus contributing to underperformance;
- d) Lack of approved standards for items and services used by the Government; and
- e) Non registration of special groups to benefit the preference scheme due to lack of awareness.

Long term challenge

Lack of integrity, corrupt and fraudulent practices among public officers and bidders, thus hindering attainment of VFM in procurement.

6.1.2 *Internal Challenges to PPRA*

- d) Shortage of human resources, inadequate funding and insufficient cash inflows thus difficulties in implementing MTSP;
- e) Inadequate office facilities including office building hence high operating costs in form of rental charges;
- f) Inability to meet maturing financial obligations in a timely manner leading to low staff morale, due to delayed receipt of funds; and



6.2 Way Forward

- a) To overcome sector related challenges, PPRA will:-
- b) Continue to monitor and enforce compliance with PPA and institute appropriate measures against the culprits;
- c) Continue to build capacity to procurement stakeholders on applying PPA;
- d) Capacity building to procurement stakeholders on the use of tools and systems developed by PPRA;
- e) Liaise with institutions that are responsible for preparation and issuance of standards for goods and services used by government institutions to provide the standards;
- f) Liaise with special groups supporting entities in order to build capacity and register the special groups;
- g) As to internal challenges, PPRA will continue to market its activities through resource mobilization policy and strategy in order to attract more financing and enhance collection of IGF to supplement the government subvention.



Annex 5 - 1: Detailed Analysis of Value Related to Awarded Contracts in Four Consecutive Years (*in millions*)

Category of PE	Financial Year	No. of PEs	Planned Budget (in Millions)	Actual Budget (in millions)	Goods	Works	Consultancy Services	Non-Consultancy Services	Disposal of Assets by Tender	Total
Ministries	2014/15	19	5,469,417	3,360,239		79,985	39,531	50,516	11,306	446,650
	2015/16	18	3,479,132	1,474,899	265,312	65,223	85,999	32,868	-	383,498
	2016/17	9	4,889,054	3,444,785	199,408	28,469	25,099	14,634	-	150,072
	2017/18	6	4,519,648	2,712,379	81,870	51,709	12,709	3,798	-	100,338
Parastatal Organisations	2014/15	77	6,116,494	3,683,157	32,122	756,703	32,690	234,182	930	1,858,030
	2015/16	95	5,676,662	3,583,597	833,525	544,993	75,135	136,956	441	1,304,625
	2016/17	60	13,312,817	4,364,224	547,100	2,958,503	142,414	165,959	57	3,722,503
	2017/18	45	3,538,579	2,480,256	455,570	542,169	4,694	80,647	565	939,136
Executive Agencies/ Water Authorities	2014/15	42	2,784,652	1,708,890	311,061	931,331	50,720	46,748	140	1,358,004
	2015/16	59	3,686,721	2,505,311	329,065	503,117	56,898	54,476	18	840,244
	2016/17	37	4,625,266	1,722,235	225,735	1,539,468	80,002	50,593	-	1,898,914
	2017/18	37	5,255,446	4,384,622	228,851	1,635,501	77,768	25,242	219	1,962,269
Independent Departments	2014/15	26	870,038	924,406	223,540	3,620	11,539	47,927	144	311,682
	2015/16	23	1,100,153	983,797	248,452	2,897	1,314	21,401	-	135,304
	2016/17	12	383,049	171,752	109,692	1,320	782	10,939	-	248,055
	2017/18	8	375,602	42,904	235,014	803	1,870	5,152	-	32,177



Regional Administrative Secretariats	2014/15	22	146,873	87,215	11,725	5,788	1,640	4,039	2	23,194
	2015/16	18	101,503	57,835	4,751	6,455	282	3,083	-	14,571
	2016/17	12	85,986	444,659	7,136	9,309	479	2,387	-	19,311
	2017/18	6	43,993	22,878	3,111	12,703	152	1,572	13	17,552
Local Government Authorities	2014/15	81	1,860,718	1,177,923	72,532	259,571	5,668	13,824	129	351,724
	2015/16	109	2,782,559	2,082,307	80,189	216,292	7,349	18,224	351	322,405
	2016/17	56	2,014,925	10,548,610	50,432	206,534	7,275	7,275	43	271,559
	2017/18	43	1,644,895	1,230,950	42,336	160,943	7,191	9,266	178	219,914
Total	2014/15	267	17,248,192	10,941,830	1,760,611	2,036,998	141,788	397,236	12,651	4,349,284
	2015/16	322	16,826,730	10,687,746	1,166,875	1,338,977	226,977	267,008	810	3,000,647
	2016/17	186	25,311,097	20,696,265	1,058,873	4,743,603	256,051	251,787	100	6,310,414
	2017/18	145	15,378,163	10,873,989	636,521	2,403,828	104,385	125,677	975	3,271,386
Percentage (%)	2014/15			63.44%	40.48%	46.84%	3.26%	9.13%	0.29%	
	2015/16			63.52%	38.89%	44.62%	7.56%	8.90%	0.03%	
	2016/17			81.77%	16.78%	75.17%	4.06%	3.99%	0.00%	
	2017/18			70.71%	19.46%	73.48%	3.19%	3.84%	0.03%	



Annex 5 - 2: Detailed Analysis of Number of Awarded Contracts in Four Consecutive Years

