



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



**PERFORMANCE AUDIT REPORT ON MANAGEMENT OF BULK PROCUREMENT OF
GOVERNMENT VEHICLES**



**A REPORT OF THE CONTROLLER AND AUDITOR GENERAL
OF THE UNITED REPUBLIC OF TANZANIA
MARCH, 2019**



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National Audit Office

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PREFACE

The Public Audit Act No. 11 of 2008, Section 28 authorizes the Controller and Auditor General to carry out Performance Audit (Value for-Money Audit). This is for the purposes of establishing the economy, efficiency and effectiveness of any expenditure or use of resources in the Ministries, Departments and Agencies (MDA), Local Government Authorities (LGAs) and Public Authorities and other Bodies which involves enquiring, examining, investigating and reporting, as deemed necessary under the circumstances.

I have the honour to submit to His Excellency the President of the United Republic of Tanzania, Dr. John Pombe Joseph Magufuli and through him to Parliament the Performance Audit Report on the Management of Bulk Procurement of Government Vehicles.

The report contains findings of the audit, conclusions and recommendations that have focused mainly on determining whether the Management of bulk procurement of government vehicles is done with due regard to cost control, timeliness in delivering and appropriate specifications in relation to intended usage.

The Ministry of Finance and Planning (MoFP), and the Government Procurement Services Agency (GPSA) have been given the opportunity to scrutinize the factual contents and comment on the draft report. I wish to acknowledge that the discussions with MoFP and the GPSA have been very useful and constructive.

My office intends to carry out a follow-up audit at an appropriate time regarding actions taken by the audited entities in relation to the recommendations of this report.

In completion of the assignment, the office subjected the report to the critical reviews of Dr. Paul Maganga Nsimbila from Mzumbe University and Mr. Christopher Mageka from Innovex who came up with useful inputs on improving the output of this report.

This report has been prepared by Mr. Frank B. Mwalupale- Team Leader and Mr. Denis Andrea Charle Team Member under the supervision and guidance of Mr. Michael Malabeja-Audit Supervisor, Eng. James G. Pilly - Assistant Auditor General and Mr. Benjamin Mashauri - Deputy Auditor General.

I would like to thank my staff for their assistance in the preparation of this report. My thanks should also be extended to the audited entities for their fruitful interaction with my office.

A handwritten signature in black ink, appearing to read 'Mussa Juma Assad', with a long horizontal stroke extending to the right.

**Prof. Mussa Juma Assad,
Controller and Auditor General,
Dar es Salaam.
March 2019**

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LIST OF ABBREVIATIONS

ACC	Arusha City Council
CoET	College of Engineering and Technology
CMU	Communication and Marketing Unit in GPSA.
CSF	Critical Success Factors
CUIS	Common Use Items Services
GN	Government Notice
GPSA	Government Procurement Services Agency
INTOSAI	International Organization of Supreme Audit Institutions
IPS	Institute of Procurement and Supplies
LGAs	Local Government Authorities
MDAs	Ministries, Departments and Agencies
MoFP	Ministry of Finance and Planning
MoW	Ministry of Works, Transport and Communication
NCAA	Ngorongoro Conservation Area Authority
NSGRP	National Strategy for Growth and Reduction of Poverty
P&SA	Performance and Specialized Audits Division
PEs	Procuring Entities
PM	Prime Minister
PMD	Procurement Management Directorate
PMU	Procurement Management Unit
PPPD	Public Procurement Policy Division
PPRA	Public Procurement Regulatory Authority
PSPTB	Procurement and Supplies Professionals and Technicians Board
PSU	Procurement & Supply Unit
TANAPA	Tanzania National Parks
TANROADS	Tanzania National Roads Agency
TPA	Tanzania Ports Authority
UNDP	United Nations Development Programme
URT	United Republic of Tanzania

DEFINITION OF TERMS

Common use items	These are items which are commonly used by all procuring entities like stationeries, furniture's, photocopy papers, computers, printers, scanners, Vehicles etc.
Delivery time	The time (in number of months) from when an order was paid for at GPSA up to when an order is received by PE.
Delay	Receiving procured vehicles beyond the agreed timeframe of three-Four months.

EXECUTIVE SUMMARY

Introduction

On average every year, the Government of Tanzania spends about TZS 55 billion to purchase vehicles needed to perform its duties and deliver public services to its citizens. Motor vehicles are likewise necessary for the general administration of government functions, which is an indirect form of public service. To expedite public service and support its general work requirements, the government needs motor vehicles.

There have been concerns by the public procuring entities regarding overpricing of vehicles and delay in delivery of procured vehicles. The delivered vehicles are not all brought at the same time in right quantity as ordered, and not all vehicles delivered meet users' requirements.

The main audited entity was the Government Procurement Services Agency (GPSA) under the Ministry of Finance and Planning (MoFP). The main audit objective is to determine whether the Bulk Procurement of Government vehicle is done with due regard to cost, timeliness, quantity, and specifications of vehicles in relation to intended usage. The audit covered a period of four financial years from 2014/15 to 2017/18.

Main findings

Lack of annual work plan for the bulk procurement of government vehicles undertakings

It was noted that there was no separate annual work plan for managing bulk procurement of government vehicles. The program of bulk procurement of government vehicles was executed on an ad hoc basis. Presence of the plan could be used to forecast and describe the stages and timelines for handling the procurement of government vehicles.

Framework contracts GPSA entered with suppliers did not guarantee best price value

The review of evaluation reports for four consecutive financial years (2014/15 to 2017/18) showed that the agency did not determine price which could be used as the basis during the setting the framework contracts with suppliers.

It was noted that the procurement of government vehicles by the GPSA was characterized by inadequate competition. Despite having seven suppliers in most cases, GPSA has been purchasing vehicles from Toyota Tanzania Ltd for the past four years. According to GPSA, orders from PEs came with the special make of the vehicles which excluded other suppliers. As a result, Toyota became dominant in the business of supplying government vehicles. Specifying the make is contrary to the procurement law.

Furthermore, the analysis of information derived from document reviews revealed that the price of vehicles provided by the Toyota Tanzania Ltd was higher compared with the price offered in other markets for the same vehicle with the same specification for the same financial year.

GPSA did not carry out market price research for vehicles and maintain an up-to-date database or records.

The audit noted that GPSA did not conduct adequate research to obtain information from various sources about the current prevailing market prices of vehicles to be procured.

From 2014/15 to 2017/18, GPSA spent a total amount of TZS 219 billion for procurement of government vehicles without undertaking adequate research on the market price of the aforesaid vehicles.

Further, the audit found that there were no databases, no market research records and no consultation seeking for relevant prices from other bodies. The only price benchmarks that were found to be in place were the comparison between the price offered by UNDP and Toyota Tanzania Limited which were not accurate enough to establish prevailing prices in the market.

Delays in delivery of vehicles to PEs

Out of the 190 cases of vehicles ordered only 24 (13 percent) fell within the standard processing time of 3-6 Months or less while 166 (87 percent) cases had indicated the presence of delays in delivery of PEs.

Orders were at least efficiently processed and delivered on time in the year 2015/16 compared to other financial years under this audit, whereby 30 percent of the quantities of vehicles ordered were delivered on time from placement to delivery date. In the financial year of 2014/15, the number of orders delivered on time dropped to 4 percent.

Furthermore, it was found that, there were extreme cases of late delivery of orders to PEs. For instance, out of 31 orders from NCAA only 2 orders (6 percent) were delivered within the time of three months from the time payments were made to GPSA, while the remaining 29 orders (94 percent) took more than six months from the last day they were supposed to be delivered.

Likewise, the respondents were given the chance to freely give their experience on the delivering of vehicles by GPSA. The evaluative response from 26 respondents indicated that 65.4 percent of the responses were not satisfied, 30.8 percent somehow satisfied, and only 3.8 percent satisfied with regards to delivering vehicles on time. This implies that, the evaluative information on whether GPSA delivered vehicles on time was denied by the majority of respondents.

Not all vehicles were delivered as per agreed number of vehicles

GPSA did not always deliver the right number of vehicles ordered. A specific example is the case of 15 vehicles ordered by TANAPA in the financial year of 2015/16. TANAPA received 13 instead of 15 with the justification that the USD exchange rate had increased and hence the amount paid before by TANAPA was not sufficient to procure 15 vehicles as originally agreed.

The quality specifications of vehicles sometimes were not delivered in accordance with the agreement

The audit noted that 5 PEs rejected vehicles with the reason of missing specifications. For the case of Ministry of Natural Resources and Tourism, the re-inspection of the procured vehicles indicated that vehicles were identified as not brand new and did not meet specification for roadworthiness.

Inadequate Monitoring and Evaluation within GPSA on bulk procurement of government vehicles

It has been noted that GPSA through planning, monitoring, and evaluation unit do not have a comprehensive plan for monitoring the execution of bulk procurement of government vehicles. Equally, there are no specific indicators available for measuring its performance in ensuring that orders are received and timely processed and delivered in the right quality and quantity and in a cost-effective manner.

Inadequate reporting of procurement activities of GPSA to MoFP on bulk procurement of government vehicles

The audit noted that the quarterly progress reports prepared by GPSA and submitted to MoFP did not adequately cover all the important aspects of monitoring and evaluation. This is because the only issues covered in the report is on number of vehicles procured against the amount saved due to bulk procurement which is not enough as the report is silent on what was the target against the actual achievement.

Monitoring and Evaluation of the performance of GPSA by MoFP

The audit found that MoFP has never provided feedback based on the report received from GPSA for the purpose of improving the program of bulk procurement of government vehicles.

General conclusion

The performance of GPSA in ensuring timely delivery of vehicles to the PEs, cost control and delivering of vehicles at the right quantities and specifications was limited due to internal and external factors presented by auditors. Among the key internal factors include planning for the activity, mechanisms to control prices of vehicles and timely order processing and delivery to PEs.

External factors include the setting of specifications, timely submission of orders from PEs and irregular release of funds from PEs because of delay of disbursement of funds to PEs by MoFP.

Nevertheless, GPSA's internal monitoring of its performance mostly focused on other CUIs excluding bulk procurement of government vehicles. Quality, cost, processing, and delivery of orders were not given priority in this regard.

It was noted that despite the fact that MoFP received a quarterly report from GPSA, but the Ministry has never given the feedback to GPSA aimed at improving the practices of bulk procurement of government vehicles in the country.

With that regard, the audit concludes that if GPSA will continue with the aforesaid practices, there is a high risk that the objective of the government of getting value for money through bulk procurement of government vehicles will not be achieved accordingly.

The recommendations to GPSA

- 1) Prepare strategies in line with performance indicators for measuring the process of bulk procurement of government vehicles. The indicators should be measurable both in short and long term. Equally, the indicators should address the objective of acquiring vehicles with due regard to cost, timeliness and specifications of vehicles in relation to intended usage.
- 2) GPSA needs to establish and regularly review the standard time as benchmark for measuring various operations such as order receiving processing and delivery to PEs use them effectively to improve performance.
- 3) Establish a mechanism for regular communicating to PEs which will ensure that their requirements for vehicles are timely submitted to GPSA.
- 4) Prepares the price thresholds that reflect the situation on the ground for vehicles based on adequate market survey and use the information in decision making.
- 5) Develop a strategy which will ensure the recommendations made by the delegation team that went to Japan is fully implemented as soon as possible.
- 6) GPSA should consider widen the scope of vehicle manufacturers that it can reach worldwide to explore the possibility of ascertaining the suitable vehicles for government use at affordable prices.

- 7) GPSA has to establish Critical Success Factors (CSF) from the goals and objectives that will assist them to develop performance indicators. Equally, periodic monitoring and evaluation of the process of bulk procurement of government vehicles is done.
- 8) Make sure that information in the report submitted to MoFP adequately covers all the important aspects of monitoring and evaluation of the GPSAs' service delivery on bulk procurement of vehicles performance such as cost, quality, and delivery period.

GPSA should:

- 1) Prepare strategies in line with performance indicators for measuring the process of bulk procurement of government vehicles. The indicators should be measurable both in short and long term. Equally, the indicators should address the objective of acquiring vehicles with due regard to cost, timeliness and specifications of vehicles in relation to intended usage.
- 2) Establish and regularly review the standard time as benchmark for measuring various operations such as order receiving processing and delivery to PEs use them effectively to improve performance.
- 3) Establish a mechanism for regular communication to PEs which will ensure that their requirements for vehicles are timely submitted to GPSA.
- 4) Prepare price thresholds that reflect the situation on the ground for vehicles based on adequate market survey and use the information in decision making.
- 5) Develop a strategy which will ensure the recommendations made by the delegation team that went to Japan is fully implemented as soon as possible.
- 6) Consider widening the scope of vehicle manufacturers that it can reach worldwide to explore the possibility of ascertaining the suitable vehicles for government use at affordable prices.
- 7) Establish Critical Success Factors (CSF) from the goals and objectives that will assist them to develop performance indicators. Equally, periodic monitoring and evaluation of the process of bulk procurement of government vehicles is done.
- 8) GPSA should ensure that all reports submitted to MoFP adequately contain important aspects such as savings and determine any deficiency

on attaining value for money in bulk procurement of government vehicles for further improvements.

- 9) The agency should regularly report on how much the government saves based on the current prevailing market price in a particular financial year of the procurement.
- 9) Develop an integrated information management system that will be accessible to stakeholders. The system should accommodate all the key issues regarding procurement of government vehicles.
- 10) To develop an integrated information management system that will be accessible to stakeholders. The system should accommodate all key issues regarding procurement of government vehicles.

The Recommendations to MoFP

The MoFP should

- 1) strengthen the way it monitors performance of GPSA on executing the bulk procurement of government vehicles;
- 2) liaise with President's Office-Public Service Management to ensure that the guidelines showing the specifications of vehicles for different cadres and levels of government officials are developed and communicated to PEs.
- 3) liaise with the Ministry of Works, Transport and Communication to ensure that specifications issued to Procuring Entities are consistently neutral as required by the procurement law.
- 4) ensure that requests for approval to procure motor vehicles by PEs are only granted to those who meet requirements of neutral specifications as provided by the procurement law.
- 5) develop the strategy which will ensure that the recommendations made by the delegation that went to Japan are fully implemented.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Audit

On average every year, the Tanzania government spends about 55 billion of Tanzania Shillings of taxpayers' money to purchase vehicles needed to perform its duties and deliver public services to its citizens¹. Included in this wide array of goods are motor vehicles that are used to provide public services directly or indirectly. Motor vehicles are likewise necessary for the general administration of government functions, which is an indirect form of public service. To expedite public service and support its general work requirements, the government needs motor vehicles.

