

**THE CONTRIBUTION OF PROCUREMENT AUDIT IN ENHANCING
ETHICAL AND COMPLIANT PROCUREMENT PRACTICES: A CASE OF
SOKOINE UNIVERSITY OF AGRICULTURE (SUA)**

Halima Omari Mwarizo

**A Dissertation Submitted in Partial Fulfilment of the Requirements for the Degree
of Masters of Business Administration (Corporate management) – MBA (CM) of
Mzumbe University**

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2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **THE CONTRIBUTION OF PROCUREMENT AUDIT IN ENHANCING ETHICAL AND COMPLIANT PROCUREMENT PRACTICES: A CASE OF SOKOINE UNIVERSITY OF AGRICULTURE (SUA)**, in partial fulfilment of the requirements for award of the degree of Master of Business Administration in Corporate Management – MBA (CM) of Mzumbe University.

Major Supervisor

Internal Examiner

Accepted for the Board of.....

DEAN, FACULTY BOARD.

DECLARATION

I, Halima Omari Mwarizo, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature_____

Date_____

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I thank the Almighty, who have showered me with His everlasting bounties and mercies. Indeed, without His Everlasting and Ever-loving mercies bestowed upon me it would have not been possible to make through.

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I acknowledge to my children, Muhaqiq and Muqtada whom without them this work would have been in vain; as they both given me time whilst they have been missing their justified right of motherly love during my evening absence for the whole two semesters MBA (CM) classes for 2011/201 academic year. I thank my sons for their pervasiveness and endurance.

DEDICATION

I dedicate this dissertation to my two gifted, brave and beloved sons, Muhaqiq and Muqtada.

ABBREVIATIONS AND ACRONYMS

A&F	-	Accounting and Finance
AO	-	Accounting Officer
CAG	-	Controller and Auditor General of the United Republic of
CM	-	Corporate Management
DVC	-	Deputy Vice Chancellor
GPSA	-	Government Procurement Services Agency
INCOSAI	-	International Congress of Supreme Audit Institutions
LPO	-	Local Purchase Orders
MBA	-	Masters of Business Administration
MoU	-	Memorandum of Understanding
PE	-	Procuring Entity
PMU	-	Procurement Management Unit
PPA	-	Public Procurement Act
PPRA	-	Public Procurement Regulatory Authority
PSPTB	-	Procurement and Supplies professionals and Technicians Board
SUA	-	Sokoine University of Agriculture
TB	-	Tender Board
VFM	-	Value for Money
VFMIS	-	Votebook Financial Management Information System

ABSTRACT

This study and therefore the dissertation were aimed at assessing the contribution of procurement audit in enhancing ethical and compliant procurement practices. The study was a case in which the focus of assessment has been the Sokoine University of Agriculture (SUA) whereas the framework for assessment was the procurement processes management spectrum. The specific objective of this particular study was hinged on assessing the level and extent of compliance with the procurement legislation, assessing the level and extent of the procurement audit in enabling SUA adhere and abide to the best procurement practices, and assessing the level and extent of the procurement audit in enabling SUA to obtain value for money (VFM).

The study focussed on the activities of procurement audit in the procurement and supply chain management spectrum of the procuring entity (PE) that is SUA in particular. The methods of data collection envisioned and used were interviews, questionnaires, participant's own observations and documentary reviews. The study basically consider procurement practice before and after the introduction of procurement audit, and from the data collected it was observed that despite the efforts which have been provided by procurement audit in enhancing ethical and compliant procurement practises the University is still facing some challenges. It was observed that procurement officials have not been accountable enough in dealing with suppliers thus causing late payment of debts and even suppliers forced to inflate the price to cover the delays. Formation of PMU was observed to be against the Act and most of procurements done were not in the APP. It was further observed that some procurements done lack detailed specification from users thus causing deliveries not meeting the intended purpose.

Key Words: procurement audit, procurement process, procurement best practices, value for money (VFM), and compliant procurement.

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CHAPTER ONE

PROBLEM SETTING

1.0 INTRODUCTION

This chapter give a historical background of SUA as the area of study, historical background of the problem and a brief statement of the problem.

1.1 Historical Background of the Organization (SUA)

Sokoine University of Agriculture (SUA) is a higher training and learning institution established as a centre of excellence. Its existence (raison d'être) is hinged on setting the academic development agenda for Tanzania and beyond. Its main activities, here-and-after to be known as processes, are training (teaching), research and consultancy services for people's development in the areas of agriculture and allied sciences. In supporting the training, research, consultancy services and impacting knowledge, skills and ethics for the development of the people, the University conducts researches that usually results to publication of various books, journal articles, research reports, and memoirs. However, the fundamental raison d'être is to enrol eligible candidates for various academic, technical, and professional fields of studies.

Generally, SUA has strategically enshrined herself in the strategic mission that translates the academic agenda, that is: being the centre of excellence in the fields of agriculture and allied sciences. To foster her strategic objectives SUA needs procurement, as a process of acquiring goods, works and services; for effective, efficient and economic use of public and donor funds for meeting the need of academic processes endeavours. It is therefore imperative to consider the essence of procurement audit in enhancing ethical procurement practices as envisaged by the procurement best practices in order to make SUA one of the procuring entities (PE's) adhering to the ethical procurement practices.

1.2 Background Information to the Problem

Public procurement, as a known and observed phenomenon in Tanzania, is one of the most government business activities most vulnerable to petty, grand, systematic and systemic corruption and even kleptocracy (government by theft). Billions of tax payers'

and donor funds and money get lost every year due to waste, fraud and corruption in public procurement system as unethical and non compliant procurement practices crop the public procurement system (vide CAG Audit Reports 2009/2010, 2010/2011 and 2011/2012). Recent corruption scandals; such as, the emergence thermal electricity power generating scam (referred to as the Richmond Scandal later Dowans), the military radar procurement scandal, the purchase of consulate offices in Rome – Italy and the Bank of Tanzania (Twin Tower) procurement scam, these dubious and corrupt procurement process transactions have signalled the “red flags” throughout the whole public procurement cyclical activities and processes that is from procurement planning, solicitation of offers, examination and evaluation of bids, award of contracts and contracts management and administration.

Strategic procurement, as envisaged in creating value for money; is the development of a true partnership between a company and a supplier of strategic value (Rockford Consulting Group Ltd, 1999). According to Rockford Consulting Group Ltd, 1999, strategic procurement arrangement is usually long-term single-source in nature and addresses not only the buying of parts, products, or services, but product design and supplier capacity. However, this is not the case in public procurement enterprising. In public procurement management, the sole responsibility of the procurement process is centred in creating value through effective, efficient and economic procurement (vide Regulation 4 and 5, GN No. 97 of 2005).

Procurement management unit (PMU), as enunciated in Section 35 of the PPA, 2004, is a strategic and critical management function that supports the acquisition process in obtaining goods, works and services needed for a procuring entity such as SUA to carry out its mandated core functions of creating value in the public services value stream. The timely provision, therefore, of the required goods, works and services directly impacts the effectiveness of the operations of the PE in meeting the envisaged strategic objectives by ensuring that ethics in the procurement processes are built within and

without the procurement management spectrum as envisaged by the public procurement legislation (Act No. 21, 2004 and the attendant regulations therein GN No. 97 and 98 of 2005 and GN No. 177 of 2007). Essentially, the PE such as SUA has a compulsory role in complying with the public procurement legislation in order to abide by the principles of good governance through effective public procurement that adhere to the principles of value for money (VFM).

In complying with the requirement of the procurement law, procuring entity such as SUA has to be audited. In SUA procurement audit was conducted from the financial 2006/2007, this is as per requirement of Section 6(d) and 7(1) (j) of Act No. 21, 2004. As a known budgetary phenomenon; by considering the National Budgets for 2009/2010, 2010/2011 and 2011/2012 the procurement sector has been allotted with almost 60 percent of the recurrent and development budgets on public sector procurements. Therefore, it is an undeniable fact that procurement function faces public scrutiny because it spends the procuring entity's expenditure budgets and involves the largest volume of expenditure and thereof ethical procurement practices are mandatory. It therefore true to assert that, public sector procurement should be highly regulated and governed by laws and regulations whereby transparency, accountability, integrity, fairness, and auditable process are envisaged (vide Act No. 21, 2004; GN No 97 and 98, 2005 and GN No. 177, 2007).

It was reported that more organisation money is lost on purchasing substandard goods at a price of standard ones, it was also reported that fake invoices have been used more so there are purchases for non-deliveries (Semiti, 2000). Accordingly, as contended by Semiti (2000), PPRA Audit Reports for the Financial Years 2008/2009, 2009/2010 and 2010/2011 have some observations that some of the Local Government Authorities (LGA's) like the Central Government procuring entities (PE's) are still struggling to come to grips with procurement procedures that are necessary in ensuring value for money (vide PPRA Audit Reports 2008/2009, 2009/2010, and 2010/2011 respectively).

In particular, the audit reports for the Financial Year 2010/2011 has indicated poor record keeping, insufficient design details and technical specifications as well as outdated designs for construction projects have been pointed out as some of the factors that hampered Bahi, Masasi and Igunga district councils as well as Singida Municipal Council from achieving value for money. These elaborated shortfalls were highlighted in the value for money audits conducted in the Financial Year 2010/11 (www.ppra.go.tz accessed on 28th September, 2012). In their study on Compliance of Public Entities in Dar es Sallam Odoyo, F and Lipindi, B observed weaknesses in implementation of procurement plan, quality control and assurance and preparation of progress reports suffice to explain the essence of ethical and compliant procurement practices

1.3 Statement of the Problem

Public procurement audit in Tanzania is an emerging practice conducted by the Public Regulatory Authority (PPRA) in a way to overcome unethical practises in the public procurement processes. Generally speaking, it is mandatory for PPRA to institute public procurement audits (vide Section 7(1) (j) of Act No. 21, 2004). Public procurement audit is a statutory and an approved examination or investigation of public procurement processes and practices over a given period of time initiated by PPRA (as per Act No. 21, 2004) and to be executed by an appointed and qualified procurement auditors. The salient points worth noting here are that public procurement auditing is authorized by law, that is, the PPA, 2004 and regulations therein. As a process, public procurement audit is an independent and objective examination or investigation of the procurement processes in expenditure of public funds and undertaken in a given period of time. Besides, the exercise shall be carried out by a statutorily authorized public institution through qualified serving and/or appointed experts as required by the procurement law (Act No. 21, 2004). It is very important to emphasize that the purpose of public procurement auditing is not to indict any concerned but to simply ascertain whether or not, the public procurement law, policies and practices have been adhered to within the public procurement framework. It is therefore a systematic and systemic process in

determining the compliance with the procurement best practices and value for money as envisaged by the *Procurement Policy* promulgated in the procurement law (vide Regulations 4, 5 and 6 of GN No. 97, 2005).

The study therefore assesses the contribution of procurement audit in enhancing ethical and compliant procurement practices by taking SUA as a case for study.

1.4 Research Objectives

The study was proposed to address both general and specific objectives which were then translated to research questions. The thrust of the research questions were therefore depicted by the research objectives as seen in section 1.5 of this dissertation.

1.4.1 General Research Objectives

The general objective for this study was: To assess the contribution of procurement audit in enhancing ethical and compliant procurement practices in Tanzania taking SUA as a case for study and analysis.

1.4.2 Specific Objectives

It was therefore envisaged that the research objectives for this particular study as depicted by the specific research questions were:

- i. To assess the level and extent of the procurement audit in enabling SUA to comply with the best procurement practices.
- ii. To assess the level and extent of the procurement audit in enabling SUA to comply with the public procurement legislation.
- iii. To assess the level and extent of the procurement audit in enabling SUA to obtain VFM.

1.5 Research Questions

This study was proposed to be guided by general and specific questions as given in sections 1.5.1 and 1.5.2 respectively.

1.5.1 General Research Question

In tackling the research agenda for this study the general proposed study research question was: Does procurement audit enhance ethical and compliant procurement practices? It was envisaged that this general research would be amplified by specific research questions focusing the main theme of the study as given in section 1.5.2 in this dissertation.

1.5.2 Specific Research Questions

The general research question in meeting the topical problem was amplified by the following specific research questions:

- i. To what extent has procurement audit enable SUA adhere and abide to the procurement best practices?
- ii. To what extent has procurement audit enable SUA comply with the public procurement legislation?
- iii. To what extent has procurement audit enable SUA obtain VFM?