Category of PE	Financial Year	Goods	Works	Consultancy Services	Non-Consultancy Services	Disposal of Assets by Tender	Total
Ministries	2014/15	2,997	86	93	2,681	2	5,859
	2015/16	2,697	68	63	2,377	-	5,205
	2016/17	1,377	82	60	483	-	2,002
	2017/18	1,473	14	16	425	-	1,928
Parastatal Organizations	2014/15	16,921	851	240	7,681	49	25,742
	2015/16	26,409	869	259	19,522	28	47,087
	2016/17	25,258	791	113	11,257	4	37,423
	2017/18	31,203	1,908	115	12,871	2	46,099
Executive Agencies/Water Authorities	2014/15	7,341	1,270	223	3,384	3	12,221
	2015/16	13,868	1,510	327	4,587	2	20,294
	2016/17	7,305	1,796	238	2,564	-	11,903
	2017/18	5,850	1,949	147	1,381	2	9,329
Independent Departments	2014/15	1,600	37	42	1,539	13	3,231
	2015/16	1,658	27	35	1,502	-	3,222
	2016/17	1,171	41	25	697	-	1,934
	2017/18	2,510	15	4	452	-	2,981
Regional Administrative Secretariats	2014/15	3,874	37	15	1,565	1	5,492
	2015/16	2,899	14	8	1,140	-	4,061
	2016/17	2,463	38	9	707	-	3,217
	2017/18	1,398	21	2	500	-	1,921
Local Government Authorities	2014/15	17,617	1,556	147	3,637	7	22,964
	2015/16	23,182	1,482	87	4,875	80	29,706
	2016/17	13,454	890	153	2,177	1	16,675
	2017/18	11,169	477	129	2,268	3	14,046
Total	2014/15	50,350	3,837	760	20,487	75	75,509
	2015/16	70,713	3,970	779	34,003	110	109,575
	2016/17	51,028	3,638	598	17,885	5	73,154
	2017/18	53,603	4,384	413	17,897	7	76,304
Percentage (%)	2014/15	67	5	1	27	0	
	2015/16	65	4	1	31	0	
	2016/17	70	5	1	24	0	
	2017/18	70	6	1	23	0	



Annex 5 - 3: List of Projects/Contracts with High Likelihood of Corruption

S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
1	Bank of Tanzania	PA/082/2012-2013/HQ/C/01 for Provision Consultancy services for the Proposed Construction of BOT Office Building	27.3	15.8	23.1	20.9
		PA/082/2014-2015/HQ/W/72 for Proposed Construction of BOT Branch Office Building at Plot No. 50 Block "C" Makongoro in Mwanza City	15.4	15.8	23.1	17.8
		PA/082/2017-2018/HQ/W/072-S5 for Supply, Installation, Testing and Commissioning of ICT and Networks Systems for the Proposed Construction of BOT Branch Office Building at Plot No. 50 Block "C" Makongoro Area in Mwanza City	23.1	10.5	20.0	16.7
		PA/082/2016-2017/HQ/W/21 for Proposed Basement Water Proofing Treatment at BOT Head Office Buildings	23.1	15.0	18.2	18.2
		PA/082/2016-2017/HQ/G/49B for Supply of Bank Note Cancellor Machines	15.4	21.1	20.0	19.1
		PA/082/2012-2013/HQ/W/70 Proposed Construction of New Hostel at BOT Training Institute in Mwanza on Plot No. 42 & 43 Block "W" at Capri Point	23.1	10.5	30.8	20.0
		Provision of Consultancy Services for the Proposed Construction of New Hostel at BOT Training Institute in Mwanza City	30.8	15.8	30.8	24.4
2	Tanzania Airports Authority	AE-027/2017-2018/HQ/C/01 for Provision of Training Services on Epicor 10.1 to Staff at TAA	30.0	5.6	25.0	16.7



S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
		AE-027/2017-2018/HQ/C/10 for Provision of Legal Advice to TAA on Tax Issues	30.0	11.1	25.0	19.4
		AE-027/2017-2018 /HQ/ W/ 65 for Rehabilitation of Old Cargo Terminal Building at JNIA	22.2	11.8	NA	15.4
		AE-027/2017-2018/HQ/G/04 for Supply of Standard Test for X-Ray Machines and Walkthrough Metal Detectors for Regional Airports	30.0	12.5	33.3	22.9
		AE-027/2017-2018/JNIA/ G/05 for Supply, Installation and Commissioning of X-Ray Machine at JNIA	20.0	12.5	33.3	20.0
		AE-027/2017-2018/JNIA/N/121 for Supply, Installation, Testing and Commissioning and Maintenance of Airport Management Information Systems at JNIA	33.3	18.8	NA	24.0
		AE-027/2017-2018 /HQ/ W/69 for Construction of Security Fence and Security Checkpoint at TAA HQ	18.2	23.5	NA	21.4
		AE-027/2017-2018 /JNIA/ W/07 for Supply, Installation, Testing and Commissioning of One Set of Elevator at JNIA	18.2	22.2	NA	20.7
		AE-027/2017-2018/HQ/C/02 for Provision of Consultancy Services for Preparation of RAP Implementation Completion Report for Bukoba Airport	40.0	11.1	22.2	21.6
3	Korogwe Town Council	LGA/126/WATER/WSDP-II/2016-2017/01 for Piped System and Civil Works for Msambiazi Village in Korogwe Town Council	9.0	0.0	21.0	9.0
		LGA/126/NC/2017-2018/01 for Provision of Security services at KTC office	27.0	94.0	13.0	57.0



S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
4	Kilimanjaro Airports Development Company (KADCO)	PA/116/2016-2017/KADCO/C/01 for Provision of Consultancy Services for undertaking Benchmark Survey to analyse the Competitiveness of KADCO within East Africa Civil Aviation	53.0	21.0	40.0	36.0
		PA/116/2017-18/HQ/NC/02 for Provision of Cleaning Services and Sanitation	36.0	42.0	27.0	36.0
		PA/116/2017-18/KADCO/G/02 for Supply Installation and Commission o One X-RAY Machine RAPSAN 628DV	14.0	37.0	44.0	31.0
		PA/116/2017-18/HQ/G/07 for Supply of Fire Chemicals and Foam Compound AFFT 6%	50.0	26.0	56.0	40.0
		PA/116/2017-18/HQ/NC/06 for Provision of Transport and Handling Services	36.0	32.0	60.0	40.0
5	Mkwawa University College of Education	PA/058/2009/2010/W/4 for Proposed Construction of Lecture Theatre	18.0	37.0	50.0	34.0
6	Tanzania Railways Limited	PA/113/2015-2016/G/03 Lot 1 for Supply of Gas Oil	0.0	23.8	55.6	23.3
		PA/113/2017-18/G/36 for Supply of 11 New 2000-2200 Horsepower Diesel Locomotives	10.0	21.1	16.7	17.1
		PA/113/2016-2017/NC/12 for Provision of Maintenance, Repair and Overhaul Services	9.1	23.1	NA	16.7
		PA/113/2016-2017/NC/13 for Running of Restaurants Cars Operating on Central Passenger	7.7	23.1	NA	15.4
7	Kariakoo Market	Contract for Rehabilitation of road pavements along Nyamwezi street	33.0	30.0	64.0	42.0



