ASSESSMENT OF PROCUREMENT FUNCTION IN PUBLIC SECTOR ORGANIZATIONS: CASE OF IMMIGRATION DEPARTMENT, DAR ES SALAAM TANZANIA
ASSESSMENT OF PROCUREMENT FUNCTION IN PUBLIC SECTOR ORGANIZATIONS: 
CASE OF IMMIGRATION DEPARTMENT, DAR ES SALAAM TANZANIA

By 
Erick Chuma

A Dissertation Submitted to Mzumbe University Dar es Salaam Campus in Partial Fulfillment of the Requirement for the Award of the Degree of Master of Science in Procurement and Supply Chain Management (MSc-PSCM) of Mzumbe University.

2014
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled; “Assessment of Procurement Function in Public Sector Organizations: Case of Immigration Department, Dar es Salaam Tanzania”, in partial fulfillment of the requirements for the award of Master of Science in Procurement and Supply Chain Management (MSc-PSCM) of Mzumbe University.

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ACKNOWLEDGEMENTS

The preparation of this research report would have not been possible without assistance from a number of committed individuals. Thus I would like to take this opportunity to express my gratitude to those who, in one way or another, helped me in accomplishing this dissertation.

First and foremost I would like to give special thanks to my supervisor Professor Tripath for his good supervision on my research. I also thank the Almighty God for blessing me with wisdom, love, strength and good health and my family members for all the support they offered me.

My special gratitude’s go to the Management of Immigration Department at the head quarter for accepting my request to undertake my Research Project at their organization and also by allowing me to use various information for the purpose of my research work. I also extend my appreciation to other members of staff from that institution for taking time off their daily schedules to respond to the questions I posed to them about my study as well as answering to the questionnaires and taking their precious time in face to face interview.
DEDICATION

I would like to take this opportunity to dedicate this work and express my heartfelt gratitude to my Supervisor who played great role in working out this report. Thank you for being patient with me all the time especially when I got accident which delayed my speed in writing this report: Also to my family for their moral and material support all the time of doing this nice work.
**LIST OF ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>APP</td>
<td>Annual Procurement Plan</td>
</tr>
<tr>
<td>CAG</td>
<td>Controller and Auditor General</td>
</tr>
<tr>
<td>FY</td>
<td>Financial Year</td>
</tr>
<tr>
<td>GN</td>
<td>Government Notice</td>
</tr>
<tr>
<td>LPO</td>
<td>Local Purchase order</td>
</tr>
<tr>
<td>MDAs</td>
<td>Ministries, Independent Departments and Agents/ Authorities</td>
</tr>
<tr>
<td>PEs</td>
<td>Procuring Entities</td>
</tr>
<tr>
<td>PMUs</td>
<td>Procurement Management Unit</td>
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<tr>
<td>PPA 2004</td>
<td>Public Procurement Act 2004</td>
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<tr>
<td>PPRA</td>
<td>Public Procurement Regulatory Authority</td>
</tr>
<tr>
<td>RAS</td>
<td>Regional Administrative Secretariat</td>
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<tr>
<td>Reg</td>
<td>Regulation</td>
</tr>
<tr>
<td>Sect</td>
<td>Section</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
</tr>
</tbody>
</table>
The planning for procurement in public organizations has been one of the problematic areas. In recent years many public organizations, have shown poor performance in preparation and implementation of the annual procurement planning; as 68% of tenders are awarded without annual procurement plan and payments made without complying with the annual procurement planning in public organizations (Utouh L.S 2012). Recent studies show that there is poor performance in the area of procurement planning. This marks as a foundation of this study. The study aimed at assessing the effective annual procurement planning in Tanzania immigration department, finding the root causes of these irregular procurement practices, delays in preparation and submission of annual procurement planning, and why most public organizations fail to implement procurement plans despite of the presence of legal and regulatory framework.

The study was conducted at Tanzania Immigration Department at the Headquarter in Dar es Salaam region, where face to face interviews and questionnaires were used to obtain primary data from 30 selected respondents; documentary review will be used. Data were analyzed using both qualitative and quantitative approaches/techniques and presented using tables and charts for easy understanding.

Therefore, procurement planning and compliance in public organization is still an area which requires a close attention so as to overcome those challenges. There must be a policy of ensuring better participation in the overall organizational plans since procurement planning is most derived from the organizations plans. Thus why this study intends critically to make assessment of procurement function at Tanzania immigration department
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Sections</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERTIFICATION</td>
<td>i</td>
</tr>
<tr>
<td>DECLARATION AND COPYRIGHT</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>iii</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>iv</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>v</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>vi</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>x</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xi</td>
</tr>
<tr>
<td>CHAPTER ONE</td>
<td>1</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background Information</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Statement of the Problem</td>
<td>5</td>
</tr>
<tr>
<td>1.3 Research Objectives</td>
<td>6</td>
</tr>
<tr>
<td>1.3.1 Main Objective</td>
<td>6</td>
</tr>
<tr>
<td>1.3.2 Specific Objectives</td>
<td>6</td>
</tr>
<tr>
<td>1.4 Research Questions</td>
<td>6</td>
</tr>
<tr>
<td>1.5 Significance of the Study</td>
<td>7</td>
</tr>
<tr>
<td>1.6 limitations to the Study</td>
<td>7</td>
</tr>
<tr>
<td>1.7 Scope of the Study</td>
<td>8</td>
</tr>
<tr>
<td>CHAPTER TWO</td>
<td>9</td>
</tr>
<tr>
<td>LITERATURE REVIEW</td>
<td>9</td>
</tr>
<tr>
<td>2.1 Introduction</td>
<td>9</td>
</tr>
<tr>
<td>2.2 Theoretical Literature Review</td>
<td>9</td>
</tr>
<tr>
<td>2.2.1 Nature and Origin of Procurement</td>
<td>9</td>
</tr>
<tr>
<td>2.2.2 Procurement Objectives</td>
<td>10</td>
</tr>
<tr>
<td>2.2.3 Basic Purchasing Procedures</td>
<td>11</td>
</tr>
<tr>
<td>2.2.4 Procurement in public organizations</td>
<td>16</td>
</tr>
<tr>
<td>2.2.5 Basic Principles of Public Procurement</td>
<td>17</td>
</tr>
<tr>
<td>2.2.5.1 Economy and Efficiency</td>
<td>17</td>
</tr>
<tr>
<td>2.2.5.2 Fair and Open Competition</td>
<td>17</td>
</tr>
<tr>
<td>2.2.5.3 Transparency</td>
<td>17</td>
</tr>
<tr>
<td>2.2.5.4 Accountability</td>
<td>18</td>
</tr>
<tr>
<td>2.2.5.5 Redress</td>
<td>18</td>
</tr>
<tr>
<td>2.2.6 Planning: A Management Function</td>
<td>18</td>
</tr>
<tr>
<td>2.2.7 Planning in Procurement Context</td>
<td>19</td>
</tr>
<tr>
<td>2.2.8 Steps in Preparing Annual Procurement Plan</td>
<td>22</td>
</tr>
<tr>
<td>2.2.8.1 Procurement Situation Analysis</td>
<td>22</td>
</tr>
<tr>
<td>2.2.8.1.1 Demand Analysis</td>
<td>22</td>
</tr>
<tr>
<td>2.2.8.1.2 Market Analysis</td>
<td>23</td>
</tr>
<tr>
<td>2.2.8.1.3 Supplier Analysis</td>
<td>23</td>
</tr>
</tbody>
</table>

vii
LIST OF TABLES

Table 1.1: Procurements made without annual procurement plans: Tshs.

Table 3.1: Sample Distribution .............................................................................39

Table 4.1: Gender of Respondents ........................................................................44

Table 4.2: Education level of Respondents ..........................................................44

Table 4.3: How Procurement Plan is developed ..................................................45

Table 4.4: To What Extend You Have Been Involved In Procurement Planning
Process? .................................................................................................................47

Table 4.5: Is Your Organization Providing Awareness Training on Procurement
Planning? ..............................................................................................................48

Table 4.6: Causes of Irregular Procurement ..........................................................50

Table 4.7: Indicators of Poor Procurement Planning .............................................51

Table 4.8: Challenges Facing Effective Procurement Planning ..........................53
LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1</td>
<td>Percentage use of Procurement Plan</td>
<td>34</td>
</tr>
<tr>
<td>Figure 2</td>
<td>Conceptual Framework on the Annual Procurement Plan</td>
<td>37</td>
</tr>
<tr>
<td>Figure 3</td>
<td>Impact of Poor/Absence of Annual Procurements Planning</td>
<td>38</td>
</tr>
<tr>
<td>Figure 4</td>
<td>Explain How Procurement Plan is developed in your Organization</td>
<td>46</td>
</tr>
<tr>
<td>Figure 5</td>
<td>To What Extend you have been involved in Procurement Planning Process?</td>
<td>47</td>
</tr>
<tr>
<td>Figure 6</td>
<td>Have you Attend Procurement Training Elsewhere?</td>
<td>49</td>
</tr>
<tr>
<td>Figure 7</td>
<td>What are the Causes of Irregular Procurement</td>
<td>50</td>
</tr>
<tr>
<td>Figure 8</td>
<td>What are the Indicators of Inadequate Procurement Planning</td>
<td>52</td>
</tr>
<tr>
<td>Figure 9</td>
<td>Challenges of Procurement Planning</td>
<td>53</td>
</tr>
</tbody>
</table>
CHAPTER ONE

INTRODUCTION

1.1 Background Information

Governments are the biggest spenders of public funds worldwide. The figures, of course, vary from country to country, but according to various sources (Knight et al, 2003) government spending on public services range between 15-45% of GDP. Most of this amount is "internal" spending (of salaries and the like), but some 25% to 50% is indeed spent "externally" (on sourcing goods and services) and mainly through Public Procurement. It is no wonder that the area gained increasing attention during the last decade from all sorts of directions and not only at the national level. This implies that, procurement plays a central role for the national development that’s why effective compliance and implementation of procurement planning is essential, and it must address the development goals of any country.