1.6 Significance of the Study

At this stage, dissertation writing, the study is still stands with the same significance as primarily proposed into three facets; namely but not limited to:

1. Contributing to the increased body of knowledge and skills in the realms of public procurement audit and to the contribution to the ethical and compliant procurement practices at SUA.
2. The identified areas of weaknesses can be used by the University to improve procurement performance
3. Impact practical knowledge against the theories of procurement and supply chain audit to the candidate (researcher) and therefore improve her knowhow in applying procurement audit in the field of public procurement systems.
4. by using the recommendations PPRA can find the importance of providing knowledge of the Act to the suppliers so as to reach the objective of value for money

5. This is a partial fulfilment of the Masters of Business (Corporate Management) of Mzumbe University towards writing of the envisaged dissertation for the award of MBA (CM).

1.7 Scope of the Study

The scope of this study focused on the assessing the contribution of procurement audit in enhancing ethical and compliant procurement practices in Tanzania by taking SUA as a case for study and analysis. At this stage, the study still is focussing on the assessment of the compliance with procurement law, adherence to best procurement practices and VFM procurement at SUA. Generally speaking the study covered the whole of SUA procurement processes management in line with the best practices as perceive by the stakeholders.

1.8 Limitations of the Study

The researcher faced unavoidable limitations due to the nature of the proposed framework. Some of the limitations,

Uncooperative Respondents: Some of the respondents were not in a position to disclose material facts because of fear and other related phobia. Although the researcher (as an employee) made awareness of the essence of the study and also tried to use some of the covert data mining methodologies that did not contravene with the confidentiality of data and/or information as per employee's ethical code of conduct prevail.

Position and role of the researcher at the study area

Being a staff of procurement department and due to prevailing misunderstanding between procurement department and other users departments, there was difficulty in getting the required information. Some of the respondent could not take the study as important and that it will add value in procurement field.

CHAPTER TWO LITERATURE REVIEW

2.0 INTRODUCTION

A literature review is a description of the literature relevant to a particular field or topic. It gives an overview of what has been said, who the key writers are, what are the prevailing theories and hypotheses, what questions are being asked, and what methods and methodologies are appropriate and useful. As such, it is not in itself primary research, but rather it reports on other findings. It is therefore taken not for grant; here, literature review is done with focus on the study topic and the interrelated theories and practices (accessed at www.emeraldisight.com on 23rd September, 2012).

2.1 Public Procurement Defined

Public procurement, as per the Public Procurement Act No 21, 2004 (Cap. 410) can be defined as the acquisition of goods, works and consultancy services with the Government appropriated fund for public use through the Ministries, Departments and Agencies (MDAs) and the disposal of Government assets on behalf of the Government. It involves the activities of obtaining goods, works and services for the public by the use of public funds. Generally, public sector procurement is aimed at obtaining value for money (VFM) in all procurements made by the public procuring entities (PE's).

2.2 Public Procurement Audit for Ethical and Compliant Procurement

Until recently, procurement was a necessary, but seldom celebrated component of government entities. Procurement was considered an administrative function and received little attention from policy makers. However, in the recent past the procurement function has taken on greater strategic importance in government and it will assume even greater significance in the years to come in this regard governments have created public procurement bodies with the mandate of overseeing and ensuring that government entities (including ministries, parastatals and local government units) comply with public

procurement laws and accompanying regulations. Most Country Procurement Systems and Multi-Lateral Donor Organizations procurement guidelines require that annual independent procurement audits/reviews be conducted (TransAfrican Management Institute, 2012).

The increasing challenges of the procurement activities in different procurement entities have led to the need of increasing paramount of procurement audit. As a recognised fact, in most of the procurement budgets within and without Tanzania, procurement of goods and services is a major component of any national budget and, therefore, maintaining transparency, accountability and fairness in the procurement process is imperative. Procurement audit, therefore, is targeted to improve the knowledge on how procurement, regulatory frameworks, and risks on all aspects of the procurement cycle and contract supervision are executed in compliance with the procurement laws. In this perspective, Public Procurement Regulatory Authority (PPRA) is doing a commendable job in ensuring that PE's are wholly enshrined in the wills of the Tanzania procurement legislation by instituting periodic procurement audit as required by procurement laws (Mohamed, 2010).

In this regard, public procurement auditing as professional concept, can be defined as a statutory and approved examination or investigation of public procurement processes and practice over a given period of time by an appointed and qualified Procurement Auditor. Pursuant to section 9(1) (i) PPRA have been mandated to institute:

1. Procurement audits during the tender preparatory process;
2. Audits in the course of the execution of an awarded tender; and
3. Performance audit after the completion of the contract in respect of any procurement as may be required.

The primary objective of the public procurement auditing is to provide the Government and the tax payers with independent information/data, assurances, empirical evidence, and other related data, that appropriated funds for public procurements are genuinely,

legitimately and appropriately utilized in a manner that guarantee integrity, competitiveness, transparency, fairness and value for money being expended. It is also undertaken to identify weaknesses in the public procurement practice and processes with a view to correcting the observed anomalies; emphasis on strict adherence to the procurement legislation (Act No. 21, 2004) given processes, policies and guidelines.

Public procurement audit has received attention in different African countries, (Mabveka 2012). In Zambia, for instance, the Public Procurement Act 2008 (PPA, 2008) gives the Zambian Procurement Authority the powers to conduct procurement audits. In Uganda, likewise, procurement audit is done at different levels of the Public Procurement and Disposal of Public Assets Act, 2003 (PPDAA, 2003) part II (j). In Nigeria, the Public Procurement Act, 2007 empowers the Bureau of Public Procurement (BPP) to conduct procurement audit under the function Section article (p) of Nigeria Public Procurement Act, 2007, whereby in Malawi, the Public Procurement Act, 2003 empowers the Auditor General to conduct procurement audits under Section 39 of Malawi Public Procurement Act, 2003 which says; Procurement activities shall be subject to regular auditing by the Auditor General to ensure that public funds are expended for their intended purpose, and with a view to maximizing value received by the public purchaser, ensuring that proper and accountable systems are in place and adhered to, and identifying any weaknesses in procurement.

2.3 Procurement Compliance

Increasing the effectiveness, efficiency and transparency of procurement systems is an on-going concern of governments and the international development community. All countries have recognised that increasing the effectiveness of the use of public funds requires the existence of an adequate national procurement system that meets international standards and that operates as intended (UNCTRAL Procurement Modal Law).

The regular and continuous assessment of procurement entities in countries procurement systems with regard to their compliance with the procedures, rules and regulations has been embraced worldwide (as adopted in the UNCTRAL Procurement modal Law). In Tanzania, public procurement is regulated by the Public Procurement Act passed into law in 2004 which requires all public procurement to be conducted in accordance with the principles of transparency, accountability and fairness and in a manner that maximizes competition and achieves value for money (PPA, 2004).

Procurement processes, in complying with the procurement legislation, need to be permanently monitored. As a known phenomenon, effective and efficient procurement control play a key role since good rules are necessary but not always enough to curb procurement systemic and systematic corruption. It is also important to have clear and publicly available procedures and to have regular audits by external parties. In this case the need to monitor that the activities of public sector entities are in accordance with the relevant authorities that govern them and that the due process rights of citizens to know the public procurement process management in a transparent and auditable pattern.

As empowered by Public Procurement Act, 2004 in implementing procurement audit, the Public Procurement Regulatory Authority (PPRA) has established thirteen compliance indicators that are the basis of evaluating procurement compliance when carrying out the audit of which could be categorized in four stages. The first stage is establishment of key procurement organs such as establishment of respective tender board of each PE, procurement management unit and evaluation teams. The second is the preparation of strategic implementable procurement plans (APP). The third stage is adherence and seeking respective approvals of procurement processes whereas the last stage is contract implementation (vide PPRA Audit Manual, 2008).

Compliance audit as defined by International Organization of Supreme Audit Institutions (INTOSAI) involves audit of the degree to which the audited entity follows

rules, laws and regulation, policies, established codes, or agreed upon terms and conditions, etc. Compliance auditing may cover a wide range of subject matters. In general, the purpose of a compliance audit is to provide assurance to intended users about the outcome of the evaluation or measurement of a subject matter against suitable criteria (accessed at www.intosai.org on 23rd September, 2012).

2.4 Performance Audit (Value for Money Audit)

Essentially, “value for money (VFM) audit” and “performance audit” is used interchangeably. Performance audit, as a common practice in auditing parlances, is considered to be one of the most effective means for improving performance and governance. Performance or VFM audit assesses the extent to which the procuring function is achieving economy, efficiency, and effectiveness in procurement activities. The public procurement policies are based on the need to make the best possible use of public funds, whilst conducting all procurement with honesty and fairness (vide Regulation 4, GN No. 97, 2005). All public officers and members of tender boards who are undertaking or approving procurement shall be guided by the following basic considerations of the public procurement policy as promulgated in the Public Procurement Regulation GN No.97, 2005:

1. **Economy:** This is what goes into providing a procurement process. According to International Congress of Supreme Audit Institutions (INCOSAI) Audits of economy may provide answers to questions such as:
 - Do the means chosen or the equipment obtained – the inputs – represent the most economical use of public funds?
 - Have the human, financial or material resources been used economically?
 - Are the management activities performed in accordance with sound administrative principles and good management policies?

2. **Effectiveness:** Achieving the stipulated aims or objectives. This is a measure of productivity; that is, how much the PE gets out in relation to what is put into procurement. Effectiveness is essentially a goal-attainment concept. It is

concerned with the relationship between goals or objectives, outputs and impacts. According to International Congress of Supreme Audit Institutions (INCOSAI) in auditing effectiveness, performance auditing may, for instance,

- assess whether government programs have been effectively prepared and designed and whether they are clear and consistent;
- assess whether the objectives and the means provided (legal, financial, etc.) for a new or ongoing government program are proper, consistent, suitable, or relevant;
- assess the effectiveness of the organizational structure, decision making process and management system for program implementation;
- assess whether the program supplements, duplicates, overlaps, or counteracts other related programs;
- assess whether the quality of the public services meets the people's expectations or the stipulated objectives;
- assess the adequacy of the system for measuring, monitoring and reporting a program's effectiveness

3. ***Efficiency***: This involves with the acquisitions to meet the desired value for money (VFM) for public procurement; and maximize customer satisfaction at minimum total cost of ownership. According to International Congress of Supreme Audit Institutions (INCOSAI) Auditing efficiency embraces aspects such as whether:

- Human, financial, and other resources are efficiently used;
- Government programs, entities and activities efficiently managed, regulated, organized, executed, monitored and evaluated;
- Activities in government entities are consistent with stipulated objectives and requirements;
- Public services are of good quality, client-oriented and delivered on time; and

- The objectives of government programs are reached cost effectively. The concept of cost-effectiveness concerns the ability or potential of an audited entity, activity, program or operation to achieve certain outcomes at a reasonable cost. Cost-effectiveness analyses are studies of the relationship between project cost and outcomes, expressed as cost per unit of outcome achieved. Cost effectiveness is just one element in the overall examination of efficiency, which might also include analyses of, for example, the time in which outputs were delivered.

Objectively, VFM audit has to meet the three E's of ethical procurement as inspired by the public procurement systemic framework. Therefore, obtaining VFM is one of the most complicated and complex objectives of performance (or VFM) audit.

2.5 Challenges of Public Procurement Auditing

The challenges facing the public procurement auditing are many and daunting at the moment and therefore need collective efforts of the stakeholders to solve them. The very known and documented challenges include but not limited to the following:

1. *Lack of adequate personnel/experts*: PPRA as the regulatory public procurement body does not have enough personnel to carry out the audit function thus hire external consultant/auditors to carry out the duty. Besides, there are few procurement consultants who have detailed knowledge of the scope and dynamics of public procurement auditing as required by the profession and procurement legislation.
2. *Attitude of the procurement officers*: Most of the procurement and other public officials erroneously believe that the aim of the auditing is to indict them for the purpose of reporting them. This situation has often resulted to the said officers not cooperating with the procurement auditors or perceiving the auditors as enemies.
3. *Lack of procurement expertise*: Procurement officers' evidence has shown that most procurement officers in Tanzania, at the moment, do not understand in

details, the technicalities of the public procurement practice as enshrined in the procurement legislation. As a result, they do not follow the ethical procurement practices that will aid the auditors to carry out their assignments.

4. *Environmental challenges*: Auditors face challenge for un-conducive environment to carry out the assignment in this case it is hard to keep the scheduled appointments for the assignment resulting to date lines not being met.
5. *Unnecessary attempts to influence the auditors*: Some of the procurement officers and other corrupt officials in the PE's prefer to attempt to influence the auditors instead of presenting their procurement records for auditing. At arrival at some Auditors are confronted with promises if they would write favourable reports without even looking at the appropriate records.
6. *Improper maintenance of procurement records by the procuring entities*: It is evident that most of procuring entities do not have good record management system that will ensure effective and efficient performance of public procurement auditing. In most cases, the records/books are not kept or half hazard kept to the extent that the Auditors cannot sufficiently extract required information.