S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
	Corporation	Tender for Building of coconut selling area near Pemba street ”,	33.0	45.0	40.0	39.0
		PA/109/KMC/2017/2018/W/01 for Construction of commercial shops commonly known as “Vigoli shops	20.0	50.0	50.0	40.0
		PA/109/KMC/2017/2018/NC/01 for Lease of 86 commercial shops commonly known as “Vigoli shops”	20.0	35.0	36.0	30.3
		Tender for Lease of normal commercial shops	33.0	40.0	40.0	38.0
8	Musoma Municipal Council	LPO No. 20180042 for Supply of Timber	9.1	0.0	23.1	13.0
		LPO No. 20180043 for Supply of iron desks and timbers	18.2	0.0	23.1	17.0
		LPO No. 20180066 for Supply of Water Projects Items	9.1	0.0	23.1	13.0
		LGA/064/1/2017/2018/03 for Revenue Collection on Toilets and Bathrooms	25.0	0.0	15.4	11.0
		LGA/064/1/2017/2018/02 for Revenue Collection on Car parking in different areas	25.0	0.0	15.4	11.0
		LGA/064/1/2017/2018/01 for Revenue Collection on Vehicles Parking in various streets	25.0	0.0	15.4	11.0
		LPO No. 20180137 for Supply of Revenue POS Machines	33.3	0.0	23.1	23.0
9	Bukoba Municipal Council	LGA/034/2017-2018/N/CQ/OWS/01 for Provision of Security Services	18.0	16.0	30.0	20.0
		LGA/034/2017-2018/W/02 for Construction of Bus Stand Infrastructures at Kyaka-Ilabwa Phase I	9.0	33.0	50.0	21.0



S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
10	Ministry of Information, Culture, Arts and Sports	ME/025/2017/2018/G /QT/03 for Supply of Milk Breads	20.0	7.0	0.0	9.0
11	Ruangwa District Council	LGA/RDC/056/WSDP/W/2017/2018 /44 for Construction of Borehole Pumped Piped for Chienjee Village	0.0	31.0	0.0	19.0
		LGA/RDC/056/WSDP/W/2017/2018 /43 for Construction of Borehole Pumped Piped for Narungombe Village	0.0	31.0	0.0	19.0
		LGA/RDC/HQ/ADM/FY/2017/2018/ CQ/01 for Construction of Football Ground Pitch at Dodoma Village	27.0	0.0	7.0	9.0
		LGA/056/WSDP/G/FY/2017-2018/NCQ/01 for Supply and Installation of Water Purification Unit Reverse Osmosis Plant	17.0	21.0	11.0	18.0
		LGA/RDC/056/WSDP/W/2017-2018/45 FOR Construction of Borehole Pumped Piped Scheme for Namilema Village	8.0	24.0	0.0	17.0
		RDC/LGA/056/WSDP/W/FY/2016-2017/04 FOR Construction of Pump House, Water Tank Pipe Network Water Points and Provision	21.0	14.0	13.0	16.0
		LGA/RDC/056/WSDP/W/2017/2018 /45 for Construction of Borehole Pumped Piped for Namilema Village	0.0	31.0	0.0	19.0
		12	Babati Town Council	LGA/058/2016-2017/W/06 for Construction of Pumped and piped water supply project at Haraa village	0.0	0.0
13	Singida Municipal Council	LGA/115/SMC/2016/2017/C/03 for Provision of Consultancy Services for Preparation of Strategic Plan	0.0	0.0	21.0	7.0
		LGA/115/SMC/2016-2017/C/01 for consultancy services for conducting	0.0	0.0	25.0	7.0



S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
		environmental and social impact assessment, preparation of architectural design, engineering design and tender documentation of modern abattoir in Singida Municipality				
14	Tanzania Trade Development Authority	AP/085/NC/2017-18/03 for Provision of Security Services	7.7	10.5	20.0	11.9
15	TEMESA	AE/006/2017-18/HQ/W/CN -21 for Supply, Installation and commissioning of customized Government owned Motor Vehicles for MMIS	7.0	5.0	20.0	8.0
		AE/006/2017-18/HQ/G/CN -16 for expansion of waiting Rounge for Magogoni-Kigamboni Lot 2	7.0	11.0	33.0	13.0
		AE/006/2017-18/HQ/G/CN -09 for Supply of working tools (DPMW)	0.0	11.0	29.0	10.0
		AE/006/2017/2018/HQ/FA/NCS/05 Prequalification for Supplying spare parts and materials for Ferries	14.0	24.0	43.0	24.0
		AE/006/2017-2018/HQ/FA/NCS/01 Prequalification for Provision of services for maintenance government owned motor vehicles, Plants, Equipments and Motorcycles	14.0	24.0	67.0	24.0
		AE/006/2017-18/HQ/G/CN -02 for Supply of working tools for MT Depot-DSM	17.0	6.0	21.0	14.0
		AE/006/2017-18/HQ/G/CN -18 FOR Supply of new ferry plying between Kayenze-Bezi in Ilemela DC	14.0	20.0	0.0	8.0
16	Tanzania Ports Authority	AE/016/2016-17/CTB/CG/09 for Supply and Installation on Voltage Surge Protectors	7.7	20.0	NA	14.3