The Tanzanian government has made it mandatory for public organizations to prepare and implement their annual procurement planning. Under Section 45 of the PPA no 21 of 2004, all public entities are required to plan their procurement activities for each financial year. The Act states that, a procuring entity shall plan its procurement in a rational manner and in particular shall: (a) avoid emergency procurement wherever possible; (b) aggregate its requirements wherever possible, both within the procuring entity and between procuring entities, to obtain value for money and reduce procurement costs; (c) make use of framework contracts wherever appropriate to provide an efficient, cost effective and flexible means to procure works, services or supplies that are required continuously or repeatedly over a set period of time; (d) avoid splitting of procurement to defeat the use of appropriate procurement methods unless such splitting is to enable wider participation of local consultants, suppliers or contractors in which case the Authority shall determine such an undertaking; and (e) integrate its procurement budget with its expenditure programme (Public Procurement Act no 21 of 2004).
Poor planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of the skills of staff responsible for procurement is featuring as one of the major setbacks in public sector procurement. Procuring entities must view procurement as a strategic activity that must be fully integrated into their short and long term plans and provides support to delivery of their strategic objectives and realization of value. Public procurement audits in Tanzania have indicated the absence of annual procurement plans (APPs) in most procuring entities and this has been seen as one of the major factors fueling procurement costs and thus rendering achievement of value for money a distant dream(source). Section 45 of the Public Procurement Act, 2004 compels procuring entities to have procurement plans so as to avoid emergency procurement; to aggregate procurement requirements to reduce procurement costs and to integrate their procurement budgets with their expenditure programmes. A number of procurement costs can be reduced and even avoided upon selection of the appropriate procurement method and proper scheduling of the bid processing stages, an activity performed during procurement planning which can significantly keep down transaction costs and enhance productivity. Besides identification and prioritization of needs, procurement planning charts out goals, performance tracking/monitoring mechanism and assists procurement organizations to effectively manage risks (Mamiro, 2009).

The compliance with the annual procurement planning in public sector in Tanzania has been mentioned as one of the major problem in public current procurement system. The Controller and Auditor General (CAG) audit report for the central government of 30th June 2012, revealed that there is a problem in compliance with the annual procurement plan as stipulated in Sect.45 of the PPA of 2004. This report indicated that during the year under review, ten (10) Ministries, independent Departments and Authorities/Regional Administrative Secretariat(MDAs/RAS) failed to comply with the regulations of the said Act by effected payments on procurement of goods and services amounting to Shs. 50,685,371,565.58 without complying to the procurement plans as detailed by the table below:-
Table 1.1:    Procurements made without annual procurement plans: Tshs. 50,685,371,565.58 for f/y 2009/2010- 2011/2012

<table>
<thead>
<tr>
<th>S/N</th>
<th>VOTE</th>
<th>MDAs/RAS</th>
<th>AMOUNT(TSHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>23</td>
<td>Accountant General’s Department</td>
<td>49,433,343,399.58</td>
</tr>
<tr>
<td>2</td>
<td>99</td>
<td>Ministry of Livestock Development and Fisheries</td>
<td>320,871,938</td>
</tr>
<tr>
<td>3</td>
<td>81</td>
<td>RAS Mwanza</td>
<td>54,424,314</td>
</tr>
<tr>
<td>4</td>
<td>50</td>
<td>Ministry of Finance</td>
<td>373,184,960</td>
</tr>
<tr>
<td>5</td>
<td>34</td>
<td>Ministry of Foreign Affairs and International Cooperation</td>
<td>92,750,000.00</td>
</tr>
<tr>
<td>6</td>
<td>34</td>
<td>Ministry of Foreign Affairs and International Cooperation</td>
<td>120,147,447.23</td>
</tr>
<tr>
<td>7</td>
<td>91</td>
<td>Drugs Control Commission</td>
<td>40,748,400</td>
</tr>
<tr>
<td>8</td>
<td>29</td>
<td>Prisons Service Department</td>
<td>358,394,154</td>
</tr>
<tr>
<td>10</td>
<td>82</td>
<td>RAS Ruvuma</td>
<td>11,654,400</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>50,685,371,565.58</strong></td>
</tr>
</tbody>
</table>

Source: CAG general annual report for the year ended 30th June 2012.

This report also revealed that, there is a serious weakness in the procurement planning in the public organizations. The review indicated an average level of compliance with procurement planning is 46%, 47%, and 30% in MDAs, PAs and LGAs respectively. Specific weaknesses in the assessed procurement plans and their implementation included, appropriate templates were not used; processing times for different stages of the procurement process were not indicated; requirements from user departments were not aggregated; some of the procurable items in the budget were not included; too many tender board meetings; extensive use of quotations under minor value procurements and unrealistic plans.

Until recently, many public organizations are still experiencing a huge loss due to lack of procurement planning despite of the established laws and regulations to govern the procurement functions. For instance Medical Stores Department used 3.95billion Tanzanian shillings and Euro 1.5 without the approval of the tender board. In addition to that Tshs 134.4 million, USD 10000 and Euro 1.5 used in award
of 8 tenders was administered by a single person, contrary to the requirement of the procurement Act 2004. This shows great weaknesses in the area of procurement. Tanzania Port Authority incurred a loss of Tshs 92.6 million which was paid to Chibeshi Construction as a fine for not complying with the procurement contract for Mtwara port construction signed on April 14th 2009. The port Authority decided to cancel the contract and as per contract they paid such amount to the contractor as remedies for not complying with the signed contract. This means that the authority could save that fund if its procurement was prepared good enough before entering into the contract, the problem lies within the poor procurement planning (CAG Report 2012).

An irregular procurement practice is still misusing the public funds due to lack of seriousness in public procurement including poor planning in this important area. The Financial Year 2010/2011 keep on showing this problem whereby a loss of Shs.31, 027,797,820 was made to Goods not delivered. The payment was made in advance to various suppliers during the year under review. However, audit inspection done at respective MDAs/RAS noted that goods worth Shs 31,027,797,820 were not delivered. The noted practice contradicts with the requirement of Public procurement regulation, 122 (Goods, Works and Non Consultant Services) Regulation of 2005.

The Parliamentary Committee of Public Corporation Accounts tabled its report on public corporations that revealed serious problem in planning and implementation of effective procurement in public organizations. For example Tanzania Electric Supply Company (TANESCO) used a sum of 1.8 billion shillings diverted from the planned budget of 65 million shillings in the financial year ended June 2010 without satisfactory reasons. Tanzania Communications Regulatory Authority (TCRA) also did not comply with the annual procurement plan and made a procurement of Tsh 855.96 million without annual procurement plan. Mkwawa University College of Education (MUCE) failed to justify the use of Tshs 267 million

The impact of poor procurement management is still shaking our country, economically as well as politically. The embezzlement of public funds increases
costs to the government as a result the burden falls to the ordinary citizen who is a tax payer and major contributor of the public funds. Spending money in irregular procurement causes huge loss to the public as it retards the development plans in other sectors as education, infrastructure, health, and accelerate the poverty level in the country. This impact has gone far beyond the political grounds, where President Jakaya Kikwete appointed new cabinet members for the sake of ensuring the better use of public fund and preserve conducive political climate in the country. This was due to a serious debate on Controller and Auditor General and Parliamentary committees reports tabled in April 2012.

1.2 Statement of the Problem
Governments are the biggest spenders of public funds worldwide. The figures, of course, vary from country to country, but according to various sources (Knight et al, 2003) government spending on public services range between 15-45% of GDP. Most of this amount is "internal" spending (of salaries and the like), but some 25% to 50% is indeed spent "externally" (on sourcing goods and services) and mainly through Public Procurement. It is no wonder that the area gained increasing attention during the last decade from all sorts of directions and not only at the national level. This implies that, procurement plays a central role for the national development that’s why effective compliance and implementation of procurement planning is essential, and it must address the development goals of any country.

Poor planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of the skills of staff responsible for procurement is featuring as one of the major setbacks in public sector procurement. Procuring entities must view procurement as a strategic activity that must be fully integrated into their short and long term plans and provides support to delivery of their strategic objectives and realization of value.

Following the above observations, there is therefore a need for a detailed study on the critical evaluation of procurement process at Tanzania Immigration Department. This research offers to address the identified research problem by identifying and
analyzing the different issues related to annual procurement planning and implementation.

1.3 Research Objectives

1.3.1 Main Objective
The major objective of this study was to examine the major issues related to procurement function at Immigration department in Tanzania.