2.6 Ethical Implication of Procurement

Procurement process should be executed by closely following the professional behaviour. Procurement professionals should therefore comply with the procurement laws and regulations that govern the execution of the processes (activities) therein. A professional has a continuing duty to maintain professional knowledge, skills and ethics (professionalism) at the level required to ensure that a client or employer receives competent professional service (Mohamed, 2010).

Literally, ethics can be defined as norm/standards that govern individual's behaviour in a given group of people such as lawyers, doctors, procurement professionals, engineers and others (as adopted by Kilima, 2007). Procurement activities should be done ethically by complying with the best procurement practices and the urge to obtain VFM

within the procurement framework (procurement institutional framework) so as to yield the intended 3E's and therefore attains the public procurement policy objectives (vide Regulation 4, GN No. 97, 2005).

2.6.1 Benefits (Implications) of Ethical Procurement

Advocates of public procurement good governance including Dominic (2010) contend that, "effective and efficient public procurement is a requisite of good governance." It must be agreed that, either in an effective use or efficient use of public and donor funds, that ethical procurement should enhance ethical procurement practices and therefore must ensure that:

1. VFM in all procurements within the procurement spectrum and activities;
2. Improvement of public services delivery to the people;
3. Encourages accountability and responsibility in the public procurement and supply management processes;
4. Improves participation by and growth of the private sector such as community participation in procurement and private public partnerships (PPP); and
5. Integral part of Good Governance Process such as the rule of law by law for the effective and efficient governance of the state machineries.

2.6.2 Organizational Culture and Ethical Behaviours

When talking about ethics in organizations, one has to be aware that there are two ways of approaching the subject--the "individualistic approach" and what might be called the "communal approach." Each approach incorporates a different view of moral responsibility and a different view of the kinds of ethical principles that should be used to resolve ethical problems (Brown, 2010).

According to Brown (2010), the "individualistic approach" to moral responsibility every person in an organization is morally responsible for his or her own behaviour, and any efforts to change that behaviour should focus on the individual whereby the "communal

approach.” Individuals are viewed not in isolation, but as members of communities that are partially responsible for the behaviour of their members. So, to understand and change an individual’s behaviour we need to understand and try to change the communities to which they belong.

2.6.3 Code of Ethics

A code of ethics is a set of guidelines which are designed to set out acceptable behaviours for members of a particular group, association, or profession. Many organizations govern themselves with such a code, especially when they handle sensitive issues like investments, health care, or interactions with other cultures. In addition to setting a professional standard, a code of ethics can also increase confidence in an organization by showing outsiders that members of the organization are committed to following basic ethical guidelines in the course of doing their work (accessed at www.wisegeek.com on 23rd, September 2012).

Organizations should understand that ethical codes are rules that can not be enforced by penalties for non compliance rather they need to be understood appreciated and willingly honoured by the great majority of people affected; in this case they need to be supported by the people to whom they apply (Torrington et al, 2008).

2.6.4 Procurement Professional Code of Ethics

Procurement professional must have a highly developed sense of professional ethics to protect their own and their institutional reputation for fair dealing. The Procurement Professional Board in Tanzania PSPTB has laid down the following ethics that should guide the professional practitioners. (PSPTB *Ethical Code of Conduct*, 2011):

- Maintaining the highest possible standard of integrity in all business relationships both inside and outside the organizations where one is working.
- Reject any business practice which might reasonably be deemed improper.
- Never use one’s authority or position for person gain.

- Enhance the proficiency and status of the profession by acquiring and applying skills and knowledge in most appropriate manner.
- Foster the highest standards of professional competence amongst those for whom one is dealing with.
- Optimise the use of resources which one might have influence over the benefit of his/her organisation.
- Comply with both the letter and the intent of:
 - the law of countries in which I practice;
 - agreed contractual obligations; and
 - Board's guidance on professional practice.
- Declare any personal interest that might affect, or be seen by others to affect one impartiality or decision making.
- Ensure that the information one give in the course of his/her work is accurate.
- Respect the confidentiality of information one receive and never use it for personal gain.
- Strive for genuine, fair and transparent competition.
- Not to accept any inducements or gift, other than items of intrinsic and small value such as business diaries, calendars or pen.
- Always to declare the offer or acceptance of hospitality and never allow hospitality to influence a business decision.
- Remain impartial in all business dealing and not be influenced by those with vested interests.
- Report any infringement of ethical code done by a registered member to the appropriate authority/organ

2.6.5 Malpractices (Unethical Practices)

Professionals who put their interest first have to do malpractices in order to meet their personal objectives. The term malpractice can be defined as unlawful activity done by a person in position of trust or responsibility for personal advantage. There are a number of activities which can be treated as malpractice (Kilima, 2000)

1. Over Invoicing

This is one of the common types of malpractices. A suppliers and a buyer agree to increase a price of a given item over and above the right price. The difference can be shared between the buyer and the seller. It can as well be pocketed by the buyer only depending on the agreement.

2. Information Disclosure

Some buyer sometimes allow selected suppliers to have information on tender e.g. quantity last price quoted or price quoted by other suppliers. This gives advantage to the selected suppliers to requite or to rework their tender documents. This is done on agreement that the buyer will be rewarded accordingly by the suppliers

3. Purchasing of Non Delivery

This is what commonly known as “*ununuzi hewa*”. Goods are purchased but not delivered. This is due when the seller, the buyer the receiver and even the user collude. In this case all the relevant documents such as delivery notes, Invoice, Gins and Issue Notes are prepared and duly signed for goods non-delivered.

4. Over-estimate of Demand

A professional may over-estimate demand of an item so as to make the order big.

5. Teaming up against some suppliers

Strong and unethical suppliers sometimes force buyer of a given type of product to team up against other suppliers

5. Withholding Information

Under the concept of buyer supplier relationship availability information on the item related to a contract to be negotiated is necessary

6. Own Business Competing with Employer's

There are professionals who own and run business similar to those of their employers. Since the business are competing each other for the same market, professionals may use their positions to fight their employers.

7. Buyer own Company as Employer's Supplier

A buyer owns and runs a company which also supplies goods to this employing company. In this kind of arrangement there are all reasons to believe that the buyer will fight other suppliers using his position as an employee of the buying company. In selective tendering he may decide to invite weak companies so as to lessen competition

8. Buying Substandard Goods at Price of Standard Ones

Some buyers arrange with suppliers to deliver substandard goods covering them with specifications and prices of standard ones. Other is even ready to receive used items and account for new. The amount realized from the difference in price between substandard and standard or new and old goods is shared among the members of the team.

9. Personal Purchase

Professional by using a company's name may obtain discount and a lot of good will. The good purchased may be for final use or resell using buyer's own private company

2.7 Empirical Literature Review

In Canada, report of auditor General issued on June 2012 stated that 41 of the 59 procurements tested did not meet all of the administration's own policy and procedures. This result points to a widespread lack of compliance with the set of procedures that are designed to support fairness and transparency, achieve best value, and manage risks. These weaknesses resulted in errors ranging from missing documents to more serious issues such as awarding a contract to a bidder that clearly did not meet one of the mandatory requirements (accessed at www.oag-bvg.gc.ca on 23rd, September 2012).

Robert J. Hanlon, a procurement specialist and author who studied Malaysian Public Procurement System explained six challenges facing procurement. First, he suggests a lack of transparency is contributing to unfair tender processes. Second, although the government's procurement policies and procedures are clear, many contractors felt overburdened by red-tape and inefficient registration procedures. Third, ineffective monitoring and auditing procedures have contributed to inconsistencies in the system. Fourth, unpredictable estimates during the tender purchasing process are damaging contractor confidence. Fifth, allegations of corruption within the system have raised questions of professionalism and ethics. Lastly, inefficient practices are causing delays in the procurement process thereby increasing industry cost

CAG Audit Reports for 2007/2008, 2008/2009, 2009/2010, 2010/2011 and 2011/2012 respectively available at www.parliament.go.tz contain a number of observations on non compliance with the public procurement legislations and unethical procurement practices. Today's CAG audit observations reflect the previous non compliance and unethical practices in the past. In his opening speech Dr. Makongoro Mahanga (who by

then was the Chairperson of National Board for Materials management – NBMM), for instance, stated that the report of Controller and Auditor General (CAG) for the Financial Year 2002/2003 for the government ministries department and regions reveals that payment amounting to TZS 7,842 millions had been made for goods which were not delivered: TZS 4,301 millions worth of purchase were made without proper authority; materials worth 8,754 millions were purchased and delivered but were not taken on ledger charge; and stock of materials worth Tshs 163.7 million were simply lost or destroyed in stores

A December, 2011 procurement audit report published by the Public Procurement Regulatory Authority (PPRA) that covers 315 out of 393 procuring entities, shows that 18 entities, that include the ailing Air Tanzania and the High Court of Tanzania, performed extremely poor with a compliance level below 50 percent. The PPRA December (2011) report came as a shock to the public as the audit covered projects with a fiscal value of 4.52 trillion which is equivalent to 38.9 percent of the whole government budget of 11.61 trillion for 2010/2011 financial year!

On July 9th, 2009 President of the United Republic of Tanzania, Jakaya Mrisho Kikwete had lamented that, “Over 33 percent of government budget gets into the pockets of unscrupulous public officials and their accomplices through dubious public procurement deals.” Seventy eight (78) entities never complied with the requirement of disclosing contract award information to the PPRA so that the audit to be undertaken, contrary to Regulations 21 (1) and 67(4) of G.N. No. 97 of 2005 (accessed at www.corruptiontraker.or.tz on 23rd, September 2012).

2.8 Research Gap(s)

The synthesis of the reviewed literature had singled the essence of procurement audit in exhuming unethical and non compliance of PEs for effective and efficient public procurement. Basically, the procurement audits have been instilling good practices in most of the PEs and therefore ensure ethical and compliant procurement practices.

However, there is a need to link what is known to other procuring entities and what prevails at SUA in line with assessing the need for public procurement audit in ensuring ethical and compliant procurement practices in ensuring value for money (VFM) creation in SUA’s public services value stream.

2.9 Conceptual Framework

In the urge to find the relationships between the variables of interests, this study proposed the use of schematic figure (vide Figure 2.1) to show that procurement audit (an independent variable) having the best practices, compliance and VFM audit are dependent on the ethical procurement (for PE’s to be compliant with the procurement legislation) and the envisaged outcome is the VFM procurement. The researcher will assess the variables relevant to the subject under study and the focus of attention is on SUA procurement processes.

Figure 2.1: Conceptual Model

INDEPENDENT VARIABLES		DEPENDENT VARIABLE	OUTCOME
<i>Procurement Audit</i>	<i>Best Practices Audits</i>	<i>Ethical and Compliant Procurement Practices</i>	<i>VFM Procurement</i>
	<i>Compliance Audits</i>		
	<i>VFM Audits</i>		

Source: Researcher’s Modelling, 2012

The basic assumption as depicted from Figure 2.1 is hinged on the interface between procurement audits in ensuring that best practices, compliance and value for money audits enhance the achievement of ethical and complaint procurement practices and therefore the outcome shall be effective, efficient and economy in the procurement processes and the activities therein. This layout is facilitated by legal and institutional

frameworks so far promulgated in the PPA, 2004 (Cap. 410) and GN No. 97 and 98, 2005 and GN No. 177, 2007 and as agreed by Kane (2003).

This study proposed to assess the contribution of procurement audit in enhancing ethical and compliant procurement practices. It is therefore imperative to think of parameters of assessment wherefrom. The level of procurement audit that was considered for assessment was the institutional and legal frameworks of the SUA public procurement system. That is, the institutional organs established by Act No. 21, 2004 and the attendant regulations. The extent of procurement audit for assessment were based on how much SUA comply with the best practices and compliant procurement practices in all levels of the envisaged institutional and legal frameworks as provided in the Act No. 21, 2004 and the PPRA Audit Manual. Basically, the level and extent of assessment were in percentages and/or ratings as agreed by PPRA and INCOSAI audit standards. To assess the level of contribution of procurement audit the researcher had considered reports of financial audit done before the introduction of procurement audit (Financial Year 2002/2003 to 2005/2006 inclusive) to assess the shortfalls which were observed in procurement activities and after the introduction of the procurement audit.