S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
17	Films Board of Tanzania	PA/149/2017/2018/HQ/G/02 for Supply of Stationeries	0.0	0.0	20.0	6.0
18	TANESCO	PA/001/2017-2018/HQ/W/36 for Demolition of TANESCO head office Umeme Park Building-Wing B, Collection and Disposal of Debris	9.1	13.3	21.4	14.6
		PA/001/2016-2017/HQ/W/028 for Supply, Installation, Commissioning and Configuration of Equipment for Corporate Data Centre.	10.0	11.8	26.7	16.1
19	Tanzania Tourists Board	PA/036/2015/2016/NC/03 for Provision of Security Services	8.0	0.0	21.0	10.0
		PA/036/2017/2018/C/02 For Provision of Consultancy to Manage Swahili International Expo (Site)	25.0	10.0	18.0	18.0
20	Higher Education Students Loan Board	PA/030/2017-18/HQ/C/12 for Provision of Consultancy Services for Short Training in Technical and Vocation Training	30.0	14.0	0.0	17.0
21	Tanzania Institute of Education	PA/070/2016-2017/G/04 (Lot 2) for Printing and Supply of 25 Leveled Story Books for Distribution to Primary Schools (Lot No.2)	7.0	10.0	21.0	12.0
22	Medical Stores Department	IE-009/2017/2018/HQ/W/15 for Server Migration (Shifting of Server room from old to New Building)	0.0	0.0	27.0	8.0
23	Tanzania Postal Corporation	PA/091/2017/2018/HQ/G/14 for Procurement of 15 motor cycles with fire box installed	20.0	16.0	12.0	16.0
		PA/091/2017/2018/HQ/NC/07 for Provision of security services at post offices	23.0	20.0	8.0	17.0
		PA/091/2017-18/HQ/G/09 for Supply, Installation, Training & Commissioning of Baggage Scanners with Entry and Exit roller Tables, Walk through Detectors & Hand held Detectors	21.0	20.0	15.0	19.0



S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
		PA/091/2017/2018/HQ/C/02 for Consultancy services for provision of Business Plans for four Subsidiary Companies, Insurance Brokers and LUKU Aggregator Agency	23.0	21.0	7.0	17.0
		PA/091/2017/2018/HQ/NC/04 for Provision of cleaning and gardening services at TPC	15.0	5.0	23.0	15.0
		PA/091/2017-18/HQ/G/16 for Supply of 200,000 PCS of TPC Metal Seals	23.0	10.0	8.0	14.0
24	Songea Municipal Council	LGA/103/2016/2017/W/38- Proposed Construction of Abattoir	9.1	5.3	21.4	11.9
25	Bariadi Town Council	LGA/158 /2017/2018/HQ/W/04 for Construction of Piped Water Supply System and Civil Works for One (1) Mtaa of Nyangokolwa	0.0	0.0	21.4	6.0
		LGA/158/2017/2018/HQ/G/01for Supply and Installation of Submersible Solar Pumping Unit in Bariadi Town Council	15.4	5.6	23.1	13.0
		LGA/158 /2017/2018/HQ/W/03 Construction of Piped Water Supply System and Civil Works for Two (2) Mitaa of Sanungu and Mahina	0.0	0.0	21.4	6.0
26	VETA	PA/024/2016/2017/HQ/G/17 For Supply, Installation and Commissioning of Agro mechanics Equipment and Tools For Kihonda RVTSC and Arusha VTC	27.3	0.0	3.6	6.9
27	Kilimanjaro Christian Medical Centre (KCMC)	PA/101/2016-2017/2018/KCMC/G/05 for Supply of Sundry Items	14.0	14.0	33.0	18.0
		PA/101/2016-2017/KCMC/G/07 LOT 1 and Lot 2 for Supplies of consumables medical supplies	0.0	14.0	33.0	14.0



S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
		PA/101/2016-217/KCMC/G/10 for Supply of Electrical Goods	14.0	14.0	33.0	18.0
		PA/101/2016-2017/KCMC/G/21 for Supply of Pharmaceuticals	0.0	14.0	33.0	14.0
28	Njombe Town Council	LGA/134/2014/2015/C/01 (Consultancy - GPS Preparation)	0.0	0.0	20.0	6.0
29	National Social Security Fund	NSSF/G/24/2017-2018 for Printing and Supply of Public Education Materials	0.0	17.6	28.6	15.4
		PA/004/2017-2018/HQ/G/11 for Acquisition, Installation, Configuration and Commissioning of Environmental Monitoring System for Data Center and Disaster Recovery Site	0.0	0.0	30.0	10.0
		PA/004/2017-2018/HQ/G/03 for Supply of Computer Consumables	9.1	0.0	25.0	11.4
		NSSF/G/40/2017-2018 for Designing, Printing and Supply of Promotional Materials	9.1	5.6	25.0	13.2
		SSF/NCS/13/2017-2018 for Provision of Maintenance & Service of Switch Gear at Mwl NPT, WFH, Ilala Mafao House SSH and BWMP	21.4	5.6	30.8	19.3
		PA/004/2017-2018/HQ/W/28 for Extension and Renovation of Existing Water Tank House to be Record Centre for NSSF Tanga Office	9.1	11.1	23.1	14.4
30	Ministry of Education, Science and Technology	ME-0224/2017-18/HQ/G/49 for Supply of Office Equipment Consumables	22.0	25.0	10.0	20.0
		ME-0224/2017-18/ADMN/G/35 for Supply of Office Furniture	18.0	13.0	50.0	17.0



