



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



**PERFORMANCE AUDIT REPORT ON THE MANAGEMENT OF BULK PROCUREMENT OF
GOVERNMENT VEHICLES AND DISTRIBUTION OF FUEL AS IMPLEMENTED BY GOVERNMENT
PROCUREMENT SERVICES AGENCY (GPSA)**



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL OF TANZANIA
March, 2021**



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NATIONAL AUDIT OFFICE



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LIST OF ABBREVIATIONS AND ACRONYMS

CIF	Cost Insurance and Freight
CRIN	Combined Requisition and Issue Note
CUIS	Common Use Items and Services
EWURA	Energy and Water Utilities Regulatory Authority
FWA	Framework Agreement
GPSA	Government Procurement Service Agency
HQ	Head Quarters
LGA	Local Government Authority
LPO	Local Purchase Order
MDAs	Ministries Departments and Agencies
MoAI	Ministry of Agriculture and Irrigation
MoFP	Ministry of Finance and Planning
MoHCDGEC	Ministry of Health, Community Development, Gender, Elderly and Children
MoWTC	Ministry of Work, Transport and Communication
MTEF	Medium Term Expenditure Frame Work
PBPA	Petroleum Bulk Procurement Agency
PE	Procuring Entities
PMO	Prime Minister's Office
PPPD	Public Procurement Policy Division
RSP	Retail Sale Price
TANAPA	Tanzania National Parks
TARURA	Tanzania Rural Road Agency
TFSA	Tanzania Forest Service Agency
TRA	Tanzania Revenue Authority
TZS	Tanzania Shillings
UNDP	United Nations Development Program
VAT	Value Added Tax
WMA	Weight and Measure Agency

PREFACE



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

I have the honour to submit to Her Excellency, the President of the United Republic of Tanzania, Honorable Samia Suluhu Hassan, and through her to the Parliament of the United Republic of Tanzania, the *Performance Audit Report on the Management of Bulk Procurement of Government Vehicles and Supply of Fuel*.

The report contains findings, conclusions and recommendations that have focused mainly on improving the Management of Bulk Procurement of Government Vehicles and Supply of Fuel.

The Ministry of Finance and Planning and Government Procurement Service Agency, being the audited entities, were given the opportunity to scrutinize the factual contents of the report and commented on it. I wish to acknowledge that discussions with the audited entities have been useful and constructive.

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

In completion of the audit assignment, I subjected the draft report to a critical review of experts namely; Dr. Ramadhan S. Mlinga, Former Chief Executive Officer, Public Procurement Regulatory Authority and Lecturer, University of Dar es Salaam, and Dr. Gerald Magova, Lecturer - University of Dar es Salaam who came up with useful inputs on improving the output of this report.

This report has been prepared by Mr. Adam M. Mniko - Team Leader, Mr. Emmanuel M. Kisweka - Team Member and Mr. Andalason K. Hamba - Team

Member under the supervision and guidance of Ms. Asnath L. Mugassa - Ag. Chief External Auditor, Mr. George C. Haule - Assistant Auditor General and Mr. Jasper N. Mero - Deputy Auditor General.

I would like to thank my staff for their commitment in the preparation of this report. My thanks should also be extended to the audited entities for their cooperation with my office which facilitated timely completion of this report



Charles E. Kichere
Controller and Auditor General
Dodoma, United Republic of Tanzania
March, 2021

EXECUTIVE SUMMARY

Background to the Audit

The Government Procurement Service Agency (GPSA) is the government agency responsible for arranging and managing the procurement of Common Use Item and Services (CUIS). In the year 2014, the Government through MoFP issued Circular No. 3 of 2014 instructing all Procuring Entities to procure motor vehicles from manufacturers through GPSA. In these established procedures, GPSA, on behalf of other PEs, was supposed to arrange for bulk procurement of vehicles together with other CUIS such as fuel, at the best reasonable price and of high quality and timely delivery.

The audit covered the MoFP which has the responsibility of overseeing the performance of GPSA with regards to the management of bulk procurement of government vehicles and distribution of fuel. Apart from GPSA and MoFP, the Audit Team also collected information from other actors who play various roles in the procurement of vehicles and distribution of fuel. These included Ministry of Works, Transport and Communication, Petroleum Bulk Procurement Agency (PBPA), Energy and Water Utilities Regulatory Authorities (EWURA).

Further, the Audit Team collected information from nine (9) selected Procuring Entities (PEs), Public Agencies and LGAs¹. This audit covers the four financial years starting from 2016/17 to 2019/20.

Specifically, the audit focused on assessing whether the Government Procurement Services Agency (GPSA) adequately manage bulk procurement of vehicles and distribution of fuel in a manner that ensures cost effectiveness of services rendered to the Procuring Entities.

¹ Tanzania Rural and Urban Road Agency (TARURA), Weight and Measure Agency (WMA), Tanzania Forest Service Agency (TFSA), Tanzania Revenue Authority (TRA), Tanzania National Park Authority (TANAPA), Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDGEC), Ministry of Agriculture and Irrigation, Mufindi DC, Moshi DC and Lindi DC.

Main Audit Findings

Mechanism for Cost Control in the Procurement of Motor Vehicles

The audit acknowledge notable efforts made by GPSA to enhance efficiency and effectiveness in bulk procurement of vehicles and distribution of fuel. With regard to improvement of bulk procurement of vehicles GPSA made efforts to eliminate or rather reduce the pre-existed dominance of the Vehicles Dealers, to allow GPSA to have alternative suppliers of the same brand of vehicles. These efforts included liaising with the Ministry of Finance and Planning to secure a decision from Fair Competition Commission for a compliance order not to use again the Exclusive Distributorships Agreements. In addition to that, for distribution of fuel, GPSA made efforts to secure own facilities for fuel storage. In the financial year 2020/21, GPSA budgeted for securing consultant services to facilitate the establishment of the facility at Kurasini Dar es salaam.

However, the audit found out that GPSA did not have adequate mechanism for cost control of procurement of government vehicles. This was manifested by the following factors.

Existing Vehicles' Markert did not Allow GPSA to Conduct Bulk Procurement of Vehicles Directly from Manufacturers

The audit noted that for the last four years, from 2016/17 to 2019/20, GPSA procured 963 vehicles amounting to TZS 197 Billion from seven Agents/Dealers, contrary to the requirements of circular No.3 of 2014 which required GPSA to procure motor vehicles on behalf of PEs directly from the Manufacturers. This was caused by the fact that, dealership agreements between manufacturers and Dealers/Agents prohibit manufacturers to sell vehicle directly to customers². However, the Audit noted that recently, GPSA in collaboration with MoFP involved Fair Competition Commission (FCC) to find a better alternative way for eliminating the existing monopoly in vehicle supply in the country, which is currently in good progress.

In addition to that, GPSA did not aggregate the requirements for procurement of vehicles for them to make arrangements for bulk

² Meeting Minutes-Stakeholders Meeting on Bulk Procurement of Government Vehiles.2018

procurement instead; GPSA processed orders for procurement as they were received.

Delay by the PEs to submit orders for procurement of vehicles and non compliance with Government Circular No.3 of 2014 on transferring funds for procurement of vehicle to Vote 50 at the MoFP for onward transfer to GPSA to facilitate bulk procurement was the cause of GPSA failure to aggregate all requirements and conduct procurement of these vehicles in bulk as intended.

Inadequate Reduction of Procurement Transaction Costs through Bulk Procurement of Vehicles

The audit found weaknesses in the negotiation process, despite the fact that GPSA secured a discount of 4 percent for the procured vehicle, which was valid for the first three months of the contracts. However, the 4 percent discount did not apply after the first three months, while GPSA procured vehicles throughout the year. As a result of the termination of the discount, GPSA could not save TZS 2.5 billion out of 468 procured vehicles for TZS 67.3 billion.

Similarly, GPSA did not negotiate with suppliers on price terms based on the number of vehicles to be procured, taking an advantage that it was supposed to procure them in bulk. This limited chances for the GPSA to reduce vehicles' prices even if the procurement were made in bulk.

The Audit Team further noted that GPSA had limited bargaining power to negotiate prices of vehicles. This is due to the fact that the market for motor vehicle is characterised by lack of competition, since there are limited number of vehicle suppliers who supply the same brands. That limited chances for GPSA to compare prices among suppliers with the same brands, for the purpose of negotiating prices.

GPSA did not enter into Open Framework Agreement as required by Section 50 of PPA, 2011

Section 50 of the Public Procurement Act, 2011 as amended in 2016 requires GPSA to engage in open framework agreements to improve efficiency of procurement process and reduction of procurement transaction costs. However, in December 2017 GPSA entered into closed framework agreement with seven (7) vehicle suppliers contrary to the requirement of the law.

Interviewed GPSA officials indicated that, this was because of the weaknesses of the Public Procurement Act, 2011 and its Regulations of 2013

as amended in 2016. Since the vehicle industry was characterised by continuous increase of prices after every three months, therefore open framework agreement was not appropriate. In addition to that 7th schedule of the Public Procurement Regulations, 2013 has set limits for mini competition to be conducted for goods where the value does not exceed 120 Million. In most cases, value of procured vehicles exceeds that amount that is why GPSA did not conduct mini competition.

GPSA has set Service Charges for the Procurement of Motor Vehicles contrary to the Requirements of Public Procurement Act, 2011

The audit noted that, Section 9.0 of GPSA's guideline for procurement of government motor vehicle, 2018, directs GPSA to collect 1 percent of motor vehicle's price as service charge from PEs. This is contrary to Section 105(2) (j) of Public Procurement Act, 2011 which has given that mandate to the Minister to make regulations prescribing fees for various services rendered by GPSA. As a result, for the last four financial years, starting from 2016/2017 to 2019/2020, GPSA collected a total of **TZS 2,464,872,581/=** as motor vehicles' service charge from PEs, contrary to the requirement of Section 105(2) (j) of Public Procurement Act, 2011.

GPSA did not adequately procure Vehicles from Suppliers at the Negotiated Price

Despite the fact that GPSA had negotiated prices with vehicles suppliers, the Audit noted that vehicles were procured at a price higher than the negotiated price. The reason behind this was that GPSA did not review the framework contract which was valid for one (1) year starting from December 2017 to December 2018. Instead, GPSA maintained the 4 percent discount. As a result, Procuring Entities and GPSA lost the opportunity for saving significant amount of money for a number of vehicles procured from 2017/18 to 2019/20.

Effectiveness of the System for Distribution of Fuel to ensure Procuring Entities receive the Best Competitive Prices

The audit found out that the system for managing and distribution of fuel did not provide best price for Procuring Entities. This was manifested through the following scenarios:

GPSA did not supply Fuel to Procuring Entities at a Reasonable Prices

The audit noted that despite the fact that, GPSA does not incur other business costs such as corporate tax and staff salaries unlike other Oil Marketing Companies, yet from all 4 visited regions, GPSA sold fuel at the maximum EWURA's indicative retail prices as other oil companies in the market. Consequently, PEs were not motivated to refill fuel from GPSA centres because in other Public Offices, the route from the Office to GPSA distribution consumed more fuel.

GPSA did not have Adequate Fuel Storage Facilities

The audit established that, 19 out of 23 GPSA regional offices which provide fuel services, did not have adequate fuel storage capacity to cover monthly consumptions of the particular regional office. This means that GPSA cannot procure fuel at once to cover monthly fuel consumption to all its regional offices.

Ineffective Monitoring Systems to Monitor the Attainment of Established goals by MoFP

The audit noted that, MoFP did not effectively monitor activities conducted by GPSA in a structured manner. Although GPSA submitted reports to MoFP as required, the Ministry did not analyse those reports and provide feedback to GPSA. The cause for this was due to the absence of Monitoring Framework at MoFP and inadequate feedback mechanism for improving performance of GPSA.

Audit Conclusion

Despite the fact that the Government has initiated the efforts through GPSA under the Ministry of Finance and Planning towards improving bulk procurement of Government vehicles and supply of common use items including fuel for Public Entities, more interventions are needed for further improvement. The current payment procedures used for procurement of vehicle deviated from the established guidelines; request and permits for procurements of vehicles need further improvement to strengthen competition among suppliers. Additionally, systems for managing fuel distribution are not effectively operating to ensure PEs get best price as expected.

The Audit Team concludes that MoFP and GPSA are not adequately managing the processes to ensure that the bulk procurement of Government vehicles is done in accordance with the established rules, regulations so as to bring about value for money. In addition to that GPSA did not enter into open

framework agreement as required by Section 50 of PPA, of 2011. As a result, GPSA had not been conducting mini competition among vehicle suppliers with framework agreement, and therefore in many cases, GPSA did not obtain the best available prices for vehicles of the same specifications.

Audit Recommendations

Recommendations to the GPSA

The GPSA should:

1. Strengthen systems for ensuring competition among all suppliers who have framework agreement and procure vehicles within the best available price and quality which fit specifications provided by the Ministry of Works, Transport and Communication;
2. Design control mechanisms to ensure vehicles' procurement requests are in conformity with the requirements of the laws and regulations;
3. Device a mechanism that will oblige Procuring Entities to submit their provisional requirements of vehicles to be procured by the end of January each year as required by the law;
4. Liaise with MoFP to ensure that funds disbursement for procurement of vehicles are directly disbursed from the Ministry of Finance and Planning to GPSA for those Procuring Entities that depend on Government subvention as described in the Government Circular No. 3 of 2014 on Bulk procurement of Government vehicles;
5. Liaise with MoFP and President's Office - Public Service Management and Good Governance to establish a guideline on standardized vehicles to be used by public officials based on their levels of authority for variety reduction and cost control in the procurement of public vehicles;
6. Put in place procurement schedule that will allow GPSA to have time for processing orders so as to reduce waiting time and provide assurance to PEs on when to expect the order of vehicles and also assist GPSA to process orders in bulk;
7. Liaise with MoFP to secure fuel storage facilities so as GPSA can procure fuel at wholesale price and sell to the public vehicles at minimum indicative prices to maximize margins for service charges and reduce Government spending on fuel;

8. Device a web-based fuel management system which will easily manage and control supply of fuel and deny any loopholes for mismanagement of fuel to non-intended users;
9. Device a mechanism to ensure that all Government Entities Procure fuel from GPSA as required by the law;
10. Ensure that performance indicators for bulk procurement of vehicles are being included in their monitoring activities and regularly reported;
11. Device a mechanism for feedback to PEs especially for fuel use to ensure PEs have timely information on their use of fuel; and
12. Design a monitoring framework that will be employed to monitor the progress made by GPSA in bulk procurement of vehicles that will enable the Ministry to have real time information and intervene for improvement timely.

Recommendations to the MoFP

The MoFP should:

1. Ensure that Funds disbursement for procurement of vehicles are timely transferred to GPSA as directed through the Government Circular No. 3 of 2014 on bulk procurement of government vehicles; and
2. Design a monitoring framework that will be employed to monitor the progress made by GPSA in bulk procurement of vehicles that will enable the Ministry to have real time information and intervene for improvement timely.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Audit

Public procurement as a means for acquisition of goods and services by the government for the public use requires effective controls in order to ensure effective and efficient utilization of public resources that brings value for money. In the time when resources are meagre and diminished while the demand for better and quality services is mounting up, the need for proper control of public procurement is a subject of paramount importance.

The government of Tanzania spends an average of 50 to 60 Billion Tanzanian Shillings per annum to procure vehicles for various use of public activities. In turn, these vehicles facilitate the development of the country through various government operations. Even though motor vehicles are integral part for effective operations, yet there is a need to have clear policies and effective operations when considering the procurement procedures for vehicles so as to achieve value for money.

Therefore, the government through MoFP introduced the system for bulk procurement of government vehicles through Government Circular No. 3 of 2014 instructing the procurement of the common use items, and commissioned the responsibility of procurement to Government Procurement Service Agency (GPSA).

The intention was to ensure that the government procures vehicles in bulk directly from the manufacturers through GPSA which is mandated for procurement of Common Use Items and Services (CUIS), instead of procuring vehicles from dealers³. This in turn could help in reducing procurement costs.

Therefore, GPSA was supposed to make communication with the Budget Commissioner, so that they could transfer funds set by PEs which have requested for procurement of vehicles to GPSA. Upon receipt of funds, Prime Minister approval and specification from PEs, GPSA was required to place order to purchase the vehicles directly from the manufacturer⁴.

³ Government Circular No. 3 of 2014

⁴ Ibid

The Agency also provides the service of selling fuel and fuel products which are used by motor vehicles, motor cycles and plants operated by different Ministries, Departments and Agencies (MDAs). Currently the service is available across all Regions in Tanzania mainland except for Geita, Simuyu and Njombe in which the establishment of infrastructure to cater for the services is underway.

In these established procedures, GPSA on behalf of other Government Procuring Entities procure vehicles and fuel of the high quality at the best reasonable price and supply them to PEs.

For the purpose of ensuring availability of adequate and quality fuel products to the Government, GPSA procure fuel in whole sale and distribute to PEs at retail prices in areas where GPSA has fuel distribution centres. For areas where GPSA has no distribution centres, GPSA entered framework agreement with fuel suppliers to distribute fuel on its behalf. The manner with which GPSA distributes fuel to PEs at retail prices is contrary to logic behind the establishment of bulk procurement by the Government.

1.2 Motivation for the Audit

To ensure that the government achieves value for money in the procurement of public vehicles and distribution of fuel, measures of controlling its operationalization were insisted. However, there has been public outcry on the proceedings related to procurement of government vehicles and distribution of fuel. Therefore, the audit was motivated by the following factors:

(i) Significant Amount of Money are spent in the Procurement of Government Vehicles

From the review of Reports of Payments Records made to Suppliers of Vehicles for the Financial Years, starting from 2016/17 to 2019/20, it was noted that a significant amount of public money about TZS 247 billion were spent for the procurement of government vehicles in the last four years. In connection to that, there had been public concerns over the amount of money spent to procure government vehicles, and therefore, the need for an intervention to examine whether the taxpayers' money were rationally spent for the procurement of government vehicles.

(ii) High Prices and Delays in the Delivery of Ordered Vehicles

There have been concerns of overpriced vehicles and delays in the delivery of the ordered government vehicles. The procurement of government vehicles by GPSA was characterized by inadequate competition which resulted into higher prices of motor vehicles and 87 percent of ordered motor vehicles were not delivered to PEs on time⁵. This brought about concerns for Procuring Entities to call for a possibility of shortening the time to ensure that vehicles are procured and delivered within the shortest time possible to enhance effective and timely utilization of those vehicles.

(iii) Inadequate Coverage of Fuel Distribution Centers

GPSA's fuel distribution centres are not available in other regions of the country such as Geita, Simiyu and Njombe. Although, GPSA has managed to establish centres at all regional headquarters but, at the district level, there are no fuel distribution centres at all⁶. Therefore, the Public Entities located in Districts that are far from the Regional Headquarters could not refill their vehicles at GPSA's Fuel Distribution Centres.

Therefore, the Controller and Auditor General found it imperative to conduct a performance audit to assess whether the government through GPSA has effectively and efficiently managed bulk procurement of government vehicles and distribution of fuel to government vehicles in the country.

1.3 Audit Design

1.3.1 Audit Objective

The main audit objective was to assess whether the GPSA adequately manage bulk procurement of government vehicles and fuel in a manner that ensures cost effectiveness of services rendered to the PEs.