A best practice, as a management concept, is a method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark. In addition, a “best” practice can evolve to become better as improvements are discovered. Best practice is used to describe the process of developing and following a standard way of doing things that organizations can use. In public procurement, best practice could have the following principles according to procurement laws and regulations (Act No. 21 of 2004 and GN No. 97 and No. 98 of 2005) include:

1. **Transparency:** refers to the openness of a procurement activity to scrutiny by interested parties
2. **Accountability:** is the obligation to account for the way particular duties have been performed

3. **Fairness:** This means just, unbiased, and equitable; in accordance with the rules
4. **Highest degree of integrity:** This involves such qualities as honesty, truthfulness, impartiality, and incorruptibility
5. **Equality and equity:** This implies avoiding discrimination
6. **Competition:** This involves enabling all deemed responsible sources to compete in a fair and open environment
7. **Highest level of expertise:** Involves great skills and knowledge of procurement
8. **Probity:** Maintaining probity involves more than simply avoiding corrupt or dishonest conduct
9. **Reliability:** Being depended on with full trust
10. **Ethics:** Involves maintaining moral principles or values that guide officials in all aspects of their work

In order to measure the contribution of these principles of best practice as envisaged in this study; respondents were asked on how they *strongly agree* [5], *agree* [4], *neutral/undecided* [3], *disagree* [2] or *strongly disagree* [1] on each principle (by using Likert Scales vide *Questionnaire A*).

CHAPTER THREE RESEARCH METHODOLOGY

3.0 INTRODUCTION

Research methodology involves ways that systematically solve the research problem. It is understood as a science of studying how research is done scientifically to achieve the objectives, answer the research question, or test the hypothesis, steps generally adopted by a researcher in studying his research problem along with the logic behind them. It describe the necessary design, the population and sample required, situation and method and tools needed. Therefore in this chapter the researcher deals with combination of different methods in order to collect the required data from various sources necessary for analysis (Kothari, 2004).

3.1 Study Area and Research Design

3.1.1 Research Design

In conducting this study the researcher opted to use a case study. A case study, in this regard, was considered useful as the researcher is an employee of SUA and therefore the case unit proposed was the area of her work place. Typically data were collected and/or gathered from variety of sources and by using several different methods. Basically, these methods were use of questionnaire, observations and interviews; where necessary and pertinent, documentary review and analysis was used. The case study method often involves simply observing what happens to, or reconstructing ‘the case history’ of a single participant or group of individuals such as a school class or a specific social group (McLeod, 2008).

3.1.2 Study Area

This study was proposed to be carried at Sokoine University of Agriculture (SUA). SUA, in that regard, has been chosen due to the fact that: (1) it is a public body; (2) it is required to comply with Act No. 21, 2004 and their attendant regulations; (3) it will save cost and time for the researcher due to the limited nature of these two resources (that is, time and money); and lastly, as it was already written the researcher is an employee of

SUA and therefore by large she could have contributed to the improvement of the best practices by merging theories she learnt in class with practices at her work place.

3.2 Sampling Procedure

In statistics viewpoint, a sample is a group of subjects, treatment or situation selected from a large population. Since SUA has a limited number of employees that deal with the procurement processes in the University supply chain system; a sample of thirty five respondents (35) was selected. In principle, the sample of 35 respondents was deliberately drawn non-probability sampling methods. The drawn sample comprised of individuals who are directly and/or indirectly dealing with the procurement processes management at SUA. Table 3.1 depicts how the population was categorised into units and therefore expected sample units selected wherefrom.

Table 3.1: Expected Sample Units

unit of inquiry	population	expected sample units	interviewed sample units
Procurement Management Unit (PMU)	08	05	02
University Management and Directorates	07	03	02
User Department under Faculty of Agriculture	08	04	02
User Department under Faculty of Science	05	02	01
User Department under Faculty of Veterinary	07	03	02
User Department under Faculty of Forest and Nature Conservation	07	03	02
Internal Audit Department	08	05	02
Pre-qualified Suppliers, Contractors	91	10	07
TOTAL	141	35	20

Source: Researcher's Modelling, 2012

In selecting the sample of 35 respondents (as in Table 3.1), the researcher has considered the limiting factors like availability of respondents, accessibility of respondents, need for accuracy and relevance of data and/or information and time available to accomplish the study and therefore meeting the desires of the Mzumbe University Master Dissertation Time Table. However, the researcher has managed to interview 25 (80%) of the respondents. Despite this fact, the study objectives were met and therefore this dissertation reflects the findings there from.

3.3 Types of Data and Data Collection Methods

Both primary and secondary data were used in this study. Primary and secondary data as envisaged were collected by different methods explained hereunder. Due to its flexibility in data collection the researcher conducted a comprehensive assessment of the case unit, which is SUA. The researcher used interviews, documentary reviews and participant's own observation in which she had a good position of getting data and/or information in the first hand and therefore avoid second hand data and/or information that could have invalidated the study findings.

3.3.1 Primary Data

Interviewing: This method of data collection involved verbal stimuli and reply in terms of oral verbal responses from the respondents. It was considered to be through personal interviews and also involved telephone interviews whereas respondent who were targeted were in remote areas from the researcher's workplace. Through interviews, the researcher assessed the contribution of procurement audit in achieving valued for money from different stakeholders especially user departments.

Participant Observations: This involved active participation and watching of everyday events naturally occurring in the procurement processes management spectrum at SUA whereby the ultimate goal was to build a general abstract understanding of procurement cyclical activities found within SUA legal and institutional frameworks. During the study period the researcher participated in the day to day operations of procurement processes management at SUA and therefore she was to assess the application of ethical practices that enhance achievement of value for money.

Questionnaire: Tailored questionnaire (vide *Questionnaire A* and *B*) by focussing the research questions and capturing research objectives were designed and used to collect respondents' perceptions expected to be suppliers, contractors and/or consultants who have been in the pre qualified list from the year's range of 2003 to 2012. Questions were

focused to assess the level of adherence to the best practice and value for money procurement as contributed by introduction of procurement audit at SUA in 2006.

3.4.2 Secondary Data

Documentary Review: Specific audit reports on SUA supply chain system were reviewed in assessing the level of ethical and compliant procurement practices as required by the public procurement legislation. The researcher acquired data and/or information by reviewing various documents. The documents reviewed and/or analyses included but not limited to: PPRA Audit Reports for SUA within the range of 2006 to 2012; CAG Audit Reports for the range of 2003 to 2005 were used to assess compliance before the introduction of procurement audit at SUA and for the range of 2006 to 2012 after the introduction of procurement audit; and SUA Internal Audit reports including the Stock Verification Reports for 2003 to 2012. The documents so reviewed were very helpful for the researcher to get data and/or information on the applicability of ethical and compliant procurement practices at SUA.

3.4 Data Analysis and Interpretation

The data collected were analysed using descriptive analysis method whereby frequencies, percentages and averages (mean) were used to answer the research questions. In analysing the extent of compliance to regulation the researcher used Likert scale whereby the PPRA 13 indicators were rated at a scale of 0 – 5 whereby “0” rating indicates absence of the required information whilst “5” rating indicates that the information available is satisfactory. Likert scale was also used to get data from suppliers/contractor and individual from different groups (Top Management, User department, Procurement Management Unit and Suppliers and Contractors) were used to get the required data and/or information. Most of the data collected were in likert scale the primary advantage being quick and easy to collect data, easy to analyse data and it show the strength of a person feelings to whatever is in question.

Table 4.1: Response of extent of Procurement Best Practise as contributed by procurement audit

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

INTRODUCTION

This chapter deals with data presentation, analysis and discussion of the findings in line with answering the research questions that were used to carry-out the study and therefore meet the study objectives as proposed prior to the study. Basing on the research objectives, the following were the findings:

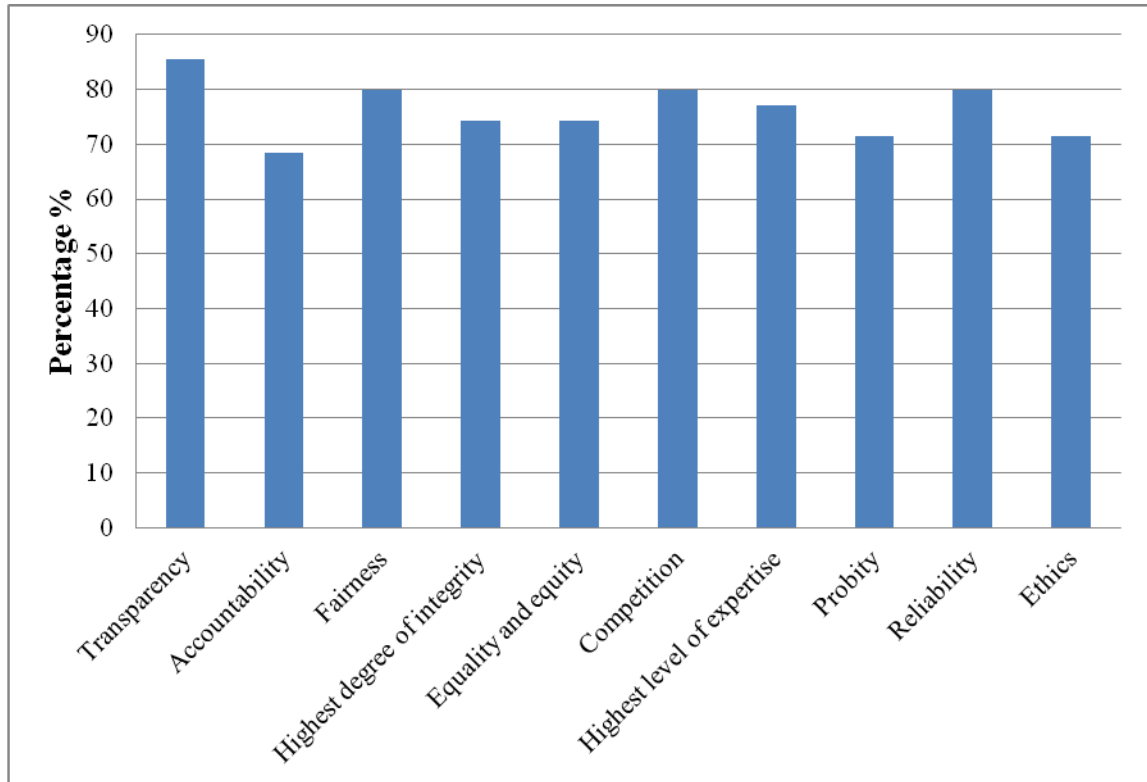
4.1 Procurement Audit at SUA: Enabler for Compliance with the Procurement Best Practices

The focus was to assess the level and extent contributed by procurement audit in enhancing procurement best practice in terms of transparency and openness, accountability, fairness, degree of integrity, equality and equity, principles of competition, level of expertise, probity, reliability, and ethical dealings for SUA. Ten (10) questionnaire were sent to randomly selected suppliers who have been dealing with the University to find their views on the issue of best practise out of which Three (3) were sent to suppliers for provision of consultancy service, Two (2) for provision of non consultancy service and Five (5) for goods, services and works. The responses from the questionnaires were used to conduct a face to face interview with few suppliers so as to have more elaboration and help the researcher using the past procurement audit observations assess the contribution of procurement audit in enabling procurement best practice at SUA.

The research findings which are discussed below revealed that procurement audit has played a big role in enabling procurement best practise to be adhered to when undertaking the procurement activities. From the response of the questionnaire, it was observed that all the principles of procurement best practise scored above 50% whereby the principles of transparency, competition, fairness and reliability the averages were above 80%. However accountability of procurement officials which had an average of 68.4% was explained to be the most challenging.