S/N	Name of PE	Contract Description	Pre-bid Phase (%)	Evaluation & Award Phase (%)	Contract Management (%)	Average Score (%)
		ME-024/2016-17/HQ/W/03 for Construction of Four Storey Classrooms, Laboratories and Office Block for ATC	15.0	6.0	36.0	17.0
		ME-024/CTR/HQ/2016-17/04 for Supply of Assessment Kits for Special Education Teachers	8.0	28.0	30.0	22.0
		ME-024/CTR/HQ/2016-17/04 for Provision of Cleaning, Ground Maintenance and Hygienic services	18.0	13.0	50.0	21.0
		ME-024/2017-18/HQ/NC/52 for Provision of security Guard services at MOEST Dodoma and Dar Es Salaam	18.0	11.0	36.0	20.0



Annex 5 - 4: Assessment of Compliance Level

No.	PE Name	PE Category	Institutional Set up and Performance	Appropriate preparation and implementation of Annual Procurement Plan (APP)	Appropriateness of the Tender Process	Appropriateness of contract preparation, formation and implementation	Record Keeping	Implementation of systems prepared by PPRA	Handling of complaints	Overall Score
1	Tanzania Institute of Education (TIE)	PA	7.60	8.40	14.75	27.80	5.00	0.00	0.00	63.55
2	Attorney General's Chambers	IE	8.40	9.80	19.00	38.00	8.00	4.20	0.00	87.40
3	Ministry of Trade Industries and Investment	ME	7.06	9.03	18.35	24.75	6.00	5.00	0.00	70.19
4	National Housing and Building Research Agency	AE	7.15	7.40	18.60	33.50	2.10	0.00	0.00	68.75
5	Tanzania Airport Authority (TAA)	AE	7.16	8.11	15.92	33.25	7.08	6.00	-5.00	72.52
6	National Institute for Medical Research (NIMR)	PA	6.90	5.20	15.35	18.50	6.00	1.50	0.00	53.45
7	Kilimanjaro Christian Medical Centre (KCMC)	PA	6.70	8.95	14.59	23.43	7.00	2.00	0.00	62.67
8	UWASA Lindi	AE	6.13	6.35	13.38	31.47	8.50	1.00	0.00	66.83
9	The Nelson Mandela-African Institute of Science and Technology (NM-AIST)	PA	8.70	7.40	17.45	36.50	9.00	4.00	0.00	83.05
10	Ruangwa DC	LGA	7.40	7.10	12.34	32.07	7.50	1.00	0.00	67.41
11	Kilimanjaro Airport Development Company (KADCO)	PA	6.90	5.40	4.43	19.75	5.30	0.00	0.00	41.78
12	Vice President's Office	ME	7.82	9.00	18.00	35.50	9.00	9.00	0.00	88.32
13	Ministry of Information, Culture and Sports	ME	6.70	8.40	15.38	32.75	7.00	0.00	0.00	70.23
14	Tanzania Railway Ltd (TRL)	PA	7.14	5.20	12.78	22.06	5.00	0.00	0.00	52.18
15	National Bureau of Statistics (NBS)	AE	9.80	8.70	15.95	36.50	8.00	10.00	0.00	88.95
16	Medical Stores Department (MSD)	IE	9.15	8.80	17.35	35.60	9.00	0.00	0.00	88.78
17	Tanzania Institute of Accountancy (TIA)-DSM	PA	8.60	9.10	18.95	38.50	5.00	10.00	0.00	90.15
18	Higher Education Students Loan Board (HESLB)	PA	6.50	9.40	13.20	30.50	5.50	10.00	0.00	75.10



No.	PE Name	PE Category	Institutional Set up and Performance	Appropriate preparation and implementation of Annual Procurement Plan (APP)	Appropriateness of the Tender Process	Appropriateness of contract preparation, formation and implementation	Record Keeping	Implementation of systems prepared by PPRA	Handling of complaints	Overall Score
19	Tanzania Tourist Board (TTB)	PA	6.00	5.40	16.50	26.00	4.00	0.00	0.00	57.90
20	Tropical Pesticides Research Institute (TPRI)	PA	6.79	8.40	13.58	21.82	9.00	9.30	0.00	68.89
21	Kariakoo Market Corporation	PA	5.30	8.00	9.82	25.68	5.73	0.00	-7.50	47.03
22	Institute of Finance Management	PA	8.90	6.90	16.30	18.50	6.00	6.50	0.00	63.10
23	RITA	AE	8.23	9.16	13.79	32.12	7.00	5.00	0.00	75.30
24	TTCL	PA	7.17	8.30	16.67	31.50	7.00	2.00	0.00	72.64
25	Moshi Municipal Council	LGA	7.50	7.67	17.15	29.18	5.00	5.00	0.00	76.47
26	Korogwe Town Council	LGA	7.46	8.75	15.91	17.78	7.50	7.50	0.00	64.90
27	Geita Town Council	LGA	8.34	8.60	17.41	34.47	8.50	9.00	0.00	86.32
28	Mpanda Town Council	LGA	10.00	10.00	20.00	38.70	10.00	8.00	0.00	96.70
29	Sumbawanga MC	LGA	9.40	8.80	17.00	37.40	8.00	2.00	0.00	82.60
30	Tabora Municipal Council	LGA	7.94	7.90	16.78	34.53	6.00	2.00	0.00	75.15
31	Shinyanga Municipal Council	LGA	8.34	8.70	15.62	33.70	4.00	2.00	0.00	72.36
32	Morogoro Municipal Council	LGA	8.40	7.60	17.80	37.50	7.00	0.00	0.00	78.30
33	Iringa Municipal Council	LGA	8.30	5.90	17.29	32.50	8.00	8.00	0.00	79.99
34	Njombe Town Council	LGA	7.55	8.00	14.70	30.00	7.00	5.00	0.00	72.25
35	Singida Municipal Council	LGA	7.93	10.00	18.01	30.75	6.00	7.50	0.00	80.19
36	Bukoba Municipal Council	LGA	6.20	6.05	12.45	26.90	4.50	1.00	0.00	57.10
37	Songea MC	LGA	8.90	8.90	15.70	30.79	6.50	7.00	0.00	77.79
38	TANESCO	PA	8.30	9.20	19.05	35.40	8.50	4.20	-2.50	82.15
39	Tanzania Post Corporation	PA	7.65	9.66	12.90	26.36	7.44	6.00	-5.00	65.01
40	Bank of Tanzania	PA	8.19	7.79	16.60	35.40	7.50	5.00	-2.50	77.98
41	Musoma Municipal Council	LGA	7.65	6.80	15.44	29.00	7.50	7.00	0.00	73.39
42	Bariadi Municipal Council	LGA	8.53	5.34	15.19	29.20	7.50	7.00	0.00	72.76
43	Kibaha TC	LGA	9.30	9.50	17.58	37.81	10.00	7.00	0.00	91.18
44	Lindi Municipal Council	LGA	9.10	8.75	18.55	38.80	8.00	8.00	0.00	91.20