Specific Objectives of the Audit

In order to address the main audit objective, three specific audit objectives were used. In this regard, specific objectives of the audit were to assess whether:

⁵ The Report of the Controller and Auditor General of the United Republic of Tanzania March 2019.

⁶ <https://www.gpsa.go.tz/services/third-party-procurement>

- 1) Mechanism for bulk procurement of government vehicles ensure effective price control and timely delivery to achieve economies of scale;
- 2) The system for managing bulk procurement of government vehicles and distribution of fuel ensures that PEs receive best competitive prices and procurement is done on time; and
- 3) There is a system for monitoring the progress of bulk procurement process of the government vehicles and fuel.

Detailed main audit questions and sub-questions used during the audit in order to answer the audit objectives are presented in **Appendix 1** of this report.

1.3.2 Assessment Criteria

In order to assess the adequacy of measures for managing bulk procurement of Government vehicles and distribution of fuel, assessment criteria were drawn from different sources such as Legislations (Acts and Regulations), Circulars, Guidelines, Standards, Good Practices and Strategic Plans of GPSA and MoFP. The following are the main assessment criteria for each specific audit objective:

(a) Overall Status of Reduction of the Government Procurement Transaction Cost through GPSA

According to the Strategic Objective of GPSA's Strategic Plan of 2013/14 - 2018/19, the Agency intended to improve procurement and supplies management services, reduce government procurement transactions and attain value for money by providing procurement services to PEs in a way that meets the expected requirements and at the best price compared to market prices.

Government Circular No. 3 through a Letter with Reference Number CJA.233/362/01 dated 11th November, 2014 issued by the Paymaster General requires all PEs to carry out bulk procurement of government vehicles from manufacturers through GPSA instead of using dealers in order to reduce government procurement transactions.

According to GPSA Strategic Plan for the Year 2018/2019 - 2022/2023, GPSA planned to institute proper stock control management to make general stores and fuel available to all Regional Offices.

(b) Price Control in Bulk Procurement of Vehicles and Fuel Distribution

According to Regulation 5(1) of the Public Procurement Regulations, 2013, when undertaking or approving procurement of public assets, GPSA is required to ensure it chooses appropriate procedures and cause the procurement to be carried out diligently and efficiently, so that the prices paid or received by the Procuring Entity represent the best value for money.

According to Section 4A of the Public Procurement Act, 2011 as amended in 2016⁷, GPSA is required to, strive to achieve the highest standards of equity, taking into account the need to obtain the best value for money in terms of price, quality and delivery, having regard to the set specifications and criteria.

According to Regulation 131 (1) of the Public Procurement Regulations of 2013, GPSA is required to arrange for procurement of common use items that includes fuel and services by PEs through framework agreements.

Additionally, Regulation 69(6) of the Public Procurement Regulations, 2013 as amended 2016, GPSA is supposed to prepare its estimates based on prevailing market prices. This is necessary because it enables the government to procure specific vehicles at a reasonable price and attain the same quality of the intended services.

According to Regulation 135 (2) of the Public Procurement Regulations of 2013, GPSA is mandated to procure petroleum products directly from any source where such products meet the required standards and are available at competitive prices.

Regulation 133 (1) of the Public Procurement Regulations of 2013, requires GPSA at any time during the contract execution, to accept a request from supplier to make price adjustment and in so doing, shall make a comparison of the prices requested against the international price indicator guides and verify the justification for such price adjustment.

(c) Availability of Effective System for Procurement of Vehicles and Distribution of Fuel

GPSA is required to forecast its requirements for goods, services and works as accurately as is practicable with particular reference to services or activities already programmed in the annual work plan and included in the

⁷ The Public Procurement (Amendment) Act, 2016

annual estimates and the forecasts have to include an estimate of the optimum time of performance and completion of services.

To achieve this GPSA was expected to ensure PEs comply with Regulation 131(4) that requires PEs to submit to GPSA by the end of January each year their provisional estimates of the required common use items and services which shall include descriptions, specifications, statement of requirements and quantities.

Also, according to GPSA's Strategic Plan of 2013/14 - 2018/19, in improving procurement and supplies management, GPSA is required to identify needs of procurement entities through demand forecasting.

(d) Monitoring of GPSA Activities

Section 6(2) (i) of the Public Procurement Act No.7 of 2011 requires MoFP to monitor and evaluate the performance of Public Procurement Institutions (i.e. GPSA being one of them) and advise accordingly.

Also, GPSA's Strategic Plan (2013-2018) requires GPSA to conduct examination to establish whether annual plan targets have been achieved and also assess how much has been achieved, reasons for non-achievement (in case of non-achievement) and prepare monitoring reports to be submitted to the GPSA's Advisory Body for deliberations.

1.3.3 Scope of the Audit

The main audited entity was Government Procurement Service Agency (GPSA), an Executive Agency under the Ministry of Finance and Planning (MoFP). The reason is that GPSA is responsible for bulk procurement of government vehicles and distribution of fuel to PEs in the country. The audit also covered MoFP which has the responsibility of overseeing the performance of GPSA with regards to management of bulk procurement of government vehicles and distribution of fuel.

The audit focused on the efforts undertaken by the government through GPSA to reduce government's procurement transactions and ensure high quality and best competitive prices that portray value for money. In that respect, both bulk procurement of vehicles and fuel were covered. Specifically, the focus was on price control for bulk procurement of government vehicles and fuel, delivery of the same, and monitoring of

GPSA's activities related to bulk procurement of government vehicles and fuel.

Regarding the price control, the audit covered aspects of market survey, benchmarking, use of framework agreement, and execution of mini-competition to ensure that the Government procures at the best competitive price. One of the motives of the audit was to ascertain whether procurement is done in conformity with the agreed terms and conditions with acceptable competition that offers the government with fiscal benefits and best quality.

Additionally, the audit assessed whether GPSA aggregates requirements from the Procurement Entities and make purchases in bulk so as to ensure the Government benefits from economies of scale and discounts. Besides that, in the same way, the audit looked into the mechanisms currently in use by GPSA to compute prices for vehicles and fuel.

With regards to a system for managing supply of fuel, the audit assessed the effectiveness of data driven demand forecasting mechanism in providing assurance on availability of fuel, efficiency in distribution of fuel with regard to timeline, price and effectiveness of fuel supply system to ensure appropriateness of distribution of fuel to the intended vehicles in accordance with the pre-determined controls.

Further, with regards to monitoring and evaluation of GPSA's performance, the audit examined monitoring and evaluation activities done internally by GPSA and externally by MoFP in connection with bulk procurement of government vehicles and distribution of fuel. Under monitoring, the audit assessed the attainment of intended Key Performance Indicators (KIPs) and whether there were established and functioning Standard Operating Procedures (SOPs) with the bigger perspective of reducing government procurement transaction costs while enhancing delivery of high quality services to MDAs, Regional Secretariats (RSs), and Local Government Authority (LGAs).

Apart from GPSA and MoFP, the Audit Team also collected information from other actors who play various roles in the procurement of government vehicles and distribution of fuels. These include the Ministry of Works, Transport and Communication, Petroleum Bulk Procurement Agency (PBPA), Energy and Water Utilities Regulatory Authorities (EWURA) and UNDP-Country Office.

Further, the Audit Team collected information from nine (9) selected Procurement Entities representing Ministries, Public Agencies and LGAs which were Tanzania Rural and Urban Road Agency (TARURA), Weight and Measure Agency (WMA), Tanzania Forest Service Agency (TFSA), Tanzania Revenue Authority (TRA), Tanzania National Parks Authority (TANAPA), the Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDGEC), the Ministry of Agriculture and Irrigation, Mufindi DC, Moshi DC and Lindi DC. The criteria used for selection of these PEs are explained in detail in Section 1.3.4 of this report.

The above mentioned entities were covered in order to examine the services provided to them by GPSA in relation to prices, delivery time, quality and quantity of the procured vehicles. Also, the prices of fuel set by EWURA were examined and used to make comparison between market prices and those quoted by GPSA.

The Audit Team covered the entire country but data were collected from five (5) selected GPSA Regional Offices. The five (5) Regional Offices were selected to represent the major five (5) zones being Eastern, Southern Highland zone, Southern zone, Northern zone and Western zone. The aim of visiting these Regional Offices was to assess the effectiveness of controls that are in place for managing supply of fuel to the Government Entities, and examine the rationale of prices quoted for supplying fuel to these government Entities.

The five (5) GPSA Regions that were visited include Arusha, Lindi, Simiyu, Iringa, Dar es Salaam and Kilimanjaro. Dar es Salaam which serves as the headquarters has been purposely selected because it is the entry point of fuel into the country and a logistical centre whereby arrangements for bulk procurement of vehicles and fuel are initiated and concluded.

Moreover, the audit covered four (4) financial years i.e., 2016/17- 2019/20. The reason for selecting that period was to establish the performance trend of bulk procurement of government vehicles and fuel distribution as performed by GPSA.

Further, within this period of four (4) financial years, there has been noted increased budget and expenditure on the procurement of government vehicles. Thus, the period enabled the Audit Team to ascertain the efforts made by GPSA and MoFP to enable the PEs achieve the best prices, quality and timely delivery of the needy products.

1.3.4 Sampling, Methods for Data Collection and Analysis

Various methods for sampling, data collection and analysis were used by the Audit Team in order to come up with sufficient and reliable evidence as presented below:

(i) Sampling Technique Used

Non-probability sampling methods specifically purposive and convenience sampling techniques were used to select PEs and GPSA's Regional Offices that were visited during data collection.

Selection of PEs

Selection of PEs was done based on the combination of four (4) major criteria which are:

- (i) Volume of Procured Vehicles by PEs: Entities that purchased at least 5 motor vehicles and of which procurement value was not less than TZS 1.5 billion were considered;
- (ii) Entities that used Multiple Vehicle Suppliers: Entities that procured vehicles from two main suppliers of vehicle and supplied a large number of vehicles through GPSA were also considered for selection;
- (iii) Entities that used the same Vehicle Suppliers: The Audit Team also considered PEs that used the same supplier for procurement of its vehicles; and
- (iv) Ministries and Local Government Authorities that procured a large number of vehicles compared to others in the same category of PEs.

First, all PEs were grouped based on the volume of the procured vehicles, type-likeness of the procured vehicles, and value of the procurement made. Also, PEs were grouped based on the uniformity of vehicle suppliers (i.e. TOYOTA and UNDP) who practically supplied a large number of vehicles through GPSA.

Entities that met a combination of the above criteria were selected. In that regard, the Audit Team selected nine (9) PEs mentioned in Section 1.3.3 of the Report since they met the above four (4) selection criteria. Detailed analysis of selected PEs is provided in **Appendix 2** of this report.

Selection of GPSA Regional Offices

Selection of GPSA Regional Offices was determined by two criteria; the first being volume of fuel supplied by the respective GPSA Regional Office, and the second was distance from the Dar es Salaam Port.

This is because, among other factors, fuel price is influenced by the distance covered when carrying fuel from the point of importation due to logistical and carriage costs. All GPSA Regional Offices were ranked based on the quantity of fuel distributed in the financial year 2018/19 and distance from the Dar es Salaam Port. With consideration of the quantity of fuel distributed, Regions were grouped into three bands, being High (H), Medium (M) and Low (L). In these categories, the highest amount of fuel supplied to a region was 5.7 Million litres, and therefore, Regions that received between 2-5 Million litres a year were considered to be High consumers, whereas Medium and Low Consumers were those Regions which were supplied with fuel between 1-2 million litres and 0-0.9 Million litres respectively.

With consideration of distance factor, Regions were grouped into Far (F), Average (A) and Short(S) distance. The farthest Region from Dar es Salaam where fuel is dispatched being Mara and Kigoma regions with a distance of 1370 and 1258 respectively. Therefore, the regions that ranged between 601km-1370km were considered far, whereas the regions located between 300 km to 600 km were considered Average and the regions within 0 km to 300 km from Dar es Salaam were considered as short distance

The regions having a mixed coefficient in these bands of volume as well as distance from the Dar es Salaam Port were selected. In that regard, a total of five (5) GPSA Regional Offices were selected from which three (3) were selected from high supply band with the corresponding distances as Far, Average and Short distances, (H-F, H-A and H-S). Two other Regions were selected from medium and low supplying bands Medium and low supplying Regions were correlated with Average distances (M-A and L-A)

Selection was therefore based on the following mixed coefficient High - Far, High - Average, High - Short, Medium - Average and Low - Average.

Selection also considered representatives from five (5) administrative zones in the country namely; Eastern, Lake, Northern, Southern Highland and Southern Zones. Selected Regions were Simiyu, Iringa, Dar es Salaam, Kilimanjaro and Lindi. **Table 1.1** presents a summary of the selected Regions. More details are in **Appendix 3** on page 105.

Table 1.1: Analysis of Selected GPSA Regional Offices Visited

S/ N	Region	Fuel Distribu ted (in million litres)	Value of Fuel Distribu ted (in billion TZS)	Distribut ion band (High, Medium, Low)	Distanc e From the Port (in Km)	Distan ce Rankin g	Selecti on
1	Dar es Salaam	4.75	8.80	H2	N/A	S	Dar es Salaam
2	Simiyu	1.44	2.89	H4	1152	F	Simiyu
3	Iringa	1.08	2.16	H8	492	A	Iringa
4	Kilimanj aro	0.95	1.90	M	566	A	Kiliman jaro
5	Lindi	0.48	0.98	L2	452	A	Lindi

Source: Auditors' Analysis, 2020

(ii) Methods for Data Collection

The Audit Team collected both qualitative and quantitative data so as to provide strong and convincing evidences. Three different methods for data collection were used. These methods included *interviews*, *document reviews*, and *observations* as detailed below:

Interviews

During the execution of the Audit, interviews were held with officials from GPSA Headquarters, selected GPSA's Regional Offices, and Officers responsible for Procurement from selected PEs. Furthermore, interviews were used to validate information obtained from the documents that were reviewed. A list of officials that were interviewed is presented in **Appendix 4**.

Documents Review

The Audit Team reviewed documents from GPSA, selected PEs, EWURA, PBPA and UNDP, so as to get comprehensive, relevant and reliable information about the performance of GPSA in bulk procurement of government vehicles and distribution of fuels.

Reviewed documents from the above entities were those falling within the period under audit i.e. from July, 2017 to June, 2020. These documents include: Planning Documents, Performance and Progress Reports, Monitoring and Evaluation Reports. **Appendix 5** provides a list of documents that were reviewed and reasons for reviewing them.

Observation

Observations were made from fuel centres available in all selected GPSA Regional Offices that were visited by the Audit Team. During the observation, notes were taken on the observed processes of fuel distribution as well as taking pictures of the observed processes and fuel facilities.

The Audit Team also observed status of fuel storage infrastructure in relation to the control of importation and distribution of fuel in the selected GPSA Regional Offices. Issues related to stock control mechanisms and time taken by a single car from arrival to departure after re-filling were recorded during the observation.

(iii) Methods of Data Analysis

Quantitative data collected through interviews and document reviews were analysed using excel spreadsheet. Quantitative data were analysed by organizing, summarizing and compiling them using different statistical methods for data computation. The analysed data were then presented in tables and graphs.

Qualitative data collected through interviews and document reviews were categorized and described in relation to the audit objectives and presented in a summarized text. The analysis involved looking for categories such as events, descriptions, consistencies or differences so as to develop theory or conclusion from the collected data.

Depending on the number of interviews and documents reviewed, information was then transformed into quantitative data by going through interviews/documents to see how many of them included a positive or negative statement about a certain issue, or how many have made similar statements. Calculations were made, expressing the percentage of investigated documents or interviews that include a particular type of a statement.

Data were entered on a spreadsheet and used to explain and answer the 'why' questions. Pie-charts/graphs were used to describe and compare the proportion under each main theme identified.

1.4 Data Validation Process

MoFP and GPSA were given the opportunity to go through the draft report and commented on the figures and information being presented. They confirmed on the accuracy of the figures used and information presented in the audit report.

Furthermore, the information was cross-checked and discussed with subject matter experts regarding the bulk procurement of Government Vehicles and distribution of Fuel with an intention of validation of the information obtained and presented in the report.

1.5 Standard Used for the Audit

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI).

These standards require that the audit is planned and performed in order to obtain sufficient and appropriate evidence which provide a reasonable basis for the findings and conclusions based on the audit objectives.

1.6 Structure of the Report

The performance audit report covers the following:

- Chapter One: covers background to the audit, motivation for the audit, audit design and assessment criteria used during the audit. It also provides standards used to carry out the audit and data validation process;
- *Chapter Two* presents the systems, processes and relationships among key stakeholders who are involved in the Bulk procurement system of Government vehicles and Distribution of Fuel;
- *Chapter Three* presents the audit findings regarding the Management of Bulk Procurement of Government vehicles;

- *Chapter Four* presents the audit findings regarding the distribution of fuel as implemented by Government Procurement Service Agency (GPSA);
- *Chapter Five* presents audit conclusions; and
- *Chapter Six* outlines recommendations which can be implemented to improve the System for Bulk Procurement of Government vehicles and Distribution of Fuel by both MoFP and GPSA in the country.

CHAPTER TWO

SYSTEMS FOR MANAGING BULK PROCUREMENT OF GOVERNMENT VEHICLE AND DISTRIBUTION OF FUEL

2.1 Introduction

This chapter describes the systems for managing bulk procurement of government vehicles and distribution of fuel. It covers laws, circulars and processes governing the procurement of government vehicles and distribution of fuel. It also presents the roles and responsibilities of key players involved in the procurement of government vehicles and distribution of fuel. These are as presented under subsequent sections of this chapter.

2.2 Legal Framework

This section highlights the legislations and Circular governing bulk procurement of government vehicles and distribution of fuel.

2.2.1 Governing Legislation

The Public Procurement Act, 2011 as Amended in 2016 is the main Legislation governing the procurement of goods and services in the country. The procurement of Government vehicles and distribution of fuel is governed by this Act.

According to Section 50 of the Public Procurement Act, 2011, PEs are required to ensure that there is efficiency in the procurement process and reduction of procurement transaction costs by engaging in the procedure of framework agreements for the procurement of common use items and services (CUIs), including government motor vehicles.

In addition to that, Regulation 135(1) of the Public Procurement Regulations 2013, provides mandate to GPSA in ensuring availability of adequate and quality procurement services to the Government Institutions. This includes procurement and sales of stock items such as fuel to be used by vehicles, motor cycles and plants owned by different Ministries, Departments and Agencies (MDAs).

The Act also provides mandate to the Minister of Finance and Planning (MoFP) to develop Regulations prescribing procedures and processes for procurement of common use items under framework agreement including government vehicles and fuel products.

2.2.2 Regulations and Guidelines

Public Procurement Regulations, 2013 as Amendment in 2016

The Public Procurement Regulations provide a clear definition of the “Common Use Items and Services” that are goods, works and services that are continuously or repeatedly required over a set period of time and are common to more than one Procuring Entity. Therefore, they are subject to common procurement.

Furthermore, Regulation 131 of the Public Procurement Regulations stipulates procedures and processes for the procurement of common use items and services. It also requires GPSA to arrange for procurement of Common Use Items and Services (CUIS) fuel through framework agreements including government vehicles

Treasury Circular No.3 of 2014/15 for Bulk Procurement of Government Vehicles

This circular provides directives to the Permanent Secretaries, Regional Administrative Secretaries (RASs), Heads of Independent Departments, Heads of Institutions and Agency, City Directors and District Executive Directors, to submit their requirements for the procurement of vehicles, motor cycles and plants to GPSA for procurement processes, after the approval from the Prime Minister’s Office and after obtaining relevant specifications from the Ministry of Works, Communication and Transport.