SN	Indicators for procurement Best Practise	Strongly disagree	Disagree	Undecided	Agree	Strongly Agree	Average
a	Procurement processes at SUA are transparent and open to all suppliers, contractors and/or consultants whereby all supplier/contractors are provided with relevant information.	0% (0)	0% (0)	0% (0)	71.4% (5)	28.5% (2)	4.28 (85.6%)
b	Public procurement officials at SUA are accountable to what they are dealing with suppliers, contractors and/or consultants	0% (0)	28.5% (2)	14.28% (1)	42.85% (3)	14.28% (1)	3.42 (68.4%)
c	All suppliers, contractors and/or consultants that deal with SUA are fairly treated and/or dealt with	0% (0)	0% (0)	14.28% (1)	71.4% (5)	14.28% (1)	4 (80%)
d	Public procurement officials at SUA are showing the highest degree of integrity when dealing with suppliers, contractors and/or consultants	0% (0)	14.28% (1)	14.28% (1)	57.14% (4)	14.28% (1)	3.71 (74.2%)
e	All suppliers, contractors and/or consultants at SUA are dealt with equality and equity criteria as required by procurement law	0% (0)	14.28% (1)	14.28% (1)	57.14% (4)	14.28% (1)	3.71 (74.2%)
f	All procurement transactions at SUA are complying with the principle of competition whereby all suppliers, contractors and/or consultants are given equal chances to participate	0% (0)	0% (0)	14.28% (1)	71.4% (5)	14.28% (1)	4 (80%)
g	PMU personnel at SUA exhibit the highest level of expertise in dealing with suppliers, contractors and/or consultants	0% (0)	0% (0)	28.5% (2)	57.14% (4)	14.28% (1)	3.86 (77.2%)
h	Public procurement officials at SUA show the highest degree of probity (honesty) in dealing with suppliers, contractors and/or consultants	0% (0)	14.28% (1)	28.5% (2)	42.85% (3)	14.28% (1)	3.57 (71.4%)
i	PMU and public procurement officials at SUA are reliable enough in dealing with the suppliers, contractors and/or consultants	0% (0)	0% (0)	14.28% (1)	71.4% (5)	14.28% (1)	4 (80%)
j	PMU and public procurement officials at SUA are ethical enough in dealing with suppliers, contractors and/or consultants	0% (0)	14.28% (1)	28.5% (2)	42.85% (3)	14.28% (1)	3.57 (71.4%)

Figure 4.1: Extent of Procurement best practise



Source: researchers Own

4.1.1 Transparency and Openness

The result shows that there is 85.6% level of transparency and openness. Most of the suppliers/contractors who responded to this statement agreed that the procurement processes at SUA are done at a transparent and open manner from the first stage of advertisement of bids, opening of bids, evaluation of bids and award of contract to successful bidder. To maintain transparency and openness the procurement audits requires advertisement of tender and publication of all tender awarded under a certain financial year. In addition it requires maintenance of register for all awarded contract and keeping of procurement documents in good and appropriate manner. It was observed that although advertisements of tender are done and a register for all contract awarded is currently maintained, tender awarded within different financial years since the start of

procurement audit have not been published or copied to PPRA. It was also observed that procurement documents were maintained and kept for a period not less than five years as it is the University requirement.

4.1.2 Accountability of SUA Procurement Officials

From the findings, accountability was assessed at a level of 68.4%. This was the lowest performer of the ten principles assessed. From the interview done with some suppliers it was explained that although the university has both internal and external control mechanism which have played important role in enhancing accountability the procurement procedure and debt settlement is always taking long and sometimes the suppliers, contractors and/or consultant have to make their personal follow up to speed up the process. To overcome the delays which happen in most of the times, many suppliers have taken this as a loophole to inflate the prices of their quotations. Procurement audits are conducted in a manner to enhance accountability of procurement officials by discouraging interference of responsibilities as per Section 38 of the Act. During the procurement audit conducted in 2012 it was observed that some of the members of the tender board and PMU committee were also head of different departments/sections. Interference of responsibilities could affect accountability of procurement officials.

4.1.3 Fair Treatment of Suppliers

The finding indicates an average level of 80% fair treatment of suppliers. The recent procurement audit performed in 2012 observed that there has been an improvement in dealing with the suppliers as all suppliers were provided with required information and provided with enough time to prepare their bids compared to the first audit conducted in 2008. This was supported by the interviewed suppliers who explained that all suppliers had the right to get information for any tender advertised and all were given equal chance to compete. In addition to this the increasing use of competitive quotations which are given the same value and evaluated as competitive tenders instead of simple

proforma has enhance fairness in dealing with the pre qualified suppliers. This was evidenced with few samples of documents checked one being procurement of 170 pieces of computers for computer lab. All pre qualified suppliers were issues with the bid document with same details.

4.1.4 Degree of Integrity

Maintaining the highest degree of integrity was stated to be one of the spirit of procurement officials. This was supported by the average score of 74.2%. In a manner of enhancing integrity all procurement stakeholders are required to undertake their duties as required by the Procurement Act and the University regulations. Through procurement audit the University is assessed whether it has performed procurement contracts as per the terms and conditions stated in the contracts. In this case the procurement auditors protect the supplier and the PE by ensuring that highest degree of integrity is maintained in performing the contract. It was observed that the University has been honest dealing with pre qualified supplies by giving first priority when seeking competitive quotations. This is to give them their right after promising to work with them.

4.1.5 Equality and Equity of Suppliers, Contractors, and Services Providers

From the finding of the analysis the average rate of equality and equity was assessed to be 74.2%. Most of the respondents declared that they were treated equally without considering the time the supplier has been in business with the University. It was explained that there has been an improvement compared to previous years where only few prequalified suppliers were seen to do business with the University. This has an evidence of procurement audit conducted in 2010 in which it was observed that the Supplier Scan Tanzania Ltd was used in many contract for supply of ICT equipments different from the total procurement for the financial year 2012/2013 which show a fair distribution of the orders to the pre qualified suppliers; at least each pre qualified supplier had supplied something before the end of the year.

4.1.6 Principles of Competition

From the questionnaire it was revealed that procurement transactions at the University are competitive enough to allow all suppliers, contractor and service provider to participate. The assessed level of 80.0% proves that most of the suppliers, contractors and service providers are satisfied that the procurement activities are competitive enough. Procurement audit encourage PE to use method of procurement in line with the second schedule of GN 97 of 2005 so as to achieve the best level of competition. The average score of 100% in 2012 procurement audit compared to 2008 where the University scored an average below 50% is a good evidence that procurement audit has encourage to raise the level of competition by the use of appropriate competitive methods of procurement in line with GN 97 of 2005.

However though the level of competition was assessed to be very good, it was observed that provision of adequate written specifications has been a great challenge to procurement done through shopping methods. Most of the quotations provided by suppliers were found to quote different specifications. In most cases users were not providing enough specifications for their needs. A case of purchase of mattress foam for student hostel in which users did not provide enough specifications, in this contract the user just state the size of the mattress without stating the density required which was seen to be the most important specification for mattresses. Another case was procurement of student hostel single beds in which there was a big variation of prices between the suppliers as a result of inadequate and different specifications provided to bidders. In this transaction it was observed that verbal request were given at the first time whereby some of the supplier bid for single beds and others bidding for double decker beds. This was different in the second time when a written request for quotation was provided with all specifications. It was observed that the prices for some of the suppliers changed. Good example was Jaffery Ind Sain Ltd whose bid changed from Tshs. 53,760,800 to Tshs.20, 945,000.

4.1.7 Level of Expertise at SUA

Assessment reveals the average level of expertise to be 77.2%. It was explained that procurement staff are great help in matters of procurement. Procurement audit conducted were observed to be one way of educating procurement officials. The knowledge provided by the audit through observations, discussions and recommendations has made most of the procurement actors to know requirement of the Act. It is important that all procurement actors starting from the AO to the User Departments know the Act but this is different because most of the officials at the University were depending on procurement professionals when knowledge about the Act was required to handle different procurement matters.

4.1.8 Probity in Dealing with Suppliers, Contractors, and Services Providers

While 14.28% of the respondent strongly agreed and 42.85% of the respondent agree that there is probity when dealing with suppliers, contractors and services provider. 28.5% of the respondents remain undecided whether there is probity or not. The average level of 71.4% shows that the principle of probity is maintained when dealing with suppliers, contractors and service providers. Procurement audit done have ensured that no interference between procurement organs (Accounting Officer Tender Board, PMU, Evaluation Committee and User Department) exists in performing procurement activities. This has reduced cases of interference compared to the first procurement audit conducted in 2008 which revealed that there was big interference in some activities like head of department procuring goods and services without tender board approval.

Measures to identify actual, perceived or potential conflict of interest before the procurement process commences are always undertaken by requesting member engaged in procurement process to declare their interests.

4.1.9 Reliability of PMU Officials at SUA

80% of the respondents prove that the procurement staffs available were reliable and have been playing a big role of education to other parties. Most of the respondent considered all procurement staff as PMU and denied the existing PMU committee. This

was due to the fact that the University has a PMU committee which is appointed by the accounting officer. Apart from the head of the committee who is a procurement specialist, the committee has only one procurement specialist and other seven members from different department like planning, estate and Agricultural economics and Agribusiness. Most of these members have other responsibilities to perform in their departments which make them not reliable for performing the procurement activities on time. It was observed that since the first procurement audit conducted in 2008 the same observation of PMU formed contrary to Section 34 of PPA has been appearing in the audit reports. Repetition of the same observation shows that there is little pressure put by PPRA in ensuring that the organ is formed as per requirement of the Act to enable its proper functioning.

4.1.10 PMU Ethical Dealings with the Procurement Process

Through the finding, the average level of 71.4% depicts that ethics are taken into consideration in procurement activities. Procurement audits have always ensured that PMU perform its duties as guided by the Act. One way of encouraging ethical dealing by the procurement auditor is to ensure that PMU officials do not participate in the evaluation process. This is to avoid cases of conflict of interest as the PMU officials are responsible in the whole process of preparation of bidding documents. Procurement specialists who are not member of the PMU committee have always been involved in the evaluation process so as to provide guidance and technical advice to the evaluation teams

4.2 Extent and Level of Compliance at SUA

The second research objective as enshrined in the second research question (vide section 1.5.2 in this report) was hinged on assessing the level and extent of the procurement audit in enabling SUA to comply with the public procurement legislation. The assessment examined the level and extent of compliance with the 13 parameters as used in the public procurement audit. A review of procurement audit reports conducted in

2008, 2010 and 2012 was done to assess performance of each indicator since its introduction. It was observed that the average score of the first procurement audit conducted in 2008 was assessed to be 49% compared to the latest audit done in 2012 in which the University had an average score of 72%. During the first procurement audit the University performed below 50% in all indicators apart from establishment and formation of tender board, Advertisement of opportunities, complying with time of preparation of bids and contract implementation. This is different from the recent audit performed in 2012 where by only preparation of APP scored below 50%

Apart from review of procurement audit reports available the researcher had to assign scores to each indicator by considering different factors as:

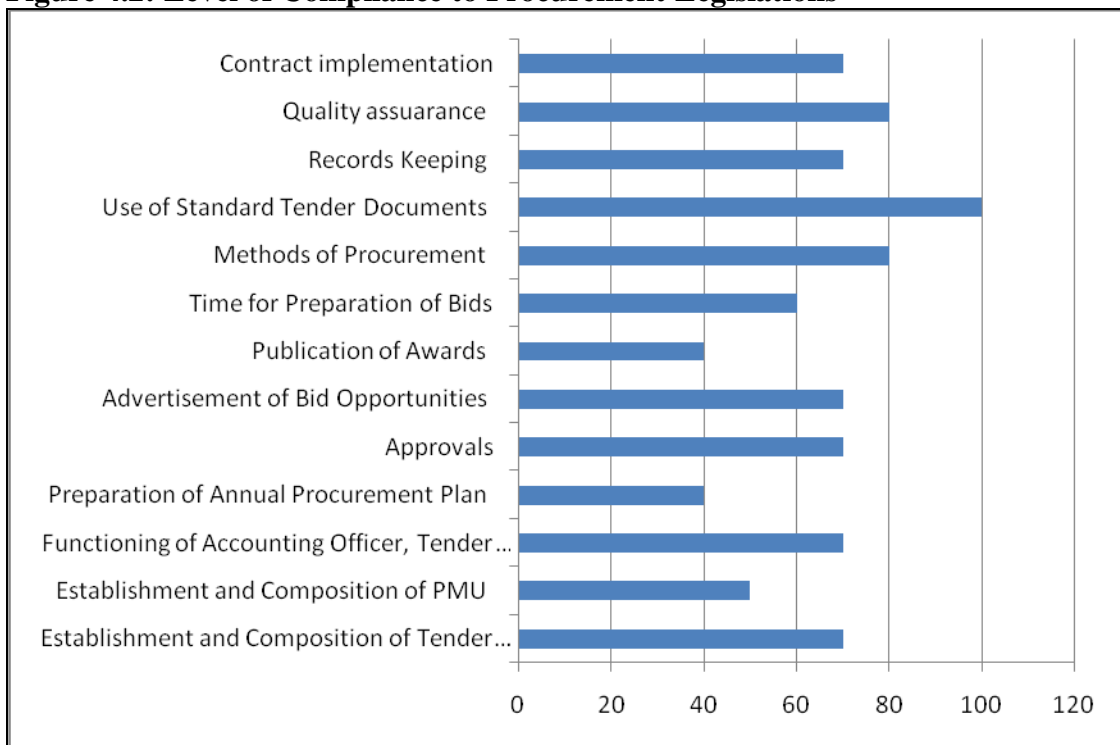
- Knowledge of PMU members on the Act and their responsibilities
- Appropriate skills and training of PMU to perform their duties effectively
- Availability of written plans from users
- Organisation of procurement process from need identification to payment of supplier with no cases of overstepping
- Availability of written technical specifications of users needs
- Involvement of pre qualified suppliers in different procurements without discrimination
- Availability of framework agreement for commonly used items
- Availability of follow up system for claims and non performed contract

The scores assigned also based on the interview done and review of different procurement document which was done randomly. The table below show the scores assigned to each indicator and detailed findings are discussed there after.