1.3.2 Specific Objectives
(i.) To identify the role of different internal stakeholders in procurement planning in Tanzania Immigration department
(ii.) To explore the factors influencing implementation of procurement plans in Tanzania immigration department
(iii.) To examine the compliance of public procurement process in Tanzania Immigration department and
(iv.) To suggest measures for procurement process compliance improvement in Tanzania immigration department

1.4 Research Questions
The study was be guided by the following research questions
(i.) Why do most of the public organizations fail to prepare and submit their annual procurement plans as required under section 45 of the PPA 2004?
(ii.) What are the factors that cause the irregular procurement practices in public organizations?
(iii.) What are major challenges that hinder the effective compliance and implementation of the annual procurement plans in public organizations.
(iv.) What are measures for procurement process compliance improvement in Tanzania immigration department?
1.5 **Significance of the Study**

(i.) Findings of this proposed research is useful in Public organizations in implementing better procurement planning hence complying with the requirement in public procurement cycle and requirement of the law

(ii.) This study worth the government planning in better use of public funds. Therefore contributing to the development of the country.

(iii.) To the researchers the study will provide baseline data for those who are aspiring to venture on similar studies in public procurement practices and therefore adding to the existing stock of knowledge in the field of procurement.

1.6 **Limitations to the Study**

The study was limited to focusing on the critical assessment of procurement function at Tanzania immigration department which was conducted at Immigration Department specifically at the headquarter.

Shortage of time might was one of the factors that constrained the researcher. Respondents were not available all the time as planed due to busy with economic and other social activities. The researcher therefore ought to reschedule meeting time with respondents in order to fulfill the demand.

The study involved travelling, stationary works, and data collection which need fund. The researcher found difficulties to solicit funds to curb the requirements whereby one of the ways used was to personally work hard with less assistance of other personnel and use funds from other sources to meet the daily expenses during the study.
1.7 Scope of the Study

The study covered the assessment of procurement function at Immigration Department, Tanzania. This study was done at Immigration Headquarter because the department is one of the public institutions and where the whole procurement decision is made from.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter provides a discussion on both theoretical and empirical literature. It critically reviews current theoretical literature on public procurement and will be followed by empirical literature on procurement planning practice. Apart from appreciating other people work on the same, this will enable us of identify knowledge that will be generated in the cause of this study. It will also enable us to clearly define our research concepts and establish a conceptual framework for our research. on what other scholars have done in relation to this study; these contain the theoretical literature review, empirical studies and conceptual framework. These will help to appreciate the work of other scholars, widen the knowledge of the topic and identify the gap to be filled through this study.

2.2 Theoretical Literature Review

2.2.1 Nature and Origin of Procurement
Different authors define procurement differently. Lyons (1996) defined procurement as that function responsible for obtaining by purchase, lease or other legal means equipment, materials, supplies and services required by an undertaking for use in production.

Peter et al (2005:353) described purchasing as a transaction which begins when a need is received from some article or service and complete when the need is met and payment has been done.

Kivuyo, (1981:15)defined purchasing as a the activities of determining the needs, making evaluation and selecting a supplier negotiating for price, delivery and placing of order from a good supplier and follow up on the order.
Procurement or purchasing is the contract which can stand or fall on the performance of the purchasing group which always strives to buy material and equipment at or below the budget prepared by the estimating department. (Albert and Anthon 1989:46)

Purchasing is a term that describes the business activity directed to securing the material, supplies and equipment required in the operation of an organization. Purchasing should be viewed as a planning, directed, staffing, organizing, coordination and control. All these activities are essential to ensure that materials or service are supplied at the right quality at the right price time and from the right source (Shirima; 1987:09)

2.2.2 Procurement Objectives

Many authors explain the purchasing objective in five rights. Dobler (1997:42) said indeed that 5Rs in purchasing are so important that they have come to be regarded not only as the definition of purchasing but also the objective of purchasing. These 5Rs are:

(i.) Right source
(ii.) Right quality.
(iii.) Right time
(iv.) Right price
(v.) Right quality.

For the present purposes, (remembering the need to work as an effective function in the management team) the following broad statement of objectives is suggested by Baily & Farmer (1984:13)

(i.) To supply the organization with a steady flow of material and services to meet its needs to ensure continuity of supply by maintaining effective relationships with existing sources and by developing other sources of supply either alternatives or to meet emerging or planned needs.

(ii.) To buy efficiently and wisely obtaining by any ethical means the best value of every pound spent.
(iii.) To manage inventory so as to give the best possible service to users at lowest cost.

(iv.) To maintain sound cooperative relationships with other departments, providing information and advice as necessary to ensure the effective operation of the organization.

(v.) To develop staff policies, procedures and organization to ensure the achievement of the foregoing objectives.

These objectives require a good and effective planning in the procurement functions. As we have seen the public organizations are loosing a large sum of money in the procurement area. More emphasis is needed to ensure that the government is meeting its procurement objectives by having an effective planning and implementation of the annual procurement planning in line with the national development goals. That’s why this study is important to give a thorough investigation on the procurement planning and find the possible ways of improvement in this area.

2.2.3 Basic Purchasing Procedures

Lyons (1989:48) argues that apart from pre purchase activities such as participation in design and budget decision all purchasing falls into three main phases.

a) The notification phase

Recognition of need which may be communicated via a purchase requisition and bill of materials: Purchase requisition is the document which originates from the user department to notify the purchasing department that a need of a certain materials exists. Also to specify what is required to meet needs. Bill of materials saves the same purpose required in engineering undertaking when materials and components are bought specifically for each order or contract received.

b) The ordering phase:

(i.) On receipt of the requisition or bill of materials the buyer responsible will check them for accuracy conformity to any standard that has been previously purchased from satisfactory supplier at an acceptable price a repeat order may be issued. If however the item is not of standard
and has not been ordered before or for some reason changed, a supplier is required, the following additional steps to be involved.

(ii.) Enquiries will be sent to possible suppliers accompanied by additional documents example drawings and specification which will enable them to quote.

(iii.) Quotations will be received in response to the enquires and compare with respect to price, quality, delivery, tool, cost and term of business.

(iv.) When quantities are substantial and qualities and or delivery of great importance further negotiation with suppliers including an evaluation of their capacity to undertake the order may be required.

(v.) A purchase order will be issued to the vendor whose quotation amended where necessary by subsequent negotiation is most acceptable. A copy of the order will be retained in the purchasing department. (sometimes two copies are retained for filling alphabetical and numerically) further copies of the order may be provided for department originating requisition progress section, store, production control, computer section, accounts and inspection department.

(vi.) An order acknowledgement should be required from vendor on receipt. The acknowledgement should be examined to ensure that the order has been accepted on the terms and conditions and filed.

c) Post ordering phase

It may be necessary to progress the order to ensure that delivery dates are met or to expedite delivery of overdue orders.

(i.) Evidence not notifying that the goods have been dispatched or are ready for collection will be issued by the supplier copies of the advice note may be sent to relevant department example progress and store.
(ii.) On receipts the goods will be checked for quality by the stores where matters of quality or specification are involved they will be examined by the inspection department. If satisfactory the goods received note will be completed and copies sent to the purchasing department. If not satisfactory the purchasing department will be notified so that the complaint can be taken up with supplier.

(iii.) An invoice for the value of goods will be received from the supplier. This will be compared with the purchase order and goods received note usually price will be checked by the purchasing department paying special attention to the legitimacy of any variations from the quoted price, if satisfactory the invoice will be passed to the accounts department for payments.

(iv.) On completion the order will be transferred to a complete order file.

Other authors described the nature of purchasing and purchasing procedures as follows:
Dobler (1997:62) argued that, the purchasing department buys many different types of material and services and the procedures used in completing a total transaction normally vary among the different types of purchases. However the general cycle of activities in purchasing most operating and supplies is fairly standardized.
Lenders (2006:70) explain in details the essential steps in the purchasing procedures.

These are;

(i.) **Recognition of needs**
This is the first step in the purchasing procedure. Any purchase originates with the recognition of definite need by someone in the organization. The people responsible for a particular activity should know what the individual requirement of the unit are what how much and when it is needed. This may result in a material requisition from the stores department.
(ii.) **Accurate description of desired commodity**

No purchasing can be done without knowing exactly what the user department wants. For this reason it is essential to have an accurate description of the article, the commodity or the service which is requested. Purchasing and the user share responsibility for accurately describing the item or service needed.

(iii.) **Selection of possible sources of supply**

As soon as the need has been established and precisely described the buyer begins an investigation of the market to identify potential sources of supply. Supplier selection constitutes an important part of the purchasing function and involves the location of qualified sources of supply and assessing the probability that a purchase agreement would result in on time delivery of satisfactory product and the service before and after sale.

(iv.) **Analysis of bids**

Analysis of the bids is made to obtain the best supplier, and then selection of the supplier leading to the placing of an order.

(v.) **Preparation of purchasing order**

Purchasing department prepares and issues a serially numbered purchase order that is considered as a legal contract document. All companies have purchasing order forms in practice, however all purchases are not governed by the condition stipulated on the purchase order. Purchases order should be self explanatory in order to avoid misinterpretation. Some information to the Local purchase Order(LPO) are name, the address of the supplier, order number, description of the materials ordered, quality of items, unit price, total order value etc.