2.2.3 Guidelines for Bulk Procurement of Government Vehicle of 2018

The Guidelines for Bulk Procurement of Government Motor Vehicles, 2018 set a standardized formula for charging service fees of 1 percent of vehicle price for facilitating all procurement proceedings of government vehicle done by GPSA. In addition to that, the guidelines also address issues related to procedure for receiving requirements from PEs, payments procedures, handling of vehicles for inspection and delivery of the procured vehicles to the respective PEs.

2.2.4 GPSA's Strategic Plan 2018/19 to 2022/23

GPSA's Strategic Plan for the period of 2018/20 to 2022/2023 provides guidance towards proper stock control of fuel and also increasing revenue collection from services rendered by GPSA. It also focuses on improving the bulk procurement of government vehicles, specifically by conducting capacity building to the staff on negotiation skills in order to reduce prices from dealers.

2.2.5 MoFP's Revised Medium Term Strategic plan 2017/18 to 2021/22

The revised MoFP's Medium term strategic plan of the year 2017/18 to 2021/22 has provided the general target to ensure the public procurement system is effectively monitored. Its main strategic objective was to make sure that, the public procurement policy and strategy are developed by 2021/2022.

2.3 Roles and Responsibility of Stakeholders

This part presents key players in the management of procurement of government vehicles and distribution of fuel and their roles and responsibilities. Stakeholders are categorized into two main categories namely; Main stakeholders and other stakeholders:

2.3.1 Main Stakeholders

The management of bulk procurement of government vehicles and supply of fuel in the country.

(a) Ministry of Finance and Planning

The Ministry of Finance and Planning (MoFP) through the Public Procurement Policy Division (PPPD) is generally responsible for issuing policies, guidelines, directives and circulars regarding procurement and supply of goods and services to the PEs. This includes but not limited to bulk procurement of government vehicles and fuel. Also, MoFP is responsible to monitor, evaluate and review public procurement systems, including the system for bulk procurement of government vehicles and distribution fuel. Specifically, MoFP is responsible to monitor and evaluate the performance

of public institutions dealing with procurement including the Government Procurement Service Agency (GPSA)⁸.

(b) The Government Procurement Service Agency

The Government Procurement Service Agency (GPSA) is responsible to arrange for the procurement of Common Use Items and Services (CUIs) including government vehicles and fuel through framework contracts. It is also supposed to prepare and enter into framework contracts with motor vehicles and fuel suppliers on behalf of the PEs; to receive requirements of motor vehicles, fuel and procurement funds from PEs, prepare Procurement Plans and finally to purchase and deliver procured motor vehicles and fuel to concerned PEs⁹.

Objective of GPSA

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

The Main Functions of GPSA

According to Section 50 of the Public Procurement Act of 2011, together with Government Circular No. 3 of 2014, the main functions of GPSA with respect to executing the program of bulk procurement of government vehicles are to:

- a) Prepare and enter into framework contracts with suppliers on behalf of the PEs;
- b) Analyze requirements of vehicles based on directives/guidance from President's Office-Public Service Management;
- c) Receive requirements of procurement of vehicles from Ministries, Independent Departments, Agencies, Public Authorities, Local Government Authorities;
- d) Receive fund for the procurement of government vehicles from PEs;
- e) Transfer money to Bank Accounts of vehicle suppliers for the procurement of vehicles and their deliveries;
- f) Prepare Annual Action/Procurement Plan; and

⁸ Section 6(2b&i) of Public Procurement Act No.7 of 2011

⁹ Regulation 131(1&3) of Public Procurement Regulations of 2013

- g) Deliver the procured vehicles to PEs.

Specifically, these roles are implemented by three Directorates with specific roles described in the establishment order of GPSA, as detailed below:

(i) Business Support Services Division

This Division has the following functions:

- Advise the Chief Executive on Financial Management matters of the Agency;
- Oversee all matters patterning to Human resources management;
- Coordinate human resources acquisition, development and appraisal systems;
- Coordinate Strategic Planning and Budgeting in the Agency;
- Establish and implement financial and physical resources management system; and
- Establish and implement performance management system.

(ii) Operations Division

This Division has the following functions

- Advise Chief Executive on matter related to Agency's Operations;
- Managing the functions of the Division;
- Formulating and implementing short- and long-term work programmes;
- Formulating and supervising an efficient fleet management system; and
- Managing the clearing and forwarding function.

(iii) Procurement Division

This Division has the following functions

- Advise the Chief Executive on Agency's Procurement functions;
- Coordinate Procurement and Tendering Process;
- Formulate and oversee the implementation of Procurement of Common use items through framework contracts;
- Ensure compliance to Public Procurement Act No. 21 of 2004 and its Regulations;

- Build Professional capacity in advisory and consultancy services related to procurement; and
- Maintain a Register of Suppliers for common use items, services and works

2.3.2 Other Stakeholders

Other stakeholders involved in the bulk procurement of government vehicles and distribution of fuel are PEs, Ministry of Works, Transport and Communication, Prime Minister's Office and EWURA. Their roles and responsibilities are provided below:

(a) Procuring Entities (PEs)

The PEs are responsible for ensuring by the end of January every year they submit to GPSA, their provisional annual estimates for the procurement of vehicles which include descriptions, specifications, statement of requirements and quantities of vehicles to be procured. Also they are required to procure from the Agency or from tenderers awarded framework agreements by the Agency by placing call off orders prepared by their Procurement Management Unit (PMU) and approved by the respective Accounting Officer or any delegated officer¹⁰.

In addition to that, PEs are responsible for submitting to GPSA and PPRA, monthly reports on the procurements made through framework agreements indicating the names of suppliers, description of goods or services, quantity and the value of goods or services.

(b) Ministry of Works, Transport and Communication

The Ministry of Works, Transport and Communication is responsible for the preparation of detailed and acceptable schedule of requirements and specifications which shall be made available to GPSA for use by PEs when procuring vehicles, The Ministry receives a request from PEs stating the specific intended function of the vehicles with an attachment of permission to procure such vehicles from Prime Minister's Office¹¹.

¹⁰ Regulation 131(4) of Public Procurement Regulations of 2013

¹¹ Regulation 136(1) of Public Procurement Regulations of 2013

(c) Prime Minister's Office (PMO)

The Prime Minister's Office is responsible for approving or disapproving the request for the procurement of government vehicles from the PEs.¹² The Main factors considered by PMO when reviewing the request for PEs for the procurement of vehicles are

- (i) Availability of approved budget for procurement of vehicles from the budget of respective PE;
- (ii) Description of functions or task of the vehicles to be procured; and
- (iii) Description of the title of the intended use of the vehicles in the respective public Office.

(d) Energy and Water Utilities Regulatory Authority (EWURA)

The EWURA is responsible for regulating rates and charges of fuel (Diesel and Petrol) by publishing retail and wholesale prices for petroleum products, applicable in Tanzania Mainland¹³.

(e) Suppliers of Vehicles and Fuel

Suppliers of vehicles and fuel are responsible for supplying and delivering all goods and services to GPSA or Procuring Entity at the rates, prices and at places stated in the framework agreement and local purchase order¹⁴ in doing so, EWURA considers the following factors

1. Cost CIF DAR
2. Total local costs payable to other authorities
3. Government taxes
4. Other charges
5. Retailers Margin
6. Charges payable to Executive Agencies
7. Transport Charges (Local)
8. Service Levy payable to LGAs (0.3% of turnover net of excise duty and VAT in wharfage and petroleum marketing cost)

¹² Circular No. 3 of 11th November 2014 on Procurement of Government Vehicles

¹³ Section 17 of EWURA Act No. 11 of 2001

¹⁴ Regulation 132(1) of Public Procurement Regulations 2013 as amended in 2016

(f) Public Procurement Regulatory Authority (PPRA)

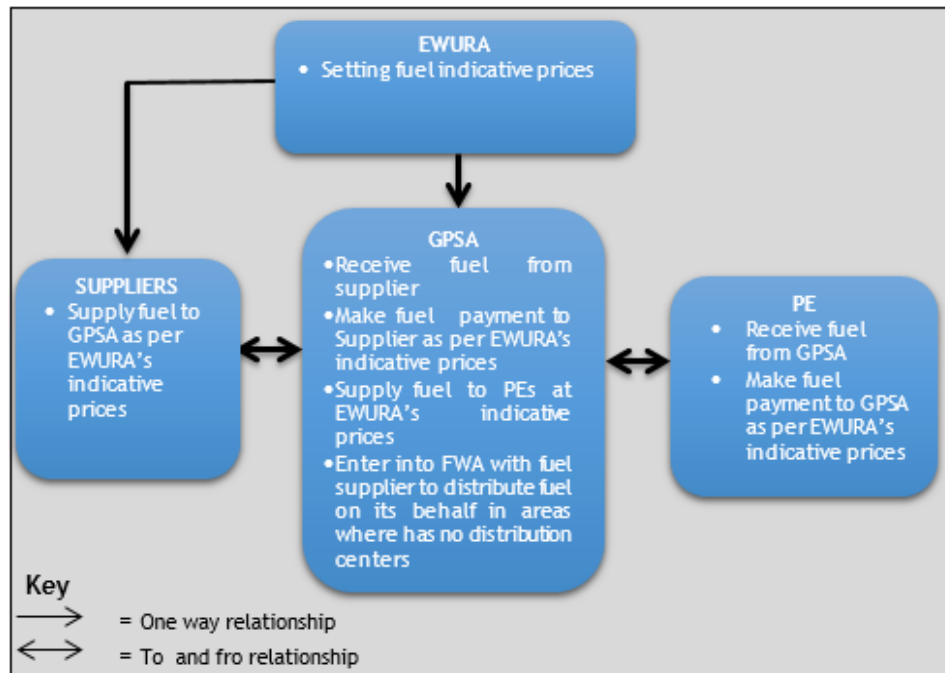
According to Section 9(1) (b) of the Public Procurement Act, 2011, the Public Procurement Authority is responsible for monitoring and report on the performance of the public procurement systems in the United Republic of Tanzania and advice on the desirable changes. This involves monitoring of the system for the bulk procurement of government vehicle and distribution of fuel.

Table 2.1: A Summary of Functions of Each Stakeholder in the Bulk Procurement of Vehicles

Stakeholder	Main Roles or Responsibilities	Main Factors Considered in implementing the roles	Main output
PE	<ul style="list-style-type: none"> • Budget for the Vehicle; • Request Permit from PMO; • Request Specification from MoWTC; • Submit procurement requirement to GPSA; and • Effect the payment for procurement of vehicles. 	<ul style="list-style-type: none"> • Availability of funds budgeted for the vehicle; • Nature of the function of the vehicles to be procured; and • Description of title of the office to use the intended vehicle. 	Procurement request to GPSA.
PMO	<ul style="list-style-type: none"> • Issuing of Permission for PE to procure Vehicles. 	<ul style="list-style-type: none"> • Presence of funds allocated; • Type of vehicles; and • Uses of the vehicles. 	Permission to Procure Vehicle.
MoWTC	<ul style="list-style-type: none"> • Provide technical specification for the intended vehicle. 	<ul style="list-style-type: none"> • Nature of the function of the vehicles to be procured; and • Presence of Permission from PMO. 	Technical specifications.
GPSA	<ul style="list-style-type: none"> • Coordinate the whole process of procurement of the vehicles. 	<ul style="list-style-type: none"> • Presence of permit from PMO; • Presence of technical specification; • Formal request of vehicle procurement; and • Payment Confirmation from PE. 	Procured Vehicle.

Source: Auditors' Analysis of Functions of Key Actors in the Procurement of Vehicle, 2020

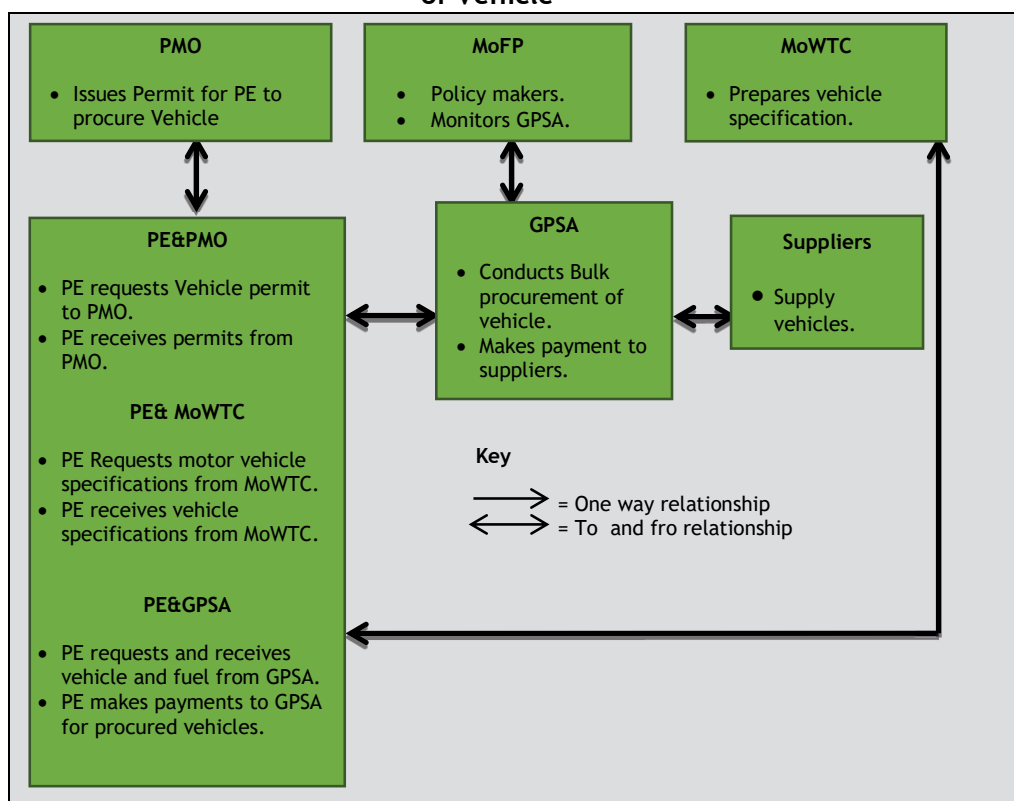
Figure 2.1: Organizational Set up for the Management of Procurement and Distribution of Fuel



Source: Auditors' Analysis of GPSA Operational Processes, 2020

Figure 2.1 shows, the relation between various actors who are involved in the management of procurement and distribution of fuel. GPSA procures fuels from suppliers at whole sale indicative price, and distribute to PE at retail maximum indicative price. This is done to cater for operational costs. More explanation of this situation is provided in Chapter Three of this report.

Figure 2.2: Organizational Set-up for the Management of Procurement of Vehicle



Source: Auditors' Analysis of GPSA's Operational Procedures, 2020

Figure 2.2 shows, the relation between various actors who are involved in the management of procurement of government vehicles. GPSA procures vehicle from suppliers on behalf of PEs.

2.4 Process for Bulk Procurement of Government Vehicles and Distribution of Fuel

Bulk procurement of government vehicles undergoes through a process that involves many actors and steps detailed below:

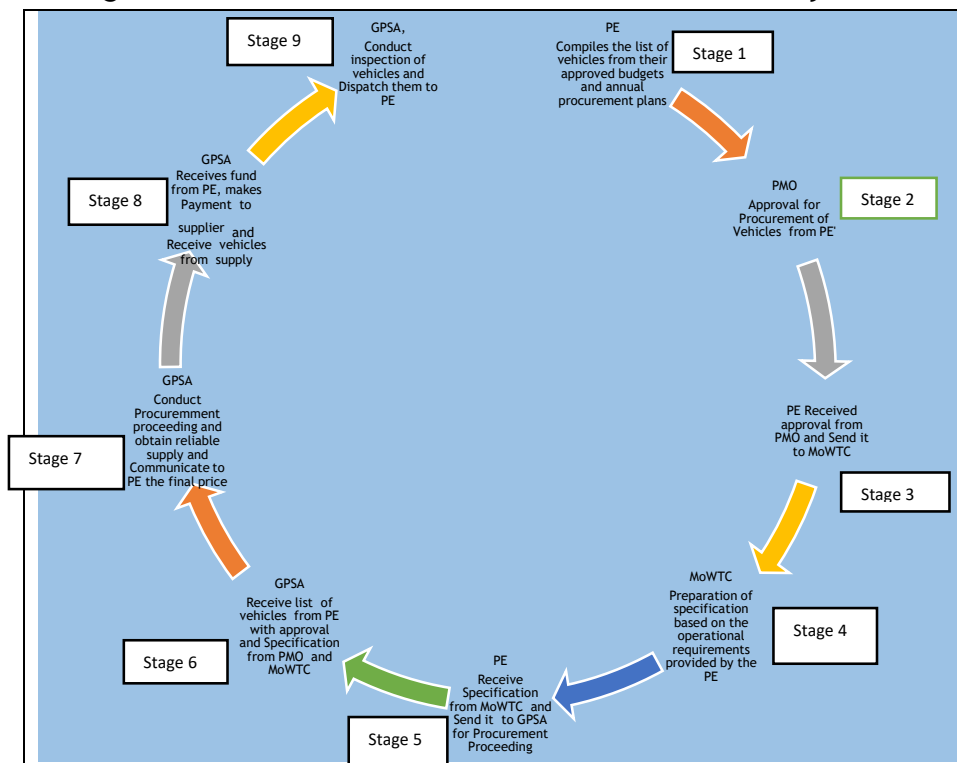
2.4.1 Process for Bulk Procurement of Government Vehicles

GPSA obtains supplier of vehicles by inviting various suppliers of different brands of vehicles to submit their quotations. Thereafter, GPSA receives quotations from invited suppliers and conducts evaluation of quotations from tenderers. The main criteria for evaluation include (a) VAT and TIN

registration Evidence (b) Valid business license, (c) Firm Legal Status, (d) Manufacturer Certification (e) Audited Financial statement and (f) Power of Attorney. After the evaluation, GPSA selects suppliers who meet the required criteria and enter into Framework Contract with them. GPSA places order to any of the suppliers who has a Framework Agreement with them when needs arise.

Then PEs submit their requests to procure vehicles through the processes described in **Figure 2.3**.

Figure 2.3: Process for Bulk Procurement of Vehicles by GPSA



Source: Auditors' Analysis of GPSA Operations Procedures, 2020

As presented in **Figure 2.3** above, the entire process for bulk procurement of vehicles involves 9 key stages. These are as described below:

Stage 1: Compilation of the list of Vehicles

The PEs compile a list of vehicles they intend to procure extracted from their approved annual budget and procurement plan. Thereafter, they submit their requests to PMO for approval.

Stage 2: PMO Approves Request for Procurement of Vehicle from PEs

The PMO receives requests for procurement of vehicles from PEs as per PEs' approved budget. After receiving the requests, the PMO office approves or disapproves the requests and provides feedback to Procuring Entity.

Stage 3: Procuring Entity Receives approval for Procurement of Vehicles from PMO and Send it to Ministry of Works, Transportation and Communication

After the request from Prime Minister's Office has been approved and received by the Procuring Entity, then the Procuring Entity submits the request for specification of vehicles approved by PMO to Ministry of Works, Transport and Communication. The request for specification is accompanied by the approval for procurement of vehicle from PMO.