No.	PE Name	PE Category	Institutional Set up and Performance	Appropriate preparation and implementation of Annual Procurement Plan (APP)	Appropriateness of the Tender Process	Appropriateness of contract preparation, formation and implementation	Record Keeping	Implementation of systems prepared by PPRA	Handling of complaints	Overall Score
45	Babati Town Council	LGA	9.05	8.58	16.58	26.86	6.50	7.50	0.00	75.07
46	Vocational Education and Training Authority (VETA)-HQ	PA	8.80	8.35	19.00	33.86	8.50	9.00	0.00	87.51
47	Ministry of Education, Science and Technology	ME	5.17	3.00	12.15	23.13	4.00	0.00	0.00	47.45
48	Tanzania Agricultural Development Bank	PA	9.36	9.50	19.60	37.16	7.43	8.00	0.00	91.05
49	Tanzania Electrical, Mechanical and Electronics Services Agency	AE	8.06	6.90	13.80	33.78	4.50	2.00	0.00	69.03
51	Ministry of Gender	ME	7.96	8.80	18.00	34.60	8.60	6.20	0.00	84.16
52	Commission of Human Right	IE	7.31	8.70	16.30	32.42	7.00	3.75	0.00	75.48
53	NSSF	PA	9.10	9.20	16.10	36.20	9.80	8.00	-5.00	83.40
54	National Sports Council	PA	5.71	9.00	16.94	36.36	10.00	0.00	0.00	79.61
55	Tanzania Films Board	PA	6.88	7.20	16.83	33.85	8.00	0.00	0.00	72.75
56	Institute of African Leadership for Sustainable Development (Uongozi Institute)	AE	7.37	9.00	19.71	37.47	6.00	6.00	0.00	85.55
57	Tanzania Port Authority	AE	8.74	6.31	13.33	26.36	8.00	3.83	-5.00	61.57
58	Judiciary	IE	9.04	9.00	16.27	39.11	7.00	6.00	0.00	86.42
59	TAN-TRADE	IE	8.53	5.20	16.30	23.80	5.50	6.00	0.00	65.33



Annex 5 - 5: Summary of 18 LGAs Compliance Score on Seven Indicators for FY 2016/2017

Procuring Entity	Indicators							Overall Performance (%)
	Institutional Set up and Performance (%)	Appropriate preparation and implementation of APP (%)	Appropriateness of the Tender Process (%)	Appropriateness of contract preparation, formation and implementation (%)	Record Keeping (%)	Implementation of systems prepared by PPRA (%)	Handling of complaints (%)	
Songea MC	86.9	85.0	87.6	78.1	60.0	70.0	0.0	79.0
Tabora MC	66.6	80.0	68.5	67.5	75.0	0.0	0.0	62.9
Bukoba MC	66.7	66.0	58.8	55.6	56.0	20.0	0.0	54.9
Sumbawanga MC	86.1	70.1	78.4	78.0	70.0	45.0	0.0	74.0
Njombe TC	75.5	92.0	85.4	45.8	65.0	50.0	0.0	63.6
Musoma MC	86.0	81.0	97.0	91.0	90.0	40.0	-25.0	83.0
Singida MC	92.5	96.0	95.1	92.6	90.0	20.0	0.0	85.9
Iringa MC	79.0	87.0	88.1	72.5	80.0	80.0	0.0	79.2
Babati TC	91.6	85.0	86.4	86.5	87.0	20.0	0.0	80.2
Bariadi TC	89.0	74.5	96.5	94.3	80.0	70.0	-25.0	85.9
Geita TC	92.9	81.0	97.3	96.0	72.0	65.0	0.0	88.9
Morogoro MC	90.0	86.0	82.8	91.3	50.0	50.0	0.0	80.7
Kibaha TC	86.5	94.0	93.5	88.4	70.0	40.0	0.0	83.1
Shinyanga MC	75.5	85.0	56.0	58.8	55.0	80.0	0.0	64.3
Korogwe TC	89.0	69.0	72.8	60.0	70.0	10.0	0.0	64.9
Mpanda MC	83.5	86.0	88.7	66.0	90.0	70.0	0.0	77.1
Lindi MC	86.0	92.0	93.8	85.0	80.0	20.0	0.0	80.6
Moshi MC	76.5	80.0	92.8	84.0	80.0	50.0	0.0	80.8
Average Score	83.3	82.8	84.4	77.3	73.3	44.4	-2.8	76.05