The government is at considerable risk if the bulk procurement of government vehicles is not well planned, efficient and cost-effective. Essential items not being available in the right quantities and of the right quality when required can result in an operation, project or service being of sub-standard quality or delayed.

By recognizing the importance of efficient and cost-effective, the government through the Ministry of Finance and Planning initiated the program of bulk procurement of government vehicles as among the common use items and commissioned the program to GPSA². Through the program of bulk procurement of government vehicles, procuring entities are expected to strive to achieve the best value for money in terms of price, quality, and delivery having regard to set specifications and criteria.

1.2 Motivation of the audit

Public procurement is important from national development perspective. Achieving Sustainable Development Goals, National Development Vision 2025 and the National Strategy for Growth and Reduction of Poverty (NSGRP) Goals and other development objectives, requires getting the most out of the limited resources available for public procurement. To ensure that the government achieves its mission of getting the most out of the limited resources, also, the government has planned to continue with bulk purchases of goods and services directly from producers or continuing with single source procurement of government vehicles through GPSA after approval by the Prime Ministers'

¹ Report from GPSA

² Public Procurement Regulations of 2013, Regulation 136(3).

Office. Also, the government will oversee Public Procurement Act in order to curb all loopholes emanating from weak management of public funds³.

The audit was motivated by the following issues:

- It has been noted that a significant amount of TZS 219 Billion has been spent in procuring government 1483 units of vehicles from the year 2014/15 to 2017/18 without GPSA to have databases, own market research records and lack of consultation seeking for relevant prices from other bodies⁴;
- There have been concerns by the public (including procuring entities) regarding overpricing of vehicles, delay in delivery of procured vehicles, the delivered vehicles are not all brought at the same time in right quantity as ordered, and not all vehicles delivered meet users' requirements⁵;
- There is outcry that, for vehicles that are bought through UNDP government institutions are being overcharged when buying the same vehicles from GPSA as compared to individual entities procuring the same vehicles from UNDP⁶; and

Therefore, the Office of the Controller and Auditor General saw the importance and sensitivity of auditing this area to assess how well the government through procuring entities and other bodies has effectively and efficiently managed bulk procurement of government vehicles. It is expected that through this audit the causes and effects of the problems identified will help to improve the system and the processes pertaining to management of bulk procurement of government vehicles.

1.3 Design of the Audit

This part explains about the main audit objective, specific audit objectives, scope of the audit, methods for data collection and analysis and assessment criteria.

1.3.1 Audit Objective

The main audit objective is to determine whether the Bulk Procurement of Government vehicle is done with due regard to cost, timeliness, quantity and specifications of vehicles in relation to intended usage. The Specific Audit Objectives of the audit were to establish whether:

³ National Five-Year Development Plan of 2016/17 to 2020/21, page 103.

⁴ GPSA's evaluation reports, 2013

⁵ Results of the Pre-study conducted at the procuring entities (2018/19).

⁶ Results of the Pre-study Memo conducted at the procuring entities (2018/19).

1. GPSA adequately plans for procurement of government vehicles;
2. GPSA adequately ensures cost control in procurement of government vehicles;(economy);
3. Procured vehicles were timely delivered and if the required specifications were met and in the right quantity; and
4. MoFP and GPSA adequately monitors and evaluates the progress of executing bulk procuring of government vehicles.

1.3.2 Scope of the Audit

The audit examined the process of procurement of government vehicles by GPSA based on orders/requests received from procuring entities.

The audit addressed the issues of management of procurement of government vehicles with regards to planning for procurement of vehicles, selection of suppliers with due regard to control price of purchasing government vehicles, ensuring cost control in public procurement of government vehicles, effectiveness in monitoring activities of procurement of government vehicles that are carried out by GPSA in ensuring stakeholders' compliance with the developed standards by Ministry of Finance and Planning.

The main audited entity is the Government Procurement Services Agency (GPSA) under the Ministry of Finance and Planning (MoFP). This is because GPSA is responsible among of its roles is to implement the system for procurement of Common Use Items Services (CUIS) including vehicles by PEs to provide an efficient, cost effective and flexible means to procure goods, works and services that are required continuously or repeatedly over a set period of time.

The audit team also collected information from other stakeholders including MoF, Tanzania Ports Authority (TPA), Tanzania National Parks (TANAPA), Ngorongoro Conservation Area Authority (NCAA), Public Procurement Regulatory Authority (PPRA), Tanzania National Roads Agency (TANROADS), and Arusha City Council regarding management of bulk procurement of government vehicles and the strategies in place to handle bulk procurement of government vehicles.

The selection considered those PEs procured large volume of vehicles within time frame of the audit 2014/15 to 2017/18.

The reason for the visit was to collect data on procurement process of government vehicles falling under areas of their jurisdictions, evaluating the extent of delay and impacts associated with such delay and, quality of vehicles delivered.

Moreover, the audit covered four (4) financial years i.e. 2014/15, 2015/16, 2016/17 and 2017/18. The reasons for selecting four years period are (a) to establish the trend of performance of management of the program for bulk procurement of government vehicles in the country, (b) Possibility of accessing

information regarding the program for bulk procurement of government vehicles within the duration of four years to provide thorough analysis of the performance of GPSA over that period of time, and (c) The Public Procurement Regulation was enacted in 2013; the selected four years will help to assess the extent of its enforcement; and (d) The circular number three from the Paymaster General regarding bulk procurement of government vehicles was issued to procuring entities in the financial year 2014/15, hence it will help to assess the extent of implementation of the circular by GPSA, procuring entities and MoFP.

1.3.3 Methods used for Data Collection

In order for the audit to come up with concrete and relevant qualitative and quantitative statistical data to answer the audit questions, the team used two methods for data collection. These methods include: interviews, and review of documents.

Interviews

The audit team interviewed officials responsible for procurement of government vehicles at Government Procurement Services Agency (GPSA) and at the Ministry of Finance and Planning (MoFP) through division of Public Procurement Policy. The audit team also carried out interviews with officials from Tanzania Ports Authority (TPA), Tanzania National Parks (TANAPA), Ngorongoro Conservation Area Authority (NCAA), Tanzania National Roads Agency (TANROADS), and Arusha City Council. The interviews were carried out to confirm matters that arose, and clarification of the issues identified during document review. List of Officials interviewed and reasons for interviewing them is provided in **Appendix Three**.

Documents Reviews

The document reviews intended to help the audit team to gain clear understanding of the subject matter and to identify the risks and possible causes and thereafter gather evidences and come up with clear findings for the audit report.

Therefore, a number of documents were reviewed including: project registers, Inter-agency correspondence and MOUs, comments from stakeholders, budgets allocated and expenditures records, Strategic Plans and Implementation reports, policies and guidelines, annual operational plans, meeting minutes at all levels related with the procurement of government vehicles.

Furthermore, the audit team reviewed other documents that seemed to assist the audit team to respond to the audit objective. **Appendix Four** provides a list of the documents reviewed that includes the reason for reviewing each of the mentioned documents.

Data Analysis

The team compared whether the same information on procurement of government vehicles at the visited audited entities were the same as the ones obtained at both GPSA headquarters and in the respective regions. The results of the audit provided a picture of the whole country with regards to the management of bulk procurement of government vehicles.

For all data collected through interviews and document reviews, both qualitative and quantitative methods were used to analyse them. Quantitative data collected through interviews and document reviews were analysed using excel spread sheet by organizing, summarizing and compiling using different statistical methods for data computations. The analysed data were then presented in frequency tables and graphs. Moreover, simple pie-charts and graphs were used to describe and compare the proportion of each main theme identified.

Likewise, qualitative responses to assess the adequacy of the management of bulk procurement of government vehicles were categorized and coded based on the predetermined main themes identified under each audit question.

1.4 Assessment Criteria

Most of the assessment criteria used in this audit have been derived from the Public Procurement Act Number 7 of 2011, Public Procurement Regulations of 2013, Public Procurement Act (Amendments) of 2016, Public Procurement Regulations (Amendments) of 2016 and best practices. The generic description of the criteria used for each question is as shown in the **Table 1.1**. The detail of each criterion, main questions together with sub-questions is shown in Appendix Five.

Table 1.1: Generic description of the criteria used for each question.

Issue	Assessment Criteria	Source of Criteria
Adequacy of the plans for the bulk procurement of government vehicles.	GPSA is required to plan for all procurement activities undertakings	<i>Public Procurement Act No. 7 of 2011, Section 38(e)</i>
Ensuring cost control in public procurement of government vehicles.	The GPSA is required to ensure that the prices paid during procurement of government vehicles represent the best value. GPSA conducts research to be able to identify the market value of the specific motor vehicles before entering framework agreement.	<i>Public Procurement Regulations of 2013, Regulation 5(1).</i> <i>Public Procurement Regulations of</i>

Issue	Assessment Criteria	Source of Criteria
	This is necessary because it enables the government to procure specific vehicle in a reasonable price and attain the same quality of the intended services	2013, Regulation 115(1) (c)
Ensuring that the procured vehicles were timely delivered, and the required specifications and in the right quantity.	<p>GPSA is responsible for the effective management of any procurement of goods and is supposed to monitor the timely delivery of goods and services in the correct quantities and to the quality specified in each contract;</p> <p>At the end of January each year GPSA receive provisional annual estimates of the required common use items and services which shall include descriptions, specifications, statement of requirements and quantities.</p>	<p><i>Public Procurement Regulations of 2013, Regulation 121 (1)</i></p> <p><i>Public Procurement Regulations of 2013, Regulation 131 (4)</i></p>
Adequacy in monitoring and evaluating the progress of executing bulk procuring of government vehicles.	<p>MoFP is required to monitor and evaluate the performance of public procurement institutions (e.g. GPSA) and advise on desirable changes</p> <p>Accounting Officers of all institutions under the Ministry of Finance and Planning are required to prepare and submit quarterly progress and annual performance reports to MoFP.</p> <p>By the end of each year, GPSA is supposed to examine what they had set out to achieve in their annual work plan, how much has been achieved, reasons for non-achievement and prepare monitoring reports.</p>	<p><i>Public Procurement Act No. 7 of 2011, Section 6- (2) (i).</i></p> <p>Section 55(4) of the Budget Act No.11 of 2015 and Regulations 29(5) of the Budget Regulations of 2015.</p> <p>GPSA's Strategic Plan (2013 - 2018)</p>

1.4 Standards used for the audit

The audit was conducted in accordance with Performance Auditing Guidelines issued by the International Organization of Supreme Audit Institutions (INTOSAI) and the Performance Audit Manual of the National Audit Office of Tanzania. The INTOSAI general auditing standards states that the audit and the

Supreme Audit Institutions must be independent, possess required competence and exercise due care to provide a guide on execution and reporting of audit findings.

These standards guided the team to obtain sufficient and appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives.

1.5 Data Validation Process

The Ministry of Finance and Planning (MoFP) and the Government Procurement Services Agency (GPSA), who were the audited entities were given the opportunity to go through the draft report and commented on the presented figures and information.

Similarly, the information obtained was crosschecked and discussed with subject matter experts in the field of bulk procurement of government vehicles to ensure its validity as presented in this report.

1.6 Structure of the Report

The remaining parts of the report cover the following:

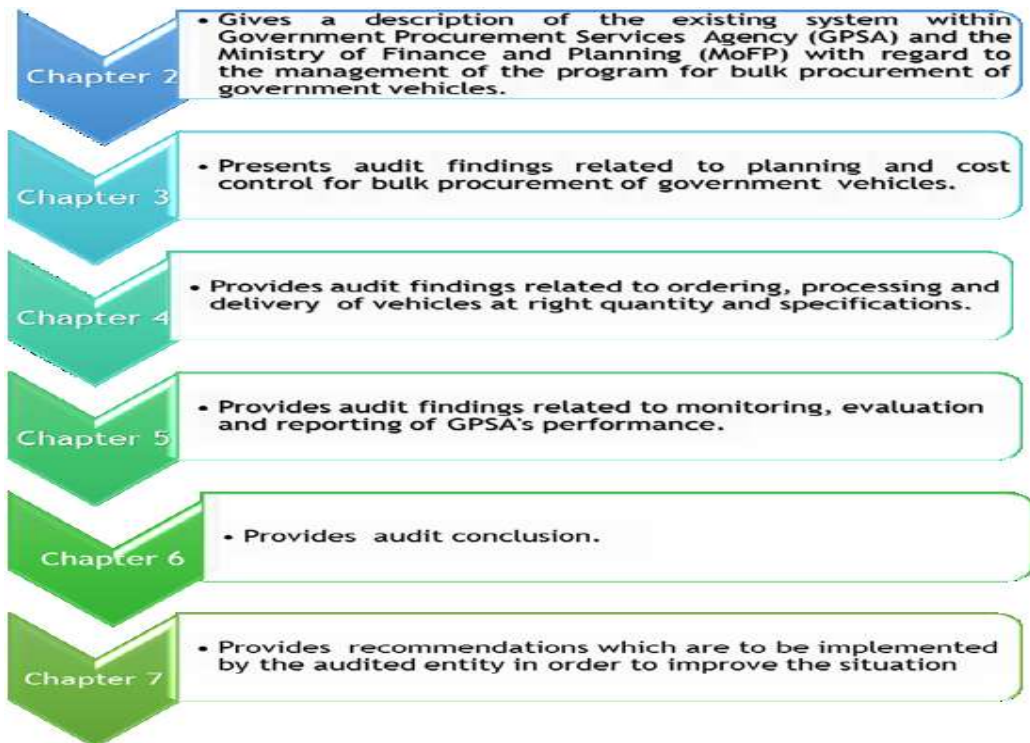


Figure1. 1: Structure of the report

CHAPTER TWO

SYSTEM DESCRIPTION FOR MANAGING BULK PROCUREMENT OF GOVERNMENT VEHICLES

2.1 Introduction

This chapter presents the way the system for bulk procurement of government vehicles is undertaken. It provides details for the legislation, strategies, mission and vision and key players with their role and responsibilities. It also presents procedure right from planning, receiving, processing and delivering of ordered vehicles to procuring entities.