Stage 5: Preparation of Specifications by the Ministry of Works, Transportation and Communication

Preparation of specification of vehicles is done by MoWTC basing on operation requirements of vehicles provided by PEs. Thereafter, the prepared specification is submitted to PE for proceeding with the next stage.

Stage 6: Receipt of Request to Procure Vehicles from PE

This stage involves submission of requests for procurement of vehicles to GPSA by PEs. The request is accompanied with permission to procure vehicle as provided by PMO and specifications from MoWTC. The request aims at knowing the price of vehicle as per provided specification by MoWTC so as to know the amount to be deposited to GPSA account.

Stage 7: GPSA Conduct Procurement Proceeding and Obtain Reliable Supply

This stage involves procuring supplier of various brand and specifications of vehicles. After obtaining suppliers with competitive prices GPSA enter into a Framework Agreement with suppliers. So when PEs submit the request for procurement of vehicle GPSA use indicative price from closed Framework Agreement and communicate the price to PE depending on specification of vehicles.

Stage 8: GPSA Receives Fund from PE and Conduct Procurement of Vehicles

This stage involves PEs effecting payment to GPSA depending on prices of vehicles as per specifications communicated to PE by GPSA. Thereafter, GPSA requests from suppliers with Framework Agreement to supply vehicles.

Stage 9: Inspections of vehicles and Dispatch them to Procuring Entity

At this stage GPSA receives vehicles from suppliers and conduct inspections of vehicles to assess if they meet the required specifications. Thereafter, the vehicles that meet the specified specifications are dispatched to PEs.

2.4.2 Process for Distribution of Fuel

GPSA enters into open Framework Agreement with different suppliers of fuel through competitive tendering. Whereby, every month GPSA invites suppliers whom it has Framework Agreement with to quote their prices after public release of fuel price by EWURA. GPSA selects supplier(s) with the lowest price to supply fuel in various regions in the country.

GPSA has also set reorder level in every region as a threshold for making an order. Once order is placed from the respective region, GPSA HQ places order to the supplier who was awarded contract to supply fuel in the respective region in that particular month. After obtaining fuel from suppliers, GPSA supplies such fuel to PEs at EWURA maximum indicative price in that particular region.

Procedures for Distribution of Fuel

GPSA has established procedures for the distribution of fuel to PE, whereby, all the PEs are required to do the following¹⁵:

- (a) Submit a Letter of request to procure fuel from the Agency;
- (b) The submitted letter should identify three or more signatories who are staff of the Procuring Entity. The letter is required to be attached with their names, passport size photograph, specimen for signature and mobile number. The signatories are responsible for

¹⁵ <https://www.gpsa.go.tz/howdois/show/get-fuel-services>

signing of all documents related to request and receipt of fuel from the Agency;

- (c) The Procuring Entity are responsible to buy a CRIN (Combined Requisition and Issue Note) book at a price of TZS 12,800/= from the Agency. The CRIN book is used to request for bill and for fuel procured from the Agency. This Means that any request of service or goods to be procured from the Agency should be submitted through the CRIN book and signed by the two appointed signatories communicated (3) above;
- (d) The PEs are also required to deposit the amount of money equivalent to the amount of bill given before the service being offered;
- (e) For fuel to be supplied to a public vehicle, a completed CRIN must be well signed by all designated signatories with all necessary information on the number of the vehicles for refill, amount of fuel, and name of respective driver;
- (f) At GPSA fuel distribution centre GPSA officers must scrutinize the CRIN to prove its validity and confirm whether the PE requesting for fuel has the amount of money deposited for fuel; and
- (g) After refilling, the driver of the government vehicle must sign to acknowledge receiving the amount of fuel indicated in the copy of CRIN submitted to him/her.

2.4.3 Process of Procuring Supplier of Vehicles

2.4.3 Process of Obtaining Supplier of Vehicles

The process for procurement of vehicles as done by GPSA involves preparation specifications of vehicles expected to be supplied. Thereafter, advertisement is done by GPSA inviting interested suppliers of vehicles to participate in the bidding. The suppliers who are willing to participate in the bidding collect the bid documents and submit them back before the expiration of bid validity period. After the receipt of bid, evaluation of submitted bid documents is done to obtain the suppliers who can supply various models of vehicles at quoted prices.

Moreover, after bid evaluation, GPSA awards and signs closed Framework Agreement with qualified vehicles' suppliers. By so doing, when the vehicle need arises from PE, GPSA just places order amongst the suppliers whom it has framework agreement with, for the supply of vehicles.

2.4.4 Framework Contract with Suppliers

According to Public Procurement Regulations, 2013, framework agreement is defined as contractual arrangement which allows a procuring entity to procure goods, services or works that are needed continuously or repeatedly at an agreed price over an agreed period of time, through placement of a number of orders.

The framework agreement contains Form of Agreement, Tender Form, Schedule of Requirement, Technical Specification, General Condition of Contract, Special Condition of Contract, Power of attorney, Negotiation Minutes and Letter of Acceptance.

When GPSA needs to procure vehicles they just place order from suppliers with framework using price in the framework contract.

2.5 Resources for Managing Bulk Procurement of Government Vehicles and Supply of Fuel

This section provides details on the allocated financial and human resources for GPSA as well as MoFP that are directly responsible for bulk procurement of government vehicles and distribution of fuel to PEs

2.5.1 Financial Resources

The financial resources for the procurement of government vehicles and fuel originate from PEs. Every PE has set aside a budget for the procurement of vehicles and fuel. PEs, therefore transfer funds to GPSA when they need to procure vehicles and fuel. In this context, therefore, GPSA does not directly budget for the procurement of vehicles and fuel but those budgets are with the respective PEs.

At the end of the day, GPSA charges service fees to carter for operations as presented in **Table 2.1**. Therefore, Table 2.1 provides the operational budgets of GPSA that are used to facilitate procurement of vehicles and fuel. The budget is a result of 1 percent service fee charged for the vehicle procured.

Table 2.1: Financial Resources for Operation of Bulk Procurement of Vehicles

Item	Financial Year			
	2016/17	2017/18	2018/19	2019/20
Directorate of Procurement and Supply				
Budgeted (Million TZS)	290	252	808	462
Actual (Million TZS)	240	187	422	131
Percentage Disbursed (%)	83	74	52	28
Directorate of Operations				
Budgeted (Million TZS)	1,319	1,278	2,099	889
Actual (Million TZS)	394	799	1,739	864
Percentage Disbursed	30	63	83	97
Directorate of Business Support Services				
Budgeted (Million TZS)	3,666	4,416	6,598	4,241
Actual (Million TZS)	2,261	3,705	4,323	4,120
Percentage Disbursed (%)	62	84	66	97

Source: GPSA MTEF from 2016/17 to 2019/20

Table 2.1 shows that the trend of disbursement of budgeted fund was not uniform to all Directorate from 2016/17 to 2019/20. The Directorate of Procurement and Supply the percentage of disbursement fund decreased from 83 percent in 2016/17 to 28 percent in 2019/20 of the total budgeted amount; while the percentage of disbursed fund for the Directorate of Operations was noted increase from 30 percent in 2016/17 to 97 percent in 2019/20. The trend for the Directorate of Business Support Services had been fluctuating. From 2016/17 to 2017/18, the percentage of disbursed funds increased 62 percent to 85 percent, while from 2017/18 to 2018/19, the percentage decreased from 85 percent to 66 percent and rose to 97 percent in 2019/20.

2.5.2 Human Resources

The current status of the allocated number of staff in the respective directorates that are responsible for bulk procurement of government vehicles and distribution of fuel to public motor vehicles is provided in **Table 2.2**.

Table 2.2: Number of Staff Allocated in Respective Section

GPSA Headquarters			
Section	Number of staff required	Number of staff available	Shortage
Vehicle Section HQ	6	3	3
Fuel Section HQ	2	1	1
Supplies Officers at Regional Offices	103	79	24
Total	111	83	28

Source: Personnel Emolument from GPSA

Table 2.2 shows that, there is a shortage of 28 staff in total for the management of bulk procurement of government vehicle and fuel, the highest was for Supplies Officers at the regional offices, whereby out of 103 required supplies officers, there are only 79 supplies officers, this makes a shortage of 24 supplies officers at the regional offices.

CHAPTER THREE

AUDIT FINDINGS ON BULK PROCUREMENT OF MOTOR VEHICLES

3.1 Introduction

This chapter presents the audit findings on the performance of GPSA and MoFP on the management of bulk procurement of Government Vehicles.

The audit findings address sub-audit objectives that include the mechanism for controlling price of bulk procurement of government vehicles, timely processing and delivery of the procured vehicles to PEs, and monitoring of the progress of bulk procurement proceedings of government vehicles.

The audit findings are presented below:

3.2 GPSA did not Manage to Achieve the Target for Minimizing Vehicles Costs

The Audit Team analysed the extent to which GPSA achieved the expected requirements of the PEs in terms of costs and quality. These included its efforts towards achieving specifications and services rendered at a reasonable cost and reduction of procurement transaction costs. The result of the analysis revealed the following:

3.2.1 Efforts done by GPSA did not Facilitate Bulk Procurement of Vehicle at a Reasonable Price

In order to facilitate bulk procurement of vehicles at reasonable price, GPSA was expected to enhance its efforts to ensure vehicles are procured direct from the manufactures rather than from dealers and procurement of vehicles in bulk. It was also expected to comply with the directives regarding the procurement of vehicles on receiving orders from PEs and funds for procurement of vehicles as per Treasury Circular No. 3 of 2014. This is as detailed here under:

GPSA did not Manage to Conduct Bulk Procurement of Vehicles directly from Manufacturers

Treasury Circular No. 3 through a Letter with Reference Number CJA.233/362/01 dated 11th November, 2014 issued by the Paymaster General required GPSA to procure Government Vehicles directly from the manufacturers on behalf of PEs.

However, review of Framework Contracts and Purchasing Orders revealed that, GPSA did not procure vehicles directly from the manufacturers as per directives of Paymaster General. Instead, GPSA had been procuring vehicles from various Agents/Dealers who are supplying motor vehicles in the country. **Table 3.1** shows the extent to which GPSA procured government vehicles from Agents/Dealers for the period of 2016/17-2019/20.

Table 3.1 Government Vehicles Procured from Agents/Dealers for the period 2016/17 to 2019/21

Vehicles Suppliers	No of Vehicles	Total Value (TZS)
AMC Tanzania Ltd	19	2,749,857,750.00
CFAO Motors Ltd	39	2,347,892,670.00
CMC Investment Tanzania Limited	7	550,379,478.53
TATA Africa Holdings Limited	12	1,758,341,000.00
Toyota Tanzania Ltd	681	164,448,279,463.35
UNDP	205	25,128,774,306.64
TOTAL	963	196,983,524,668.52

Source: Auditors' Analysis of Procurement Reports for the Period 2016/17 to 2019/21

Table 3.1 indicates that, for the last four years, starting from 2016/17 to 2019/20, GPSA procured 963 vehicles worth to TZS 197 Billion from six (6) Agents/Dealers. Interviewed officials from both MoFP and GPSA indicated that, it was not possible to procure direct from the manufacturers due to the fact that dealership agreements between manufacturers prohibit manufacturers to sell vehicles direct to customers, the situation that has created monopoly specifically for Toyota brand. Hence, this hinders GPSA to implement the Government Directive to procure vehicle direct to manufacturers.

GPSA Officials indicated that they have done efforts in collaboration with MoFP in the year 2015, whereby a team of officials visited vehicles manufacturers in Japan to discuss the possibility of GPSA to procure direct from them. According to the officials' testimonies and review of meeting minutes of stakeholders for the system of bulk procurement of vehicles of 17th August 2018, this effort did not succeed to reverse the situation because manufacturers maintained that due to the dealership agreement and country policy of the manufacturer, it was not acceptable for the manufacturers to sell vehicles directly to the users without involving country dealers.

However, the review of the delegation reports indicated that despite the presence of dealership agreements two major super dealers namely Land Rover and Jaguar agreed to offer more reasonable prices to the government upon receiving the aggregated number of vehicles that the Government intended to procure from them. However, from 2015 up to the time of this audit, GPSA has not done additional initiative towards this proposal.

Officials further added that in addition to this, GPSA in collaboration with MoFP had involved Fair Competition Commission (FCC) to find a way for eliminating the existing monopoly in vehicle suppliers in the country, despite the fact that, manufacturers' agents & dealers had their own regional/ State Exclusive Distributorships Agreements which hindered other dealers to compete in the market. This effort is also in compliance with Procurement Laws and Regulations that allows GPSA to opt for options including reaching the manufacturer directly or the first line agency and others. According to the officials already the Fair Competition Commission (FCC) is working on this matter and there is fruitful development of which all local dealers and International super-agent were given compliance orders not to use again the Exclusive Distributorships Agreements and none of them appealed on this matter. Therefore, currently the market for importation and distribution of Motor vehicles is free for any company regardless of the region or state.

However, despite the efforts made by GPSA, up to February, 2021, GPSA was still procuring vehicles from country dealers instead of the manufacturers. Consequently, GPSA did not manage to rescue potential fund which could have been saved if GPSA could have managed to procure vehicles directly from the manufactures.

GPSA did not adequately comply with Treasury Circular No. 3 of 2014 on Receiving Funds for Procurement of Vehicles

Tressury Circular No.3 of 2014 requires the Accounting Officers to submit request to GPSA and copy of such request to the Permanent Secretary, MoFP indicating a number of vehicles they intend to procure, status of the user of the vehicle and specifications of the vehicles to be procured. In addition to that, the circular directs that the PEs which receive funds direct from Treasurer to write a letter accompanied with forms for transferring funds from their votes to Vote 50 at the MoFP so that they can transfer the fund to GPSA.

Further GPSA is required to submit to Commissioner for Budget a list of PEs and cost of vehicles in relation with each PEs that requested to procure vehicles. After verifying the payments, the Commissioner for Budget would disburse the funds to GPSA's account for the Agency to proceed with vehicles procurements procedures.

Despite the fact that MoFP and its Regulatory Authority under the Ministry such as PPRA had the roles for ensuring PEs implement the directives. GPSA also was expected to offer services to PEs that were complying with the directives of the Ministry.

However, reviewed invoices and request responses indicated that GPSA directed all PEs to effect payment to GPSA's account for bulk procurement of vehicles contrary to the requirements of the Treasury Circular, which only allowed PEs whose vehicles are procured using funds from their own sources to pay through that account. As a result, GPSA did not conduct bulk procurements of vehicles as every PE was submitting request for the procurement of vehicles and payments to GPSA at their own convenient time.

The monthly PE payment made to GPSA account for the year 2019/20 is as presented in Table 3.2.

Table 3.2: Monthly Payment Received by GPSA from PEs

Month	Number of PE Deposited Fund to GPSA	Amount Deposited	
		USD	TZS
July	11	0	8,348,751,776.32
August	16	0	7,634,809,731.77
September	9	492,721.21	5,253,712,670.05
October	11	0	1,584,408,376.16
November	8	157,976.42	1,528,923,077.28
December	15	739,332.55	1,735,645,172.52
January	15	0	8,216,932,052.56
February	21	0	4,245,086,000.09
March	23	0	7,126,587,220.07
April	17	331,199.25	6,064,348,508.70
May	24	7,477.31	5,964,921,688.73
June	75	7,026,102.08	3,305,349,448.42
Total	245	8,754,808.82	61,009,475,722.67

Source: GPSA's Payment Report from PEs, 2020

From Table 3.2 it is indicated that a total of 245 PEs paid directly to GPSA a total of USD 8,754,808.82 and TZS 61,009,475,722.67 contrary to Government directives that required all funds to be disbursed through

Treasury. In addition to that it is indicated that in every month of the financial year 2019/20, GPSA received funds from different PEs. This situation made it difficult for GPSA to aggregate all requirements and conduct procurement of these vehicles in bulk as intended.

One (1) out of ten (10) visited PEs responded that this system had complications related to accounting and reporting for the fund. That, if the payments were to be made direct to GPSA by MoFP, it would be hard for PE to recognise such kind of payment in its system. The remaining nine (9) out of the ten (10) PEs visited indicated that they were not aware of this requirement, despite the procedure being clearly stipulated in the Government Circular No 3. Of 2014.

GPSA did Comply with Treasury Circular No. 3 of 2014 on Receiving Vehicle Orders from PEs

Regulation 131 (4) (a) of the Public Procurement Regulations, 2013 requires GPSA by the end of January each year to receive from PEs, their provisional annual estimates of the required common use items and services which shall include descriptions, specifications, statement of requirements and quantities.

MoFP and its Regulatory Authority under the Ministry such as PPRA had the roles for ensuring PEs implement its directives. While on the other hand, GPSA also was expected to offer services to PEs that submitted their requirements in January as per Regulation 131 (4) (a).

However, the review of correspondence letters between GPSA and PEs showed that, GPSA did not receive vehicle requirements from PEs in January as required by the Regulations; instead, all PEs submitted their requirements as per their wish. Interviewed officials from the visited PEs indicated reasons for not submitting their requirements on time as indicated in **Table 3.3:**

Table 3.3: Reasons for Delay in Submission of Vehicle Requirement

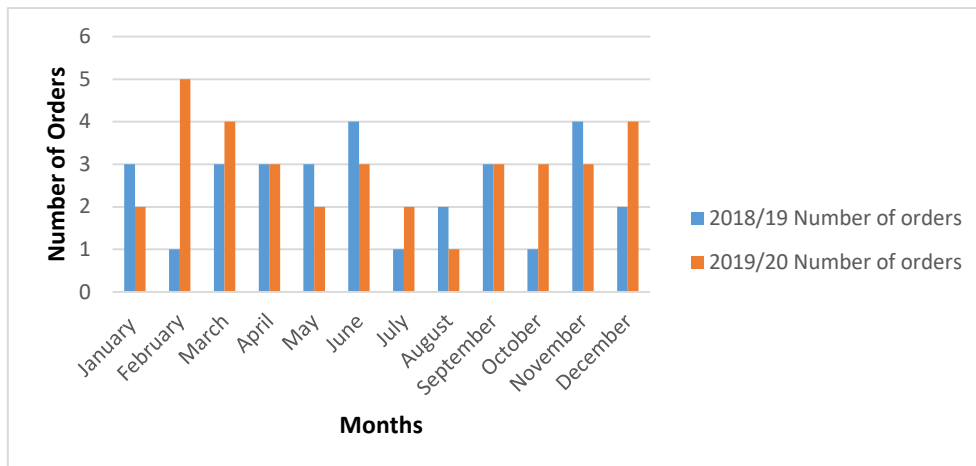
Factors for Delay	Total Number of PEs	Name of the PEs
Unaware of the Requirement	4	Moshi DC, Lindi DC, Kigamboni MC, and Mufindi DC
Mistiming with the budget preparation schedules	3	Mufindi DC, Ministry of Health, Ministry of Agriculture
Requirements are received by GPSA whenever they are submitted	4	Ministry of Health, Ministry of Agriculture, TANAPA, WMA
Affected by availability of funds from own budget	2	TFSA, TANAPA
Emergence rise of demand due to mechanical faults of some vehicles and rapid increase in demand	2	TANAPA, TFSA

Source: Auditors' Analysis of Interviews with Officials from visited PEs

Table 3.3 indicates major four (4) reasons as to why PEs did not submit their provisional requirements in January as required by the law. Two main categories of reasons were mentioned. First, there were reasons associated with weakness in operations of PEs and GPSA as well, and secondly there were reasons which were much more related to weakness in planning for procurement with proper consideration of the annual procurement plan of the respective PE.