(vi.) **Follow up and expediting**

After a PO has been issued to supplier the buyer may wish to follow up and / or expedite the order. Follow up is the routine tracking of an order to ensure that the supplier will be able to meet delivery promises. If any problem occurs the buyer needs to know this as soon a possible so that appropriate action would be taken.
Expediting is the application on a supplier to get it either to meet original delivery promise or to deliver ahead of schedule.

(vii.) Receipt and inspection
The proper receipt of material and other item is of vital importance, inspection is done in order to check the quality and quantity of the commodities delivered if they comply with the LPO. Any concern relating to quality or quantity should be brought to the attention of the purchasing officer immediately before accepting the goods involved, otherwise goods should be rejected.

(viii.) Clearing the invoice and payment.
A procedure relating to invoice clearance is not uniform, and there is a difference of opinion on whether the checking and approval of the invoice is a function of the purchasing department or of the accounting department. The invoice must be checked and audited. The accounts section should perform numerical check on the invoice before arranging any payment by passing payment voucher and get it signed to pay cash or cheque.

(ix.) Maintenance of records
After having gone through the step described, all that remain for the disposal of any order is to complete the record of the purchasing department. This operation involve little more than assembly and filling the purchasing departments copies of the documents relating to the order and transferring to appropriate the information the department may wish to keep.

All above procedures cannot be implemented effectively if there is a weakness in the planning area. Irregular procurement practices in public procurement have been a major concern in the parliament nowadays claiming misuses of fund in procurement without justifications of transactions. From identification of the needs to the delivery of the items or service needed planning is important, its preparation as well as its implementations.
2.2.4 Procurement in public organizations

Public procurement is different from private procurement, because in public procurement the economic results must be measured against more complex and long-term criteria. Furthermore, public procurement must be transacted with other considerations in mind, besides the economy.

These considerations include accountability, non-discrimination among potential suppliers and respect for international obligations. For these reasons, public procurement is subjected in all countries to enacted regulations, in order to protect the public interests. It is worth noting that unlike private procurement, public procurement is a business process within a political system and has therefore significant consideration of integrity, accountability, national interest and effectiveness (Wittig, 1998).

The unique feature of public procurement is that, all procurement or purchasing must follow the prescribed laws and regulations and it must serve the public interest. In public sector Procurement Act No. 21 of 2004 “Procurement means buying, purchasing renting, leasing or otherwise acquiring any goods, works or services by a procuring entity spending public funds on behalf of a Ministry Department or Regional administration of the Government or Public body and includes all functions that pertain to obtaining of any goods, or works, including description of requirements, selection invitation of tenders’ preparation and award of contract”

The difference: Purchasing usually refers to a limited scope of procurement. Purchasing usually refers to the acquisition of goods and supplies. It is limited to tangible items being acquired. Procurement is a wider concept than purchasing.

Procurement is more of a process. It can also be viewed as a system; Procurement has wider coverage to encompass the acquisition of services and works. Procurement is undertaken for organizations (whether it is in public or private organizations).
2.2.5 Basic Principles of Public Procurement

According to the Public procurement Act of 2004, Principles of public procurement includes the following:

A public procurement system should be fair, open, and transparent. It should provide a means to obtain needed goods, works and services in a timely, effective manner at efficient prices that are competitive. To affect this, public procurement system must meet the following requirements discussed hereunder:

2.2.5.1 Economy and Efficiency

The economic importance of public procurement cannot be overemphasized. Efficiency in purchasing leads to savings to both the government and to the taxpayers. Such savings further are achieved by the rational expenditure of public funds by selecting competitive proposals that provide the best value to the government in terms of both economy and quality.

2.2.5.2 Fair and Open Competition

This goal can be best realized through the use of recognized procurement procedures that permit objective comparison of bids, such as international and national competitive bidding, and government accountability in the administration of those procedures.

2.2.5.3 Transparency

Transparency is also a fundamental element of an open, fair, and honest public procurement system. Important elements of transparency include notice, publication, and record-keeping requirements, as well as universal definitions for key procurement terms and established time limits for key procurement process.

Openness and fairness cannot be achieved without transparency in both the solicitation and selection processes. Without published legislation and regulations that set out the procedures governing these processes that are accessible to all potential contractors and suppliers, transparency will continue to elude developing procurement systems. In fact, the first essential step in the development of
transparency in the procurement process must be the establishment of comprehensive procurement procedures to be followed by state and private participants alike. Paramount among such procurement procedures is the realization of project goals through international/national competitive bidding.

### 2.2.5.4 Accountability

Officials conducting public procurements are required by law to be accountable for its actions. For example, international norms of public procurement require that a government maintain written records concerning the justification for its procurement decisions and provide a forum for redress by bidders who have been harmed by, and wish to challenge, the failure of the state officials to follow their own laws and regulations.

Fraud, corruption, and favoritism also may be minimized by the inclusion of provisions making the government, suppliers and contractors accountable for their actions.

### 2.2.5.5 Redress

Good procurement system provides dispute resolution procedures and remedies that seek to stand for internationally accepted norms of procurement. Established appeal procedures permit suppliers, contractors and consultants to lodge complaints to procuring entities and further authorities in event they are dissatisfied at subordinate levels. The law provides opportunity to correct violations by state officials and to redress any wrongs resulting there from.

These policies can be implemented only with effective planning of procurement in public procurement in public organizations. Not only developing policies but also the means of implementing them to achieve procurement objectives.

### 2.2.6 Planning: A Management Function

According to George J&Jones R(2003), planning is a process that managers use to identify and select appropriate goals and course of action. This involves three basic
steps: deciding which goals the organization will pursue,(2) deciding what courses of action to adopt to attain those goals, and (3) deciding how to allocate the organizational resources to attain those goals.

Cole G.A (2004), describes the planning as an activity that breaks down issues, rationalizes them and attempts to articulate them. This makes planning an important aspect of strategic management to both public and private organizations thus needs close attention and continuous studies in solving the challenges there under.

The ideals of planning suggest that development and public infrastructure can be implemented in an atmosphere of complete harmony and that environmental, social and economic disruptions can be minimized and this assumes that there is full knowledge of the social, economic, political and physical systems within which such development is operating (James, 2004).

In a developed or developing country, public procurement practitioners have and will face many challenges but each country has its own economic, social, cultural and political environment; and each country’s public procurement practitioners face different types of challenges (Thai, 2001).

Governed by a complex set of laws and regulations, public procurement systems are designed to achieve three goals: (1) ensuring the best price; (2) providing open and fair competition among local vendors; and (3) preventing favoritism and corruption (Duncombe & Searcy, 2007).

### 2.2.7 Planning in Procurement Context

The procurement plan lays out the details of the procurement process, and the steps that will be required. Typically, the key parties representing the partner government’s technical and procurement roles work together to prepare the procurement plan. The procurement plan should identify the following, which will then be reflected in the request for tender and in the contract itself.
Each of these points is described in the sections which follow: (OECE, 2010)

(i.) Goals and objectives of the procurement
(ii.) Potential service providers
(iii.) Contract duration
(iv.) Procurement approach
(v.) Payment approach
(vi.) Scope of services required
(vii.) Contract monitoring and evaluation
(viii.) Tender format
(ix.) Tender evaluation
(x.) Procurement schedule
(xi.) Cost estimate.

This means that, procurement planning should be prepared to meet the organizational overall objectives. Strategically, procurement objectives must be in line with corporate objectives. Procurement plan must provide an approach to be used, cost estimates and the general procedure to be applied in the whole process of contract execution management. Thus without it, realizing the benefit of good procurement system will not be achieved.

In public organizations, several parties are involved in procurement planning process, these parties and their roles are shown in table below:
Table 2.1: Typical Roles for Procurement Planning

<table>
<thead>
<tr>
<th>ROLE</th>
<th>RESPONSIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of contract user / technical agency</td>
<td>Approves the financial procurement plan</td>
</tr>
<tr>
<td>Head of procurement agency</td>
<td>Approves the financial procurement plan</td>
</tr>
<tr>
<td>Project manager / technical staff</td>
<td>Takes lead in developing technical input to all aspects of procurement planning: requirements, market capacity, contracting process</td>
</tr>
<tr>
<td>Procurement staff</td>
<td>Take lead in developing contracting process to achieve service need objectives while complying with legal, regulatory and procedural contracting requirements</td>
</tr>
<tr>
<td>Finance department</td>
<td>May provide input to contract cost estimate</td>
</tr>
<tr>
<td>Legal adviser</td>
<td>Provides legal advice on the contractual approach</td>
</tr>
</tbody>
</table>


In Tanzania, PPRA has made a guideline in which all the public organizations must implement, thus making annual procurement plan one of the checklist in auditing the procurement functions in public sector.

Each year PPRA conducts the audit in public organizations to determine to what extent the procurement functions have been conducted following annual procurement plan and the audit revealed that about 68% of tenders awarded were not in procurement plan (PPRA report, 2011).