2.2 Key Players and their responsibilities

The following are main stakeholders involved in the management of bulk procurement of government vehicles in the country.

2.2.1 Ministry of Finance and Planning (MoFP)

Ministry of Finance is responsible for monitoring of procurement activities in the government. For this audit, the Ministry is responsible for monitoring and evaluating the execution of the program of bulk procurement of government vehicles in the country. Government Procurement Services Agency (GPSA) is directly responsible to Ministry of Finance to its activities on bulk procurement of government vehicles undertaking⁷.

2.2.2 The Government Procurement Services Agency (GPSA)

Mandate

Mandate of GPSA in bulk procurement of government vehicles is derived from Section 50(2) of the Public Procurement Act No. 7 of 2011 which requires GPSA to arrange for procurement of Commonly Used Items and Services (CUIS) including government vehicles through framework contracts. The mandate is also derived from the government circular number three (3) through a letter with reference number CJA.233/362/01 dated 11th November, 2014 from the Paymaster General requiring all procuring entities to carry out bulk procuring of government vehicles from manufacturers through GPSA instead of using dealers.

⁷ Public Procurement Act Number 7 of 2011, section 6(2b)

GPSA's Objective

The objective of GPSA is to improve procurement and supply management regime that ensures that value for money is obtained through timelines, quality, price and the delivery of the right quantities.

GPSA's Functions

According to Regulation 50(5) of the Public Procurement Regulations of 2013, GPSA on behalf of the procuring entities, is required to comply with the procurement procedures prescribed in these Regulations including the use of standard tender documents issued by the Authority.

The function of GPSA with respect to executing the program of bulk procurement of government vehicles are:

- Prepares and enters into framework contracts with suppliers on behalf of the PEs;
- To analyse requirements of vehicles based on directives/guidance from President's Office-Public Service Management;
- To receive requirements of procurement of vehicles from Ministries, Independent departments, Government institutions, Local Government Authorities, and regional offices;
- Receives fund for procurement of vehicles from PEs;
- Transferring money to bank account of procurement of vehicles and delivery of information;
- Preparation of Annual Action/Procurement Plans; and
- Delivery of the procured vehicles to PEs.

GPSA's Organization structure

Figure 2.1 shows the organization set up for management of procurement and supply of goods

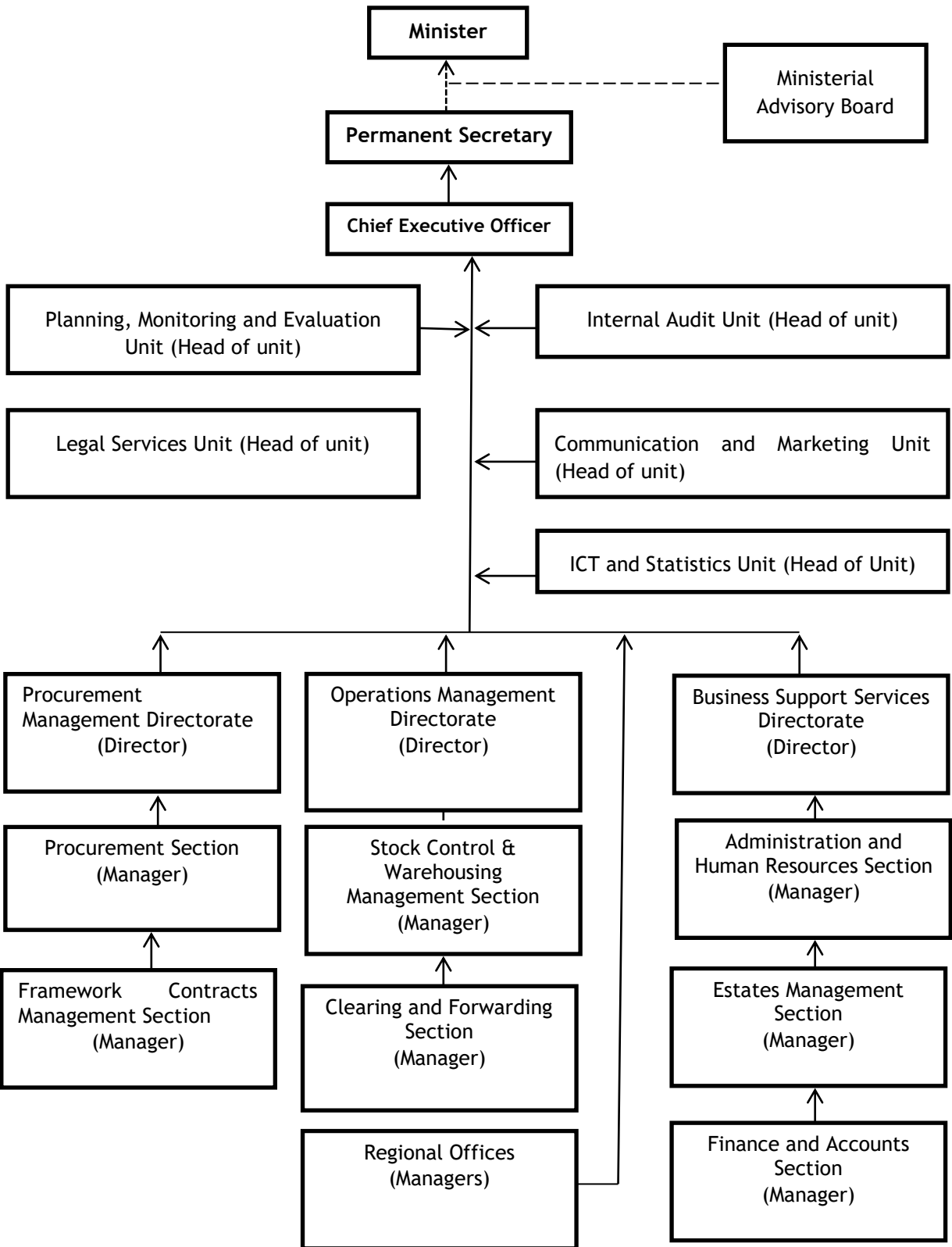


Figure 2.1: GPSA’s organization structure-Approved by President on 1st October 2018

GPSA’s sources of financial funding

The source of funding for Government Procurement Services Agency (GPSA) is from agency own sources such as selling of tender documents, procurement of various items such as stationeries, clearing and forwarding, and rents from warehouses as shown in **Table 2.1**.

Table 2.1: GPSA’s Sources of Fund

Sources and its Breakdown	Amount (TZS Billion)			
	2014/15	2015/16	2016/17	2017/18
Government Grants				
N/A	0.2	0.00	0.00	0.00
Donors				
N/A	0.0	0.6	0.4	0.00
Own Sources				
Renting of ware house	1.3	1.2	0.8	0.9
Contract fees	1.3	1.2	1.3	1.1
Service charge	0.5	1.3	0.4	0.4
Clearing and Forwarding	0.5	0.7	0.2	0.2
Total	3.8	5	3.1	2.6

Sources: Financial commitment to GPSA response from 2014/15-2017/18

2.3 Roles and Responsibilities of other Stakeholders

The following are the responsibilities of other stakeholders in executing the program of bulk procurement of government vehicles⁸;

2.3.1 Procuring Entities (PEs)

The procuring entities are responsible for the following:

- i. Preparing budgets for procurement of vehicles and submitting to the Ministry of Finance and Planning (MoFP);

⁸ Regulation 136(1-2,4) of the Public Procurement Regulations of 2013.

- ii. To submit requirements of vehicles to GPSA in January each year based on the budget estimates for the next financial year; and
- iii. Transferring funds to GPSA's account that is used for procurement of vehicles and informing GPSA on the transferred funds.
- iv. Receive vehicles from GPSA

2.3.2 Ministry of Works, Transport and Communication

The Ministry of Works, Transport and Communication is responsible for preparation of technical specifications/standardization that will be used when procuring entities procure vehicles from GPSA to ensure that the vehicles meet users' requirements to achieve value for money to the government⁹.

2.3.3 President's Office-Public Service Management

The office is responsible for issuing circulars showing the rights of officers and types of vehicles that they deserve together with various guidelines¹⁰.

2.3.4 Prime Minister's Office

Approve or disapprove the request from PEs for purchasing motor vehicles¹¹.

2.4 Arrangement for Bulk Procurement of Government vehicles by GPSA

The execution of the program for bulk procurement of government vehicles involved the following processes:

2.4.1 Framework Contract/Agreement and Contract Execution by GPSA

GPSA prepares types of vehicles to be procured in a certain financial year. Thereafter it selects suppliers through framework agreements methods, enters into contract with suppliers using framework agreements by foreseeing the requirements of vehicles from PEs. The duration of framework agreement is one year from the time of signing the contract and the agreed price is set for duration of three months.

2.4.2 Benefit of Framework Agreement

The benefits of using framework agreements in bulk procurement of government vehicles are:

- Minimized price differences of vehicles among PEs;

⁹ Public Procurement Regulations of 2013, Regulation 136(1) & 136(4).

¹⁰ Public Procurement Regulations of 2013, Regulation 136(2)

¹¹ Circular number 3 of 11th November, 2014 on procurement of government vehicles

- Protection of PEs against price rise during the period of contract coverage; and
- Cost reduction in tendering process for the entire public sector

2.4.3 Benchmark Price

A benchmark price refers to a standard price established by GPSA for the purpose of analysing whether the price offered by suppliers is fair and reasonable. In a free market economy nothing is self-evident, thus it is the duty of GPSA to search for information about the prices of vehicles to be procured from various sources in order to obtain value for money. The required information may be obtained from but not limited the following:

- Previous prices charged for the same products;
- Exhibitions;
- Embassies;
- Brochures;
- Practices from the other countries;
- Business Journals; and
- Directory issued by various suppliers, etc.

2.4.4 Ordering procedure by PEs

The following are the procedures that PEs undertake in ordering vehicles

- 1) PEs compiles the list of vehicles from their approved budgets and annual procurement plans.
- 2) Submit a request to the Prime Minister for approval.
- 3) PEs submits their requirement to the Ministry of Work to prepare specifications of the vehicles based on the operational requirements provided by the PE.
- 4) PEs submits the list of vehicles to GPSA in January 31st of each year the list is accompanied by the approval from Prime Minister (PM) and specification from MoW.
- 5) The PE is required to pay for vehicles as agreed with GPSA.

2.4.5 Approval for the purchase of vehicles by Prime Minister (PM)

Prime Minister's Office (PM) receives requests of vehicles from PEs and provides approval for the PEs to continue with the process of procuring vehicles¹².

¹²Circular number 3 of 11th November, 2014 on procurement of government vehicles.

2.4.6 Setting of specifications by the Ministry of Work

PEs submits the requirements for the set of specifications. PEs are required to furnish the following information in order for the Ministry of Works, Transport and Communication (MoW) to set out the specifications; Mention the nature of work of the vehicle to be procured, who is the user (position of the user) of the vehicle to be procured and the number of passengers for the vehicle to be procured.

2.4.7 Ordering, Processing and Delivery by GPSA

The following are the procedures that GPSA undertakes in processing and delivering of orders.

- 1) GPSA through the Directorate of operations receives orders from PEs.
- 2) GPSA aggregates all PEs vehicles requirements.
- 3) GPSA through Procurement Management Directorate inform the PEs the prices of each vehicles as requested by PEs.
- 4) GPSA receives fund for procurement of vehicles from PEs.
- 5) GPSA pays to suppliers using Call-off Orders' approach;
- 6) GPSA delivers orders from suppliers in 3-6 months' time.
- 7) GPSA conducts inspections on the delivered vehicles and dispatch them to PEs.

2.4.8 GPSA's planning and monitoring of its own performance

GPSA has the responsibility of planning for and monitoring their own performance and performance of the suppliers who have entered into an agreement with them. GPSA have to make sure that there is timely delivery of vehicles procured and in the correct quantities and to the quality specified in each contract with due regard to cost control. It also needs to ensure that the suppliers deliver vehicles on time.

2.4.9 Monitoring by Ministry of Finance and Planning (MoFP)

According to Section 55(4) of the Budget Act No.11 of 2015 and Regulations 29(5) of the Budget Regulations of 2015, MoFP is responsible for monitoring and evaluation of the performance of GPSA on executing bulk procurement of government vehicles in the country.

The Ministry is supposed to receive quarterly progress reports from GPSA, analyse them and provide feedback to GPSA for further improvement.

The Summary of the system description is as shown in **Appendix Six**.

Figure 2.2: Flow diagram showing the whole process of procurement of government vehicles through GPSA.