Although officials from GPSA indicated that, they sent letters to PEs to remind PEs to submit orders on time but there was no response at all. Instead, most of PEs when asked they responded that, monthly OC disbursements were not enough to send their orders to GPSA until they accumulate. However, officials could not provide evidence to justify their statement. Consequently, GPSA did not get adequate information for them to be able to aggregate requirements and prepare Vehicles' Annual Procurement Plan. The analysis of the received orders for the procurement of vehicles from the visited Procuring Entities (PEs) is presented in the **Figure 3.1**.

Figure 3.1: Monthly Number of Vehicles Orders Received from the Selected PEs



Source: Auditors' Analysis of GPSA Processed Orders

Figure 3.1 shows that GPSA received orders from PEs in every month where a maximum number of orders received was received in February in the year 2019/20, while the minimum number of order was received in February, July and October in the year 2018/19 as well as August in year 2019/20.

In response to this, officials from GPSA clarified that they processed orders from PEs despite the fact that they were not submitted in January as required, for good intention to facilitate government operations in those PEs. Officials also added that, since GPSA is a business oriented government entity, it could not afford to deny those orders.

However, the Audit Team is of the view that, this action by GPSA to proceed with processing orders that were submitted after January as required by Regulation 131, contributed to non-compliance of PEs to timely submit their order.

3.2.2 GPSA did not adequately reduce Procurement Transaction Costs through Bulk Procurement of Vehicles

According to the Strategic Objective from GPSA's Strategic Plan of 2013/14 - 2018/19, the Agency intended to improve procurement and supplies management services, reduce government procurement transactions and

attain value for money by providing procurement services to PEs in a way that meets the expected requirements and at the best price compared to market prices.

The Audit found out that, despite the fact that there were limited suppliers of vehicles, GPSA did not effectively bargain with the suppliers to negotiate the best prices of vehicles. This is due to the fact that GPSA negotiated for 4 percent discount which was valid for the first three months only from the time of agreement. The Audit Team found out that the 4 percent discount offered to GPSA was also provided to other Non-Government customers who procured even lesser volume of vehicles than the volume procured by the government through GPSA. This indicated that GPSA did not adequately negotiate with suppliers on price terms based on the number of vehicles to be procured, considering GPSA had a high chance to procure them in bulk. This is because during the negotiations between GPSA and vehicles' suppliers, among other things, GPSA negotiated for vehicle delivery time, technical specifications, and terms of payments.

In addition to that the validity of the discount was only three months from the date of the agreement, while GPSA had an opportunity for procuring vehicles throughout the year. The discount in turn was not taken into effect in most part of the procurement made since GPSA procured most of the vehicles after initial three months since the contract were signed. Interviewed officials indicated that, the Agency continued to procure vehicle after the expiring of 4 percent discount period because vehicle suppliers had a tendency of raising price after every three months. Thus, reviewing it could increase the price of the vehicle

The Audit Team further analysed the framework agreements between GPSA and vehicles suppliers to see whether the prices negotiated considered the quantity of the vehicles to be procured. **Table 3.4** presents the negotiated price and the charges for the most commonly procured vehicle:

Table 3.4: Price of Most Commonly Procured Vehicles

Vehicle Type	Negotiated Retail Selling Price (TZS Million)	Bulk Quantity Selling Price/ Whole Sale Price (TZS million)	GPSA's Service charges (1% of Vehicle Prices including VAT Cost) (Million TZS)
Toyota VXR-V8	228	Not Negotiated	3.62
Hard Top 5 Doors	98	Not Negotiated	1.56
Pick Up D/C	75	Not Negotiated	0.94
GXR- Manual	147	Not Negotiated	2.33
Prado TXL	100	Not Negotiated	1.58

Source: Auditor's Analysis of the Framework Agreements, 2020

Table 3.4 above shows that GPSA prices were for the Retail Selling Price and not for bulk procurement. In addition, to that PEs were also charged 1 percent of vehicle price after adding VAT charges as a GPSA's Service Charges. Since the negotiated prices were on retail basis, it indicates that PEs were not benefiting adequately in terms of vehicle price and also in reducing the procurement transaction cost.

Although officials from GPSA indicated that the Agency had reduced procurement transaction because each PE could have spent at least 6 million to cover for procurement transaction, the Audit Team is of the view that there was a room for more discount if price of vehicle was effectively negotiated.

Further, the reviewed LPOs for procured vehicles revealed that there was a difference in price for the same brand of vehicle from the same supplier in the same financial year. This indicates that, PEs did not reduce the procurement transaction costs by procuring their vehicles through GPSA as expected. **Table 3.5** indicates the same brand of vehicles in the same financial years procured at different prices and more details is presented in **Appendix 8**.

Table 3.5: Price of Same brand of Vehicles that were Procured at different prices in the same financial Years

Financial Year	Description (Brand/Model)	Qty	Supplier	Unit price
2019/20	GXR Automatic	3	UNDP	123,095,815.15
	GXR Automatic	5	UNDP	203,525,774.10
2018/19	Coaster Bus 30 Seater	7	TOYOTA (T) LTD	233,874,840.88
	Coaster Bus 30 Seater	2	TOYOTA (T) LTD	236,213,589.29
2017/18	Toyota Landcruiser Pick Up Single Cabin	1	Toyota Tanzania Ltd	134,102,275.66
	Toyota Landcruiser Pick Up Single Cabin	4	Toyota Tanzania Ltd	144,290,577.55
2016/17	Toyota Land Cruiser Hard Top 3 Door	4	Toyota Tanzania Ltd	151,551,168.6
	Toyota Land Cruiser Hard Top 3 Doors	3	Toyota Tanzania Ltd	147,552,954.8

Source: GPSA Vehicle Report for the financial year 2016/17 to 2019/20

Table 3.5 indicates that for the all 4 years within the same financial year, the same brand of vehicles were procured at different prices. This indicates that the negotiated prices were not in effect as intended.

3.3 Inadequate Price Control Mechanism for Bulk Procurement of Vehicles

Functioning of the mechanism for controlling price was assessed based on adequacy of conducted market survey to benchmark the prices, evaluation of prices as per the prevailing market prices, approach used to aggregate the requirements to allow it to enjoy economies of scales. The Audit Team also assessed GPSA's performance towards conducting mini competitions of the suppliers/dealers.

The Audit Team's assessment on the narrated aspects indicated that GPSA had inadequate price control mechanisms for bulk procurement of vehicles as presented below:

3.3.1 GPSA did not conduct Market Surveys to Benchmark Prices of Vehicles

According to Regulation 69(6) of the Public Procurement Regulations, 2013 as amended in 2016, GPSA is supposed to prepare its estimates based on prevailing market prices. For this case, in order to get the prevailing market, GPSA was expected to conduct market search to identify the market value of specific motor vehicles before entering into framework agreement. This is necessary as it enables the government to procure specific vehicles at a reasonable price and attain the same quality of the intended services.

Officials at GPSA indicated that GPSA did not conduct market survey for benchmarking prices, instead GPSA employs the available suppliers to quote prices for vehicles. Additionally, Officials indicated that GPSA has done efforts to obtain vehicle information as per the Public Procurement Act, 2011 and its Regulations, 2013 (as amended) which captured the element of Market Survey whereby the quoted prices are based on competitive aspect. Other efforts done by GPSA include obtaining vehicles information (like Tanzania government delegation to Japan and United Kingdom, official visit with Tanzanian Ambassador to Japan) and analysis report of vehicles from TRA.

However, Officials from GPSA also indicated that reasons for not conducting benchmarking were associated with the fact that, vehicle distributors who sell vehicles in the country are operating without competition from other distributors selling the same kind of vehicles. Market survey would have entailed establishing what is the price of the same vehicles in the region, manufacturers' price and with that, factor in costs of shipment and other costs to establish whether the price charged by the local dealer is reasonable or not. Consequently, GPSA lacked sufficient reference price information to guide it in benchmarking among these suppliers as well as negotiating the prices.

The Audit Team made an analysis of prices offered for the vehicles of the same brand and specifications from Kenya¹⁶ and the prices in comparison with the prices used by GPSA are presented in **Table 3.6**:

¹⁶ <https://toyotakenya.com/our-brands/> accessed on 11 February 2021

Table 3.6: Comparison of Vehicles Prices Offered in Tanzania v/s Kenya

Toyota Brand	Toyota Kenya Price (TZS Million) ¹⁷	Toyota Tanzania Price (TZS Million)	Difference (TZS Million)
Hilux Double Cabin	113.00	92.00	21.00
Land Cruiser Hard Top	224.00	160.00	64.00
Land Cruiser VXR	480.00	367.00	113.00
Hilux Single Cabin	66.00	85.00	(19.00)

Source: Auditors' Analysis of GPSA Prices Contract with Toyota and Toyota Kenya Prices

Table 3.6 shows that prices offered in Kenya for the same vehicles with the same specifications were high when compared with prices used by GPSA. The variation ranged from 21-113 million TZS. With exception of Toyota Hilux double cabin whose prices were lower by a difference of 19 Million TZS.

3.3.2 GPSA did not Adequately Procure Vehicles from Suppliers at the Competitive Prices

Regulation 5(1) of the Public Procurement Regulations, 2013, requires PEs to ensure that, procurement of assets is carried out diligently and efficiently, so that the prices paid or received by the PE represent the best value. In view of this regulation, GPSA was expected to procure vehicles at the low price, while maintaining the specifications.

Evaluation of prices was made based on the suppliers with Framework Agreement with GPSA. The analysis of vehicles prices indicated that the prices comprised of five (5) key components as presented in **Table 3.7**.

¹⁷ Exchange rate of Kenyan shilling to Tanzanian Shilling was 1 Kenyans Shilling to 21.9 Tanzanian Shilling

Table 3.7: Description of Vehicles Price Components (In Million TZS)

Vehicle Type	RSP ¹⁸ (TZS Million)	Other Charges (TZS Million)				Total Price (TZS Million)	Percentages of other Charges (TZS Million)
		Duties and Levies	VAT	Local Charges	GPSA's Service charges		
Toyota VXR-V8	228	72	54	8	3.62	365.62	38
Hard Top 5 Doors	98	30	23	5	1.56	157.56	38
Pick Up D/C	75	0.9	14	4	0.94	94.84	21
GXR-Manual	147	45	34	7	2.33	235.33	38
Prado TXL	100	30	23	5	1.58	159.58	37

Source: Analysis of Framework Agreements, 2020

Table 3.7 indicates that Retail Selling Prices ranged from TZS 75- 228 Million. On top of the Retail Selling Price there was an addition of other charges which comprised of duties, levies, VAT and GPSA's Service Charges. These additional charges apparently ranged from 21 to 38 percent of the total price.

In connection with that therefore, the audit revealed that GPSA did not adequately procure vehicles of the same specifications at the right competitive price. This was as evidenced by the following observations:

- (i) **GPSA did not Procure Vehicles from Other Suppliers with Alternative Vehicle Models of Similar Specifications but with Slightly Lower Prices**

Review of Framework Agreements entered by GPSA with various Suppliers of vehicles revealed that, suppliers had the same specifications but different models. It was further noted GPSA opted to use TOYOTA, while there were more than one suppliers who supplies vehicles with the same specifications and categories at a slightly lower prices as compared to the price offered by Toyota. **Table 3.8** provides a summary of vehicle prices

¹⁸ Retail Selling Price

from various suppliers for alternative vehicle models with the same specifications.

The Audit Team made a comparison of the prices for various suppliers locally and regionally and noted that, GPSA did not make efforts to benchmark various vehicle suppliers available in the country. This is because there were other suppliers who were supplying alternative vehicles with similar specifications required by PEs, but GPSA did not take effort to procure from those suppliers.

Officials from GPSA indicated that the reasons as to why GPSA did not regularly consider procuring vehicles from suppliers with similar specifications and at the lower prices was due to the fact that when receiving vehicles procurement requests from PEs, type and brand of vehicles were in many occasions already identified by the respective PEs and even clearly indicated in the permit from procurement of such vehicles which is issued from Prime Minister's Office.

Table 3.8: Price of Vehicles with Alternative from Framework

Types of Vehicle	Toyota		Other possible Option(s) (Nisan, Ford, Volkswagen)		% age
	Model	Price (TZS in Million)	Model	Price (TZS in Million)	
Executive Station Wagon	VXR-High	367	Nisan Patrol V8	288	22
Pick up	Hilux D/C	92	Nisan Hardboard NP300 D/C	69	25
			Ford Ranger	82	11
			Volkswagen Amarock	104	-19
	Hilux S/C	Standard = 88 Basic = 85	Nisan Hard body S/C	60	32
			Ford Ranger S/C	69	19
Hard top	Land cruiser	160	Nisan Patrol Y61	152	5

Source: Auditors' Analysis from Received Framework Agreement, 2018

Table 3.8 shows that for the three most preferred categories of vehicles, there were vehicles from multiple suppliers from which GPSA could opt to

procure. The prices of these vehicles varied from TZS 288 to 367 million for executive Station wagon, TZS 69 to 92 million for Pick-up Double Cabin while for Hard Top the prices ranged from 152 to 160 Million.

Table 3.8 further shows that, other alternative options prices were lower than that of GPSA for percentages ranging from 5 - 32. This means that, there were possibility of GPSA to save government money if those alternatives were considered.

(ii) GPSA did not consider Other Vehicle Dealers and Options with Lower Prices for Vehicles of Similar Specifications

Reviewed Vehicle Procurement Reports from GPSA, showed that with regard to vehicles with homogeneous specifications from multiple dealers, GPSA did not procure vehicles at the lowest competitive prices. The Audit Team found that GPSA mostly procured expensive types of vehicles from a single dealer without analysing other options with reasonable prices. **Table 3.9** shows the details of other options of vehicles with reasonable prices from different brands.

Table 3.9: Other Options of Vehicles with Reasonable Prices

Type of Vehicle	Name of PE	Vehicle procured	Unit Price Million TZS	Alternative vehicle Unit Price Million TZS	Total Price of the selected options Million TZ)	Alternative Total in Million TZS	Difference in Price in Million TZS
Executive Station Wagon	TRA	1	370	288	370	288	82
Pick up- D/C	Lindi DC	1	92	69	92	69	23
	MoHGDC	7	92	69	644	483	161
Pick up- S/C	TANAPA	15	135	60	2025	900	1,125
	TFSA	10	135	60	1350	600	750
Hard top	WMA	6	160	152	960	912	48
	MoHGDEC	2	160	152	320	304	16
	TARURA	2	160	152	320	304	16
Total					6,081	3,860	2,221

Source: Auditors' Analysis from Procurement Report of Respective PEs, 2020

Table 3.9 shows that, despite having similar vehicles from other brands as per provided specifications, the analysis of vehicles procured by 7 PEs

showed that during the procurement, GPSA did not consider brands of the same specifications but with the lowest price. As a result, GPSA as procuring entity on behalf of PEs lost the opportunity for saving TZS 2.2 billion from the procurement of vehicles made. The details of vehicles with alternative price are detailed in **Appendix 6** of this report.

The Audit Team noted that, non-consideration of other brands of similar specifications was due to the reason that GPSA provided high priority to TOYOTA than other brands. GPSA officials indicated that the preference of TOYOTA vehicles more than other brands was associated with the fact that GPSA as a Government Procuring Agency had to procure vehicles based on the established specifications by the user who in many occasions stated the brand of the vehicles that they wished to procure as discussed in section 3.3.1 of this report.

Officials from GPSA further added that they provided sufficient information for PEs through a list of vehicles to choose from a list of different models/ brands of which GPSA based on the good comparative analysis in terms of prices and specifications.

However, the action of GPSA for allowing PEs to select vehicles from the list provided to them, violate GPSA's role of procuring vehicles on behalf of PEs as expected. As a result, most of PEs opted for TOYOTA model that was expensive as compared to other models.

The Audit Team enquired the officials from the visited PEs to find out the reasons for high preference of TOYOTA brands compared to other brands despite the fact that some other brands were cheap and even had shorter delivery time compared to Toyota Brands. **Table 3.10** provides the reasons issued by the visited PEs on their preference of Toyota Brands compared to other Brands.

Table 3.10: Reasons for Toyota Brand Preference by PEs

Reasons for Preference	Total Number of PEs	Name of the PEs
Toyota Vehicles are More Durable than other brands	5	Lindi DC, WMA, TRA, Mufindi DC, Kigamboni DC
Maintenance cost are higher for other Brands than Toyota	4	WMA, TARURA, MoHCDGEC and MoAL
Nature of Activity and Terrain Requires a certain type of vehicles	4	TFSA, TANAPA, Moshi DC, Lindi DC
	2	TANAPA, TFSA
Projects Requirements	2	MoHCDGEC and MoAL

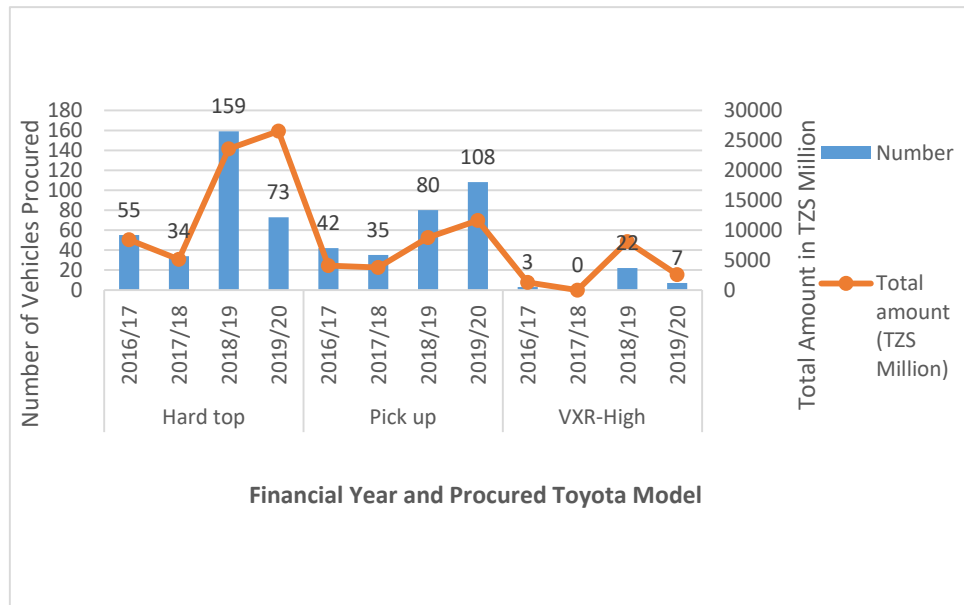
Source: Auditors' Analysis of Response given by Officials from PEs

Table 3.10 provides details of the reasons given by PEs on their dominant preference to Toyota Vehicles compared to other brands. As indicated in Table 3.10, the preference of Toyota brands was more inclined to major two, three or four reasons but generally most of the visited PEs mentioned factors related to durability and low maintenance costs as the main reasons for their choices of the brand.