Table 4.2: Compliance to Procurement regulations

SN	Indicators	Score	Percentage
a	Establishment and Composition of Tender Board	3.5	70%
b	Establishment and Composition of PMU	2.5	50%
c	Functioning of Accounting Officer, Tender Board and PMU	3.5	70%
d	Preparation of Annual Procurement Plan	2	40%
e	Approvals	3.5	70%
f	Advertisement of Bid Opportunities	3.5	70%
g	Publication of Awards	2	40%
h	Time for Preparation of Bids	3.5	70%
i	Methods of Procurement	4	80%
j	Use of Standard Tender Documents	5	100%
K	Records Keeping	3.5	70%
L	Quality Assurance	4	80%
M	Contract management	3.5	70%

Figure 4.2: Level of Compliance to Procurement Legislations



Source: researchers Own

4.2.1 Establishment and Composition of Tender Board

It was observed that since the start of procurement audit Tender Board was already established though the currently TB which had seven members including the secretary

who is the head of the procurement section was formed contrary to Section 38 of the Act. The chairman of board is the DVC A&F who according to the University charter is responsible of signing the contracts. Contrary to section 38 of the Procurement Act requires each party to act independently. This can easily prove that formation of different organs is taken without considering the Act and for people positions or own interest.

4.2.2 Establishment of Composition of PMU

It was observed that there has been no improvement of the PMU since the first procurement audit conducted in 2008 in which it was observed that the PMU was formed contrary to Section 34 (1) & (2) of PPA, 2004. The University has a procurement management committee which is formed by (9) member who were appointed through a letter dated 29th February 2012 by the AO, (7) members of the committee are from different User Departments and (2) Procurement Professionals. The PMU is headed by procurement professional who contrary to the requirement of the law of reporting to the AO, reports all its matters to the Bursar who reports to the Deputy Vice Chancellor accounting and finance. Contrary to Sec 38 of PPA which requires each organ to be independent it was noted that out of the seven members appointed from user department one of them was head of estate department, one is head of planning department, one is deputy bursar and one is deputy head of department of Agriculture Economics and Agribusiness. Apart from attending the PMU meeting these members from user department could not participate fully in the daily activities of PMU as required by the Act as a result the burden of duty was left to other procurement staff who are not members of the committee.

4.2.3 Functioning of Accounting Officer, Tender Board, PMU and Users

It was observed that although there are some challenges there has been improvement in this indicator since the introduction of procurement audit. Parties like Accounting Officer, Tender Board, Evaluation Committee, Inspection Committee and User

Department are executing their functions accordingly. However the following incidence of interference were revealed

The Inspection committee that was appointed to conduct inspection of goods and non consultancy services comment on interference of the head of procurement management committee in some of the inspections conducted. In a tender to supply Laboratory Equipments for the Department of Food Science and Agricultural Engineering and Land Planning, the inspection committee was requested to accept the deliveries as to user wish regardless whether the specifications were met or not. This was evidenced by the inspection report that was submitted to the Accounting Officer on 2nd January, 2013 whereby under the remarks column some of the items did not meet the specifications but were accepted by users.

Although the PMU Committee has nine appointed members, it was observed that five members were head/deputy head of different department making them unreliable to perform procurement activities due their departmental responsibilities.

In some cases user department have been engaging in finding price quotation/pro forma invoices for their needs. This was commonly happening under procurement of stationary whereby some of the secretaries have always been finding quotations before presenting their needs to the PMU. Evidenced by procurement of stationary under LPO's for the financial year 2011/2012, although the pre qualified suppliers were Morogoro Stationeries & Company, Jighaba General Supplies, Thamy Investment and General Supplies, Parrow Enterprises and General Supplies, Mapocho General Trading Company and Namit Store, it was observed that Top Enterprises and Hatim Enterprises who were not prequalified had supplied stationary amounting to 19,882,000 and 20,410,900 respectively leaving the prequalified suppliers supplying less.

4.2.4 Preparation of Annual procurement Plan (APP)

Unlike the findings of 2008 procurement audit in which the University had no APP, it was observed that the APP is prepared using the appropriate templates provided by the PPRA. However it was noted that most of procurement under donor funded projects

example the procurement of Hard Top from Toyota Tanzania for Tshs 98,205,660.00 through LPO were not covered in the APP instead the APP of 2011/2012 was covered by tender financed by Government funds and the World Bank Project. The implementation of the APP also remains to be a challenge. During the financial year 2011/2012 the APP shows a contract for supply of teaching facilities to be procured through national competitive bidding. Contrary to the procurement method stated under the APP the teaching facilities amounting to Tshs 37,642,000.00 were procured through single source method. It was explained that most of project leaders and users have been reluctant in incorporating their procurement in the APP thus increasing the number of procurement done by requesting proforma invoices. The confidentiality of proforma invoices can not be guaranteed because most of them were requested by users themselves and brought unsealed. Furthermore some of the suppliers were explained to cooperate in colluding in different transactions whereby they support each other to get business.

4.2.5 Procurement Approvals

It was observed that most of the procurement documents like advertisements, tender documents, evaluation reports, tender award and contracts that involved procurement through tendering and competitive quotation got approval of the tender board compared to previous years whereby advertisement and tender documents were not approved by the tender board. It was further observed that even the observation of procurement audit done in 2012 in which it was stated that all procurement under shopping method did not get approval of tender board was already put into implementation and the purchase requisitions from user department had to get approval of three member of the tender board before further procurement proceedings.

4.2.6 Advertisement of Bid Opportunities

It was observed that most of the procurement done at the University used the method of competitive quotations in which all pre-qualified suppliers were involved.

Advertisement for pre qualified supplier had been conducted every financial year even before the introduction of procurement audit. During the financial year 2012/2013 pre qualification for Various Suppliers, Service Providers and Contractors as well as Provision of Security services, for the financial year 2012/2013 was advertised on daily news of 11/05/2013. It was further observed that even the General Procurement Notice which was not advertised previously was advertised.

4.2.7 Publications of Awards

There was no record that shows that neither the tender awarded were published through commonly used media nor taken to PPRA for publication in PPRA's website and Journals. contrary to Regulation 97 (12 & 13) of the GN No. 97 which requires the results of tender awards to be published in the Authority's website and Journal, Government Gazette and in at least two newspapers of wide circulation or in any other appropriate information media on regular basis.

4.2.8 Time of Preparation of Bids

It was observed that there is improvement since the first audit, enough time is given to bidders to prepare their bid document when using competitive tender and competitive quotations. However no evidence was available for shopping methods as the request were mostly made verbally. Shopping method had always been considered as an urgent method of seeking quotation thus the right of seven days had not been taken into consideration.

4.2.9 Choice of Methods of Procurement

Methods of procurement have always been a challenge at the University. It was observed the introduction of procurement audit has brought to big improvement in choosing the appropriate method by considering the thresholds. However the increase in the number of projects has been a great challenge in ensuring that the procurement methods are adhered as required by the procurement Act. The project coordinators have

always been in a hurry when requesting their needs and some are always against the procurement procedures. Most of the project coordinators have complained that procurement procedures consume a lot of time and the money spent by using procurement methods like three quotations is high compared to using cash purchases in this case it was observed that:

There was always single quotation in case of procurement of traveling Air ticket due to late presentation of request to PMU. This was also an observation of the external audit for the year 2011/2012. Due to late presentation of requests it was not difficult for PMU to get enough quotations from all agents before commencing the procurement procedures. It was further observed that payments processes were also taking long period after issuing the tickets thus making most of the travelling agents not corporative.

Further observation noted that contrary to Section 50 of Procurement Act, 2011 whereby a Procuring entity is required to use frame work agreement when procuring commonly used items like stationery and fuel, the University spend a lot of money by procuring these items through cash. Drivers were always issued with cash imprest used to procure fuel. This was also supported by small case of a generator which was run by the department of finance which had to consume One Million (1,000,000.00) after every three days but it was proved to spend very little after the department decided to collect fuel from GPSA.

4.2.10 Use of Standard Tender Documents

There was use of standard tender documents issued by PPRA like the Request for Proposal, Quotation forms in almost all procurements done. This was easily proved from the final audit conducted where an average score of 100% was given compared to the first audit in the University was not using standard tender. It was observed that with an exception of World Bank Project, procurement done under different project used the PPRA standard documents.

4.2.11 Records Keeping

The procurement audit requirement of keeping records of procurement activities goes hand in hand with the Universities regulations of maintaining all important document for a period not less than five years. It was observed that all procurement done have enough supporting document although most procurement documents involving tendering and use of competitive quotations were not maintained in single files. In most of these transactions documents that start from invitation of bids to award of contract were kept in files at PMU office while those involving delivery of goods or completion of service and payment supported with photocopies of the contracts were kept in different files containing all payments of a certain period of time at the finance office. It was observed that the filing system required by financial auditors contradict with the procurement auditors while the later require each contract performed to have a single file with all documents the former insist all document involving payments for a specific dates to be kept in single file.

4.2.12 Quality Assurance

The University has two inspection committees one for consultancy service and one for goods and non consultancy services which. It was observed that the procurement audit conducted in 2008 has made formation of inspection committees in every financial year as evidenced by appointment letter dated 29, February 2012. The Accounting Officer had been appointing inspection committees which are required to work for a period of one year. Although this is contrary to Regulation 125 and 126 of GN No. 97 of 2005 which requires appointment to be done for each transaction, it was proved that the inspection committees formed had been a great help in quality control and assurance. It was explained that the number of procurement transaction done create difficulty for every transaction to have a separate committee. Procurements have always been done in ad hoc basis thus increasing the number of inspection to be done. It was further explained that appointing a committee at every time needed seem to be challenging as the committees should involves members from different faculties/department of the

university. In addition to these as the goods sometimes are received late and ready to be used waiting for appointment of the committee could not be tolerated by the users. However it was observed that when the committee in place completed its time, the formation of another committee takes about two to three months and inspection of deliveries was done by supplies officers.

4.2.13 Contract Implementation

It is one of the requirements of the Act so as the procurement audit that contract be performed as per the terms and conditions stated. It was observed that follow up and reporting of contracts that involve tenders and request for quotation have been given great consideration in tender board meeting than those which involve signing of Local Purchase Orders. The validity period under LPO has always been thirty days as they involve orders inside the country but few suppliers have been punctual in meeting the validity date.

It was observed that some of the suppliers not only are late in implementing the contracts but also fail to implement part of the contract due to the fact that the suppliers might have quoted low prices to win the contract and fail to accomplish due to rise of market prices of the items.

4.3 Procurement Audit as an Enabler of Value for Money (VFM)

The objective of looking at VFM concept was on the essence that the principal objective of effective, efficient and economic procurement enshrined in the best practices is focussed on creating more procurement benefits over the total procurement cost and therefore this is the crux of compliance and value for money audits. It is therefore imperative to underrated procurement audit at any cost. The following sections are going to look onto the parameters of VFM through a systematic and comprehensive assessment via the contribution of procurement audit. To assess the contribution of procurement audit in relation to the three element of value for money, 20 questionnaire which required the respondent to give scores to different statements representing the

three elements of value for money were distributed out of which 13 (65%) responded. For the analysis purpose and to answer the research question the ratio scores which range from 1-10 were allocated as follows.

$S < 4$	Poor
$4 \leq S < 6$	Fair
$6 \leq S < 8$	Good
$8 \leq S < 10$	Very Good
$S = 10$	Excellent

Generally the issue of value for money has been observed in some of the indicators used in procurement audit in this case the link between the indicators of procurement audit with the response from the questionnaire was done to assess the contribution of procurement audit in enhancing efficiency, effectiveness and economy.

The proof that procurement audit has contributed to achieve value for money can be elaborated by considering the indicators as advertisement of procurement opportunities, uses appropriate methods of procurement, quality assurance and contract management.

Based on the finding from the respondents of the questionnaire Efficiency which was presented by statement 1-5 had an average of 6.53 (65.3%), Effectiveness which was assessed using statement 6-11 had an average of 6.61 (66.1%) while economy which carries statement 12-14 had an average of 6.31 (63.1%).