Thus in United Republic of Tanzania, Annual Procurement Plan (APP) is a mandatory feature of the procurement policy framework as articulated in PPA 2004. The approval of APP in a Management Meeting of a PE which is chaired by the Accounting Officer or Chief Executive Officer can be used to achieve the requirement that all procurement must have the approval of the Accounting Officer or Chief Executive Officer. It can further be used as a monitoring tool to ensure that all planned procurement follow the procedures and target dates.
It derives its legality under:

(i.) Section 45 of the Act.
(ii.) Regulation 40, 46, and 47 of GN 97.
(iii.) Regulation 25 and 26 of GN 98

2.2.8 Steps in Preparing Annual Procurement Plan

After the preliminary annual work plan and budget has been developed for the coming year, procurement plans are then developed for the same period. A precise procurement plan should be structured for each major material or category of materials. The major steps in procurement plan are as follow:-

(i.) Carrying out procurement situation analysis
(ii.) Developing strategy of procurement planning
(iii.) Preparing detailed procurement plan schedules

2.2.8.1 Procurement Situation Analysis

There are three steps in carrying out procurement situation analysis

(i.) Demand analysis
(ii.) Market analysis
(iii.) Supplier analysis

2.2.8.1.1 Demand Analysis

This is concerned with redefining the actual requirements of the individual departments in an organization which will assist in categorizing the procurement in the next phase in formulating strategy of procurement planning. This is done by clarifying the objectives and the activities to confirm whether demand should be met through contracting for goods, works or services.

After redefining the requirements the next step will be to analyze the required goods, works and services according to the criticality, values and perish ability. This will be done using the 80-20 phenomenon which holds in most organizations. For obvious reasons, it is particularly important that plan for top 20% or 50% of the materials be developed using careful detailed analyses. The 80% of the materials that account for
approximately 20% of the firm’s expenditures are grouped by general classifications and a plan is made for each group of similar items. These normally fall under operating costs and procurements using shopping methods where the thresholds so allows.

2.2.8.1.2 Market Analysis
Since the buyer’s major initial concerns are availability and price, the anticipated supply and demand factors, along with their expected stability, must be reviewed.

2.2.8.1.3 Supplier Analysis
A general review of other potential suppliers, contractors and service providers in addition to current suppliers are done to determine whether any particularly attractive possibilities should subsequently be investigated more closely

2.2.9 Procurement Planning Strategy
The procurement planning strategy should take the following aspects into consideration:
(i.) Requirements of the Procurement Regulations to obtain guidance of the aggregation and categories of procurements.
(ii.) Relevant regulations for choice of different methods of procurement (for consultants, and for Goods and works)
(iii.) Cost of individual procurement proposals
(iv.) Nature of product to be procured
(v.) The time frame for procurement activities

General approach is to develop the most economic and efficient procurement strategy, including estimation, in each case, this can be achieved by:
(i.) Separating contracts from each component.
(ii.) Awarding a single responsibility contract for groups of contracts.
(iii.) Awarding a turnkey contract for the entire project (IPS, 2010)
2.3 Empirical Literature Review

Public procurement management includes the broad management functions of planning, organization, leadership, staffing, controlling, and communicating procurement processes and activities across the spectrum of the ‘upstream’ supply chain activities of both public and private organizations. A supply chain is a network of activities involving the suppliers on one hand and the customers on the other but being linked by an organization.

Procurement and its management is one of the activities of the supply chain. Two broad sectors of the economy do exist—public and private sectors; and procurement take place in both sectors. Public procurement is different from private procurement because in public procurement, the economic results must be measured against more complex and long term criteria and it must be transacted with other considerations—accountability, non-discrimination among potential suppliers and respect for international obligations in mind besides the economy (Odhiambo and Kamau, 2003).

The basic tenet of public procurement is to acquire the right item at the right time, and at the right price, to support government actions but although the formulae is simple, it involves questions of accountability, integrity and value with effects far beyond the actual buyer/seller transactions at its centre (Task Force Report, 1999).

More recently, around the world public purchasing is beginning to play a much more strategic role in the supply chain — or the value chain process (Fung, 1999). Procurement planning in the public sector includes both strategic and tactical components. Strategic-level planning is long-range planning and is typically performed every few years, when organizations need to expand their capacities.

The scope of the strategic procurement planning process is extremely broad and comprehensive, touching on all aspects of organizational support, taking place in three distinct zones. The agency zone is where service delivery manager requirements for the provision of goods or services originate and where the funding
allocations for those requirements are managed. In large agencies, this zone may include personnel who hold inventory, initiate call-ups or orders directly to suppliers using pre-arranged mechanisms such as blanket orders or standing offers, or send requisitions to the purchasing organization.

The supplier zone is where the producer (the provider of required goods and services) resides; there is a continuing interaction with the supplier that extends far beyond the simple satisfaction of a requirement. Such interaction may come directly from the end user in the case of receiving issues or shipment inquiries; it may come from purchasing staff in the transmission of initial orders, amendment of orders and delivery expedition. Of course, within the management zone itself, staff interacts not only with clients and suppliers, but also with other purchasing people in the organization to ensure the highest level service support, as well as staffing, budgeting, and managerial decision making. Tactical-level planning involves supply planning, which primarily includes the optimization of flow of goods and services through an organization.

Procurement must take a thoroughly professional view of its role in business as a whole and that must include planning (Bailey, Farmer, Jessop & Jones, 1998). Any such procurement begins with the planning decision to make the purchase and this will involve in the first place, deciding whether there is a need for the particular goods or services, ensuring that the purchaser has the legal powers to undertake the transaction, obtaining any relevant approvals within the government hierarchy and arranging the necessary funding (Arrowsmith, Linarelli & Wallace, 2000).

But it is again not surprising that many procurement entities at both the central and local government levels have not taken planning a serious activity. The reasons for lack of procurement planning by such entities have been the actual lack of understanding of the value of procurement, proper enforcement of rules relating to planning (CPAR Report, 2004). It could also relate to lack of capacity due to limited procurement professionals and lack of commitment and support from management of those organizations.
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In fact, Thai, (2004), maintain that forms and procedures may be convenient and useful tools, but the planning effort will succeed only with the complete commitment and involvement of top management, along with appropriate personnel that have a stake.

Procurement plays an important role in the overall mission of the government by providing essential market and commodity information to the end users (or agencies)
on specifications, alternative goods or services, pricing, procurement lead times and availability (National Association of State Procurement Officials, United states of America 1997).

In addition, procurement professionals provide advice and assistance during the preparation of the purchase descriptions, statements of requirement, and statements of work that form part of the requisition. For complex requirements, procurement provides help and guidance with the establishment of evaluation criteria, and is very much the key player during the supplier selection phase, managing the solicitation, evaluation and negotiation/contracting activities.

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Ultimately, procurement planning is responsible for the integrity of this process to ensure that the specifications are as open and conducive to effective competition as possible; that the sourcing and solicitation process is as fair and transparent as possible; that evaluations and negotiations are conducted equitably and consistently; and that any resulting contracts adequately protect the interests of the public agency.

In 2008, the assessment conducted in the Town of Markham showed a limited procurement planning outside of the budget process. User departments completed their budgets but did not complete detailed procurement plans to enable the Purchasing department to schedule their workload, consider market conditions, innovative procurement methods, and town wide opportunities to leverage purchasing power. Only one user department provided a regular updated schedule of anticipated activity to the Purchasing department.

Nearly half of this user department’s planned projects were not initiated with the Purchasing department as planned, making the regular updates very important for maintaining efficiencies in the Town’s procurement processes. The number of procurement projects requiring Purchasing department resources increased from 216 projects in 2007 to 287 projects in 2008 and are anticipated to further increase in future years as the Town continues with its growth strategy. Coordinated town wide procurement planning will become more important in managing Town spend, not only for the Purchasing department activity but for user department purchasing activity.(Kutter I, 2009)
The study conducted in Philadelphia for financial year 2009, noted that the Procurement Department did not distribute annual planned equipment listings to the city agencies for fiscal year 2009. Agencies use these listings as an aid in conducting physical counts and observations of equipment in their possession. Because the Procurement Department did not distribute the annual equipment listings, city agencies were not provided with the means to take a physical inventory of the equipment in their custody for fiscal year 2009. This situation created an increased risk of undetected theft or misuse of city property, as well as misstated asset balances in the city’s financial statements. Thus making it important to have a procurement plan in place to facilitate the functioning of other city agencies (Butkovitz A, 2011).

In 2009 Public Procurement Regulatory Authority revealed that 47% of the 30 public procuring entities in Tanzania did not prepare and implement annual procurement plans for the financial year (F/Y) 2008/09. Lack of APPs contributes to inefficiency, lack of control, increased procurement transaction costs, emergency procurements to avoid competitive procurement methods and excessive use of minor value procurement method.

Among the contributing factors mentioned includes lack of qualified procurement specialists in procurement management units (PMUs), lack of appropriate skills, lack of coordination between PMUs and user department. There is a need to strengthen the capacity of the public organizations in the area of planning in procurement functions and ensure the proper implementation of the procurement activities. This calls for a systematic study to find out the challenges and solution for proper implementation of the annual procurement planning in public organizations. There is no doubt that, improvement in the area of APP will automatically increase compliance in other areas such as compulsory approvals in the procurement processes, advertising of bid opportunities, providing adequate time for bidders to prepare bids, and applying appropriate methods of procurement (PPRA, 2009).