Despite indicating the reasons for their preference, none of the PE was able to provide auditors with evidence that supported either Toyota vehicles were more durable than other brands or the maintenance costs for other brands were higher compared to that of Toyota Brands. Interview with a Technician from TANAPA indicated that the preference of Toyota brands compared to other brands was a user's perception that TOYOTA brands were better than other brands.

The audit analysed vehicles which were procured by GPSA and found out that Toyota vehicles were highly procured for the period of 2016/17 to 2019/20. **Figure 3.2** entails various types of vehicles which had been procured during that period.

Figure 3.2: Trend of Procured Vehicles from TOYOTA which have Alternatives Brands in the Market



Source: Auditors' Analysis, 2020

Figure 3.2 shows that for the last four financial years from 2016/2017 to 2019/2020, GPSA procured about 618 motor vehicles from TOYOTA Tanzania, without analysing possible options from other brands. The graph indicates that vehicles most procured were Hardtop and Pick up that increased from 42 in 2016/17 to 108 in 2019/20.

The Audit Team further compared prices offered by UNDP with those offered by TOYOTA. In addition to that, GPSA had a Memorandum of Understanding with UNDP to supply TOYOTA vehicles.

Table 3.11 describes the prices offered by UNDP to vehicles with the same specifications as the ones supplied by TOYOTA.

Table 3.11: Differences UNDP and TOYOTA Prices for Vehicles of Same Standard and Specification

Vehicle Type	Price per Unit (Million TZS)		Difference (Million TZS)
	Toyota	UNDP	
Hard Top 5 doors	160	138	22
Hilux Pick up Double cabin	88	93	-5
VXR-V8 High	365	218	147
GXR Manual	235	198	37

Source: Analysis of Information Extracted GPSA's Procurement Reports, 2020

Table 3.11 shows that prices offered with UNDP were lower as compared to those offered by TOYOTA. The difference ranged from 37 to 147 Million TZS. However, with UNDP, only a single type of vehicle of Hilux Double cabin had a higher price compared to TOYOTA.

The Audit Team analysed interviews from GPSA and UNDP officials on the reasons for the existing difference and found out that the prices offered by UNDP were lower than price offered by TOYOTA. This was due to the following reasons:

(i) UNDP has a Direct Access to Procure from Manufacturers in Bulk

The Audit Team found out that being an international Organization with the main aim to support the governments for humanitarian developments, UNDP has been given an exclusive right of direct access to procure vehicles from super dealer close to the Manufacturers, due to the fact that they procure high volume of vehicles for all developments projects under UN supports worldwide.

In connection to that, therefore, UNDP procures mostly vehicles which are intended for use in the prospective government projects and their prices are relatively lower compared to prices offered by the private markets as described in **Table 3.11**.

(ii) Absence of Luxurious Features

The audit found out that the procured vehicles through UNDP have all the required standard features specifications as the same as respective specifications used by TOYOTA for the same vehicles.

However, vehicles procured through UNDP were missing some other semblance features which are mostly considered to be either luxurious, or

unnecessary. These features were such as sports rims, fog lights, metallic colour, and television displays etc.

Although, there is an option of procuring such kind of vehicle from UNDP yet most of PEs preferred to procure vehicles from TOYOTA irrespective of its prices being higher.

Interviews with officials from the visited PEs indicated reasons for not opting for UNDP vehicles included the fact that delivery time for vehicles from UNDP was longer than those from TOYOTA as it took between 6-9 months for vehicles from UNDP to be delivered while those from TOYOTA the delivery time ranged between 3 to 6 months.

(iii) GPSA Procured Vehicles at Prices Higher than the Negotiated Prices

The review of negotiation minutes between GPSA and Suppliers before signing the framework agreement showed that the signed contracts were for only one (1) year from December 2017 up to December 2018. In these contracts, price negotiated by GPSA for a price discount which was then granted by the suppliers was 4 percent.

Despite the fact that GPSA continued to use the framework agreement for more than three years while the discount offered was valid for initial first 3 months, GPSA did not review the contract. As a result, GPSA was procuring vehicle at a price higher than the negotiated prices.

Officials from GPSA indicated that the reasons for GPSA to procure vehicles at a price higher than the initial negotiated price with 4 percent discount was due to the fact that after the initial three months, vehicles suppliers had a proposal to do a “face uplift” which means changing some outside look of the vehicles that apparently would increase vehicles prices. GPSA, therefore, opted to continue using the initial prices that were agreed in the framework contracts in spite of the fact that the discount period had expired. Therefore, after the initial three months (i.e. From April 2018-to Date), GPSA procured vehicles without the 4 percent discount being taken into effect as indicated in **Table 3.12:**

Table 3.12: Comparison of Negotiated Prices and Prices Used to Procure Vehicles

Type of Vehicle	Price before Negotiation in Million TZS	Price after Negotiation in Million TZS	Price Used to Procure Vehicles in various years (TZS in Million)		
			2017/18	2018/19	2019/20
Toyota Hilux pick-up double cabin	94	90	92	91	91
Toyota Land Cruiser Manual TXL	158	153	149	161	161
Toyota Land cruiser Automatic VXR	362	351	0	353	367
Toyota Land cruiser hard top 5 doors 10 seater	155	150	154	159	159
Toyota Land cruiser station wagon GXR Manual	233	226	243	237	237

Source: Auditors' Analysis of Procurements reports for the period 2016/17 to 2019/21

Table 3.12 shows that GPSA procured vehicles at different prices compared to the contracts price in two different ways. Firstly, despite having a 4 percent discount rate which was valid for three months after the signing of the contract with vehicle suppliers, GPSA procured vehicles at high prices compared to the negotiated prices. With the exception of Toyota Hilux whose prices were noted to decrease, prices for other types of vehicles were higher than the negotiated prices.

As a result, PEs and GPSA lost the opportunity for saving significant amount of money for a number of vehicles procured from 2017/18 to 2019/20 as indicated in **Table 3.13**:

Table 3.13 shows the difference of prices between the negotiated prices and the procured prices for the period 2017/18 to 2019/20.

Table 3.13: Excess Funds Spent above the Negotiated Price (2017/18 to 2019/20)

Type of Toyota Vehicle	Price after Negotiation (Million TZS)	Number of Total Vehicles Procured	Cost as per Negotiated Price (Million TZ)	Actual Cost of Procured Vehicle (Million TZS)	Excess Fund spent above the Negotiated (Million TZS)
Hilux Pick-Up Double Cabin	90	198	17,820	18,048	228
Land Cruiser TXL Manual	153	94	14,382	15,122	740
Land Cruiser VXR Automatic	351	16	5,616	5,774	158
Land Cruiser Hard Top 5 Doors 10 Seater	150	122	18,300	19,248	948
Land Cruiser Station Wagon GXR Manual	226	38	8,588	9,060	472
Total		468	64,706	67,252	2,546

Source: Auditors' Analysis of Procurement Reports for the period 2016/17 to 2019/21

Table 3.13 shows that despite having agreed negotiated prices for procurement of vehicles, GPSA procured a total of 468 vehicles at higher prices as compared to the negotiated prices. Consequently, GPSA on behalf of PEs, lost an opportunity for saving 2.5 billion than what could have been spent using the negotiated prices throughout the negotiated period.

(iv) GPSA did not Enter into Open Framework Agreement as required by Section 50 of PPA, 2011

Section 50 of the Public Procurement Act, 2011 as amended in 2016 requires GPSA to engage in open framework agreements for the purpose of efficiency of procurement process and reduction of procurement transaction costs. However, in December 2017 GPSA entered into closed framework agreement with various vehicle suppliers contrary to the requirement of the law.

Interviewed GPSA officials indicated that, this was vehicle industry was characterised by continuous increase of prices after every three months, therefore open framework agreement was not appropriate. In addition to that 7th schedule of the Public Procurement Regulations, 2013 has set limits for mini competition to be conducted for goods where the value does not exceed 120 Million, in most cases value of procured vehicles exceeds that amount that is why they do not conduct mini competition.

(v) Approval of Vehicle Procurement Specified Vehicle Brand

The review of the Prime Minister's permit for procurement of motor vehicle, showed that permits issued specified vehicles make/ brands contrary to Regulation 136(5) of the Public Procurement Regulations, 2013 which requires approval of the Government or any organization to procure vehicles should not specify the make of such vehicles, so that such vehicle can be procured through competitive method of procurement. Consequently, GPSA have been adhering to the issued permit with specified brand name to procure the requested vehicle. **Table 3.14** shows number of Prime Minister's motor vehicle permits to various PEs which specified makes of such vehicles.

Table 3.14: Number of Permits Issued by the Prime Minister's Office for 11 Selected Pes

Name of PE	Permits without brand name(s)	Permits with brand name(s)	Total number Permits
WMA	2	0	2
TRA	0	2	2
TANAPA	0	4	4
TARURA	1	4	5
TFSA	0	5	5
Lindi DC	0	1	1
Moshi DC	1	1	2
Kigamboni MC	0	4	4
Mufindi DC	0	1	1
MoAI	0	2	2
MoHCDGEC	2	5	7
Total	6	29	35

Source: Auditors' Analysis, of issued Motor Vehicle Permit to PEs, 2020

Table 3.14 shows that 29 out of 35 motor vehicle permits to proceed and procure vehicles issued by PMO (equivalent to 83 percent) from 11 sampled PEs have been indicating the make (Brand name(s)) of the vehicle to be procured. This limited the competition because by mentioning a particular brand name(s) of the vehicle all other brands are excluded from participating in such procurement proceeding.

The review of the procurement reports of the 11 selected PEs indicated that among the sampled PEs only six (6) permits were issued by the Prime Minister's Office without indicating the brand name(s). In turn, as a result for this practice of specifying brands, more vehicles were procured from Toyota than other brands which had similar Framework Agreement with GPSA while also having the same vehicles that met specifications as that of vehicles procured from Toyota. **Table 3.15** describes the numbers of vehicles procured from different vehicle suppliers by GPSA.

Table 3.15: Motor Vehicles Procured from Suppliers between 2016/17 to 2019/21

Vehicles Suppliers	Number of vehicles	Total Value (Billion TZS)	% of total procured Volume
AMC Tanzania Ltd	19	2.75	1.9
CFAO Motors Ltd	39	2.35	4.0
CMC Investment Tanzania Limited	7	0.55	0.7
TATA Africa Holdings Limited	12	1.76	1.2
Toyota Tanzania Ltd	681	164.45	70.7
UNDP	205	25.13	21.3
Total	963	196.98	

Source: Auditors' Analysis of Procurement Reports for the period 2016/17 to 2019/20

Table 3.15 shows that 70.7 percent of vehicles were procured from TOYOTA because of the tendency of PEs to specify brand names in their requests.

However, despite the fact that these Six (6) permits did not specify brands, the procurement records showed that GPSA did not conduct mini competition for these vehicles instead the practice was the same and the vehicles were procured from a selected supplier without justifiable reasons.

3.3.3 Inadequate Aggregation of Vehicle Requirements for Bulk Procurement

Section 49(1) (b) of the Public Procurement Act, 2011, requires PEs to aggregate the requirements wherever possible, to obtain value for money and reduce procurement costs.

Review of Procurement Orders from the financial year 2016/2017 to 2019/2020 indicated that, GPSA did not adequately aggregate requirements of government motor vehicles from PEs to reduce procurement costs. Instead GPSA managed to enter closed framework agreements with seven motor vehicle suppliers, by approximating to procure vehicles in bulk throughout the contract duration.

It was further noted that through negotiations with motor vehicles suppliers GPSA managed to secure price discount of 4 percent in every procured motor vehicle. However, the 4 percent discount was only applicable for the first three months of the contracts although GPSA procured vehicles using the same framework agreement for over three years despite the contract time being only one year.

This was evidenced with the fact that that similar requirement from various PEs were ordered separately without aggregating such requirements together. **Table 3.16** shows a summary of similar requirements from various PEs which were bought separately without being aggregated by GPSA.

Table 3.16: Number of PE with Similar Requirements Which were not Aggregated 2019/2020

S/N	Vehicle Description	Number of PE	Name of the Supplier	Number Local Purchasing Orders
1	Coaster Bus 30 Seater	17	Toyota	12
2	GXR Manual	3	UNDP & Toyota	2
3	Hiace 14 Seater	5	Toyota	4
4	Toyota Hilux D/Cabin Pick Up	53	UNDP & Toyota	25
5	L.C Hardtop Ambulance	5	UNDP & Toyota	5
6	Land Cruiser Hardtop 3 Doors 12 Seater	2	Toyota	2

S/N	Vehicle Description	Number of PE	Name of the Supplier	Number Local Purchasing Orders
7	Land Cruiser Hardtop 5 Doors 10 Seater	11	Toyota	9
8	Land Cruiser Prado TXL Manual	37	UNDP & Toyota	18
9	Land Cruiser Station Wagon GX R Manual	8	Toyota	7
10	Land Cruiser Station Wagon VXR High	4	Toyota	4
11	New Suzuki Jimny 1.5 Petrol 3 Doors Manual	3	CFAO Motors Ltd	3
12	Nisan Patrol Y62LE GL 4WD Executive Station Wagon	2	AMC Tanzania Ltd	2
13	Nissan Patrol Y61 GL 4WD Standard station Wagon	5	AMC Tanzania Ltd	4
14	Nissan Patrol Y61 GRX 4WD Semi - Executive Station Wagon	2	AMC Tanzania Ltd	2
15	Suzuki Maruti Gypsy King	2	CFAO Motors Ltd	2
16	TATA LP 713 AC BUS-28 SEATS	3	TATA Africa Holdings Ltd	2
17	TATA Medium 44 Seats (Non AC)	3	TATA Africa Holdings Ltd	3
18	TOYOTA L/CRUISER GX STD	17	Toyota	2
19	TOYOTA L/CRUISER GXR AUTOMATIC	7	Toyota	3
20	TOYOTA L/CRUISER GXR MANUAL	5	Toyota	2
21	Toyota L/Cruiser Hardtop 5 Doors	24	Toyota	7
22	Toyota L/Cruiser Pick Up D/Cabin	5	Toyota	3

S/N	Vehicle Description	Number of PE	Name of the Supplier	Number Local Purchasing Orders
23	Toyota L/Cruiser Pick Up S/Cabin	8	Toyota	7
24	Toyota L/Cruiser VXR V8 Automatic	5	Toyota	4
25	Toyota Land Cruiser GX Standard	4	Toyota	3
26	Toyota Land Cruiser GXR Automatic	2	Toyota	2
27	Toyota Land Cruiser Hard Top 5 Doors	20	Toyota	5
28	Toyota Land Cruiser Prado VXL Automatic	2	Toyota	2
29	Toyota Land cruiser Station Wagon Standard	11	Toyota	9
30	Toyota Land Cruiser VXR Automatic	8	Toyota	5
31	Toyota Rav 4 5 Doors Comfort Automatic 2.0 L	4	Toyota	4
32	Toyota Rush 1.5 High Automatic	2	Toyota	4
		289		168

Source: Auditors' Analysis, 2020

Table 3.16 shows that GPSA bought Toyota Hilux D/Cabin Pick Up from two suppliers, namely UNDP and Toyota Tanzania, on behalf of 53 PEs by placing a total of 25 orders. This is an indication that GPSA did not effectively aggregate requirements from 53 PEs which had similar requirements in order to process them in bulk. This was caused by the fact that GPSA did not aggregate these requirements from PE early for them to be able to procure them in bulk to reduce the transaction costs. It was partly caused by inadequate actions done by MoFP through PPRA which was supposed to enforce PEs to abide with procurement laws to ensure that requirements were timely sent to the Agency.

Non-aggregation of vehicles prior to its procurement distorts the meaning of bulk procurement and also has cost implication in terms of the procurement transaction costs.

Further to that the Audit noted that, even for those orders processed in bulk, the price per unit was the same as for the ones with a single unit. This implies that, even if GPSA could manage to organize and procure in bulk (large quantity), still PEs would not enjoy the economies of scale, because prices negotiated were on retail basis and not for bulk acquisition of vehicles.

3.3.4 GPSA Did Not Conduct Mini Competition Amongst Suppliers to Obtain Best Market Prices

As per Regulation 131(5) of the Public Procurement Regulations, GPSA is required to conduct a mini competition amongst the suppliers or service providers awarded framework agreements.

Review of the procurement files for the procurement of motor vehicles revealed that GPSA did not conduct mini competition after receiving orders/request from suppliers. Instead requests from PEs for the procurement of vehicles were processed without considering other suppliers which apparently reduces the possibility of other suppliers to compete. The main reasons for not conducting mini competition were:

First, approvals for procurement of vehicles from the Prime Minister's Office contain specified brand of the vehicles to be procured, while the specifications prepared by the Ministry of Works, Transport and Communication were neutral. This made difficult for GPSA to consider other brands.

Second, it was revealed that, there are weaknesses in the Public Procurement Act, 2011 and its Regulations, 2013 (as amended in 2016), since the vehicle industry was characterised by continuous increase of prices after every three months. Therefore, open framework agreement as per Section 50 of the Public Procurement Act 2011, is not appropriate for bulk procurement of vehicle. In addition to that, 7th schedule of the Public Procurement Regulations, 2013 has set limits for mini competition to be conducted for goods whereby the value does not exceed 120 Million, in most cases value of procured vehicles exceeds that amount hence it is not possible for GPSA to conduct mini competition.

As a result, GPSA did not conduct mini competition and focused on the selected brands by PEs that were expensive compared to other brands or vehicles in the market with identical specifications. Details information of

selected brands by PEs is as presented in **Appendix 6** and as per the summary provided in **Table 3.17**:

Table 3.17: Summary of Vehicle Brand Options Selected by PEs

Name of PE	Number of frequency given for PEs to select alternative vehicle	Selected option	
		Cheapest Option	Most Expensive Option
WMA	4	0	4
TRA	3	1	2
TANAPA	6	2	4
TARURA	4	0	4
TFSA	3	1	2
Lindi DC	1	0	1
Moshi DC	1	0	1
Kigamboni MC	1	0	1
Mufindi DC	1	0	1
MoAI	1	0	1
MoHCDGEC	9	1	8

***Source:** Auditors' Analysis of GPSA's data of Procured Vehicle 2016/17 to 2019/20*

Table 3.17 indicates that, in most cases PEs selected the most expensive options because GPSA did not carry out mini competition to come up with different options. The selection of most expensive options was done without thorough evaluation to determine the best option of the motor vehicle, which fits the needs of the PE.

However, the Audit noted that GPSA being an Agency established to procure vehicles on behalf of PEs, did not take initiative to advise the approving Authority on the implications of having approved request with specified brand. This in turn affected achievement of the government objective for reducing procurement transaction cost through bulk procurement.

3.3.5 GPSA Standardized Formula for Computation of Additional Cost of Vehicles Lacked Legal Mandate

Officials from GPSA revealed that GPSA did not have effective standardized formula for computation of additional cost of vehicle. Instead GPSA has been focusing on charging additional 1 percent service charge which is not the only component that determine vehicles price.

The Audit Team also noted that GPSA's standardized formula for computing the additional cost of motor vehicles, by charging 1 percent of motor vehicle price, as a service charge to facilitate procurement of motor vehicles, lacks legal basis, since Public Procurement Regulations does not provide mandate to GPSA to charge PEs any fees for procurement services rendered to them in relation to motor vehicle procurement.

This is because, Section 105(2) (j) of the Public Procurement Act, 2011 articulates that, the Minister may make Regulations prescribing fees for various services rendered by GPSA. On top of that, Regulation 132(f) and Regulation 134 of Public Procurement Regulations, 2013 have only mandated GPSA to charge PEs when conducting third party procurement.