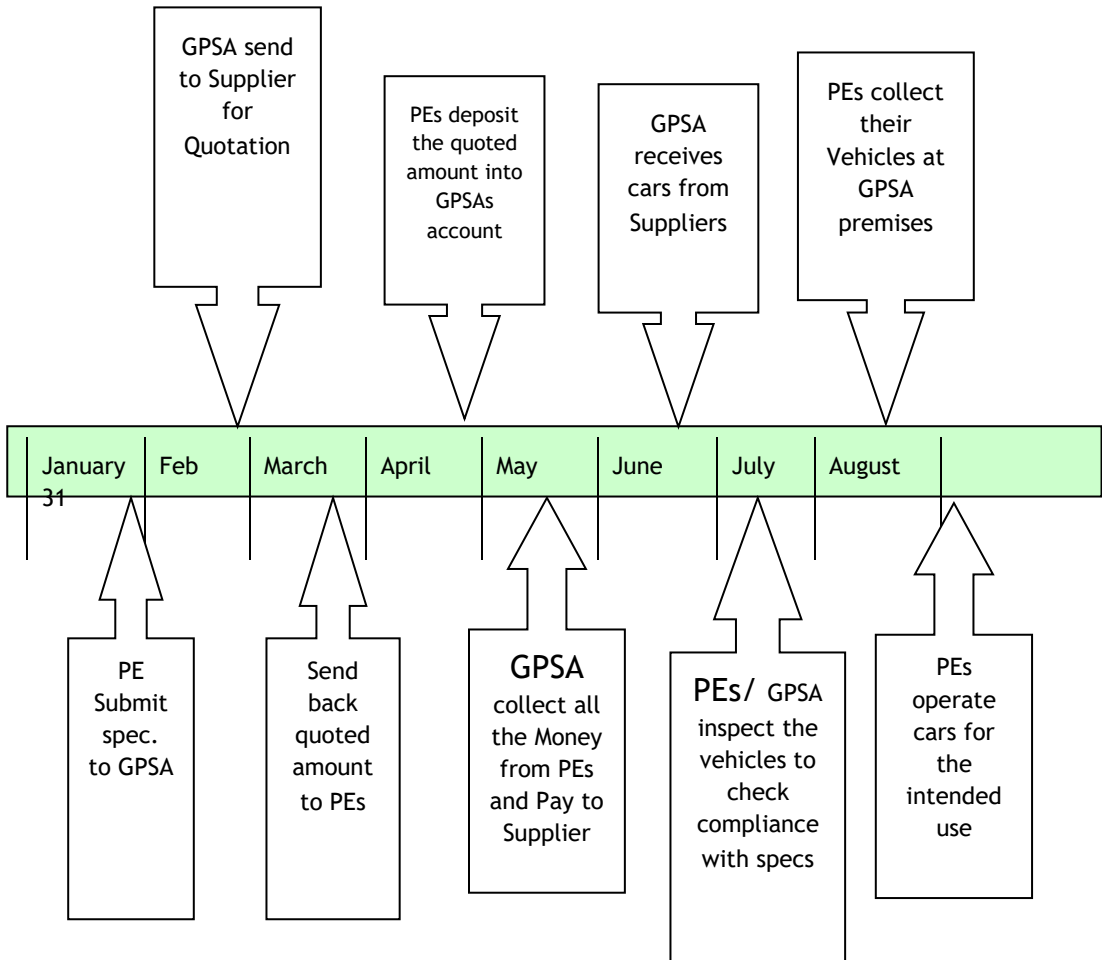


Figure 2.2: Flow diagram showing the whole process of Procurement of Government Vehicles

CHAPTER THREE

PLANNING AND COST CONTROL

3.1 Introduction

This chapter presents audit findings that provide answers to the audit questions shown in Section 1.3 of this report regarding planning and cost control in bulk procurement of government vehicles.

3.2 Planning for procurement of vehicles

Public services can be at considerable risk if procurement is not well planned. Regulation 69(3) of the Public Procurement Regulations of 2013 requires the agency to have work plan in place for managing activities for bulk procurement of government vehicles. Work plan helps to avoid emergence procurement and aggregation of the requirements wherever possible as well as forecasting the requirements for vehicles as accurately as possible and prioritizing procurement activity based on availability of funds.

The following are issues observed regarding planning for bulk procurement of vehicles.

3.2.1 Lack of annual work plan for bulky procurement of government motor vehicles

Although GPSA prepares its own annual procurement plans as an entity (PEs), the audit found that GPSA did not include government vehicles in their annual plan. The plan could be used to forecast and describe the stages and timelines for handling the procurement of government vehicles. The absence of Plan has led to the agency to execute the bulk procurement of government vehicles on an ad hoc basis.

3.2.2 Factors contributing to lack of plans

Review of the procurement process of government vehicles at GPSA revealed several factors which contributed to the omission of the government vehicles in the annual plans as explained hereunder:

Lack of performance indicators in GPSA's strategic plans

Review of GPSA's strategic plan for 2013-2018 found that management of bulk procurement of government vehicles did not feature in the operational

objectives and activities of GPSA. In addition, the new Strategic Plan 2018-2023 did not include issues of improving procurement of government vehicles.

Wrong perceptions in handling bulk procurement of vehicles

The audit team interviewed GPSA's officers responsible for planning and also officers from the Division of Operations responsible for coordinating the process of procurement of government vehicles in order to get the reasons for not including performance indicators relating to procurement of vehicles in the Strategic Plans. According to GPSA's officers, the agency has no budget for procurement of government vehicles since, the requirements are raised by PEs and hence it becomes difficult for GPSA to set out performance indicators and work plan.

However, this reason did not provide an excuse for GPSA not to have set out the indicators in its annual plan for measuring its performance in receiving, processing and delivering of orders to PEs. This is because, for GPSA to conduct procurement activities it is best practice and required by law¹³ to have work plan in place that highlights activities for the financial year.

Similarly, GPSA is allowed to charge fee as per Regulation 134 and 5th Schedule of the PPR, 2013 (As amended) and therefore, the claim that they do not have a budget to properly handle the bulk procurement of vehicles on behalf of the PEs could not be justified.

In addition, according to directives¹⁴, public institutions are to submit their commonly used items requirement including vehicles¹⁵ to the agency at every 31st January of the financial year. With this letter GPSA is expected to set a timelines for PEs to submit their requirements and communicate to PEs and thus giving them enough time to plan for procurement of government vehicles.

Alternatively, GPSA could use section 50(2) of PPA of 2011 to collaborate with the PPRA so that the agency can get the information on the number of vehicles planned to be procured by PEs as submitted to PPRA.

¹³ Regulation 69(3) of the Public Procurement Regulations of 2013

¹⁴Letter with reference No.CAD.260/318/02/A/10 dated 24th April 2014 from the Permanent Secretary of Ministry of Finance and Planning to officers of government agencies.

¹⁵ Public Procurement Regulations of 2013 Regulation 131(4)(a)

3.2.3 Consequences of not having plan in place

Lack of planning on procurement of vehicles has led to the following impacts:

- i. GPSA found it difficult to aggregate quantity of vehicles to obtain greater bargaining power and reasonable prices.
- ii. Markets are not well researched on the latest technological innovations and hence limit accommodation of cost fluctuations.
- iii. No sufficient time is given to put in place well-thought risk management measures covering such as cost, specification, and delivery period were not addressed in the reports.
- iv. Sufficient performance monitoring arrangements are not put in place to ensure value for money.

3.3 Cost Control in Bulk Procurement of Government Vehicles

Controlling of costs of vehicles should be done to avoid over pricing of vehicles. The Government Procurement Services Agency (GPSA), since it is the agency that procures government vehicles, has the responsibility of controlling prices on items. GPSA should have more knowledge about current prices of items to have lowest evaluated supplier with reasonable price.

However, through interview and document reviews the audit noted the following issues that affected the controlling the price of vehicles.

3.3.1 Framework contracts GPSA entered with suppliers did not guarantee best price value

According to section 50(1) of the Public Procurement Act No. 7 of 2011, the procuring entity shall, for the purpose of the efficiency of procurement process and reduction of procurement transaction costs within and across public bodies, engage in closed or open framework agreements in accordance with the procedures prescribed in the regulations.

The review of framework contracts between GPSA and suppliers indicate that GPSA entered into closed framework contracts for procurement of government vehicles with 7 suppliers. The duration of the framework contracts is one year, and the prices of the vehicles agreed were reviewed after every three months. However, the review of evaluation reports for four consecutive financial years (2014/15 to 2017/18) showed that the agency failed to determine the price which could be used as the basis during the setting the framework contracts with suppliers.

The practices of closed framework contract have been characterized with inadequate competition whereby a single source method of procurement always opted as indicated in **Table 3.1**.

Table3.1: Method of procurement used by GPSA for selecting supplier of vehicles

Method used	Financial years			
	2014/2015	2015/2016	2016/2017	2017/2018
National competitive Bidding	No	No	No	No
Competitive Quotations	No	No	No	No
Single source	Yes	Yes	Yes	Yes

Source: Analysis of evaluation report, 2014/2015, 2015/2016, 2016/2017, and 2017/2018.

Table 3.1 indicates that for four financial years consecutively GPSA has been using single sources being the only procurement method employed for selecting suppliers of government vehicles. The use of single source has not provided a room for competition from which various suppliers could come up with various prices to provide best price in the procurement of vehicles.

3.3.2 GPSA used outdated closed Framework Contracts

According to amendment of Section 50 of PPA of 2011 as amended in 2016, GPSA is required to use the open framework agreements means an agreement containing specified terms and conditions but does not contain agreed price. However, the review of framework contracts for the period from enactment of the amendment GPSA used closed framework contracts as shown in **Table 3.2**.

Table3.2: List of Closed Framework contracts contrary to Amendment 2016

S/No	Suppliers	Contract date	Remarks
1	M/S CFAO	15/12/2017	Closed framework contract not applicable at this time
2	M/S CMC Automobile	15/12/2017	Closed framework contract not applicable at this time
3	M/S Quality	5/2/2017	Closed framework contract not applicable at this time
4	Toyota Tanzania Ltd	19/12/2017	Closed framework contract not applicable at this time

Source: Framework agreements between GPSA and suppliers of Vehicles

From **Table 3.2**, it is shown that, despite the enactment of the amendment of the PPA 2016, GPSA continued to use closed framework contracts with four suppliers. This implies that, the aim of using open framework contract to

increase competition to achieve best price value in the procurement of government vehicles was not likely to be adequately achieved.

3.3.3 Factors contributing to inadequate competition

The audit noted the following being the factors contributing to lack of guarantee of obtaining best price on framework contracts GPSA entered with suppliers:

Presence of few suppliers of the preferred vehicles

GPSA entered into framework agreement with seven suppliers. These include: CFAO Motors Tanzania Ltd, CMC Automobiles Limited, Nissan Tanzania Limited, AMC Tanzania Limited, TATA Tanzania Limited, Jaguar Land Rover and M/S Toyota Tanzania Ltd. Despite of having seven suppliers, in most cases GPSA has been purchasing vehicles from Toyota Tanzania Ltd for past four years. According to GPSA, orders from PEs usually came with specified make of the vehicles which excludes other suppliers. As a result, Toyota became dominant in the business of supplying government vehicles. Specifying the make is contrary to the procurement law as explained in the next paragraph.

User requirement/specification limit other suppliers

Regulations 7(5) and 79 (3) of Public Procurement, Regulations of 2013, it stipulates that a PE is not supposed to set specifications which are likely to favor a supplier. Similarly, interview with official from the Ministry of Works (the Electric and Mechanical Division) responsible for setting specifications it was pointed out that PEs are required to mention: number of passengers, where the vehicle is to be used/nature of work, who is the user (Position/rank/category) when requesting for procurement of vehicles.

However, the review of correspondence from PEs to Prime Minister's Office seeking for approval, and to Ministry of Works requesting technical specifications for vehicles as well as letters to GPSA requesting the quotations, showed that PEs mentioned the makes of the vehicles such as Toyota which is contrary to the public procurement principles.

The discretion on specifications for vehicles, as exercised by the Pes, limited participation of suppliers on equal terms. According to records, the most requests selected Toyota Tanzania Ltd despite its prices being relatively high. It was noted that, specifications favoured Toyota Tanzania limited.

3.3.4 Consequences of lack of competition in the procurement of vehicles

The audit revealed the following being the outcomes of lack of competition in the procurement of government vehicles:

The Purchase of vehicles did not represent the best price

According to Regulation 5 (1) of the PPR (2013) procuring entities are required to ensure that the prices paid during procurement represent the best value. Analysis of information derived from document reviews revealed that in most cases GPSA procures vehicles from Toyota Tanzania Ltd and UNDP under Memorandum of Understanding entered between GPSA and UNDP. It was further noted that, the price for the vehicles provided by the Toyota Tanzania Ltd was higher compared with the price offered in other markets for the same vehicles with the same specifications for the same financial year. **Table 3.3** shows the prices for some vehicles from Toyota Tanzania Ltd and UNDP.

Table3. 3: Comparison of the price of same vehicles between Toyota and UNDP in 2018/2019

S/No	Type of Vehicles	Price per Unit (Million TZS)		Percent age Increase
		UNDP	Toyota	
1	Land Cruiser Hard Top 5 Doors 10 seaters	135	158	15
2	Land Cruiser Hard Pick up Double Cabin	114	146	22
3	Land Cruiser Station wagon GXR Manual	120	237	49
4	Land Cruiser Station wagon VXR High	218	366	40
5	Land Cruiser Hard Pick up Single Cabin	109	135	19

Source: Framework contracts for year 2018

Table 3.3 indicates that the price offered by Toyota Tanzania Ltd is higher by 15 to 49 percent compared with the price of UNDP for the vehicles of the same type and specifications.

Furthermore, the audit team compared the prices offered by different suppliers for the same items within the same time to see whether there was the best price and the result is as indicated in **Table 3.4** below.

Table3.4: Comparison of the prices among suppliers (Million TZS)

S/N	Brand	Toyota	Nissan Tanzania Ltd - AMC	CMC Automobiles Ltd	CFAO Motors	Quality Automotive Mechanization Ltd
1	Toyota Land cruiser GX High Specs (GXR Manual) VS Nissan Patrol SGL (GRX Automatic New Model)	240	180	None	None	None
2	Toyota Land cruiser GX Low Specs VS Nissan Patrol GL VS Ford Everest Standard Station Wagon	190	152	110	None	None
3	Toyota Hilux Single Cabin VS Nissan Hard Body Single Cabin Pick Up VS Ford Ranger Pick Up Single Cabin	Standard =88 Basic = 85	60	69	None	None
4	Toyota Hilux Double Cabin VS Nissan Hard Body Double Cabin Pick Up VS Ford Ranger Pick Up Single Cabin VS Ford Ranger Pick Up Double Cabin VS Volkswagen Amalock Manual Transmission (Comfortline) Pick Up Double Cabin VS D-MAX 250 - Isuzu 2.5 Double Cabin	91	67	79	101	67

Source: Analysis from framework contracts for year 2018 up to the time of this audit (1 USD=TZS 2,243, BoT rate 2017)

Table 3.4 above shows that the price for the items provided by Toyota Tanzania Ltd is higher compared with the price offered in other makes for the vehicles with similar specifications in the financial year of 2016/17.

If GPSA buys vehicles of the same specifications from other source as indicated in the **Table 3.4** above, the entity saves almost about TZS 10-50 million for each item.