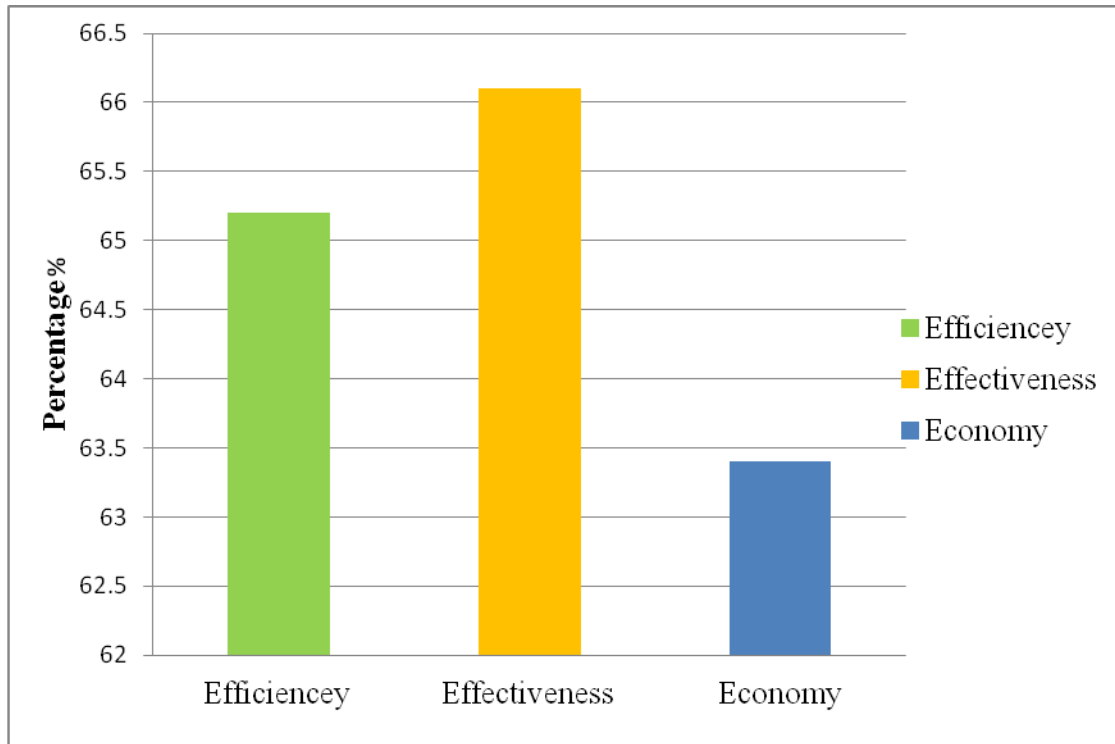
The findings are presented in table 2 and figure 2 and detailed findings of each indicator are discussed below.

Table 4.3: Response on indicators of Value for Money

SN	Indicators derived from INCOSAI	Poor	Fair	Good	V/good	Excellent	Average
1	Human, financial, and other resources are efficiently used	1 (7.6%)	4 (30.8%)	3 (23.1%)	5 (38.5%)	0 (0%)	6.31
2	Government programs, entities and activities efficiently managed, regulated, organized, executed, monitored and evaluated	0 (0%)	2 (15.4%)	4 (30.8%)	7 (53.8%)	0 (0%)	7.26
3	Activities in government entities are consistent with stipulated objectives and requirements;	0 (0%)	2 (15.4%)	4 (30.8%)	5 (38.5%)	2 (15.4%)	7.5
4	Public services are of good quality, client-oriented and delivered on time	4 (30.8%)	2 (15.4%)	3 (23.1%)	4 (30.8%)	0 (0%)	5.42
5	The objectives of government programs are reached cost effectively. The concept of cost-effectiveness concerns the ability or potential of an audited entity, activity, program or operation to achieve certain outcomes at a reasonable cost.	2 (15.4%)	3 (23.1%)	3 (23.1%)	5 (38.5%)	0 (0%)	6.11
6	Procurement programs have been effectively prepared and designed and they are clear and consistent	0 (0%)	2 (15.4%)	6 (46.2%)	3 (23.1%)	0 (0%)	5.65
7	Objectives and the means provided (legal, financial, etc.) for a new or ongoing procurement program are proper, consistent, suitable, or relevant	1 (7.6%)	1 (7.6%)	6 (46.2%)	5 (38.5%)	0 (0%)	6.77
8	Effectiveness of the organizational structure, decision making process and management system for program implementation	1 (7.6%)	2 (15.4%)	3 (23.1%)	7 (53.8%)	0 (0%)	6.92
9	Do program supplements, duplicates, overlaps, or counteracts other related programs	1 (7.6%)	5 (38.5%)	2 (15.4%)	5 (38.5%)	0 (0%)	6.15
10	Quality of the public services meets the people's expectations or the stipulated objectives	5 (38.5%)	3 (23.1%)	0 (0%)	4 (30.8%)	1 (7.6%)	5.19
11	Adequacy of the system for measuring, monitoring and reporting a procurement effectiveness	2 (15.4%)	4 (30.8%)	2 (15.4%)	4 (30.8%)	1 (7.6%)	6.08
12	Economical use of public funds in obtaining the inputs/procurements	3 (23.1%)	4 (30.8%)	1 (7.6%)	4 (30.8%)	1 (7.6%)	5.73
13	Economic use of the human, financial or material resources	1 (7.6%)	4 (30.8%)	2 (15.4%)	6 (46.2%)	0 (0%)	6.46
14	Procurement management activities are performed in accordance with sound administrative principles and good management policies (according to legal and institutional frameworks)	2 (15.4%)	1 (7.6%)	2 (15.4%)	7 (53.8%)	1 (7.6%)	7
	Total Respondents						13

Source: Researchers Own

Figure 4.3: Extent of Value for Money



Source: Primary data

4.3.1 Use of Human, Financial and Other Resources

Internal control has always been used to ensure effective use of human resource. Taking into account the increase of different donor projects which all the procurement activities are centrally managed by the PMU. Human resource which involve procurement professional and technicians have always been required to fulfil the users needs as and when require. The procurement unit which is under the bursar has maintained schedule of duties and responsibilities for each staff to ensure that each staff play his/her role and no single staff carry out all the procurement activities. All financial resources for each and every project are managed by the bursar by each of project having a separate bank account. Most of the respondents were satisfied with the management of financial resources by the use of Vote book financial management system whereby each

transaction done is committed in the system and can be captured for any explanation. Though users were satisfied with the VFMIS they were not in favour of the Procurement Act. It was explained that procurement transaction which follow the procurement methods prices were always inflated compared to cash transactions.

4.3.2 Management of SUA Procurement Activities

Procurement audit done have ensured that all procurement activities are done without interference. In a way of ensuring this the audit has ensure that all procurement organs starting from Accounting officer, Tender Board, PMU, User Departments and Evaluation Committees perform their duties as per requirement of the Act. Most of the user who responded to this issue commented that the management of procurement has currently improved though more effort must be added. It was observed that procurement activities at the University follow a certain cycle starting from the users who initiated the need to the PMU who receive the specifications of the needs and prepare advertisements/tender/request for quotations document to TB which approve the procurement to be done. It was observed that the user departments have been involved in different stages of the procurement process so as to facilitate procuring of the right items required.

4.3.3 Quality of Procurement Programmes at SUA

The issue of quality is observed to be another consideration of procurement audits conducted. The procurement audit conducted in 2008 recommended the formation of inspection committees in accordance to reg. 128 of the GN 97 of 2005. The appointment of Inspection committees for goods and non consultancy service and inspection of works by the Accounting Officer from the year 2009 introduced to ensure quality monitoring and assurance was the fruit of the procurement audit conducted. However it was explained that although their are quality monitoring and assurance teams, the requirement of Procurement Act whereby a buyer is not required to state brand name when offering the specifications of an item is still a challenge. In some cases where user

needs to use samples of previously used item, they have experienced difficulties to offer the detailed specification of their needs without stating the brand. The PMU has been into misunderstanding and blamed by user in cases where delivered products do not meet the standard expected.

4.3.4 Execution of Procurement Programmes at SUA

Contract management is one of the indicators in procurement audit. Although procurement audit has played an important role in ensuring that there is best contract implementation, it was argued that most of the procurement programmes are not completed on time as planned due to different challenges some of which are beyond the organisation control. Taking the World Bank project as an example the procedure that need to be followed until the University had a no objection was seen to be very long. Most of the activities planned were seen to be undertaken after a long period of time though the funds set aside was already available.

4.3.5 Effectiveness of Procurement Objectives at SUA

Most of the procurement objectives are made clear the only challenge is implementation to meet the objectives. One of the objective of the Pantil project was to build a business centre building which could accommodate many business activities and generate income to the University, unfortunately this objective was not met as the building which was build has only four businesses being CRDB bank office, NMB ATM and two offices which are used for stationery services. This is very disappointing as the name carried by the building “Business Centre” does not reflect the true picture. The objective of constructing an irrigation dam around mafiga area was positively taken unfortunately the completed dam has stayed for more than two years with no irrigation activities conducted.

4.3.6 Effectiveness of Preparation of Procurement Programmes at SUA

Procurement programmes for each project at the University are prepared at departmental and faculty level, however the implementation of the programmes is a coordination of departments/faculties and the procurement unit. It is the requirement of the Act and through procurement audit conducted that all procurement programmes be aggregated in the procurement plan so as to have procurement in bulk and avoid splitting of orders. Although the University has Procurement plan compared to previous years, it was observed that neither the procurement plan nor the financial budget/recast budget covered all the procurement programmes to be implemented due to the fact that most of the project leaders have been reluctant to state their procurement programmes early.

4.3.7 Effectiveness of Procurement Legal Framework at SUA

Most of the respondent explained that all procurement activities at the University are carried as per requirement of the Procurement Act with exception of few that require the application of memorandum of understanding of the project. The raise of score from 49% in 2008 audit to 72% in 2012 audit shows that procurement audit has accelerated the use of public procurement Act. The auditing of most of the projects by donors has also accelerated the used of procurement guidelines not leaving the requirement of the memorandum of understanding.

4.3.8 Effectiveness of Procurement Institutional Framework at SUA

Procurement activities at SUA follow a certain order of procedure. Apart from using the PPA the University had a procurement manual which was waiting for approval by the council to be put in use. The procurement manual which was review of the stores manual currently available provides all the procedures, guidelines and documents which shall be used in procurement activities.

4.3.9 Effectiveness of Procurement Programmes at SUA

Section 45 of the Public Procurement Act requires all Procuring institutions to have a procurement plan so as to aggregate their requirement and to avoid emergency procurement. It was observed that most of the procurement programmes are not effectively undertaken due to lack of early preparation of the programmes. Delays at different stages of the procurement cycle, example delay in payment of contractors after completion of a certain stage/phase have been elaborated to make most of the procurement programmes not implemented effectively. Demands of advance payment by most of the suppliers have made ineffectiveness performance of different contract. Procurement of human medicine from the supplier Medical Stores Department was a great challenge to the University. The University through the demand of the supplier had a system of paying advance to facilitate urgent delivery of human medicine, though in most of the order given the consignment was not fully delivered by claiming that some drugs were out of stock. Until now where other suppliers of human medicine like Morogoro Medical Stores are used, Medical Stores Department has neither completed some of its orders nor returns the money which was already paid.

4.3.10 Quality of Public Services at SUA

One of the duties of procurement auditors is to observe different evaluation and inspection reports to ensure that they are done as per requirement of the Act. The procurement audit carried on 2008 recommended the provision of clear and detailed specifications by end users. It was observed that users have always been given chance to present their specification in writing but most of them were always incomplete. Procurement unit always produce tender documents/request for proposals/quotations depending on the user technical specification and without violating the requirement of the Procurement Act. This has made PMU to be at a safer side when it comes to quality of the service. Some of the members of the inspection committees who had an interview with the researcher explained that lack of detailed technical specifications is a common

problem in procurements done through shopping methods compared to procurements under competitive tenders and competitive quotations.

4.3.11 Adequacy of Monitoring and Evaluation and Reporting at SUA

To ensure accountability and control over public procurement, control mechanisms are most important. Procurement audit has been one of control mechanism which has helped proper evaluations and reporting of procurement activities. During the procurement audit conducted in 2012 it was observed that adequate monitoring and reporting on the progress of the contract has been maintained.

4.3.12 Economical Use of Public Funds at SUA

Section 58(2) of the PPA 2004 requires all procurement and disposal by tender to be conducted in a manner to maximize competition and achieve economy, efficiency, transparency and value for money. Procurement audits conducted assess the use of competitive methods to produce economic use of public funds. However this was contrary to most of the respondent of the statement who proclaimed that suppliers/contractors have always considered these methods not ready cash thus in this case they are inflating the prices so as to overcome any delays in payments. It was further observed that purchase of commonly used items has been a great challenge to the University. It was observed that even with the pressure of procurement audit done procurement of commonly used items like stationary, cleansing materials and vehicles fuels have created a loophole for uneconomic use of public funds. Most of the procurements of these items were done through cash whereby secretaries, drivers and office attendants have been using standing imprest. It was observed that apart from big variation of prices of the same items there was no control of usage of the items as no registers were maintained at departmental level to show usage of stationary and even the vehicle logbook maintained could not easily elaborated the distance and unit of fuel consumed by different vehicles. However as this was one of the 2011/2012 financial audit observation, the bursars office had stated to work on the problem of fuel

consumption by using the currently used system of VFMIS to record details like vehicle maintenance costs, fuel consumption and distance travelled.