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According to PPRA Report (2007), out of 20 procuring entities, only 32% contracts awarded were in the Annual procurement plan (APP). Furthermore it were revealed that out of t 32% which were in the APP, 28% were prepared when the budget allocations were known, 3% were prepared prior to the budget allocation. This means
that the remaining 68% of tenders awarded were not in annual procurement planning (PPRA Report on assessment of procurement system, 2007). This calls for indepth study to identify the challenges facing the poor compliance with the procurement plan and the means of eradicating these inefficiencies.

**Figure 1: Percentage use of Procurement Plan**

Tenders in procurement plan 32%

Tenders not in the procurement plan 68%

**Source:** PPRA report on assessment of procurement system 2007

Recent report revealed that, still there is a problem in preparation and implementation of the APP, for instance Kibaha District Council in F/Y 2010/11 among the shortfall identified was inadequate APP, and the APP that was prepared by the council did not conform to standard prescribed yr PPRA. The plan was not comprehensive in that it did not consolidate requirements of the council. Also it was found that, although Kilolo Distric council prepared the APP, most of the procurement carried out were not in accordance with the APP, no aggregation of procurements, template for submission to PPRA was not prepared.(PPRA, 2012)

2.4 Knowledge Gap

Basing on the literature review we have learned the basic aspects of procurement and planning in public organizations. Different authors have made a good effort in addressing the importance of planning in procurement functions. For instance, setting the procurement procedure and policies that will guide the procurement functions. The governments around the world, Tanzania being among them, are striving to
enhance efficiency in the procurement area by reviewing their procurement systems from time to time.

For example in Tanzania we had the Procurement Act of 2001, now we have the Procurement Act of 2004 and the recently enacted Procurement Act of 2011. All these efforts have been done to enhance the effectiveness in the procurement area but still the problem exists.

Despite of all periodic audits conducted by Controller and Auditor General and Public procurement Regulatory authority, persistent weaknesses and losses have been shown in the procurement area as identified in the empirical literature review. Therefore we need to address this issue scientifically, to make a critical and in-depth study of the challenges in procurement planning. Why is it so much complex to comply and implement the procurement planning? Why is our country still faced by increasing irregularities in procurement and so loosing huge amounts of money which could be used for other development purposes? What challenges therefore are hindering the effective planning and implementation of procurement plans? This knowledge can be obtained through systematic research in public organizations. The findings to be obtained will not only add a stock of knowledge in procurement management literature but also it will help our government to manage their organizations effectively and efficiently.

The advantages of this are to provide a chance to the government to channel the savings to other development projects such as education, infrastructure development, and energy and health facilities.

2.5 Conceptual Framework

Planning both as a concept and function is probably one of the extensively talked about concepts in the management literature. It is a function that forms the foundation for the rest of management functions. When planning is properly conceived and implemented, it can serve as an important mechanism for extracting, distributing and allocating resources (James, 2004). Planning generally enhances the gathering, evaluating and interpreting of essential data and information in order to
produce knowledge relevant to good policy making. In management literature planning implies that managers think through their goals and actions in advance and that their actions are based on some method, plan or logic rather than on a hunch (Stoner, Freeman & Gilbert, 1995).

The planning function encompasses defining an organization’s goals, establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate the activities (Robbins, 2001).

Procurement planning is the primary function that sets the stage for subsequent procurement activities. It ‘fuels and then ignites’ the engine of the procurement process. A mistake in procurement planning therefore has wide implications for local governance, measured from the two indicators of accountability and participation.

2.5.1 Relationship between the Variables
Diagram no.02: below shows that, several procurement activities depend the procurement establishment and implementation of appropriate procurement plan.
The above diagram indicates that, it is the procurement plan which shows the timescale for the various procurement activities, the procurement methods to be used in various types of purchases, the costs involved and the responsible personnel. Thus, without annual procurement plan, it will be difficult to answer the questions like what to be procured? Using which method? At what total cost/budget? And who’s responsible? All these must be conducted with the aim of achieving the overall organizational goals and/or objectives. Therefore, procurement personnel should observe the corporate objectives so as to ensure that, the planned procurement is in line with the organizational objectives.
This again calls for further research on the challenges facing the effective preparation and implementation of the annual procurement plan so as to enable the organization to achieve its objectives and avoid the impacts of poor/lack of procurement planning.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

3.2 Research Design
This study used multi-case study approach. Tanzania Immigration Department was selected to obtain detailed information related to procurement function at Immigration department in Tanzania. The reason for this design was to get wider and detailed information in order to arrive at a more reliable conclusion.

3.3 Target Population
The targeted groups for this study are procurement officers, tender board members, user department staff who in one way or another are concerned with the procurement decisions in public organization.

3.4 Sample Size
This study used 30 respondents 30 from each organization as shown below:

<table>
<thead>
<tr>
<th>RESPONDENTS</th>
<th>IMMIGRATION DEPARTMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tender Board Members</td>
<td>2 (for interview)</td>
</tr>
<tr>
<td>Procurement officers</td>
<td>3 (for interview)</td>
</tr>
<tr>
<td>User department staff</td>
<td>25 (for questionnaires)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Researcher’s work, 2014

3.4.1 Sampling Procedures/Techniques
In order to reach the desired number of the respondents, both simple random sampling and purposive sampling techniques was used. The benefit of this approach
is customizing the benefits of both techniques while reducing the chance of biasness and improving the quality of data to be collected.

### 3.4.2 Simple Random Sampling

Simple random sampling used because of its strengths in giving research data that can be generalised to a large population, hence, all element have an equal chance of being selected to form a sample (Kamuzora et al, 2008). To the researcher simple random sampling seem to be better, due to large number of user department staff so the researcher has to give them numbers and to enable choosing respondents according to the number they have counted so as to avoid bias in selection.

### 3.4.3 Purposive Sampling

Purposive sampling technique was used so as to enable the researcher to choose the respondents basing on the fact that they have desirable characteristics and variable related to the issue being studied (Kothari C.R, 2002). So, by using purposive sampling I’ll be able to get respondents from tender board members and procurement officers who are directly involved to the large extent in the whole process of preparation and implementation of the annual procurement plans in public organisations. This will assure the quality of information to be collected.

### 3.5 Data Collection Techniques

This study were involved a number of techniques of data collection in order to achieve both primary and secondary data. These techniques include interview and questionnaire particularly to the members of the tender board and procurement officers. So long as they are largely involve in procurement proceedings.

#### 3.5.1 Primary Data

The Primary data are those which are collected directly from the field and are thus original in character (Elhouse D.N cited in Rwegoshora 2006).

The reasons of using this method are to get original information from the field which is very useful in addressing the problem under this study. This is the best way of
knowing how the situation is in the field, and unlike the published information, this source will give valid information which will be specifically collected for purpose of this study.

3.5.2.1 Interview
This is a method in which the subject or unit of study is interviewed. In this method probing questions were asked and conversation between the researcher and the respondents done. Therefore, this method allowed face-to-face conversation and therefore it was used in order to control ambiguities between interviewer (researcher) and interviewee.

3.5.2.2 Questionnaire
According to Borgardus (1988), questionnaire is defined as a list of questions to a number of persons for them to answer. According to him, a questionnaire secures standardized results that can be tabulated and treated statistically.

Therefore, in this study the questionnaires were also used to collect information from user department staff. This helped to collect wider information from many respondents at a reasonably shorter period of time.

3.5.2 Secondary Data
These are data which are in written form or not original i.e. they have already been collected by someone else and which have already passed through the statistical process, they may have either been published or unpublished (Rwegoshora, 2006). Therefore, the sources are Documents or documentary and field sources.

3.5.2.1 Documentation Method
Documentation method is about gathering data from secondary source. The documentary sources of data for research purposes include published books, manuscripts, journals, research reports, newspapers and other unpublished literally works (Ndunguru, 2007).
The researcher used this method to collect already gathered information from books, reports, and written materials from respective organisations, for instances the procurement records, procurement adverts, tender registers, LPOs, and other documents as will be available from the respective organisations.

3.6 Data Analysis
The collected was systematically analysed based on the research objectives. The collected questionnaire data will be analysed quantitatively by using Statistical Package for Social Sciences (SPSS) software in which case frequency analysis and statistics percentages. Quantitative analysis was used to show numerically the information obtained hence simplifies the understanding of data. However qualitative analysis approach for explaining the details and providing the narratives is much useful in this study. The combination of both qualitative and quantitative analysis assures the understanding and quality of this study.

3.7 Data Presentation
Data collected from interview, questionnaire, and documentary sources were presented using various statistical tools such as tables, graphs and charts. The reason of using these approaches is to simplify the interpretation and understanding of the findings which is an important quality of any good research work.
CHAPTER FOUR

PRESENTATION OF THE FINDINGS

4.1 Introduction
The compliance with and the implementation of the annual procurement is one of the major problematic area in public organization in Tanzania. This study focused on the main research objective of identifying the challenges or factors that hinder the compliance and implementation of the annual procurement planning in Tanzania.

Therefore key questions were, why most of the public organizations fail to effective prepare annual procurement plans. What are the factors that cause irregular procurement practices in public organizations? What are major challenges that hinder the effective compliance and implementation of the annual procurement plans in public organizations. Identifying its challenge and finding the possible means, ways and/or mechanism to ensure adequate compliance and implementation of the procurement planning in public procurement.