Delay in delivery

Due to inadequate competition, Toyota Tanzania Ltd was frequently supplying vehicles to GPSA and in most cases, the services were not adequately provided. For instance, that there was irregular delivering of vehicles not as per contractual, the audit noted a significant delay of delivering vehicles by Toyota Tanzania Ltd contrary to the contractual delivery date, most of the vehicles were delivered beyond the maximum lead time of 3 months stated in the contract (more detail is discussed in Chapter Five).

3.3.5 GPSA did not carry out adequate market price research for vehicles and maintain up-to-date database

According to Regulation 69(6) of Public Procurement Regulations of 2013, GPSA was expected to conduct market research in order to know the prices of vehicles existing in the market and maintain updated database or record.

With regard to objective on bulk procurement of government vehicles, GPSA was supposed to carry out market price research both within and outside Tanzania, with focus on manufacturer wholesale prices and make comparison with prices offered by dealers.

Interview with GPSA's officials from the Marketing and Sales Section revealed that GPSA conducts market research for various common goods under its catalogue. In addition, the review of marketing reports for the financial year of 2014/15-2017/18 indicated that GPSA has never conducted adequate research to obtain the information from various sources within and outside the country about the current market prices of vehicles to be procured. **Table 3.5** indicates the amount spent by GPSA for procurement of vehicles without having preliminary market estimates from various sources.

Table3.5: Amount spent for the Procured vehicles without market estimates

Financial year	Quantity of vehicles purchased (Units)	Total price (TZS Billion)	Market price survey estimates by GPSA (TZS)
2014-2015	40	4.7	No estimates
2015-2016	380	56.3	No estimates
2016-2017	549	84.5	No estimates
2017-2018	514	73.5	No estimates
Total		219	No

Source: Analysis from evaluation reports, 2014/15-2017/18

Table 3.5 shows that for four financial years consecutively GPSA did not have market price of vehicles and spent a total of **TZS 219 Billion**.

The only price benchmarks that were found to be in place were the comparison between the price offered by UNDP and Toyota Tanzania Limited.

3.3.6 Factors contributing to lack of market research

The audit noted the following being the factors contributing to lack of market research.

Lack of strategies on Market and supplier intelligence

The document review of the audit team revealed that lack of strategies on market and supplier intelligence has contributed to the failure of the agency to conduct market price survey on vehicles.

Upon further inquiry with GPSA officials, it was highlighted that there are only two main suppliers of vehicles, therefore, historically their prices are known.

However, this reason is not justifiable because Market intelligence is important to enable organizations to conduct reasonable and successful price negotiations.

Inadequate Performance of Communication and Marketing Unit

According to Regulation 69 (6) of PPR, 2013 market price research is the heart of ensuring that the agency is attaining value for money in its procurement undertakings. With that regard, procurement of goods is very much determined by the existing structures of both the Procurement Management Directorate (PMD) and Communication and Marketing Unit (CMU) in GPSA.

The team expected that the CMU to have management systems in place for getting, recording or storing information (such as knowledge on the markets, suppliers, prices and buying arrangements) and potentially shared with PMD.

However, the interview and document review indicated that there is a gap of information between PMD and CMU departments. This is because since GPSA was commissioned the responsibility of bulk procurement of government vehicles, CMU has never conducted adequate market survey specifically for vehicles prior to the agency enters into contracts with suppliers. It was further noted that the CMU was only doing an ad hoc survey based on circumstances such as complaints from the PEs, often for other goods and not for vehicles.

3.3.7 Consequences for Lack of Market Research

The team revealed the following outcomes resulted from lack of market research:

Lack of established standard prices of various vehicles into database

In best practices, a free market economy nothing is self-evident, thus it was the duty of GPSA to search for information about the prices of vehicles to be procured from various sources in order to obtain a value for money. However, the team noted that the lack of established standard prices of various vehicles into the database had consequently caused irregular changes in prices.

For example, **Table 3.6** shows cases in which PEs were asked to pay a certain addition of amount to cater for new prices contrary to what was agreed before. This has affected the budget of some of the PEs and in some circumstances, PEs failed to accommodate the additional cost and decides to reduce the number of vehicles in order to accommodate the new price.

Table 3.6: Variations from the original prices

Type of Vehicles	Quantity of Vehicles	Original Sum paid before (TZS Million)	New prices (TZS Million)	Additional Sum (TZS Million)	Exhibit
Toyota Pickup Single Cabin	15	1,900	2,098	198	Letter from GPSA to TANAPA Ref.CBC.260/368/102/"P"/167
Toyota land cruiser hard Top Ambulance	3	404	519	115	Letter dated 4/9/2018 from GPSA to TPA
Total additional cost for two Pes		2,304	2,617	313	

Source: Review of correspondences from GPSA to PEs

Table 3.6 indicates that an additional cost of TZS 313 million was incurred by the government in procuring vehicles due to lack of appropriate ways of controlling the price of vehicles.

Vehicles procured at prices above the prevailing market rates

Review of a Letter from GPSA to NAOT Ref.CBC.260/318/02/"X"/4th 175 dated 4th August 2017 and proforma invoice from UNDP sent to NAOT on August 15, 2017. It was noted that, there was a significant price difference between the price quoted by GPSA and that obtained direct from UNDP. The same

specifications were presented to both GPSA and UNDP. The cited case is as shown in the **Table 3.7**.

Table3.7: Variations between the price of UNDP and that quoted by GPSA

Vehicles Description	Prices (TZS-Million)		
	Price per unit as quoted by M/S GPSA (Tax inclusive)	Price per unit as quoted by M/S UNDP (Tax Inclusive)	Difference in price
Toyota Land Cruiser Hard top 5 Doors 10 seaters	154.6	124.3	30.3
Toyota Land Cruiser Station Wagon standard	187.7	194	-6.3
Toyota Land Cruiser 4wd Prado VX-L	223	146.4	76.6
Toyota Land Cruiser Station Wagon VX-R V8 Automatic (Mid night Black Metallic	354	270	84

Source: Review of correspondences from GPSA to PE

Table 3.7 shows that 3 out of 4 types of vehicles with price quoted by GPSA were higher compared with the UNDP for the same vehicle with the same specifications. The table indicates that a government could incur an extra cost ranging from TZS 30.3 to 84 billion if PEs decided to procure through GPSA. However, 1 type of vehicle had a price quoted by UNDP with higher price compared with GPSA for the same vehicle with the same specifications.

3.3.8 Efforts made to ensure GPSA procure vehicles direct from the manufacturers

Following the introduction of bulk procurement of government vehicles in April 2014, several initiatives to ensure that government procures vehicles at a reasonable price were made. One of these initiatives was to ensure that GPSA procures vehicles direct from the manufacturers instead of dealers who sell vehicles at high prices.

In financial year of 2014/15, the team of six officers from GPSA, Ministry of Works and Ministry of Finance and Planning went to Japan and held the meeting with the manufacturers namely: Mitsubishi Motors, Nissan Motors Corporation Co. Ltd, Jaguar Land Rover and Toyota Tshusho.

After discussions with manufacturers, it was revealed that it is impossible for manufacturers to sell vehicles direct to the government of Tanzania. The review of delegation report indicated that the manufacturers acknowledged that dealers sell vehicles to the government of Tanzania at a high price. The team came up with the following proposals on the way forward:

- Jaguar Land Rover agreed to offer the Government of Tanzania a special price for any procurement of vehicles made to them;
- GPSA to aggregate statistics for Land Rover Motors procured in the year of 2014/15 to enable the companies to understand the volume of vehicles required and set the price; and
- To identify specific areas that needs to be capacitated by M/S Jaguar Land Rover including the management of the contract.

At the time of writing this report, the recommendations made by the delegation after its visit to manufacturers neither materialized nor were alternative steps taken to ensure that the objective of the government to procure vehicles direct from the manufacturers is achieved.

Another effort taken was the memorandum of understanding entered between GPSA and UNDP which allowed GPSA to procure vehicles from UNDP who offers low price compared to the price of Toyota Tanzania Ltd. According to GPSA's report, it was pointed out that through UNDP the Government saves 8 to 43 million Tanzania's shillings for each car¹⁶.

Despite of the saving that the government has been getting from buying from UNDP, the agency is still purchasing vehicles from Toyota Tanzania Ltd. This was justified by GPSA that the cars procured from Toyota Tanzania Limited contains additional features which in most cases PEs prefer, though the performance capabilities for vehicles supplied by both Toyota and UNDP are the same.

¹⁶ Muhtasari wa kikao kazi cha wadau wa mfumo wa Ununuzi wa pamoja wa magari ya serikali, 17 August, 2018

CHAPTER FOUR

ORDERING, PROCESSING AND DELIVERY OF VEHICLES

4.1 Introduction

This chapter presents audit findings that provide answers to the audit question 3 as shown in Section 1.3 of this report regarding timely delivery of vehicles and at the required quantity and specifications to meet the intended use.

4.2 Ordering, Processing, and Delivery of vehicles between GPSA and PEs

In understanding the status of ordering and the processing of orders and their deliveries between the GPSA and the PEs, the audit team studied various documents associated with the orders from GPSA and seven visited PEs. The audit team observed the following:

4.2.1 Delays in delivery of vehicles to PEs

According to the framework agreement between GPSA and Toyota Tanzania Limited, the contractual time for processing and delivery of an order from the time when PEs made payment to delivery of vehicles is three months. Meanwhile, when vehicles procured from UNDP the agreed delivery time for receiving vehicles is 4-6 months. Review of orders from seven PEs in the scope of this audit revealed that, for the past 3 years none of the orders were fully delivered on time. The deliveries were made in instalment. Table 4.1 shows deliveries of orders from visited institutions for financial years 2014/15 to 2017/18.

Table 4.1: Status of deliveries of orders from visited Institutions 2014/15 to 2017/18

Procuring Entity (PE)	Total number of quantities studied	Number of vehicles delivered on time	Number of vehicles with delay delivery	Proportion delivered on time (percent)	Proportion delayed delivered (percent)
TANROADS	50	8	42	16	84
NCAA	31	2	29	6	94
TANAPA	104	11	93	11	89
ARUSHA CC	5	3	2	60	40
Total	190	24	166	13	87

Source: Analysis of data collected from the visited entities (2019)

From Table 4.1, out of the 190 cases of vehicles ordered only 24 (13 percent) fell within the standard processing time of 3-6 Months or less while 166 (87 percent) cases had indicated the presence of delays in delivery of PEs.

Furthermore, it was found that, there were extreme cases of late delivery of orders to PEs. For instance, out of 31 orders from NCAA only 2 orders (6 percent) were delivered within the time of three months from the time payments were made to GPSA, while the remaining 29 orders (94 percent) took more than six months from the last day they were supposed to be delivered.

Similarly, a review of the letter with reference No.AE/016/2016-17/CTB/01/59 from TPA to GPSA followed with the interviews with officials from both TPA and GPSA revealed that, there was also an extreme case of delay in delivering procured vehicles as observed at Tanzania Ports Authority (TPA). On March 2, 2018, TPA paid for procurement of three ambulances, in which up to the time of this audit none of them were delivered.

The audit further analysed the trends of timelines in delivering vehicles for four financial years. The results are as shown in **Figure 4.1**.

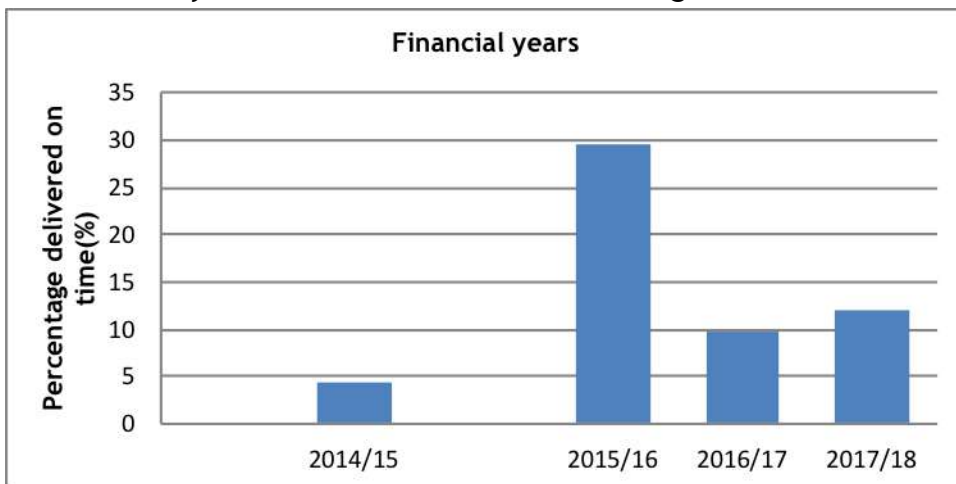


Figure4.1: Trends of delivering vehicles on time for seven selected PEs

Based on the **Figure 4.1**, the percentage of vehicles delivered on time increased from 4 in 2014/15 to 30 percent in 2015/16. However, it declined again to 10 and 12 percent in 2016/17 and 2017/18 respectively.

4.2.2 Levels of dissatisfaction by PEs

While assessing the satisfaction of the PEs on-time delivery of vehicles, the audit team randomly sent questionnaires to 26 respondents Head of PMU of the selected public institutions. All 26 (100 percent) of respondents were able to respond to the questionnaires to give their experience on the delivery on time of vehicles by GPSA. The evaluation responses are summarized in **Table 4.2**

Table 4.2: Dissatisfaction of PEs on delivering time

SN	Issues	Responses of the questionnaire			
		Not satisfied	Somehow Satisfied	Satisfied	Total Responses
1	How satisfied are you with GPSA with regards to delivering of vehicles on time?	17	8	1	26
Percentage of responses		65	31	4	100

Source: Survey Findings, 2019

From **Table 4.2** indicated that 65 percent of the responses were not satisfied, 31 percent somehow satisfied, and only 4 percent satisfied with delivery of vehicles on time. This implies that, the evaluative information on the weather GPSA delivering of vehicles on time was denied by the majority of respondents as summarized in **Table 4.2**.

4.2.3 Factors contributed to delay in delivery of vehicles.

The audit found that there were various factors underlying the delays in delivering the vehicle at PEs as elaborated below.

i. Lack of comprehensive standard processing time set at GPSA.