Annex 5 - 6: Analysis of Investigations Done in F Y 2017/2018

S/N	PE NAME	TENDER/CONTRACT DESCRIPTION	ESTIMATED CONTRACT/ TENDER VALUE (TZS)	ESTIMATED SAVING AMOUNT (TZS)	ESTIMATED LOSS TZS	VALUE OF TENDERS CANCELLED FOR RESTARTING THE PROCUREMENT PROCESS	REMARKS/ NOTES
1	DIT	Investigation conducted at DIT for tenders advertised in the FY 2017/2018	-	10,495,800	-	-	Saving to be emanated from the recovery of Tshs. 10,495,800 from the officers who contributed to the cancellation of all tenders advertised. the amount to be recovered is the cost incurred in the tender process.
3	NIP	Tenders for Developing Plots 775/39 and 776/39 owned by the NIP	1,752,818,352.75	753,312,000	-	-	Source of saving: Recovery of Tshs. 753,312,000 from Zawadi Communications Ltd as a brokerage fee as there was no any evidence of potential activities done by Zawadi as a broker.
4	REA	Consultant to carry out Detailed Survey, Design, Preparation of Bidding Documents and Construction Supervision of Medium Voltage (MV) Lines, Distribution Substation and Low Voltage Lines and Customers Connections	1,083,301,547.62		-	-	NONE
		Supply and Installation of Medium and Low Voltage Lines, Distribution Transformers and Connection of Customers in Un- Electrified Rural areas of Mainland Tanzania	983,261,699,901.98	3,100,138,521	-	-	Source of saving emanated into wrong computation of the contract value and Double VAT resulted into the additional amount of Tshs 250,622,486.27 and USD 1,273,908.18 equivalent to Tshs 2,849,516,034 that brings total savings to be Tzs.3,100,138,520.54
5	MOeST	Tender for the procurement of equipment for printing text books and other related documents	6,144,288,000.00		-	-	NONE



S/N	PE NAME	TENDER/CONTRACT DESCRIPTION	ESTIMATED CONTRACT/ TENDER VALUE (TZS)	ESTIMATED SAVING AMOUNT (TZS)	ESTIMATED LOSS TZS	VALUE OF TENDERS CANCELLED FOR RESTARTING THE PROCUREMENT PROCESS	REMARKS/ NOTES
		Tender for procurement of equipment for students having special needs	2,410,324,664.60		-	-	NONE
		Procurement of chemicals and laboratory equipment for four training colleges by the Ministry of Education, Science and Technology (FY 2017/18) -Tender No. ME - 24/2016 -17/P4R/CQ/05	759,999,200.00	40,362,250	-	-	Sources of savings are: Supplier S. Scientific Centre to be deducted Tshs. 4,608,000 exceeded on the signed contract due to non correction of arithmetic errors during the time of carrying out evaluation, and a total of Tshs. 35, 754,250 paid for undelivered goods.
		Contract for the procurement of chemicals and laboratory equipment for seven training colleges by the Ministry of Education, Science and Technology	298,074,140.00	19,854,345.44	-	-	Sources of savings are: Supplier S. Scientific Centre to be deducted Tshs. 846,700 for all items supplied having inadequate shelf life, Tshs 9,932,600 for undelivered items and Tshs. 9,075,045.44 being liquidated damages charges for late deliveries.
		Tender for the procurement of 2000 chairs	765,760,000.00	-	-	-	
6	Tanroads Arusha	Investigation on various tenders Implanted in the FY 2015/2016-2016/2017	4,954,770,110.00	63,151,174	-	-	Sources of savings are: Recovery of Tshs 63,151,174.02 from A & E Building and Civil being part recovery of advance payment, and liquidated damages charged due to delays in executing the contract.
7	SUMATRA	Procurement of Vehicle Tracking System	2,444,482,155.13	-	-	-	NONE
TOTAL			1,003,875,518,072.08	3,987,314,090	-	-	



Annex 5 - 7: Analysis of Special Audits Done in FY 2016/17 and 2017/18

S/N	PE NAME	TENDER/CONTRACT DESCRIPTION	ESTIMATED CONTRACT/ TENDER VALUE (TZS)	ESTIMATED SAVING AMOUNT (TZS)	ESTIMATED LOSS TZS	VALUE OF TENDERS CANCELLED FOR RESTARTING THE PROCUREMENT PROCESS	Remarks/ Notes
1	Ministry of Agriculture	Provision of Consultancy Services for Design and Supervision of Works for Warehouses Rehabilitation and Construction in Six Irrigation Schemes	1,199,448,521	-	-	-	NONE
		construction of Warehouse at Mombo-Korogwe	1,169,579,373	48,601,364	-	-	Source of saving: Non recovery of part advance payment amounting to Tzs. 48,601,364.49 by M/s Herkin Builders Ltd
		Construction of Warehouse in Mkula-Kilombero	1,183,273,991	-	-	-	NONE
		Construction of Warehouse in Mkindo-Mvomero	1,254,770,832	-	-	-	NONE
		Construction of Warehouse in Uturo-Mbarali	1,191,039,087	-	-	-	NONE
		construction of Warehouse in Lekitatu-Arumeru	1,004,850,000	-	-	-	NONE
		construction of Warehouse in IDP-Bagamoyo	976,500,000	-	-	-	NONE
		Rehabilitation of Dakawa Irrigation Scheme	12,979,576,977	1,479,060,000	-	-	Source of saving: Amount to be recovered by the contractor due to wrong computation of an arithmetic errors amounted to Tzs. 1,479,060,000 hence resulted into additional contract value than was required
		Provision of Consultancy Services for Selected Pilot Irrigation Schemes in	176,980,000	-	-	-	NONE