This chapter presents the findings of this study in order to meet the research objectives. The finding revealed the challenges associated with the annual procurement planning in public organizations. These challenges hinder the effective compliance of the annual procurement planning. As a result public organizations fail to prepare and implement their procurement plans effectively.

4.2 Respondent’s Characteristics.

4.2.1 Gender of the Respondents
Currently gender is cross-cutting issue, in that respect the researcher took into consideration the importance of involving women in the study for the reasons of gender sensitivity but also to have information from both sides of sex categories. The research encompassed 45.6% of male respondents and 54.4% of female respondents respectively as illustrated in Table 06.
This also shows that, there is increasing trend of women empowerment in public organizations, nowadays the government has made a deliberate effort of increasing the number of female in various positions in government sector however, it was noted that there was no significant variation of male-female involvement in the study and therefore the research believed to have involved equally all sex categories in the study and the information obtained are not gender biased.

### Table 4.1: Gender of Respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>male</td>
<td>41</td>
<td>44.6</td>
<td>45.6</td>
<td>45.6</td>
</tr>
<tr>
<td>female</td>
<td>49</td>
<td>53.3</td>
<td>54.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>97.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s (Work 2014)

#### 4.2.2 Educational Level of Respondents

Through this research it was found that the majority of respondents (above 50%) were educated to the level of higher education and above as stipulated in Table 4.2. None of the respondents found to fall under secondary education level.

### Table 4.2: Education level of Respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MASTERS</td>
<td>11</td>
<td>12.0</td>
<td>12.2</td>
<td>12.2</td>
</tr>
<tr>
<td>DEGREE</td>
<td>40</td>
<td>43.5</td>
<td>44.4</td>
<td>56.7</td>
</tr>
<tr>
<td>DIPLOMA</td>
<td>17</td>
<td>18.5</td>
<td>18.9</td>
<td>75.6</td>
</tr>
<tr>
<td>SECONDARY</td>
<td>22</td>
<td>23.9</td>
<td>24.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>97.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>2</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s (Work 2014)
4.3 How Procurement Plan is developed

The study revealed that large numbers of employees are not aware of how procurement plan is developed in their organization.

Table 4.3 and figure 4, show that, 47 respondents equal to 51.1% don’t know procurement plan is developed, 34 respondents equal to 37% identified top down approach while 9 respondents identified that, it is developed from departmental level to top management level.

Table 4.3: How Procurement Plan is developed

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid from department level to top management</td>
<td>9</td>
<td>9.8</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>from top management to department level</td>
<td>34</td>
<td>37.0</td>
<td>37.8</td>
<td>47.8</td>
</tr>
<tr>
<td>I don’t know</td>
<td>47</td>
<td>51.1</td>
<td>52.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>97.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>2</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s (Work 2014)
Figure 4: Explain How Procurement Plan is developed in your Organization

Source: Researcher’s Work (2014)

4.4 Involvement in Procurement Planning

The study revealed that, large percent of employees are not involved in procurement planning. Table 4.4 and figure 5 show that, 60 respondents approximate to 65% were not involved at all, 16 respondents approximate to 17% are moderate involved, only 14 respondents approximate to 15% are highly involved.
Table 4.4: To What Extend You Have Been Involved In Procurement Planning Process?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highly involvement</td>
<td>14</td>
<td>15.2</td>
<td>15.6</td>
<td>15.6</td>
</tr>
<tr>
<td>moderate involvement</td>
<td>16</td>
<td>17.4</td>
<td>17.8</td>
<td>33.3</td>
</tr>
<tr>
<td>none</td>
<td>60</td>
<td>65.2</td>
<td>66.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>97.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>2</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Work (2014)

Figure 5: To What Extend you have been involved in Procurement Planning Process?

To what extend you have been involved in procurement planning process?

Source: Researcher’s Work (2014)
4.5 Training on Procurement Planning

The study revealed that organizations do not provide training on awareness of procurement planning. While responding to the question asked whether their organizations provides training on procurement planning 66 respondents said no equal to 73.73% while the remaining 24 respondents equal to 26.7% said they don’t know (Table 4.5)

The study also revealed that, only 28.3% attending various procurement work shop/seminars. These seminars/workshops normally by the top officials particularly some director and some heads of procurement unit. The remaining 64 respondents equal to 69.6% have not attended (Figure 6)

Table 4.5: Is Your Organization Providing Awareness Training on Procurement Planning?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>66</td>
<td>71.7</td>
<td>73.3</td>
<td>73.3</td>
</tr>
<tr>
<td>Don’t know</td>
<td>24</td>
<td>26.1</td>
<td>26.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>97.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System</td>
<td>2</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td><strong>100.0</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s work (2014)
4.6 Irregular Procurement Practices

The study fund various causes of irregular procurement plans practices contrary to the effective procurement plans, 46 respondents equal to 50% identified lack of coordination 10 respondents equal to 10.9% identified non-participation, 28 respondents equal to 30.4% identified unrealistic budget while 6 respondent equal to 6.5% identified unethical (Table 4.6 and Figure 7).
Table 4.6: Causes of Irregular Procurement

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>lack of coordination</td>
<td>46</td>
<td>50.0</td>
<td>51.1</td>
<td>51.1</td>
</tr>
<tr>
<td>non-participation</td>
<td>10</td>
<td>10.9</td>
<td>11.1</td>
<td>62.2</td>
</tr>
<tr>
<td>unrealistic budget</td>
<td>28</td>
<td>30.4</td>
<td>31.1</td>
<td>93.3</td>
</tr>
<tr>
<td>unethical practices</td>
<td>6</td>
<td>6.5</td>
<td>6.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>97.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>2</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Work (2014)

Figure 7: What are the Causes of Irregular Procurement

What are the causes of irregular procurement?

Source: Researcher’s Work (2014)
4.7 Indicators of Poor Procurement Planning

They study revealed various indicators or weakness which associates with inadequate or poor procurement plan. 20 respondents approximate to 23.9%, identified non-participation, 16 respondents approximate to 17.4% identified procurement delays, 18 respondents approximate to 19.6% identified absence of value for money, 10 respondents identified unethical practices approximate to 10.9% while 4 respondents approximate to 4.3% identified non-transparency. (Table 4.7 & Figure 8)

Table 4.7: Indicators of Poor Procurement Planning

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid excessive spending</td>
<td>20</td>
<td>21.7</td>
<td>22.2</td>
<td>22.2</td>
</tr>
<tr>
<td>non-participation in procurement planning</td>
<td>22</td>
<td>23.9</td>
<td>24.4</td>
<td>46.7</td>
</tr>
<tr>
<td>lack of transparency</td>
<td>4</td>
<td>4.3</td>
<td>4.4</td>
<td>51.1</td>
</tr>
<tr>
<td>unethical practices</td>
<td>10</td>
<td>10.9</td>
<td>11.1</td>
<td>62.2</td>
</tr>
<tr>
<td>procurement delays</td>
<td>16</td>
<td>17.4</td>
<td>17.8</td>
<td>80.0</td>
</tr>
<tr>
<td>lack of value for money procurement</td>
<td>18</td>
<td>19.6</td>
<td>20.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>97.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>2</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Work (2014)
Figure 8: What are the Indicators of Inadequate Procurement Planning

**Source:** Researcher’s Work (2014)

### 4.8 Challenges Facing Effective Procurement Planning

The study revealed various challenges facing the effective procurement planning in public organizations such as non-participation, unrealistic budget, pressure from top management, lack of coordination and communication poor knowledge from user departments and poor training. From the study, 25 respondents equal to 27.2% identified non-participation 20 respondents identified unrealistic budget equal to management, 14 respondents from top management, 14 respondents equal to 15.2% identified lack of coronation of communication while respondents equal to 9.8% identified poor knowledge from user department. (Table 4.8&Figure 09)
**Table 4.8: Challenges Facing Effective Procurement Planning**

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid pressure from top management</td>
<td>17</td>
<td>18.5</td>
<td>18.9</td>
<td>18.9</td>
</tr>
<tr>
<td>poor knowledge from user department</td>
<td>9</td>
<td>9.8</td>
<td>10.0</td>
<td>28.9</td>
</tr>
<tr>
<td>non-participation</td>
<td>25</td>
<td>27.2</td>
<td>27.8</td>
<td>56.7</td>
</tr>
<tr>
<td>poor training</td>
<td>5</td>
<td>5.4</td>
<td>5.6</td>
<td>62.2</td>
</tr>
<tr>
<td>unrealistic budget</td>
<td>20</td>
<td>21.7</td>
<td>22.2</td>
<td>84.4</td>
</tr>
<tr>
<td>lack of coordination &amp; communication</td>
<td>14</td>
<td>15.2</td>
<td>15.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>97.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
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<td>2.2</td>
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<td>92</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Researcher’s Work (2014)

**Figure 9:** Challenges of Procurement Planning

**Source:** Researcher’s Work (2012)
CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction
This chapter explains what the results or findings mean in relation to this study. It elaborates the findings of the study so as to get the wide understanding of the research findings and helps to derive conclusions and policy implications of the study.