The other reason that has been causing the delays in deliveries of vehicles to PEs is the longer processing times at GPSA. After making a thorough review of strategic plans, new guideline and as well M&E indicators the audit team found that the GPSA had not clearly stipulated the standard which measures the time taken in the processing of key activities such as time receiving and preparing orders, processing, and delivering to PEs.

There was no standard time for order processing set by GPSA. The one which was available is silent on standard time for; receiving, processing and delivering of orders to PEs. This created a loophole in performance

management of order processing and therefore could not guarantee the efficient processing of orders.

ii. The irregular placing of order from PEs to GPSA

Issuing vehicles in bulk may lead to price savings associated with paying lower prices in the procurement of vehicles. GPSA uses framework agreements to represent the bulk of the Agency’s business.

Regulation 131 (4) (a) of Public Procurement Regulations of 2013, requires each PEs to submit its requirement which shall include descriptions, specifications, statement of requirements and quantities to the agency at the end of January each year. The aforesaid timeline was also emphasized vide the letter with ref.No.CAD.260/318/02/A/10 dated 24th April 2014 from Paymaster General to all public institutions.

Similarly, section 49 (1) (b) of public procurement regulations 2013, emphasizes on aggregating of vehicles by Agency wherever possible to obtain a value for money and reduce procurement costs; regulation.

However, the audit noted that GPSA received orders of vehicles from PEs on ad hoc basis contrary to the time stipulates in the law. The audit noted that each PE submitted the requirement to GPSA at its own time as shown in **Table 4.3**.

Because of this, GPSA had been placing orders based on needs arose by individual PE. In that scenario the meaningful of bulk procurement get lost and hence price saving in the procurement of vehicles is subjected to only negotiation if conducted effectively.

Table 4.3: Irregular submission of requirements of vehicles to GPSA from PEs

Financial Year	Procuring Entity (PE)	Number of vehicles ordered	Date of placing an order	In line with 31st January. Yes or No
2014/15	Arusha City Council (ACC)	2	23/04/2015	No
	NCAA	12	15/05/2015	No
	TANROADS	9	18/05/2015	No
2015/16	NCAA	6	12/05/2016	No
	TANAPA	18	29/01/2016	Yes
	TANROADS	20	15/07/2015	Yes
2016/17	NCAA	1	11/01/2017	Yes

Financial Year	Procuring Entity (PE)	Number of vehicles ordered	Date of placing an order	In line with 31st January. Yes or No
	TANAPA	53	19/12/2016	Yes
	TANROADS	28	23/03/2017	No
2017/18	NCAA	8	25/09/2017	Yes
		4	29/06/2017	No
	TANAPA	33	21/07/2017	Yes
	TANROADS	16	13/02/2018	No
		3	13/09/2018	No
		TPA	33	21/07/2017

Source: Analysis of data collected from visited entities, 2019

From **Table 4.3**, it is shown that on average every PEs submit requirement at their own time. For instance, in the financial year, 2014/15 none of the PEs submitted requirements within the required time. Meanwhile in 2017/18, 3 out of 5 PEs submitted their requirements for bulk procurement of government vehicles within the required time. As the result, the agency has been facing difficult to aggregate quantity of vehicles which sometime resulted in long waiting time to get a certain number of vehicles so that orders could be placed to dealers in the bulk or place order based on what the agency received from PEs.

iii. Delay in getting information whether PEs have made payment to GPSA

Interviews with GPSA officers revealed that GPSA takes longer to identify the PEs who makes payment for procurement of vehicles in the bank. This was because for four consecutive years GPSA did not have a mechanism in place to ensure that payment made by PEs are identified as soon so that cannot skew the time frame of delivering vehicles.

4.2.4 Consequences of delay in distributing vehicles to PEs

Delay in distributing vehicles to procuring entities on the procurement of vehicles is likely to lead to;

- Increase in cost on the PEs side as the PEs have to find alternative means of getting transport services such as hiring in case the PE has no other vehicles;
- Increase in the workload of the available vehicles and the staff;
- Frequent breakdown of vehicles due to age or extensive use;

- Made the institutions to fail in implementing their respective responsibilities timely;
- The intended objectives of minimizing the shortage of PEs' motor vehicles are not obtained on time. Therefore, the opportunity of using these vehicles to create a conducive environment is lost. In this respect, it is doubtful that value for money was been achieved by the PEs in procurement of vehicles

4.3 Delivering the Agreed Number of Vehicles

The audit assessed the trends of delivering of vehicles in relation to quantity of orders as per contacted quantity and revealed the:

4.3.1 Not all vehicles were delivered as per agreed number of vehicles

The audit found that GPSA did not deliver all the paid for vehicles on time as per contract with PEs. All nine PEs visited by audit indicated that in all had received a smaller number of vehicles against what they ordered. **Table 4.4** shows analysis on quantity of vehicles ordered in relation to the quantity of vehicles received based on sample of selected PEs for the year 2014/15-2017/18.

Table 4.4: Irregularities in delivering of quantities of vehicles

S/No	Procuring Entity (PE)	Total number of orders studied	Number of vehicles delivered	Number of vehicles remain un-delivered as per agreemnt	Proportion Number of vehicles remain un-delivered as per agreemnt (%)
1	TANROADS	70	28	42	60
2	NCAA	31	2	29	94
3	TANAPA	104	11	93	89
4	ARUSHA CC	5	3	2	40
	Total	210	44	166	79

Source: Auditor analysis based on reviewed orders

From Table 4.4, In NCAA out of 31 cases observed, only 2 units (6 percent) were delivered on time and available for use by the NCAA leaving 29 (94 percent) units being received beyond the contract date. Similarly, in TANAPA out of 104 cases observed only 11 units (11 percent) were delivered as required. In general, the level of accuracy in delivering of ordered vehicles has

been low in comparison to the quantities of vehicles ordered in line with the contracted date.

4.3.2 Factors contributed to delivering not as per agreed number of vehicles

i. Fluctuation in the value of TZS against US Dollar

Interviews with Procurement officials in the visited PEs revealed that, decline in the number of vehicles delivered was caused by fluctuation in the value of TZS against Dollar.

A specific example is the case of 15 vehicles ordered by TANAPA in the financial year of 2015/16. The review of the circular internal memo of TANAPA dated February 17, 2017 indicates that, TANAPA received 13 instead of 15 with the justification that the USD exchange rate had increased and hence the amount paid before by TANAPA could not suffice to procure 15 vehicles. The changes of USD were confirmed vide a letter with reference No.cbc.260/368/102/P/167 from GPSA to TANAPA indicating that TANAPA was required to pay an amount of TZS 198,466,212 to cater for additional procurement cost in which TANAPA failed to pay it since was out of the budget.

ii. Inadequate enforcement of terms and conditions of the contract

Interviews with GPSA officials indicated that in most cases inadequate delivering of vehicles to PEs was attributed by absence of stock in the warehouse of the suppliers. When vehicles were not available in the warehouse, it requires the dealers to inform the manufacturers to produce them, that situation affects the time frame of delivering the vehicles.

According to section III of schedule of requirement of the framework contract between GPSA nad Toyota Tanzania Limited required the supplier to meet the responsive time for any local purchasing order (LPO) subject to the limitation in the contract.

However, in 87 percent of cases the supplier delayed in delivering of the vehicles. On average the delays were 130 days.

In addition, GPSA was supposed to deduct liquidated damage from the suppliers to the time of 0.2 percent of the contract price for each day of delayed delivery. However, GPSA did not enforce this act at all.

4.4 Disputes and Rejection of Vehicles

In some instances, the review of letters from PEs to GPSA revealed disputes resulting from rejection of vehicles due to misunderstanding of specifications

as submitted to GPSA by PEs. Table 4.5 shows different cases of rejection of vehicles and the action taken.

Table 4.5: Cases of dispute and rejection of vehicles

S/N	Procuring Entity (PE)	Type of Vehicle	No. of vehicles	Description	Action taken
1	Ministry of Natural Resources and Tourism	Scania	1	Not brand new	The complaint was not accepted as there was a contradiction between the two inspection reports issued by TEMESA. GPSA and the Ministry were conducting meetings to resolve the issue.
2	Universal Communications Services Access Fund (UCSAF)	Toyota Land Cruiser VXR UNDP	1	The PE requested vehicles from Toyota and not UNDP	The PE has collected vehicle.
3	Tanzania Metrological Authority (TMA)	TATA from TATA	1	The vehicle had no Air Condition	A vehicle with Air Condition has been ordered to solve the issue.
4	Kariakoo Market Corporation	Toyota Hilux Double Cabin, TOYOTA	1	PE needed a vehicle from Japan and not South Africa	PE was advised and given clarification and thereafter collected the vehicle
5	Tanzania Communication Regulatory Authority (TCRA)	Toyota Land Cruiser VXR-UNDP	Toyota Land Cruiser VXR-UNDP		PE needed vehicles from Toyota and not UNDP

Source: Correspondences between PEs and GPSA

From Table 4.5, it is shown a sample of 5 PEs that rejected vehicles with the reason of missing specifications. For the case of Ministry of Natural Resources and Tourism, the re-inspection of the procured vehicles indicated that vehicles were identified as not brand new and did not meet specification for roadworthiness.

4.4.1 Factors Contributed to Disputes and Rejection of Vehicles

The procuring entities rejected vehicles due to two factors namely:

- i) Noncompliance with specifications
- ii) Misunderstanding by the PEs regarding specifications: This was due to lack of guidelines showing the type of vehicles specified for officers based on their use and rank led to each of the PEs to have their own set of specifications.

CHAPTER FIVE

MONITORING AND EVALUATION

5.1 Introduction

This chapter presents findings as answers to the audit question four regarding monitoring and evaluation of GPSA's performance in executing bulk procurement of government.

The aim is to provide answers as to whether GPSA monitors and evaluates the implementation of its objectives of executing bulk procurement of government vehicles. Also, to check if MoFP monitors and evaluates the implementation of bulk procurement of government vehicles

5.2 Monitoring and Evaluation within GPSA

According to GPSA's Strategic Plan (2013 - 2018) the Planning, Monitoring, and Evaluation Unit is responsible for monitoring and evaluating the performance to ensure the entity meets its strategic objectives. By the end of each year, GPSA is supposed to examine what they had set out to achieve in their annual work plan, how much has been achieved, reasons for non-achievement and prepare monitoring reports.

Similarly, review of GPSA's strategic plan indicated that, GPSA has managed to set six objectives, that when implemented will allow it to meet the service requirements of its stakeholders and customers. Among these six objectives one was focused on improving procurement and supply management of common use items.

However, the audit team noted that monitoring and evaluation of bulk procurement of government vehicles within GPSA was not adequately done. The review of monitoring and evaluation reports the audit found that the report did not feature the important aspects on bulk procurement of government vehicles. These important aspects include but not limited to improving bulk procurement through ensuring the following:

- The timely delivery of goods and services in the correct quantities and to the quality specified in each contract;
- Cost control to attain great deal of saving of government fund and

- Monitoring the performance of the supplier throughout the contract period.

5.2.1 Factor contributed to inadequate monitoring and evaluation

Review of monitoring plans and interviews with GPSA officials noted that, the following were the factors contributing to inadequate monitoring and evaluation of bulk procurement of government vehicles.

Absence of established critical success factors on bulk procurement of vehicles

GPSA had not established Critical Success Factors (CSF) from the goals and objectives that could assist them to develop strategies, performance indicators, and targets that relate specifically to the management of bulk procurement of government vehicles.

Absence of performance Indicators

GPSA was expected to develop indicators that track its performance and systematically generate quantifiable and comparable information. The performance measures expected to cover key categories (such as quality, cost, delivery, development, and management) and these are evaluated and reported periodically to MoFP for any required follow-up action. Such a structured approach can enable GPSA to proactively manage its performance.

The audit acknowledges that GPSA developed performance indicators which measured the quality of service delivery on procurement and supply management of common use items. However, there were no quantifiable and comparable indicators that cover key issues such as quality, cost, delivery, development, and management of bulk procurement of government vehicles.

5.2.2 Consequences resulted from inadequate monitoring and evaluation

The following were the consequences that resulted from inadequate monitoring and evaluation:

GPSA not measuring its performance to adjust their effort

Lack of monitoring and evaluation of bulk procurement of government vehicles denied the GPSA an opportunity to learn from experience. Moreover, it was difficult for GPSA to get assurance on whether the system worked properly and which specific part to fix in case of any problem so as to foster improvement in bulk procurement of government vehicles practices. For instance, the problem

of untimely delivering of right quantities of vehicles, cost variations, disputes and rejection of vehicles have been repeating more often.

Performance of MoFP in measuring the performance of GPSA

The monitoring and evaluation of MoFP had some of the indicators which depended on data from GPSA to ensure key processes of the bulk procurement of government vehicles performed properly. Lack of agreed monitoring indicators denied the MoFP as the oversight of GPSA the opportunities to provide significant changes to the execution of bulk procurement of government vehicles.

5.3 Reporting of Bulk procurement of government vehicles

It is through GPSA's strategic Plan 2013-2018, the audit was expecting GPSA to report to MoFP on quality, cost control, status of delivery of services, action taken, development, and management of bulk procurement of government vehicles.

The audit team revealed Quarterly progress reports (2014/15 to 2017/18) to establish whether the aforesaid reports prepared by GPSA and submitted to MoFP did adequately cover all the important aspects of monitoring and evaluation of the GPSAs' bulk procurement of vehicles performance. Table 5.1 shows nature of information that was regularly reported to MoFP.

Table 5.1: Issues covered in GPSA's Quarterly progress reports

Fiscal Year	Issues reported	Consideration of issues reported on factors of performance		
		Cost	Quality (specifications)	Delivery Period
2017/18	Procurement of commonly used Item	Number of vehicles procured against the amount saved due to negotiations	None	None
2016/17	Procurement of commonly used Item	Number of vehicles procured against the amount saved due to negotiations	None	None
2015/16	Procurement of commonly used Item	Number of vehicles procured against the	None	None

Fiscal Year	Issues reported	Consideration of issues reported on factors of performance		
		Cost	Quality (specifications)	Delivery Period
		amount saved due to negotiations		
2014/15	Procurement of commonly used Item	Number of vehicles procured against the amount saved due to negotiations	None	None
	Targets versus Actual Performance	None	None	None

Source: Quarterly progress reports (2014/15 to 2017/18)

Based on the analysis of **Table 5.1**, the Quarterly progress reports prepared by GPSA and submitted to MoFP did not adequately cover all the important aspects of monitoring and evaluation such as quality, cost, timely delivery, development, and management of bulk procurement of government vehicles. This is because the only issues covered in the report was on number of vehicles procured against the amount saved due to bulk procurement which was not enough as the report is silence on what was the target against the actual achievement.