Officials from GPSA responded that the decision was done in line with Section 4(2) of the Executive Agencies Act that provides for the functions of Executive Agencies and related operational principles to include managing its affairs in a business-like, cost-effective manner, to ensure a well-managed and sustainable Agency.

The officials further added that because of this, CEO is mandated to provide for internal mechanisms and policies that may enable the execution of the above function, and thus the Agency has designed a policy for the better provision of the bulk procurement of motor vehicles charging a token amount that well analysed does not in any way contradict the existing Public Procurement Law and its Regulation.

However, the Audit is of the view that this charge is against Section 105(2)(j) of PPA, 2011. In addition to that, as per sixth schedule of the Public Procurement Regulations, 2013, service fees which GPSA is mandated to charge are as summarized in **Table 3.18**.

Table 3.18: Service Fees which GPSA is Mandated to Charge

Description of Paying	Description of Payment	
	Up to the limit of Minor Value Procurement	Up to the limit of Above Minor Value Procurement
Procuring entity (Third Party procurement)	3,500,000.00	10% of contract value or 10,000,000.00 per contract whichever is lower
Authority and Appeals Authority	Not applicable	10% of contact value or 10,000,000.00 per contract whichever is lower
Suppliers, services providers and contractors	TZS 100,000/= Per annum per agreement	
Suppliers of petroleum Products	0.1% of each call-off order value	

Source: Auditors' Analysis of Public Procurement Regulation, 2013

Table 3.18 indicates service charges that GPSA is charging, whereby a fee for the procurement of vehicles is not among them. This increases motor vehicle prices by one percent.

Absence of standardized formula for computation of additional cost for the vehicle, limits GPSA from having a broad view of influencing factors and also to assess if the procured vehicle is done in a competitive price.

On top of that, review of GPSA's motor vehicle data, for the period of four (4) financial years from 2016/17 to 2019/20 revealed that, GPSA collected a total of **TZS 2,465 Million** as motor vehicles service charge from PEs, this is contrary to the requirement of public procurement laws and regulations. More details about the motor vehicle service charges collected is as indicated in **Table 3.19**:

Table 3.19: Motor Vehicle fees Collected by GPSA

Financial Year	Number of Vehicles Procured for PE's	Motor Vehicle Service Fees Collected by GPSA (TZS Million)
2016/17	208	276
2017/18	128	203
2018/19	599	967
2019/20	782	1,019
Total	1717	2,465

Source: Auditors' Analysis of GPSA Data of Motor Vehicle Fees, 2020

Table 3.19 shows that, in the financial year 2019/2020 GPSA collected the highest amount of motor vehicles agency fee, while in the financial year 2017/2018, GPSA collected the lowest amount of motor vehicles agency fee. In addition to that, the trend of collection of motor vehicle agency fee has been increasing due to the increase of the number of PEs which procure government motor vehicles through GPSA.

Contradiction between GPSA guideline for procurement of government motor vehicles and Public Procurements Act and Regulations was among the cause for additional cost to government vehicles.

In 2018 GPSA developed a bulk Procurement Guideline to provide directives on how to conduct Procurement of Vehicles. Section 9.0 of that guidelines direct GPSA to collect 1 percent of motor vehicle's price as service charges from PEs. This is contrary to Section 105(2) (j) of Public Procurement Act, 2011 which has given that mandate to the Minister to make regulations prescribing fees for various services rendered by GPSA.

In that connection, GPSA considered the amount charged from vehicle procurement as source of income to cater for diverse official operations. It therefore turned out that for the period under this audit from 2016/17 to 2019/20 GPSA has collected a total amount of TZS 2.5 Billion from PEs.

3.4 Inadequate Processing and Delivery of the Procured Vehicles to PEs

Timely delivery of procured vehicles was assessed through the processes starting from timely receiving of orders from PEs and the manner that these orders were processed through aggregation to enable GPSA improve efficiency in the whole process of bulk procurement of vehicles. It was also assessed based on its efficiency in carrying out the inspection of procured vehicles. The Audit Team revealed the followings:

3.4.1 GPSA did not Enforce PEs to Submit Orders on Time

Regulation 131 (4) (a) of Public Procurement Regulations, 2013 requires GPSA by the end of January each year, to receive from PEs, their provisional annual estimates of the required common use items and services which shall include descriptions, specifications, statement of requirements and quantities.

Review of correspondence files between GPSA and PEs established that, GPSA received requirements from PEs on weekly basis instead of receiving them by January each year as per the requirement of Public Procurement Act. The reasons for PEs not submitting the requirements by January each year is associated with weakness in planning on the side of PEs and ineffective of operational mechanisms on the side of GPSA as discussed in Section 3.2.1 in Table 3.3.

Interview with GPSA officials further revealed that, GPSA did not have any operational mechanism such as deadline, reminder or penalties to ensure that PEs submit their vehicle requirements by January each year. Consequently, GPSA did not get adequate information to aggregate requirements and prepare Annual Procurements Plan specifically for vehicles of the respective PEs.

For the purpose of analysing the number of orders received by January versus those which were not received in January, Auditors were provided with data for the two financial years 2018/19 and 2019/20, due to the fact that, in previous years GPSA was conducting tendering, the use of Purchasing Orders (PO) was not applied by then. **Table 3.20** below shows the number of orders from PEs which were not received by January.

Table 3.20: Delays in the Submission of Vehicle Orders for Period from 2018/19 to 2019/20

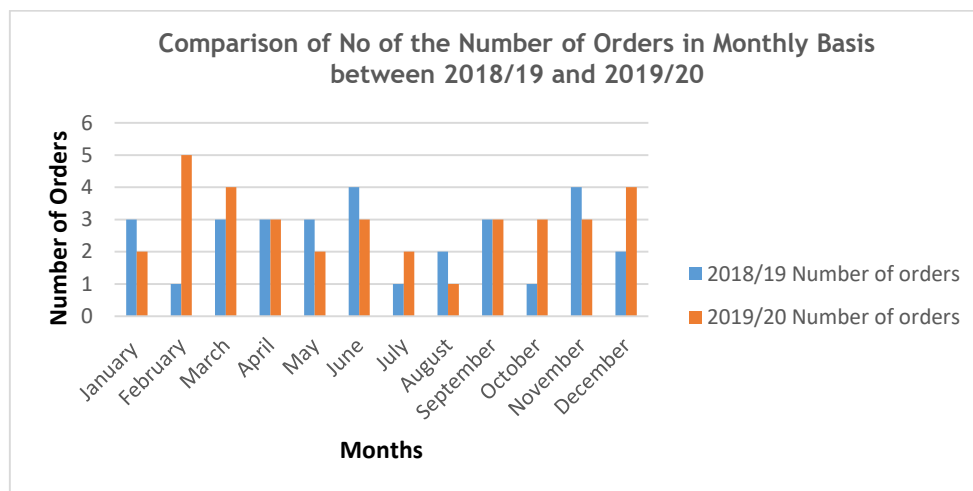
Name of PE	Total Number of Orders received	Orders which were not Received by January
WMA	6	6
TRA	4	4
TANAPA	12	12
TARURA	6	5
TFSA	5	5
Lindi DC	2	2
Moshi DC	1	1
Kigamboni MC	2	2
Mufindi DC	3	3
MoAI	5	4
MoHCDGEC	17	15
Total	63	59

Source: Auditors' Analysis of Procurement Data for Vehicles, 2020

Table 3.20, shows that, 59 out of 63 orders received by GPSA from 11 sampled PEs equivalent to 94 percent of all orders were not submitted by end of January as required. This makes difficult for GPSA to effect bulk procurement.

Further analysis by the Audit Team revealed that GPSA has been receiving orders through out the year from January to December. **Figure 3.3** summarizes the number of Orders received by GPSA from 11 PEs on a monthly basis for the last two financial years.

Figure 3.3: Number of Vehicles Order Received by GPSA from the Selected PEs



Source: Auditors' Analysis, 2020

Figure 3.3 shows that GPSA received orders from PEs in every month of the year whereby most of orders were received in February in 2019/20 while the minimum number of orders of were received in February, July and October in 2018/19 as well as August in 2019/20.

Reasons for non compliance to meet the requirement of the law for PEs to submit their requirements early(January) and GPSA to include them in its Annual Procurement Plan of that particular year is associated with weak enforcement of the Public Procurement Act by GPSA.

The Audit Team did not find any evidence of efforts done by GPSA to either remind PEs to submt their provisional requirements in time as required by the Public Procurement Act.This means that GPSA did not put in place any measure to ensure comformity of the Public Procurement Act by the PEs.

Consequently failure to submit these requirements in time culminates at inefficiencies in disbursement of funds for procurement of vehicles. The Audit Team found that as a consequence of this procedural non-comformity of the process, payment procedures for procurement of vehicles are as well not being adhered-to by all parties since Government Circular No. 3 of 2014 necessitates that after submitting vehicles procurement requirements to GPSA, PEs should execute the procedure to transfer the intended funds for procurement of these vehicles to Vote No. 50 - Treasury, for disbursement to GPSA that correspond with the list of PEs that have submitted their requests to GPSA.

Inadequate Compliance with the Government Procurement Regulations by GPSA

Analysis of correspondences between GPSA and various PEs revealed that GPSA did not comply with requirements of the law to ensure that PEs submit provisional annual estimates required for motor vehicles. Instead GPSA received requests and orders from PEs and processed them whenever they came in. The reviewed correspondences between GPSA and PEs showed that in the last three financial years GPSA did neither remind nor advised any of the PEs to submit their request in January as per the requirements of the Regulations.

Interviews with GPSA officials revealed that as per time analysis from receiving an order, placing it and delivery of motor vehicles, it has been beyond control of GPSA, because each model has its production line schedule and the manufacturer is one worldwide. Officials also added that PEs were reluctant to submit their requirements early due to uncertainties of funds availability.

However the audit did not find any evidence to support that. Additionally, Interviews with Procurement Officers from the visited PEs indicated that reason for not submitting annual procurement requirements is linked with the fact that despite being in the budget there are delays in disbursement of funds particularly for procurement of vehicles. Consequently, GPSA did not include estimates of vehicles procurement in their Annual Procurement Plan.

Unsatisfactory Process of Funds Disbursement

The Government Circular No. 3 of 2014/2015 provided for the procedures for disbursement of funds for procurement of vehicles. The procedure requires

that all PEs whose vehicle's procurement funds depend on Government subvention, upon approval of the annual budget with the approved budget for vehicles, PEs should submit vehicles procurement requests to GPSA and transfer the allocated funds for procurement of vehicles to vote No. 50 so that the funds can be transferred to GPSA for procurement of the budgeted vehicles. For PEs whose vehicles' procurement funds depend on their own sources, the Circular directs them to direct transfer the funds to GPSA designated accounts for vehicles procurement.

The review of GPSA correspondences with PEs showed that contrary to the prescribed procedure by the Government Circular No. 3 of 2014/2015 upon receiving the vehicles procurement requests from PEs, GPSA has been issuing invoices to all PEs regardless of using own sources or depending on OC and direct them to submit the funds to GPSA designated accounts through the invoice.

This practice consequently denied GPSA the possibility of receiving funds for procurement of government vehicles in bulk since every PE submitted their request and transferred funds at their convenient times. Receiving the funds consolidated from treasury would provide GPSA with more possibilities of making bulk procurement and enjoy economies of scale.

Additionally, it would support GPSA to control price fluctuation due to time lapse. As a result of this, GPSA failed to aggregate requirements for motor vehicles consequently, this increased costs for placing multiple orders for the procurement of motor vehicles.

The Audit Team gathered opinion from the PEs to ascertain reasons for non-compliance with the set time for order submission to GPSA. The results are presented in **Table 3.21**:

Table 3.21: Reasons for Delays in Submitting Orders to GPSA

Category of the Visited PE	Reasons
Ministries	There is no limitation
Public Authorities	GPSA receives order any time
Local Government Authorities	GPSA receives order any time

Source: Auditors' Analysis of Information gathered through Interviews

3.4.2 GPSA Did Not Adequately Aggregate PEs Vehicle Requirements and Place Orders on Time

Section 49(1) (b) of the Public Procurement Act, 2011 requires PEs to aggregate its requirements wherever possible, to obtain value for money and reduce procurement costs. The review of Annual Procurement Plans and procurement transaction documents from GPSA showed that GPSA did not aggregate vehicles procurements requirements from PEs and include them in their Annual Procurement Plan. This was because GPSA had not established a mechanism through which those requirements from PEs can be obtained early for consolidation and aggregation. Instead GPSA processed orders whenever they came in.

The analysis of record of procured vehicles showed that GPSA procured the same number of vehicles from different PEs using multiple orders which conflicts with the overall intention of GPSA to procure vehicles in bulk and enjoy economies of scale for bulk procurement. Processing multiple orders in different times has risks of increasing procurement transaction costs. **Table 3.22** shows the selected vehicles which were procured by GPSA using multiple orders.

**Table 3.22: Number of Orders Placed to Motor Vehicle Suppliers
2019/2020**

DESCRIPTION	Number of Orders	Number of Vehicles	TOTAL Value (TZS)
AMC Tanzania Ltd	4	10	1,602,524,300
CFAO Motors Ltd	2	3	100,239,308
City Motors (T) Ltd	0	0	0
TATA Africa Holdings Limited	2	6	535,425,000
Toyota Tanzania Ltd	44	637	106,837,172,709
UNDP	1	117	11,804,462,424
TOTAL	53	773	120,879,823,741

Source: Auditors' Analysis, 2020

Table 3.22 indicates that, for the financial year 2019/2020 GPSA procured 637 motor vehicles by placing 44 number of orders to Toyota Tanzania Ltd, while 117 motor vehicles were procured from UNDP by just placing a single order. This scenario indicates that GPSA did not analyse to find a better way to which it can achieve its government objective of establishing GPSA and for bulk procurement of vehicles.

3.4.3 GPSA did not ensure Timely Inspection of Procured Vehicles

The Bulk Procurement Guideline for GPSA requires that prior to the delivery of the vehicles to the intended PE, GPSA is required to conduct inspection of the vehicles to ensure that the vehicle is in good condition as per specification.

The analysis of inspection reports at GPSA showed that there was consistency in inspection of vehicles in which vehicles were inspected within 5 to 7 days after receiving of the release order from the supplier. However, the reviewed Bulk Procurement Policy, we noted that GPSA had not established standard time for vehicle inspection to be used as the basis for measuring its operational efficiency. In turn, the timing of inspection depended on the availability of inspection team and experts.

Reasons for absence of the operation standard time for inspection are attributed to weakness in designing overall standard procedures for vehicles procurement. **Table 3.23** shows the range of time taken for inspection of the procured vehicles of the selected PEs, details information is provided in **Appendix 7** of this report.

Table 3.23: Time Taken to Inspect Vehicles for the Sampled PE's

Name of the PEs	Total Number of Vehicles Procured	Range of Time Taken to Inspect Vehicles (Days)
MoAI	4	5-7
TFSA	24	4-5
TRA	97	2-7
WMA	4	4
Lindi	1	5
TARURA	20	4-6
MoHCDGEC	25	3-7
TANAPA	35	2-7

Source: Auditors' Analysis for the period 2017/18-2019/ 20

Table 3.23 above shows that after receiving delivery notice from suppliers, GPSA took between 2 and 7 days to complete the inspection of the vehicles to be ready for delivery to respective PE

3.5 Inadequate Monitoring by MoFP and GPSA

The Audit Teams assessed the monitoring function as done by MoFP and GPSA with regard to bulk procurement of vehicles. It was noted that both MoFP and GPSA had not effectively and efficiently performed their

monitoring function to enhance effective bulk procurement of vehicles. These monitoring functions were categorized as follows:

3.5.1 Inadequate Monitoring of Bulk Procurement of Vehicles

MoFP and GPSA were expected to monitor the performance of bulk procurement of government vehicles. In order to effectively implement this, MoFP and GPSA were expected to have framework with established goals and also to have a database that would be used to track performance for the purpose of identification and monitoring. With regard to monitoring, the Audit Team established the followings:

(a) MoFP Did Not Have Monitoring Framework

The Audit noted that MoFP lacked monitoring and evaluation framework to assess the performance of GPSA in Bulk procurement of vehicles. As a result, MoFP did not adequately monitor the performance of GPSA as required by Section 6(2) (i) of the Public Procurement Act No.7, 2011. This Regulation requires MoFP to monitor and evaluate performance of public procurement institutions including GPSA and advice according.

(b) MoFP Did Not Regularly Monitor Performance of GPSA

Interviews with Officials from the division of Public Procurement Policy Division at MoFP revealed that MoFP did not regularly monitor bulk procurement of vehicle conducted by GPSA in a structured manner, rather monitoring related activities such as reporting are shared between GPSA and MoFP. However, the Audit Team was not availed with evidence indicating action taken as a response to the submitted reports.

Inadequate monitoring was caused by absence of monitoring framework at MoFP which provides focus for monitoring to inform on when and how monitoring should be conducted to ensure that activities implemented by GPSA and closely observed, and necessary actions are being done for corrective purposes and improvements. Consequently, MoFP was not well informed on the progress of activities related to bulk procurement of government vehicles.

Furthermore, MoFP through its public procurement regulatory organs like Public Procurement Regulatory Authority (PPRA) did not monitor and evaluate performance of the system for bulk procurement of vehicle and

distribution fuel. Review of the PPRA's reports from 2016/17 to 201/2020, revealed that PPRA has not conducted any audit to evaluate performance of the system for the bulk procurement vehicle and distribution fuel.

(c) GPSA Did Not Adequately Monitor Bulk Procurement of Vehicles

GPSA strategic plan 2018-2023 indicate that motoring activities are essential to determine the level of attainment of the intended goals for the Agency to gauge whether is achieving its primary objectives effectively and efficiently.

GPSA's Strategic Plan (2013 - 2018) the Planning, Monitoring, and Evaluation Unit was responsible for monitoring and evaluating the performance of GPSA to ensure the entity meets its strategic objectives. It was noted that within it is the organization structures, from July 2020 GPSA established a specific position of a Contract Supervisor for both fuel and vehicles.

Among other functions the Contract Supervisor is vested with monitoring responsibilities to ensure vehicles procurement processes are done timely. That includes payment procedures as well as delivery. In addition to that the Contract Supervisor is obliged to report these aspects to the management on weekly basis.

Although this was done from July 2020, the review of monitoring reports noted that for the previous three years, starting from 2016/17 up to 2019/20 vehicles procurement Monitoring reports produced showed that not all aspects related to bulk procurement of vehicles was adequately reported in their reports.

The reports only showed aspects related to number of vehicles procured, amount of money collected through vehicles procured and the respective PEs who procured the vehicles. The reports, however, did not indicate aspects such as price control and efficiency improvement in time delivery.

(d) GPSA Did Not Have Adequate Feedback Mechanism for Bulk Procurement of Vehicles

GPSA's Strategic Plan 2013-2018 requires GPSA to strengthen system for smooth communication within and between stakeholders. Reviews of various correspondences such as letters between GPSA and PEs showed that GPSA has an average of 3-5 days of response to stakeholder on inquiry concerning prices of motor vehicles which provide ample time to make decision and other proceedings.