5.2 Discussion
To begin with how procurement planning is developed, as identified majority of the respondents(approximately 51%) are not aware of how procurement plan is developed, this means that they can not offer any help towards having a good procurement plan, again it becomes difficult to implement something which they are not aware of.

However the top down approach as identified by 37% of respondents creates difficulty task in preparing and implement the annual procurement planning. The top management decides what should be procured, when and at what cost without involving the procurement officials.

Interview made with the heads of procurement units identified that the top management tends to prepare organizational plans without involving the departments and therefore makes coordination of procurement plans difficult to prepare and implement. They claimed that they are not involved in budget preparation and strategic planning, thus are not informed in advance of what is required instead they just have to follow instructions of the top management.

This approach is contrary to the requirements of the PPRA guidelines which suggests that procurement plan should be prepared starting from the user department by identifying their requirements then consolidate them at procurement department to
determine the costs (budget) and suitable methods of procurement, thereafter procurement department will present it to the management paving the ways for budget preparation.

After final preparation the copy should be submitted to the PPRA and the general public should be made aware through the General procurement notice (GPN).

Therefore this challenge needs to be addressed by involving the key players from grassroots to avoid inconveniences and complaints in procurement proceedings. Involving them will help to solve many problems and improve transparency in procurement plans. Non participation has also an impact in the implementation procurement plan. When employees are fully involved and participate in developing the plan they feel part and parcel of the organization and put more effort in implementing the plan.

Irregular procurement leads to unplanned procurement the problem increases where there is lack of coordination and unreliable budget. As explained in the conceptual framework, procurement plan depends on effective coordination of user requirements and budget to determine when and how to procure

With regards to the indicators of poor procurement planning, means that there is little attention on procurement planning in public organizations leading to undesirable impact as identifies in the study. This affects not only procurement performance in public organizations but also the overall objective of the government in serving the public interest.

This finding concur with the CAG report(2012) tabled in parliaments which identified many problems in performance of public organizations such as irregular spending misuse of public funds, lack of value for money delays in procurement contract performance.
Pressure from top management forces the procurement practitioners to carry out unplanned procurement by following instructions from the upper level. The procurement officers will have no choice than to abide to the instructions. The situation is much worse in local government where the procurement is influenced by the local councilors where politics influences the procurement activities.

The problem here is the external pressure where by procurement is conducted based on public opinion, or event with the aim of protecting those who are in power. This tendency tends to jeopardize the professionalism in public procurement.

Budget problem has also been mentioned as a challenge facing effective procurement plan in public organization. Activities of public organization depend on the availability of public funds and procurement plan involved not only determining what should be procured but also at what cost (budget). Thus the budgets are among the major aspect of procurement plan.

The government funds are neither adequate nor reliable to enhance effective procurement plan. This tends to have several adjustments to be done before the end of financial year. The problem become worse where the procurement projects depends on donor funding of which the fund may not be available on time or may be diverted to other purposed depending on the interests of the funder. This tendency complicates the annual procurement plan in public organization.

Lack of coordination and communicational of the organizational departments or divisions created difficulty in preparing implement procurement plan in public organization. As study showed, procurement plan involves few people in organization while many of them know nothing about the plan.

This is contrary to the PPRA requirement and the procurement act 2004 sect 45 which demands the procurement plan to identify all the requirement of the organization.
This exercise requires clear communication and coordination of organizations departments. Each department or division should identify its requirement and budget, thereafter they will be incorporated into a single master budget and any amendments or adjustments should be communicated as earlier as possible. Therefore there should be a mechanism of enhancing smooth coordination and communication within the organization.
CHAPTER SIX

CONCLUSION AND POLICY IMPLICATION OF THE STUDY

6.1 Conclusion
Basing on the research findings it can be concluded that procurement planning in public organization is not well addressed. Starting from its preparation up to the implementation process. It is inadequately prepared and what is actually implemented differs from what was planned therefore what actually done does not reflect what was planned.

Procurement planning is therefore still missing important elements of planning such as coordination and employee’s participation as a result failing to identify accurately what is required. Budget constraint and unreliable fund provision still poses a grater challenge in the preparation and implementation of procurement plans in public organization.

Having the established laws and tight regulations or establishing regulatory framework is not enough in dealing with procurement planning challenges. The identified challenges do exist regardless of the enacted laws and regulations. For instance with top down approach it is difficult to exercise grater participation and transparency, so the system itself and the organization structure marks the greatest obstacle towards achieving maximum coordination and transparency.

Therefore it can be concluded that, procurement planning in public organization is still an area which needs grater improvement, there are several weaknesses and challenges to be addresses such as non-participation, inadequate/ inelastic budget, lack of adequate coordination and training and ensuring wide participation as identified in this study.
6.2 Policy Implication & Recommendation

The government should establish a policy which can enhance participation and coordination of various stakeholders in formulating annual procurement plan. There should be a team based approach in preparation of the annual procurement plan. This approach will provide a chance for every department or division to have representation in the whole planning exercise. This approach will bring in the multidisciplinary skills which are useful in developing a good plan. Expertise from all departments or parts of the organization will be brought together hence better understanding of the requirements. This will also maximize the level of involvement and transparency hence better compliance and implementation of the plan. Again with team based approach it is easier to identify and correct problem associated with procurement planning since all important players are made aware of what is going on regarding to the preparation and implementation of their procurement planning.

The budget allocation should reflect the requirements, but more important, is that the budget should be realistic. To achieve this the government should establish a means of expanding its revenue such as widen the tax base and expanding investment strategies so as to build capacity of financing her expenditure without relaying much from the donors.

Training mechanism should be instituted and promoted. The aim of this is to provide awareness on procurement planning and maximize competency in this area. The organizations should put in place the training guidelines specifically aimed at building capacity in procurement area. Provision of training fund should be made available to procurement area as well. Training opportunities should not favor the top management level only but it should also consider all other parts of the organization. When it comes to training it must focus on bridging the knowledge gap that exists in the organization.

The focus should be on meeting the organizational goals by observing the professionalism. Top management should build enabling environment to permit smooth communication of requirements within the organization. This will help to
solve the problem of non transparency and allow wider flow of information. Thus simplifies the work of procurement planning in the organization.

6.3 Areas for Further Research
In relation to this study, there some areas which needs more detailed investigation. These include the factors influencing the level of coordination in public procurement. Secondly is the Effectiveness of Employee participation and involvement in Public Procurement. The reasons is that, the study identified them as the critical area most of the respondents mentioned them but also they have greater contribution towards better procurement performance of the organizations. Therefore there is a need to find out the means of enhancing coordination, participation and involvement of employees in procurement functions
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APPENDICES

Appendix I: Questionnaire for Master’s Degree Course Research

A. To Tanzania Immigration Department employees/others

Dear Respondent

The following is the questionnaire intending to collect data basing on the following topic: Assessment of Procurement Function in Public Sector Organization: Case of Immigration Department, Dar es Salaam Tanzania. You are requested to assist in responding questions as you know them. The information contained in the questionnaire will be confidential, and only for research purposes.

I anticipate my gratitude to your assistance

B. THE RESPONDENT

(i.) Organization ________________________________________________________
(ii.) Field of work (department) __________________________________________
(iii.) Academic qualification (degree(s)) ____________________________________
(iv.) Profession and other membership registration __________________________
(v.) Working experience __________________________________________________
(vi.) Gender ____________________________________________________________

PART C

1. Are you familiar with any clear guidelines or procedures in preparation and implementation of the annual procurement planning in your organization?

YES…………NO…………

I AM NOT CERTAIN………………………………

2. If YES please provide the procurement planning procedures or processes for your organization

________________________________________________________________________

________________________________________________________________________

64
3. Please, explain how procurement plans are developed in your organization?

4. From your experience what do you think are the problems associated with poor procurement planning in your organization? Please tick one or more of the following problem which exists in your organization.
   (i.) Delays in performing the procurement functions
   (ii.) Overspending of public funds
   (iii.) Inadequate budget
   (iv.) Inappropriate procurement method
   (v.) Inadequate participation in procurement planning
   (vi.) Corruption & Malpractices
   (vii.) Poor training in procurement plan
   (viii.) Lack of transparency in procurement process
   (ix.) Others

5. Does your organization provide training on awareness of the annual procurement process?
   YES…………NO…………
   I AM NOT CERTAIN

6. Have you attended any training related to the preparation and implementation of the annual procurement planning elsewhere?
   YES…………NO…………
   I AM NOT CERTAIN…………………………………………………………

7. If YES, what did you learn concerning the procurement planning in public sector?

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________
8. To what extent you have been involved in the preparation of the annual procurement plan
   (i.) Highly involvement
   (ii.) Moderate involvement
   (iii.) Low involvement
   (iv.) None

9. What factors accelerates irregular procurement practices in public organizations?
   _________________________________________________________________
   _________________________________________________________________

10. What do you think are the challenges facing the effective preparation and implementation of Annual procurement planning in public organizations?
    _________________________________________________________________
    _________________________________________________________________

11. Suggest on what should be done to overcome these challenges so as to have effective preparation and implementation of procurement planning in public organizations
    _________________________________________________________________
    _________________________________________________________________

Thank You Very Much for Your Valuable Time, Cooperation and Information.