5.3.1 Factor that contributed to inadequate reporting of bulk procurement activities to MoFP

GPSA did not set strategies, indicators and targets specifically for executing bulk procurement of government vehicles. As the result it became difficult for GPSA to report to MoFP on its implementations.

5.3.2 Consequences resulted from in adequate reporting of bulk procurement activities to MoFP

The following are the outcomes of in adequate reporting the progress of implementing bulk procurement of government vehicles;

- Hindered the Ministry from getting reliable information for guiding and controlling the implementation of bulk procurement of government vehicles and making right decisions in attaining set goals of bulk procurement of government vehicles.

- Eventually, hindered the possibility of improving efficiency in GPSAs operations.

5.4 Monitoring and Evaluation of performance of GPSA by MoFP

MoFP was responsible for overseeing and monitoring the adequacy of the overall procurement processes. In executing the program of bulk procurement of government vehicles, the MoFP vide circular No.3 of 2014/15 dated November 11, 2011, was responsible for monitoring the bulk procurement of government vehicles undertaken by GPSA.

Interview conducted together with a document review at GPSA and MoFP for the purpose of establishing whether MoFP adequately monitored the performance of GPSA in the bulk procurement of government vehicles. The audit assessed if MoFP received a quarterly report on the procurement of government vehicles from GPSA, analyses and provided feedback to GPSA for further improvement. The following observations were made;

Receiving report from GPSA

During documentary review made at GPSA, the audit acknowledged that GPSA submitted a quarterly report to MoFP aimed at updating the MoFP the progress and achievements on procurement activities including the procurement of government vehicles as indicated in **Section 6.3**.

Analysing report and provide feedback to GPSA by MoFP

It was expected that after MoFP received a report from GPSA next step was to analyse and provide feedback to GPSA for improving the program of bulk procurement of government vehicles. However, through an interview with GPSA's Officials, it was revealed that MoFP had never provided feedback based on the reports received from GPSA.

Upon Interview with MoFP officials the audit revealed that there was no justification from MoFP on the aforesaid deficiencies

CHAPTER SIX

CONCLUSION

6.1 General Conclusion

Our audit findings presented in the previous chapters give us reasons to draw the conclusion in this report that, the performance of GPSA in ensuring timely delivery of vehicles to the PEs, cost control and delivering of vehicles with the right specifications was limited due to internal and external factors presented. Among the key internal factors include planning, mechanisms to control prices of vehicles and timely order processing and delivery to PEs.

External factors include the setting of specifications, timely submission of orders from PEs and irregular release of funds from PEs because of delay of disbursement of funds to PEs by MoFP.

Nevertheless, GPSA's internal monitoring of its performance mostly focused on other commonly used item (CUIs) excluding bulk procurement of vehicles. Quality, cost, processing, and delivery of orders were not given priority in this regard.

In the same way, monitoring of GPSA performance conducted by MoFP regarding procurement of government vehicles was not adequately done. This is because despite that MoFP received a quarterly report from GPSA, but the ministry never gave feedback to GPSA aimed at improving the practices of bulk procurement of government vehicles.

With that regard, the audit concludes that if GPSA continues with the aforesaid practices there is a high risk that the objective of the government of getting value for money through bulk procurement of vehicles will not be achieved.

6.2 Specific conclusions

The following are specific conclusions:

6.2.1 Planning for the bulk procurement

Our assessment showed that the procurement of government vehicles is not adequately being conducted since it is not properly planned, no performance indicators were set, and no short and long term strategies set for procurement of government vehicles.

Failure to have the necessary parameters in the plan for guiding procurement of government vehicles made it difficult for GPSA itself to measure the effectiveness of its procurement activities. And ultimately the overall goal to ensure value for money in the procurement of government vehicles is met with certainty.

6.2.2 Cost Control of bulk procurement of vehicles

Presence of only a few potential suppliers of the preferred goods on the market limited competition. Thus, it is difficult for GPSA to obtain the best prices on bulk procurement of government vehicles. In addition, the absence of adequate market survey conducted has limited the agency to demonstrate that its procurement of vehicles undertaken was cost-effective and the price was reasonable.

Despite the efforts by the government in ensuring that the government procures vehicles direct from the manufactures were not successful. Up to the time of this audit, GPSA was still procuring government vehicles from dealers.

6.2.3 Un-timely delivering of Vehicles

The distribution of vehicles by GPSA has not been done efficiently. Our assessment showed that the delivery of orders took longer than of the required time as only 6 percent of the orders were delivered within the standard delivery time of 3-6 Months or less.

6.2.4 Not all vehicles were delivered as per agreement with PEs

GPSA did not deliver the agreed number of vehicles on time as per contracts. All seven PEs visited indicated that in all orders made had received a smaller number of vehicles than what was ordered.

The vehicles were delivered in peace meals with an interval varying from two months to more than a year.

6.2.5 Lack of standards and coordinated specifications

Lack of guidelines showing specifications of vehicles in relation to categories and ranks of government officials had led to each of the PEs to have their own sets of specifications and sometimes the intended uses of the vehicles were the same. Because of that, the audit found cases of disputes and rejection of vehicles with the claims of missing specifications.

6.2.6 Monitoring and Evaluation within GPSA

GPSA did not have an effective system for monitoring and evaluation of the implementation of objectives and targets relating to bulk procurement of vehicles. There were no indicators designed to measure the quality of service delivery such as timeliness in delivery of orders, cost control and management of specifications of vehicles.

6.2.7 Reporting to MoFP

Lack of reporting on important aspects of operational by GPSA has hindered the Ministry from having reliable information for guiding and controlling the implementation of bulk procurement of government vehicles. This made right decisions in attaining set goals of bulk procurement of government vehicles.

6.2.8 Monitoring and Evaluation the performance of GPSA by MoFP

MoFP received a quarterly progress report from GPSA. However, MoFP had never provided feedback to GPSA based on the reports. Because of this, GPSA lacked necessary guidance from its parent ministry that would provide opportunities from continuous improvement.

CHAPTER SEVEN

RECOMMENDATIONS

7.1 Introduction

The audit findings and conclusions point out weaknesses in planning, control of cost, timeliness of delivery of orders to PEs, and implementation of monitoring and evaluation of the bulk procurement of government vehicles by both GPSA and MoFP.

This chapter therefore, contains recommendations to the Ministry of Finance and Planning (MoFP) and GPSA as follows:

7.2 Recommendations to GPSA

GPSA should:

- 10) Prepare strategies in line with performance indicators for measuring the process of bulk procurement of government vehicles. The indicators should be measurable both in short and long term. Equally, the indicators should address the objective of acquiring vehicles with due regard to cost, timeliness and specifications of vehicles in relation to intended usage.
- 11) Establish and regularly review the standard time as benchmark for measuring various operations such as order receiving processing and delivery to PEs use them effectively to improve performance.
- 12) Establish a mechanism for regular communication to PEs which will ensure that their requirements for vehicles are timely submitted to GPSA.
- 13) Prepare price thresholds that reflect the situation on the ground for vehicles based on adequate market survey and use the information in decision making.
- 14) Develop a strategy which will ensure the recommendations made by the delegation team that went to Japan is fully implemented as soon as possible.
- 15) Consider widening the scope of vehicle manufacturers that it can reach worldwide to explore the possibility of ascertaining the suitable vehicles for government use at affordable prices.

- 16) Establish Critical Success Factors (CSF) from the goals and objectives that will assist them to develop performance indicators. Equally, periodic monitoring and evaluation of the process of bulk procurement of government vehicles is done.
- 17) GPSA should ensure that all reports submitted to MoFP adequately contain important aspects such as savings and determine any deficiency on attaining value for money in bulk procurement of government vehicles for further improvements.
- 18) The agency should regularly report on how much the government saves based on the current prevailing market price in a particular financial year of the procurement
- 19) Develop an integrated information management system that will be accessible to stakeholders. The system should accommodate all the key issues regarding procurement of government vehicles.

7.3 Recommendations to Ministry of Finance and Planning (MoFP)

MoFP should:

- 1) strengthen the way it monitors performance of GPSA on executing the bulk procurement of government vehicles;
- 2) liaise with President's Office Public Services Management to ensure that guidelines showing the specifications of vehicles for different cadres and levels of government officials are developed and communicated to PEs.
- 3) liaise with the Ministry of Works, Transport and Communication to ensure that specifications issued to Procuring Entities are consistently neutral as required by the procurement law.
- 4) ensure that requests for approval to procure motor vehicles by PEs are only granted to those who meet the requirements for neutral specifications as provided by the procurement law.
- 5) Develop the strategy which will ensure that the recommendations made by the delegation team that went to Japan are fully implemented. as soon as possible.

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APPENDICES

Appendix One: Responses from the Government Procurement Services Agency (GPSA)

A: Overall responses

GPSA accepted the comments made in the Performance Audit Report and formed part of the areas for improvement in the Agency

B: Specific responses

S/N	Recommendations	Comments of the Auditee	Planned action	Implementation Timelines
1	Prepare strategies in line with performance indicators for measuring the process of bulk procurement of government vehicles. The indicators should be measurable both in short and long term. Equally, the indicators should address the objective of acquiring vehicles with due regard to cost, timeliness and specifications of vehicles in relation to intended usage	Noted. The said indicators will be developed and accommodated during the review of current strategic plan of 2018/19-2022/23.	To review the strategic plan	Sept. 2019
2	GPSA should establish and review regularly the standard time as benchmark for measuring various operations such as order receiving processing and delivery to PEs use them effectively to improve performance	Noted. The establishment and review of standard time for measuring operations will be executed as proposed by CAG.	To prepare benchmark indicators highlighted by CAG	April, 2019
3	Establish the mechanism for regular communication to PEs that will ensure that their requirements for vehicles are timely	The Management concurs with Auditor's recommendations on the need to have mechanism and	To prepare new guideline on the procedure to be followed	September 2019

S/N	Recommendations	Comments of the Auditee	Planned action	Implementation Timelines
	submitted to GPSA	regular communication to PEs that will ensure their requirements submitted timely. However, the Efforts has been made to ensure there is regular communication and feedback to PE's, as of now the management appointed one staff as a contract supervisor for the said purpose. In line to that the Agency has planned on its budget FY 2019/2020 to introduce information Management System which will enable quick submission of requirements.	by PE's upon request of procurement of Motor Vehicles	
4	Prepares price thresholds that reflect the situation on the ground for vehicles based on adequate market survey and use the information in decision making	We concur with recommendation by auditor		
5	Develop a strategy which will ensure the recommendations made by the delegation team that went to Japan is fully implemented as soon as possible.	The visit to Japan was in response to the requirement of a Committee of Permanent Secretaries formed by the Chief Secretary in a bid to find the best way of implementing the bulk procurement of Government vehicles. The findings were	To follow up to the appropriate authority on the implementation of the recommendations made delegation team	To be determined by responsible ministry.

S/N	Recommendations	Comments of the Auditee	Planned action	Implementation Timelines
		<p>submitted and therefore the strategy would be to make follow up to the responsible Ministry on the implementation which included advising Government on legislating against Agents monopoly, coming up with initiative to standardize Government vehicles. However, while that is been taken GPSA should make a follow up to Nissan South Africa where Nissan Vehicles can be procured directly and at competent prices as was advised by Nissan Japan and as a result of the delegation visit to Nissan South Africa. GPSA should also earmark other manufacturers with less restrictions and advise the Government accordingly while other recommendations are being worked GPSA could for instance visit Hyundai Korea and see their terms. GPSA should have all the necessary literature to assist Government in decision making.</p>		
6	GPSA should consider	Concurrently with	Development	July 2019-

S/N	Recommendations	Comments of the Auditee	Planned action	Implementation Timelines
	widening the scope of vehicle manufacturers that it can reach worldwide to explore the possibility of ascertaining the suitable vehicles for government use at affordable prices	selected appropriate methods to be adopted enquire communicate with Tanzania Embassies to reach Manufacturers/Dealers	of Concept notes about bulk procurement of vehicles and communicate to Embassies	September 2019
7	GPSA has to establish Critical Success Factors (CSF) from the goals and objectives that will assist them to develop performance indicators. Equally, periodic monitoring and evaluation of the process of bulk procurement of government vehicles is done	Noted. The critical factors will be prepared during the development of performance indicators.	To review Strategic Plan.	Sept, 2019
8	GPSA should ensure that all reports submitted to MoFP adequately contain important aspects such as savings and determine any deficiency on attaining value for money in bulk procurement of government vehicles for further improvements.	Currently, the progress reports prepared and presented to MoF covers the important aspects such as number of vehicles procured, number of PEs of the vehicle procured, amount spent (cost) and savings. Quality and standard of vehicles is observed during the time of delivery from the suppliers by the inspection and receiving committee. Noted. The agency will report also the any deficiency on attaining value for money in bulk procurement of government vehicles.	To prepare the progress reports by incorporating delivery period of vehicles as proposed.	April, 2019

S/N	Recommendations	Comments of the Auditee	Planned action	Implementation Timelines
		The next reports will also include the delivery period as proposed by CAG as an attachment.		
9	The agency should regularly report on how much the government saves based on the current prevailing market price in a particular financial year of the procurement	As No.8 above	As No.8 above	As No.8 above
10	To develop an integrated information management system that will be accessible to stakeholders. The system should accommodate all key issues regarding procurement of government vehicles	We concur with recommendation by auditor	The committee for the preparation of the Terms of Reference has been established and draft Terms of Reference for the integrated information management system prepared	June,2019-September 2019

Appendix Two: Responses from the Ministry of Finance and Planning

A: Overall responses

No.	RECOMENDATIONS	COMMENTS OF THE AUDITEE	PLANNED ACTION	IMPLEMENTATION TIMELINES
1.	The Ministry of Finance should strengthen the way it monitors performance of GPSA on executing the bulk procurement of Government vehicles.	The Ministry agrees with the recommendation. According to Sec. 9 (1) (b) of PPA, CAP 410 stipulated that, the responsibility of monitoring of performance of public procurement systems is mandated to PPRA.	The Ministry shall ensure GPSA submit its performance reports including the report of bulk procurement of Government vehicles to MoFP for review and provide feedback.	2019/20 2020/21 -
2.	The Ministry of Finance should liaise with President's Office Public Service Management to ensure that the specifications of vehicles for different cadres and levels of government officials are developed and communicated to PEs	The Ministry agrees with the recommendation. According to Reg. 22A of PPA, Cap 410 requires PEs to procure goods that conform to established and approved standards issued by relevant Government organs and be made available to the Authority for use by a procuring entity.	The Ministry appointed a special committee to review the bulk procurement system of Government vehicles and the report of the delegation team that went to Japan. Upon completion of such review, the committee will develop an implementation strategic plan.	2019/20 2020/21 -
3.	The Ministry of Finance should liaise with the Ministry of Works, Transport and Communication to ensure that specifications issued to Procuring Entities are consistently neutral by the procurement law.	The Ministry agrees with the recommendation. According to Reg. 136 (5) of PPA, Cap 410 requires PEs not to specify the make of equipment or vehicles and shall be procured through competitive tendering.		