4.3.13 Economical Use of Human Resources at SUA

Procurement officials have to deal with a substantial amount of work, due to increasing introduction of new projects every year, the number of procurements has significantly increased in recent years while leaving the number of officials stable for sometimes. According to the researchers observation it was noted that even the few staff that are required to handle many procurement transactions, there has been no effort provided by the management to develop them and increase efficiency and reduce temptation for corruption. It was further observed that most of the staff stick on doing the same task without learning new task this has sometimes make work boring and reduce morale for workers. However it was further observed that some of staff have been rejecting changes and at this 21st century it was discovered that there were some staff who could not even work on a computer.

4.3.14 Alignment of Procurement Activities

Most of the respondent explained that the procurement activities are carried in accordance with the PPA and consideration is also done to the Memorandum of Understanding for each project. As stated the main objective of procurement audit is to determine whether the procedures, processes and documents for procurement, contracting and disposal are in accordance with the Act. Procurement auditors therefore have been watchdogs to the University in ensuring that all procurement activities are conducted as per requirement of the Act. In this case the University is required before any procurement activities start to have a plan which shall be a guide within the financial year. It was observed that although effort have been conducted by the procurement unit to ensure that before any procurement activities are done coordinators of different project submit their plans, it remain to be a challenge as only plans which comprise Government funds and big projects like World Bank are aggregated.

CHAPTER FIVE

SUMMARY, CONCLUSION AND POLICY IMPLICATIONS

5.0 INTRODUCTION

In this chapter, the researcher has provided the summary of findings and conclusions based on the objectives and the findings of the study. Then after, recommendations on this study and for further studies on the research topic have been provided accordingly.

5.1 Summary of the Study

Procurement activities are guided by principles which have to be adhered to. The contribution of procurement audit in enabling procurement best practises can be assessed from the scores of the indicators used in connection with the procurement audit reports conducted. From the finding it was observed that despite the challenges available, procurement audit has enhance performance of procurement activities with the highest degree of best practises. This can easily be concluded by considering the researchers indicators whereby transparency, competition, fairness and reliability scored above 80% while others scoring above 70%. However the principle of accountability was the lowest among all with 68.4%. Accountability of the procurement officials at the University was explained to be the most challenging issue. Late payment of suppliers was explained as lack of accountability of procurement officials. Most of the suppliers/contractors and service providers complained on the payments system at the University. This was evidence by a debt of **Two Billions, Two Hundred Sixty Five Millions, Three Hundred Seventeen Thousand, Two Forty Six Hundred and Ninety Nine Cents**. (2,265,317,246.99) to a contractor Nanra Construction Ltd which accumulated from **One Billion Nine Hundred Forty Seven Million, Four Hundred Forty Thousand, Three Hundred Twenty Nine and Eighty One Cents** (1,947,440,329.81) for executing the tender of building student hostels at the university, the project started at July, 2007 and ended at May 2008 but till the completion of this study the payment was not yet settled. The PPRA procurement audit done in 2012 also recommended that the

University should ensure that contractors, suppliers and service providers are paid on time as scheduled of payment stipulated in the respective contract documents.

Procurement compliance is one of the requirements of the procurement Act. All PEs are required to carry their procurement activities in a manner to observe the 13 compliance indicators offered by the PPRA. It was observed that since the introduction of procurement audit in the year 2006, the University had already three audits conducted in 2008, 2010 and 2012. Great improvement had been observed in 2012 audit. Most of the indicators scored above 70% whereby preparation of bids, method of procurement and use of standard documents had excellent performance. However indicators like preparation of APP, Publication of awards and record keeping were observed not to perform well since the first audit. The researcher findings were not far from the audit conducted as it was observed, except four indicators which are; establishment of PMU, preparation of APP, publication of awards and time for preparation of bids all other indicators have a performance of 70% and above.

Public Procurement Audit is one of the veritable instrument of ensuring efficient, effective and economic Public Procurement system and practice. It was observed that the issue of value for money depends on different factors like provision of clear and detailed specifications, use of competitive methods of procurement, proper contract management and quality monitoring and assurance. Procurement audits conducted at the University have ensured that there is improvement in the procurement activities done. The first audit done in 2008 observed different challenges like lack of clear and detailed specifications provided by users, lack of observing threshold to determine the appropriate procurement method, lack of quality assurance team and lack of good contract management. Although a room of improvement has been seen in 2012 audit, the average scores awarded to the three elements of value for money from the respondents of the questionnaire ranges from 63-66%. This was due to different challenges which were explained by the interviewed peoples. It was stated that the problem of late

delivery of services has been a challenge for the university most of the suppliers have not been carefully in observing the validity period of the contract and this was mostly observed in most of the procurement which used LPO.

Some of Procurement programs were also observed to be submitted to PMU late and others lacking important details like technical specifications as a result making late implementation and even wrong deliveries by suppliers due to lack of enough specifications.

Economy was stated to be the biggest challenge in the use of public fund. Most of the respondents proclaimed that the procurement Act is not a solution to economic use of public fund but has made many suppliers to inflate the prices thus not meeting the objective of value for money. In addition to this the procurement of commonly used items does not reflect achievement of value for money.

5.2 Conclusion

Based on the findings of the three research questions it can be concluded that procurement audit has bring brought to greater improvement of procurement activities although more effort has to be put to overcome the few obstacles available. In order to improve the overall performance of the university and compliance of the procurement Act, the researcher recommends the following to be done.

- a) Procurement officials should be accountable enough by ensuring that suppliers/contractors and service providers are paid immediately after delivery/completion of contract. Early payment will maintain good relationship with suppliers and avoid inflation of prices done by the suppliers
- b) The PMU should be formed as an independent unit that has to report directly to AO and involve more reliable and full committed officials other than heads from different departments.
- c) Head of department/projects must be educated on the need to incorporate their procurements in the APP and the importance of providing detailed and clear specifications of their need to PMU. This can be through in-house training which

can be conducted by procurement specialists or the University management can arrange a training to be provided by PPRA within.

- d) PPRA has to take action on observation and recommendation which are given after procurement audit that remain unimplemented. Knowledge can be provided to those important actors of the procurement activities by conducting seminars within the University.
- e) PPRA should also provide seminars/workshops to suppliers, contractors and service providers to provide knowledge on the Procurement Act on the main objective of value for money

5.3 Policy Implications

This study has implications to the University and other institutions in an attempt to show the contribution of procurement audit to procuring entities. Procurement audit as discussed has been a tool that has improved the University performance in this case it should not be underrated. However knowledge of the Act and its implementation should be maintained by all Procurement officials to ensure high performance of PE always. Although PPRA has made all effort of providing knowledge to different stakeholders through seminars and workshops but some of the intended officers might not find them important at all. In this manner PPRA must also question and insist effort provided by the PE in providing procurement knowledge to all stakeholders. Though, this study admits that its findings cannot be generalized due to the limited nature of the sample size, it also believes that the recommendations can be benchmarked to provide more fruits from the procurement audit done and were necessary we can reach a stage where we can say that the Public Procurement Act is highly observed and procurement audit can only be done in an organization where cases of misconduct are suspected.

5.4 Proposed Area(s) for Further Research

Good procurement systems require institutions which have total compliance. Although PPRA through procurement audit has ensured that ethical and compliant procurement practices are adhered to, PE's have to know that compliance to the legislation is their core function. From the study observations the researcher propose that so as to fill the gap further study has to be conducted to assess the challenges facing PE's not to exercise total compliance to legislations.

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APPENDIX II

Questionnaire A: Best Practice Questionnaire

1. For how long have you been working with SUA?
 Between 1-5 years () between 5-10 years () more than 10 years ()

2. Under what category do you fall?
 Provision of good, services and works ()
 Provision of non consultancy services-e.g. security services, cleaning services ()
 Provision of consultancy services ()

3. To what extent do you think the following best practices are undertaken in exercising procurement at SUA? Choose anyone answer from 1 to 5

SN	STATEMENTS	LIKERT SCALES				
		1	2	3	4	5
1	Procurement processes at SUA are transparent and open to all suppliers, contractors and/or consultants					
2	Public procurement officials at SUA are accountable to what they are dealing with suppliers, contractors and/or consultants					
3	All suppliers, contractors and/or consultants that deal with SUA are fairly treated and/or dealt with					
4	Public procurement officials at SUA are showing the highest degree of integrity when dealing with suppliers, contractors and/or consultants					
5	All suppliers, contractors and/or consultants at SUA are dealt with equality and equity criteria as required by procurement law					
6	All procurement transactions at SUA are complying with the principle of competition whereby all suppliers, contractors and/or consultants are given equal chances to participate					
7	PMU personnel at SUA exhibit the highest level of expertise in dealing with suppliers, contractors and/or consultants					
8	Public procurement officials at SUA show the highest degree of probity in dealing with suppliers, contractors and/or consultants					
9	PMU and public procurement officials at SUA are reliable enough in dealing with the suppliers, contractors and/or consultants					

4. As a Contractor / Supplier, please give your general comments that you think if implemented by SUA will improve the performance of the organization

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APPENDIX II

Interview guide/Observation checklist on Compliance to Regulations

SN	INDICATOR	PERFORMANCE DATA	0	1	2	3	4	5
1	Establishment and Composition of Tender Board	Existence of a Tender Board in accordance with the requirements of the Act and Regulations						
2	Establishment and Composition of PMU	Existence of a PMU in accordance with the requirement of the Act and Regulations						
3	Functioning of Accounting Officer, Tender Board and PMU	Percentage of tenders in which there was no interference between individual functions						
4	Preparation of Annual Procurement Plan	Prepared Annual Procurement Plan						
5	Approvals	Percentages of tenders/ contracts which received compulsory approvals in various processes						
6	Advertisement of Bid Opportunities	Percentage of open bidding procedures publicly advertised						
7	Publication of Awards	Percentage of contract awards disclosed to the public						
8	Time for Preparation of Bids	Percentage of tenders complying with the stipulated time in the Act and Regulations						
9	Methods of Procurement	Percentage of tenders using authorised methods of procurement in accordance with their limits of application						
10.	Use of Standard Tender Documents	Percentage of tender using standard/approved tender documents						
11	Records Keeping	Percentage of tenders with complete records						
12	Quality Assurance	Formation and Function of Inspection Committees (goods) and Project Managers (Supervisors)						
13	Contract Implementation	Percentage of contracts which have been implemented as per the terms of contract						

APPENDIX III

Questionnaire B: Value for Money Questionnaire

According to International Congress of Supreme Audit Institutions (INCOSAI) in auditing value for money; effectiveness, efficiency and economy are going to be measured by rating the following *derived statements*:

SN	INCOSAI DERIVED STATEMENT	RATINGS									
		1	2	3	4	5	6	7	8	9	10
1	Human, financial, and other resources are efficiently used										
2	Government programs, entities and activities efficiently managed, regulated, organized, executed, monitored and evaluated										
3	Activities in government entities are consistent with stipulated objectives and requirements;										
4	Public services are of good quality, client-oriented and delivered on time										
5	The objectives of government programs are reached cost effectively. The concept of cost-effectiveness concerns the ability or potential of an audited entity, activity, program or operation to achieve certain outcomes at a reasonable cost. Cost-effectiveness analyses are studies of the relationship between project cost and outcomes, expressed as cost per unit of outcome achieved. Cost effectiveness is just one element in the overall examination of efficiency, which might also include analyses of, for example, the time in which outputs were delivered										
6	Procurement programs have been effectively prepared and designed and they are clear and consistent										
7	Objectives and the means provided (legal, financial, etc.) for a new or ongoing procurement program are proper, consistent, suitable, or relevant										
8	Effectiveness of the organizational structure, decision making process and management system for program implementation										
9	Do program supplements, duplicates, overlaps, or counteracts other related programs										
10	Quality of the public services meets the people's expectations or the stipulated objectives										
11	Adequacy of the system for measuring, monitoring and reporting a procurement effectiveness										
12	Economical use of public funds in obtaining the inputs/procurements										
13	Economic use of the human, financial or material resources										
14	Procurement management activities are performed in accordance with sound administrative principles and good management policies (according to legal and institutional frameworks)										