S/N	PE NAME	TENDER/CONTRACT DESCRIPTION	ESTIMATED CONTRACT/ TENDER VALUE (TZS)	ESTIMATED SAVING AMOUNT (TZS)	ESTIMATED LOSS TZS	VALUE OF TENDERS CANCELLED FOR RESTARTING THE PROCUREMENT PROCESS	Remarks/ Notes
		Morogoro Region					
		Supply of Cassava Processing Plant	250,250,000	-	-	-	NONE
2	PMO - Private Sector Competitiveness Programme	Special audit conducted on selected tender implemented by Private Sector Competitiveness Programm under Prime Minister's office	1,258,800,613.40	114,265,960.00	-	-	Source of saving: Costs for items paid for but not delivered and installed worth USD 51,080 equivalent to Tzs. 114,265,960
3	NSSF	Other tenders reviewed (9 tenders)	73,397,352,446.92	-	-	-	NONE
		PA/004/2016-2017/HQ/W/24 for Conducting Survey and Drilling Required Boreholes at Mbigiri Farm using Technical Team from Government Institutions	200,000,000.00	75,000,000.00	-	-	Source of saving: Recovery of 75,000,000 misused during the time of drilling of bore holes through force account.
4	NHC	Contract No: PA/066/2012/13/HQ/W/05 for The Proposed Design and Construction of Mixed Use Property on Plots 1-3 & 44, At The Junction of New Bagamoyo /Morocco Roads - Morocco Square	137,500,000,000	-	13,943,416,690.50	-	Source of loss: The use of USD currency in payments up to IPC no.30.
				1,829,959,768.30		-	Source of saving: Overpayment of money due to the use of USD currency up to IPC no. 30.
				732,908,262.55	1,680,946,219.52	-	Source of loss: Employer had allowed payment for materials on/off site in IPCs no. 3, 4, 5 and 20 to 30, the estimated loss in terms of financing cost has been estimated to be TZS 1,680,946,219.52; Source of saving: Overpayment recognized in IPC No.31, of TZS 732,908,262.55 as running costs due



S/N	PE NAME	TENDER/CONTRACT DESCRIPTION	ESTIMATED CONTRACT/ TENDER VALUE (TZS)	ESTIMATED SAVING AMOUNT (TZS)	ESTIMATED LOSS TZS	VALUE OF TENDERS CANCELLED FOR RESTARTING THE PROCUREMENT PROCESS	Remarks/ Notes
							to inclusion of the materials on/off site as part of the Total Builder's work executed.
				467,268,293.48			- Source of saving: The advance payment which amounted to TZS 12,858,338,594.11 was overpaid by TZS 467,268,293.48
				438,784,921.74			- Source of saving: The overpayment done through USD payment arrangement, up to IPC no. 31, TZS 438,784,921.74 paid as VAT but not declared as VAT through undervaluing the USD against TZS.
				1,569,090,899.65			- Source of saving: By Considering IPC No. 31, a total cumulative amount of VAT indicated to be TZS 17,551,039,284.17 as opposed to TZS. 15,981,948,384.52, the difference being TZS 1,569,090,899.65 more than what is indicated in the IPCs. PE has been paid as extra on top of what is certified.
		Contract No: PA/066/2012-2013/HQ/W/03 for The Proposed Design and Construction of Kawe 711 Residence on Plot No. 711, along Mwaikibaki Road termed as "Kawe 711"	105,112,644,555		150,000,000		- Source of loss: Relocation of Project from Ngano Street to Kawe spells has incomplete feasibility study which resulted to Variation Order (VO) no. 1 amounting to TZS 150m covering Geotechnical Survey and ESIA
					2,569,050,043		- Source of loss: Losses caused by payment term of two currencies at



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							the rate 60% in TZS and 40% in USD, so far, up to IPC number 9, an amount of TZS 2,569,050,043.28 has been double paid.	
					527,389,679	-	Source of loss: The Contractor is claiming the financing cost of the delayed payments amounting to TZS 527,389,678.99 as per Clause 14.7 of PCC and clause 14.7 of GCC	
					75,878,960.91	-	Source of loss: NHC change of scope reduced volume of works but did not address changes in costs. The Contractor submitted quotation resulting from change of scope 44,632.32 USD as extra costs for redesign equivalent to 75,878,960.91	
					474,982,379.14	-	Source of saving: Advance payment which amounted to TZS 9,835,165,555.17 was overpaid by TZS 279,437,398.31 and USD 115,020.37.	
					-	2,569,050,043	-	Source of loss: Loss disguised in USD currency paid
					24,286,946,057	112,619,081.04	-	Source of saving: PE is paying more money in VAT than it is indicated in the IPCs and up to IPC no. 3, TZS 112,619,081.04 has been paid as extra on top of what is certified;
				-	2,189,663,247	-	Source of loss: Suspension of works occurred due to delayed payments	
5	Higher	Tender No. PA/030/2017-					NONE	



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	Education Students Loans Board	2018/HQ/C/12 for Provision of Consultancy Services for Short Training in Technical and Vocational Skills	-	-	-	-	
6	MUCE	Contract No. PA/058/2009/2010/W/4 for proposed construction of Lecture Hall at Mkwawa University College of Education, in Iringa Town Council.	8,565,248,606.4	229,000,000.00	-	-	Source of saving: Consultant paid M/s CATIC International 50% payment of generator item in the tune of TZS 229,000,000 under IPC No. 11 dated 30th Oct 2017 for supply and installation of the same at site. Until the audit exit date on 3rd August 2018, no generator was on site, thus client paid for unexecuted works by contractor which could be financing cost to other items of the project.
				2,282,682,805.75	-	-	Source of saving: Consultant has been paying for materials on site contrary to GCC clause 39.1. In general, MUCE paid a total of TZS 2,282,682,805.75 to the two contractors; that is, M/s MNM Engineering Services was paid TZS 1,321,071,705.75 prior to contract termination and M/s CATIC international was paid TZS 961,611,100.00 against contract clauses. Overpaid money spent for materials on site could have help achieve a large progress of works and decrease client financing cost to the project



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		Provision of consultancy service for design and supervision of construction of lecture theatre for the Mkwawa University College of Education at Iringa	263,070,227.4	-	-	-	NONE
		TOTAL	371,970,331,288	9,854,223,736	23,705,394,884	-	-