4.	The Ministry of Finance to ensure that requests for approval to procure motor vehicles by PEs are only granted to those who meet requirement of neutral specifications as provided by the procurement law.	The Ministry agrees with the recommendation. The Ministry responsible for approval should grant such approval to requirements of neutral specifications as provided by the procurement law.		
5.	Develop the strategy which will ensure the recommendations made by the delegation team that went to Japan is fully implemented as soon as possible.	The Ministry agrees with the recommendation.		

Appendix Three: List of Officials interviewed and reasons for interviewing

Organization	Official interviewed	Reason(s)
Government Procurement Services Agency (GPSA)	Director of business support services division, Director of Procurement division, and Director of operations	To obtain information so as to understand whether GPSA procurement activities address the issues of improving the quality of procurement of government vehicles, order collected is analysed effectively to requirement for improvement bulk procurement and whether GPSA has benchmarking for effective negotiation
	Head of procurement section	To obtain information so as to all processes of procurement of government vehicles
	Head of Framework contracts management section	To obtain information on frameworks contracts that are entered between GPSA and other institutions on procurement of vehicles
Ministry of Finance and Planning (MoFP)	Head of Procurement	To obtain information so as to know if MoFP developed monitoring plan for measuring the performance of GPSA in ensuring sustainable supply of government vehicle to public institutions
Tanzania Ports Authority (TPA)	Head of Procurement	To obtain detailed information on the procurement of government vehicles at TPA
Tanzania National Parks (TANAPA)	Head of Procurement	To obtain detailed information on the procurement of government vehicles at TANAPA
Ngorongoro Conservation Area Authority (NCAA)	Head of Procurement	To obtain detailed information on implementation the procurement of government vehicles at TANAPA
Tanzania National Roads Agency (TANROADS)	Head of Procurement	To obtain detailed information on the procurement of government vehicles at TANROADS
Arusha City Council	Head of Procurement	To obtain detailed information on the procurement of government vehicles at the City Council

Appendix Four: List of documents reviewed and reason for review

List of documents	Reasons
Project registers	This will assist auditors to know the records of vehicles procured in years under audit duration
Inter-agency correspondence and MOUs	This will assist to understand to communication, agreements among various institutions with GPSA regarding procurement of government vehicles
Comments from stakeholders	This will enable auditors to understand on the issues given by various stakeholders on the services of GPSA and derive key issues that can respond to audit objectives and findings
Monitoring reports	These will assist the auditors to understand what issues have been addressed, key findings of such issues and then actions that have been taken against the findings
Budgets allocated and expenditures records	The fund allocated for implementation of various activities
Planning and Progress reports/Implementation reports	These will assist the auditors to measure what was planned and implemented
Strategic plans	To obtain the information about strategies towards addressing the problem of fire safety in the use of public buildings
Policies and guidelines	To get information on how activities are supposed to be implemented
Annual work plan	To gain an understanding on the planned activities in a year
Meeting minutes at all levels related with the procurement of government vehicles	To obtain information based on discussed issues during meetings regarding procurement of government vehicles
Procurement Evaluation reports	To obtain information on the way GPSA evaluated suppliers of vehicles
Framework Contracts	To obtain information on agreements that GPSA entered with suppliers of vehicles

Appendix Five: Audit Questions, Sub-questions and Criteria used

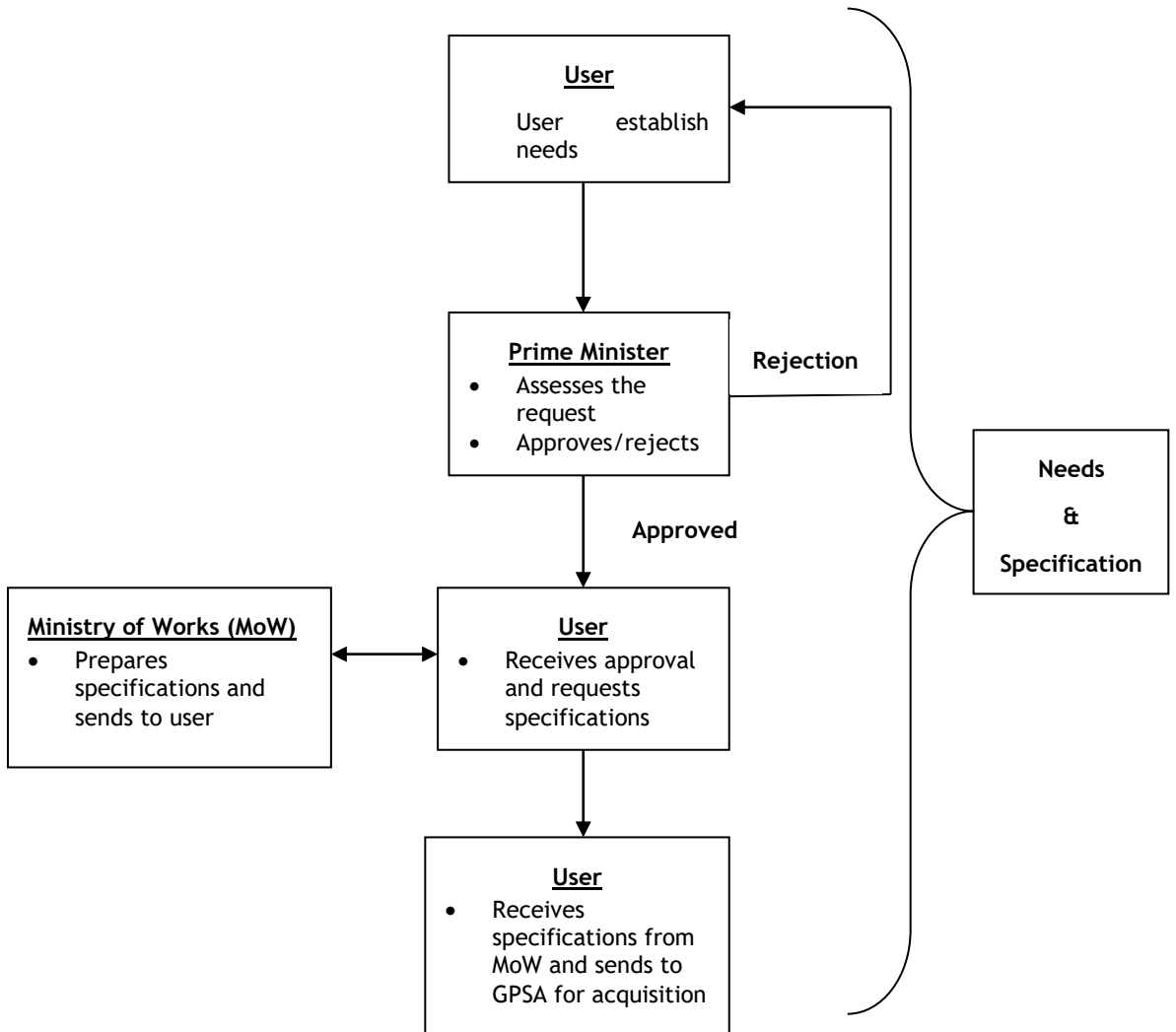
Audit Questions and sub audit questions	Audit criteria	Source of Criteria
1. Does GPSA adequately plan for the bulk procurement of government vehicles undertakings?	A procuring entity shall forecast its requirements for goods, services and works as accurately as is practicable with particular reference to services or activities already programmed in the annual work plan and included in the annual estimates.	Regulation 69(3) of the Public Procurement Regulation of 2013
<p>SAQ 1.1</p> <p>Does GPSA forecast its requirements for bulk procurement of government vehicles undertakings as accurately as programmed in the annual work plan and included in the annual estimates?</p>	A procuring entity shall forecast its requirements for goods, services and works as accurately as is practicable with particular reference to services or activities already programmed in the annual work plan and included in the annual estimates.	Regulation 69(3) of the Public Procurement Regulation of 2013
2. Does GPSA adequately ensure cost control in public procurement of government vehicles?	In the case of common use items and services falling under open framework agreements, the procuring entity shall seek approval of the tender board to conduct a mini competition amongst the suppliers or services providers awarded framework agreements.	Regulation 131(5) of the Public Procurement Regulations of 2013.
<p>SAQ 2.1</p> <p>Does GPSA ensure that there is adequate competition of service providers in bulk procurement of government vehicles?</p>	In the case of common use items and services falling under open framework agreements, the procuring entity shall seek approval of the tender board to conduct a mini competition amongst the suppliers or services providers awarded framework agreements.	Regulation 131(5) of the Public Procurement Regulations of 2013.
<p>SAQ 2.2</p> <p>Does GPSA ensure that the prices paid during procurement of government vehicles represent the best value?</p>	Public officers and members of tender boards when undertaking or approving procurement or disposal of public assets by tender shall choose appropriate procedures and cause the procurement or disposal of assets to be carried out diligently and efficiently, so that the prices paid or received by the procuring entity represent the best value or net outcome that can reasonably be obtained for the funds applied or for the assets disposed of, provided that:	Regulation 5 of Public Procurement Regulations of 2005.
<p>SAQ 2.3</p> <p>GPSA did not carry out market price research for vehicles and maintain up-</p>	The procuring entity shall prepare its estimates based on prevailing market prices as provided by the Authority and updated from time to time	Regulation 69(6) of the Public Procurement Regulations of 2013.

Audit Questions and sub audit questions	Audit criteria	Source of Criteria
to-date database or records		
3. Does GPSA ensure that the procured vehicles were timely delivered, and the required specifications were met and in the right quantity?		
SAQ 3.1 Does GPSA ensure that it timely receives orders from procuring entities for procuring of government vehicles?	Each procuring entity is required to submit its requirement which shall include descriptions, specifications, statement of requirements and quantities to the agency at the end of January each year.	Section 131 (4) (a) of Public Procurement Regulations of 2013, and a letter with Ref.No.CAD.260/3 18/02/A/10 dated 24 th April 2014 from Paymaster General to all public institutions.
SAQ 3.2 Does GPSA ensure that it timely process and deliver orders to PEs for procuring of government vehicles?	The contractual time for processing and delivery of an order from the time when PEs made payment to delivery of vehicles is three months. Meanwhile when vehicles procured from UNDP the standard time for receiving vehicles is 4-6 months.	Framework agreement between GPSA and Toyota Tanzania Limited.
SAQ 3.3 Does GPSA ensure that it delivers orders to PEs in a right quantity as per contractual agreement?	GPSA is responsible for the effective management of any procurement of goods and is supposed to monitor the timely delivery of goods and services in the correct quantities and to the quality specified in each contract;	<i>Public Procurement Regulations of 2013, Regulation 121 (1)</i>
SAQ 3.4 Does GPSA ensure that the procured vehicles meet the required specifications?	GPSA is responsible for the effective management of any procurement of goods and is supposed to monitor the timely delivery of goods and services in the correct quantities and to the quality specified in each contract.	<i>Public Procurement Regulations of 2013, Regulation 121 (1)</i>
4. Do MoFP and GPSA adequately monitor and evaluate the progress of executing bulk procuring of government vehicles?		

Audit Questions and sub audit questions	Audit criteria	Source of Criteria
<p>SAQ 4.1</p> <p>Does GPSA ensure that, the objectives set out to meet the service requirements of its stakeholders and customers adequately address issues of procurement of government vehicles?</p>	<p>By the end of each year, GPSA is supposed to examine what they had set out to achieve in their annual work plan, how much has been achieved, reasons for non-achievement and prepare monitoring reports.</p>	<p>GPSA's Strategic Plan (2013 - 2018)</p>
<p>SAQ 4.2</p> <p>Does GPSA ensure that it measures PEs' satisfaction on services delivery in the procurement of government vehicles?</p>	<p>GPSA is required to get informed insight and clarification on the implementation and effectiveness of the plan, shall carry out observations, interviews and discussions with various stakeholders.</p>	<p>GPSA's strategic plan 2013/14-2017/18 clause 4.1.1</p>
<p>SAQ 4.3</p> <p>Does GPSA ensure that, the progress reports prepared and submitted to MoFP adequately cover all the important aspects of monitoring and evaluation of the GPSAs' bulk procurement of vehicles performance?</p>	<p>Accounting Officers of all institutions under the Ministry of Finance and Planning are required to prepare and submit quarterly progress and annual performance reports to MoFP.</p>	<p>Section 55(4) of the Budget Act No.11 of 2015 and Regulations 29(5) of the Budget Regulations of 2015.</p>
<p>SAQ 4.4</p> <p>Does MoFP adequately monitor and evaluate GPSA's performance on procurement of government vehicles?</p>	<p>MoFP is required to monitor and evaluate the performance of public procurement institutions (e.g. GPSA) and advise on desirable changes</p>	<p><i>Public Procurement Act No. 7 of 2011, Section 6- (2) (i)</i></p>

Appendix Six: Process flow for procurement of government vehicles

(a) Development of Needs and Specifications



(b) Acquisition