CHAPTER FOUR

AUDIT FINDINGS ON THE DISTRIBUTION OF FUEL

4.1 Introduction

This chapter presents the audit findings on the performance of GPSA and MoFP in distribution of fuel to the government vehicles. It also presents the finding on monitoring function of both MoFP and GPSA. The audit findings address the system for managing distribution of fuel to minimize fuel cost and prices to PEs, ensure timely availability of fuel and monitoring of the progress of bulk procurement proceedings of government fuel.

4.2 GPSA Did Not Adequately Achieve the Target for Minimizing Fuel Prices

According to the Strategic Objective C of GPSA's Strategic Plan of 2013/14 - 2018/19, the Agency intends to improve procurement and supplies management services, reduce government procurement transactions and attain value for money by providing procurement services to PEs in a way that meets the expected requirements and at the best price compared to market prices.

Regulation 130 (1) of Public Procurement Regulations, 2013, requires a procuring entity to procure from GPSA any item included in the approved current stores catalogue where such item is available at lower prices than current market prices. Further, according to Regulation 135 (2) of Public Procurement Regulations of 2013, GPSA is mandated to procure petroleum products directly from any source where such products meet the required standards and are available at competitive prices.

Interviews with officials from GPSA reported that they do not conduct bulk procurement of fuel but they purchase fuel from Oil Marketing Companies. The reason for not conducting bulk procurement was lack of fuel storage facilities to store fuel before distributing them to their respective regions, but the tender for conducting feasibility study in the area for building storage facility is on the process in this financial year 2020/21. The officials also indicated that for Geita & Simiyu regions are in procurement process for construction of fuel tanks while the rest have been planned for the next F/Y 2021/22.

However, interviews with Officials at Petroleum Bulk Procurement Authority (PBPA) indicated that GPSA can still procure fuel direct from

major fuel importers as other oil marketing companies through an agreement for storage or soliciting for storage facilities from other Government entities such as TPDC.

The Audit Team is of the view that GPSA has not made adequate efforts geared in bulk procurement of fuel. As a result, GPSA sells fuel to PEs using maximum retails selling price set by EWURA which is the same as the price offered at private filling station particularly for diesel.

Table 4.1 indicates the prices which were charged by local fuel supplying stations versus prices which were charged by GPSA in February 2021 as observed by the Audit Team.

Table 4.1: Comparison of Fuel Prices of GPSA and Retail Filling Station for Diesel

Name Regional	GPSA Prices (TZS)	Private Retail Filling Station Prices (TZS)
Dar es Salaam	1,829	1,829
Dodoma	1,888	1,888
Moshi	1,880	1,880
Arusha	1,890	1,890
Iringa	1893	1893
Lindi	1842	1842

Source: Analysis of Auditors from the Prices Observed and GPSA Fuel prices Data

Table 4.1 indicates that GPSA prices did not differ with retail fuel filling station prices. This was due to the fact that GPSA sold fuel at maximum indicative prices issued by EWURA. Selling fuel that was either higher or the same as for the private filling station, could be interpreted as there is no price relief when using either GPSA filling stations or those private filling stations.

Also, since sometimes PEs' drivers were required to travel a certain distance to reach the approved supplier of GPSA filling station, the price offered was not motivating to the driver to use the approved supplier. It was also time consuming especially for Government Entities whose offices were located far away from the fuel center because a route to refill happened to consume fuel unnecessarily.

Despite that officials from GPSA indicated that the Agency has established a well mechanism to ensure that PEs achieve the concept of value for money. This is through the use of EWURA ceiling prices and guidelines, supply right quantity and quality whereby some PEs managed to save some money citing NEC that saved more than 100 million during the preparation

National election of year 2020. However, the Audit Team is of the view that use of EWURA ceiling prices is not the best price the Agency could offer to the PEs.

4.3 The System for Managing Distribution of Fuel did not Ensure Timely Availability of Fuel

GPSA is required to make sure that fuel is available in every region so as to provide services to PEs as required. The Audit Team found that GPSA did not manage to establish adequate fuel distribution centres across the country. In the 26 administrative regions, GPSA established fuel distribution centres in 23 regions while three (3) regions namely Simiyu, Geita, Njombe did not have fuel distribution centres.

Despite the presence of these fuel distribution centres in the 22 regions, the Audit Team is of the view that, GPSA did not adequately establish fuel distribution centres to the periphery Local Government Authorities and/ or Districts since the available centres were only located at the headquarters of such regions. However, GPSA entered into framework agreements with local fuel Marketing Companies to supply fuel to District and other Government entities which cannot access fuel from GPSA centres.

Reasons for not establishing fuel distribution centres in the districts were associated with inadequate capacity for GPSA to finance the establishment of these centres. Interview with GPSA officials indicated that GPSA is in the process of establishing new centres at Geita and Simiyu where the construction of the centres is underway.

Absence of fuel distribution centres in Local Government Authorities located in remote areas apparently limits the chances for GPSA to enhance and increase its revenue collection from fuel sales. Interview with Transport officers from the visited PEs indicated that in the areas where GPSA distribution centres are available there were no problem of timely availability of fuel with the exception of the areas where fuel centres were not available.

4.3.1 GPSA Conducted Demand Forecast on Needed Fuel Quantity for Each Region

Regulation 69 (3) of Public Procurement Regulations, 2013, requires GPSA to forecast its requirements for goods, services and works as accurately as is practicable; with particular reference to services or activities already programmed in the annual work plan and included in the annual estimates. It further states that the forecasts have to include an estimate of the optimum time of performance and completion of services.

Interviews with Officials at GPSA revealed that GPSA conducted fuel demand forecast in all regions to determine amount of fuel that will be required in respective regions. The demand was done so that fuel can be procured from suppliers and directly transported to respective regions. This forecast was done based on the previous trend of sales data. Table 4.2 indicates the amount of fuel demand forecast in all regions.

Table 4.2: Fuel Demand Forecast in Various Regions Amount in liters

Regions	Financial Years			
	2016/17	2017/18	2018/19	2019/20
Arusha	800,870	883,419	1,071,335	2,256,785
Dodoma	1,671,085	3,358,641	4,301,253	5,598,394
Dar es Salaam	6,057,371	5,094,235	4,503,470	4,779,743
Iringa	892,107	999,718	1,169,943	1,434,376
Kagera	392,588	378,887	428,614	758,549
Katavi	N/A	N/A	N/A	649,835
Kigoma	314,116	429,516	565,070	1,030,197
Kilimanjaro	475,554	610,734	687,341	961,070
Lindi	436,683	459,965	356,713	472,161
Manyara	363,635	387,498	388,300	577,987
Mara	293,506	368,544	363,299	511,760
Mbeya	249,534	368,433	426,005	820,656
Morogoro	839,500	920,000	974,000	1,397,000
Mtwara	784,442	784,442	784,442	784,442
Mwanza	572,084	1,017,759	881,748	1,562,795
Pwani	476,799.00	589,924	695,587	706,847
Rukwa	556,237	595,829	609,819	681,105
Ruvuma	637,642	585,060	639,314	738,955
Shinyanga	341,797	338,378	480,727	665,906
Singida	441,092	539,572	621,991	759,126
Songwe			39,251	99,013
Tabora	371,488	444,306	589,993	712,790
Tanga	476,799	589,924	695,587	706,847

Source: Auditors' Analysis of GPSA's Fuel Data, 2020

Interview with GPSA official revealed that fuel forecast was controlled by setting minimum amount of fuel in every Region which once reached they have to re-order the fuels.

4.3.2 System for Controlling the Supply of Fuel to the Right PE was not Effectively Working

Interviews conducted with officials at GPSA headquarters as well as in the visited regions showed that that GPSA had a system in place for controlling supply of fuel to ensure that the right amount of fuel is distributed to the appropriate PEs. This system was operating through the control of Combined Requisition Issue Note (CRIN). This is a specified permit that shows that the amount and type of fuel to be filled in a specific vehicle which has been legitimately allowed by the respective authorities from respective PEs. Despite the presence of this system, there were weaknesses which were found with regard to the operations of this system as follows: -

i) Absence of Mechanism to Determine Vehicles Identity

Interview with GPSA officials at GPSA headquarters and in the visited regions indicated that the distribution system purely relied on the vehicles details provided in the CRIN form on the identity of the vehicle, since there is no mechanism to determine whether the vehicle is reliably from the respective PEs.

This is connected with the fact that this fuel distribution system allows PEs to have fuel distribution account that displays only the details of the amount of money as the remaining balance in the account but does contain details such vehicles registration numbers of each PEs etc. Although to a larger extent the system has managed to distribute fuel to intended users, review of data from Lindi noted that cars from RAS Lindi account refilled fuel 203 times on cars that were having private numbers out of a total of 6235 times refilled fuel on cars. This anomaly, justifies that the control system is not effective enough to ensure that only government vehicles can be filled with fuel using the respective user account.

The weaknesses of fuel supply system provide a risk of non-Government Vehicles to refill fuel in GPSA distribution centres and the risk of one PE to refill fuel from the account of other PEs.

ii) Unreliable Operations of the Computerized System

Interview conducted with GPSA officials in visited GPSA regions indicated that the system for fuel distribution is not reliably operating. Since the system is not web based it is simply installed in single computer and at times the system shuts down. During site visit it was observed in Arusha region where a fuel distribution system was non-operational by the time of this audit and therefore manual operations to record details in books was resorted for records that in turn utilized more time and jeopardized the authenticity of the records. The status of functionality of the system in the visited Regions is as presented in **Table 4.3**.

Table 4.3: Functionality Status of the Computer System GPSA Regional Offices

Region	Functionality of the System
Kilimanjaro	✓
Arusha	X
Lindi	✓
Iringa	✓
Dar es Salaam	✓

Source: Auditors' Observation during site visit

The **Table 4.3** above shows that in the five visited GPSA Regional Offices the system for fuel distribution was well functioning in four regions while in Arusha Region the system was not operating due to computer malfunctioning. In response to this, officials from GPSA indicated that the Installation of a new system is under progress. However, no evidence was provided to the Audit Team to justify the action in place for the installation of a new system.

4.3.3 GPSA did not have Effective Mechanism for Inventory Management of Fuel

Interview with Officials at GPSA revealed that GPSA had a system in place for inventory management but the existing system was not effective enough as explained below:

Absence of Centralized Inventory Control System of Fuel

Interviews with officials at GPSA headquarters and in the visited regions indicated that, there was no centralized fuel inventory control system. The

system that would enable GPSA to pull all data together to show the current available stock in every region, so as to control time. This would ensure proper follow up to ensure that, fuel order to the supplier was timely placed and the consignment reached the intended destination in time. Stock was therefore managed in every region through routines measure of the stock available in every region.

Absence of centralized control system was associated with the non-operation of the previously established system known as Fuel Management Information System (FMIS) whose operation was discontinued since 2012 due to inadequate capacity for maintenance and support for the system. In turn GPSA resorted to the current system which has not been operating reliably in all centres as explained. Consequently, GPSA HQ depended on the information from the regional offices to ascertain availability of adequate amount of fuel in each region.

In that connection therefore, based on the storage capacity available in each region, GPSA established re-order level of fuel to ensure that fuel was ordered while there was still another stock which could be distributed to customers within the waiting time for another consignment of fuel to arrive. Table 4.4 shows the description of fuel re order level in each region.

Table 4.4: Description of Fuel Re-order Level and Storage Capacity in Each Region

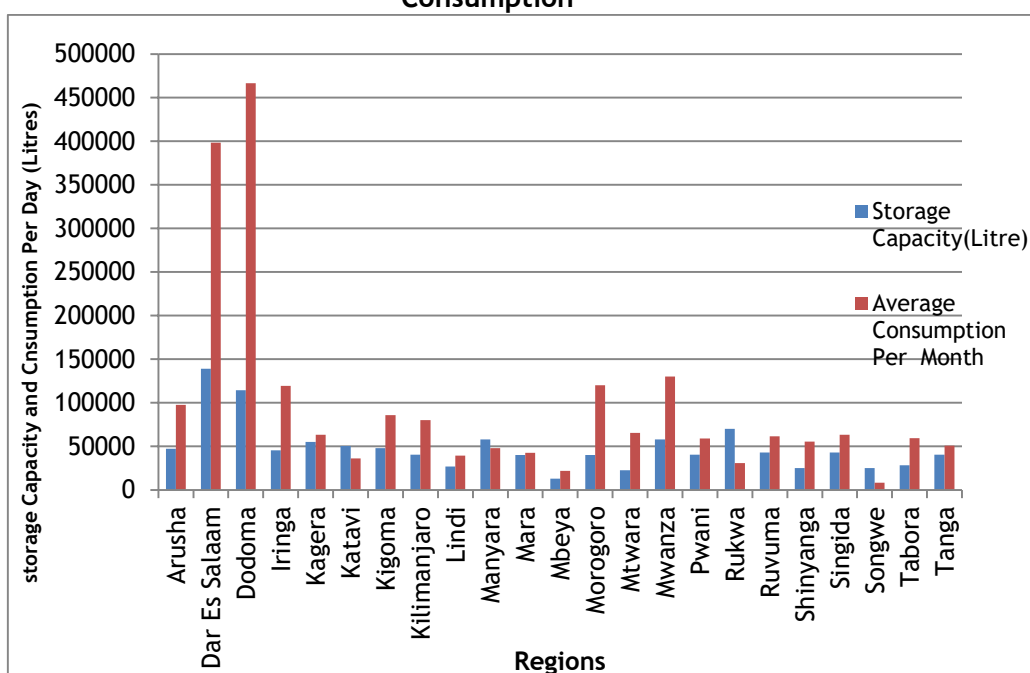
Name of Region	Re-Order level (Litres)
Arusha	20,000
Dodoma	40,000
Dar es Salaam	60,000
Iringa	20,000
Kagera	24,000
Katavi	25,000
Kigoma	18,000
Kilimanjaro	17,397
Lindi	10,000
Manyara	12,000
Mara	13,999
Mbeya	5,000
Morogoro	20,000
Mtwara	12,000
Mwanza	24,636

Name of Region	Re-Order level (Litres)
Pwani	19,000
Rukwa	16,500
Ruvuma	15,000
Shinyanga	14,000
Singida	14,000
Songwe	5,000
Tabora	16,000
Tanga	19,000

Source: GPSA Fuel Delivery Data

Table 4.4 indicates re-order levels in various GPSA regional offices, whereby Mbeya and Songwe regions have the lowest re-order level of 5,000 litres, while Dar es Salaam has the largest re-order level of 60,000 Litres. On the other hand, further analysis was conducted on monthly consumption and storage capacity as indicated in **Figure 4.1**

Figure 4.1: Comparison of Storage Capacity and Fuel Monthly Consumption



Source: Auditors' Analysis of fuel data

Figure 4.1 indicates that, with exception of Rukwa, Songwe, Katavi and Manyara regions, other regions have larger consumption per month than the available storage capacity. As a result of this, GPSA offices are necessitated to make up to four orders per month to meet the demand of PEs.

Despite presence of this system for inventory control of fuel, interview with officials at GPSA showed that records for daily inventory of the available fuel in every region were sent to the headquarters though e-mails, but there was neither the prevailing system that kept these records received from regions on daily basis nor the mechanism to keep track of the fuel remaining in each region. There was no therefore a mechanism in place to determine whether the fuel stock was still available or not for them to place order for supplier to prepare a consignment and deliver to the respective regions.

Consequently, at the headquarters, GPSA waited for respective region to place order for fuel after reaching re-order level, this resulted into delay in delivery of fuel at the right time in the regions. **Table 4.5** shows the expected delivery time and the actual delivery time.

Table 4.5: Actual and Expected Fuel Delivery Time

Region	Financial Year					
	2018/19			2019/20		
	Expected Delivery time (Days)	Actual delivered time	Difference from Expected Delivery and Actual Delivery (days)	Expected Delivery time (Days)	Actual delivered time	Difference from Expected Delivery and Actual Delivery (days)
Arusha	3.24	5.15	1.91	5.07	6.21	1.14
Dodoma	3.92	5.75	1.83	5.18	9.39	4.21
Dar es Salaam	1.97	1.86	-0.11	4.23	1.95	-2.28
Iringa	2.87	4.00	1.13	3.84	4.09	0.25
Kagera	4.5	6.83	2.33	4.50	6.00	1.5
Katavi		-		5.29	4.54	-0.75
Kigoma	3.35	4.00	0.65	5.08	6.59	1.51
Kilimanjaro	2.59	2.77	0.18	3.48	3.55	0.07
Lindi	2.60	4.54	1.94	2.92	6.44	3.52
Manyara	3.18			4.10	5.58	1.48

Region	Financial Year					
	2018/19			2019/20		
	Expected Delivery time (Days)	Actual delivered time	Difference from Expected Delivery and Actual Delivery (days)	Expected Delivery time (Days)	Actual delivered time	Difference from Expected Delivery and Actual Delivery (days)
Mara	3.80	6.5	2.7	3.69	5.69	2
Mbeya	3.39	3.13	-0.26	3.4	1.89	-1.51
Morogoro	3.00	5.25	2.25	3.73	4.02	0.29
Mtwara	2.56	4.97	2.41	3.11	4.02	0.91
Mwanza	2.64	6.95	4.31	5.06	5.15	0.09
Pwani	2.18	5.74	3.56	3.53	5.35	1.82
Rukwa	3.78	4.04	0.26	4.10	6.18	2.08
Ruvuma	3.06	6.00	2.94	4.27	6.4	2.13
Shinyanga	3.06	6.11	3.05	4.19	6.00	1.81
Singida	2.95	3.82	0.87	3.09	5.33	2.24
Songwe	7.50	-		6.40	-	
Tabora	3.22	7.83	4.61	3.70	7.17	3.47
Tanga	2.49	5.73	3.24	2.46	4.68	2.22

Source: Auditors' Analysis of GPSA's Fuel Data, 2020

Table 4.5 indicates that GPSA forecasted delivery of fuel in various GPSA regional offices but did not manage to deliver fuel as planned. For the financial year 2028/19, it was only in 7 out of 23 regions in which fuel was delivered for less than one day from the plan. As a result, PEs did not get services of fuel from GPSA as expected.

4.3.4 GPSA Did Not Have Adequate Fuel Storage Capacity for Effective Distribution of Fuel

According to GPSA Strategic Plan for the years 2013/14 - 2018/19, GPSA plan was to institute proper stock control management to make general stores and fuel full available to all Regional Offices.

Interview with GPSA officials indicated that GPSA did not have fuel storage facilities at the headquarters to store fuel for distributions to their regional

Offices rather GPSA procured fuel from various suppliers to distribute fuel in different regions based on the specific requirements of that particular region.

Interview with officials indicated that GPSA in the financial year 2020/21 planned for consultancy services to explore possibilities of establishing own facilities on their plot at Kurasini area in Dar es Salaam.

The review of data provided by GPSA regarding fuel storage in its regional offices revealed the storage capacity was less than the monthly consumption of fuel as presented in previous **Figure 4.1**.

4.4 Ineffective Fuel Supply System to Ensure PEs Get Competitive Prices of Fuel

According to GPSA Executive Agency establishment order of 2007, among other things, GPSA is responsible to ensure provision of adequate quality supplies at competitive prices so as to enable the government at large to operate effectively and efficiently. Through interviews with officials at GPSA and the review of annual progress reports, it was found that the system for managing procurement and supply of fuel did not provide best competitive price to PEs as described in the subsequent part.

4.4.1 GPSA Distribute Fuel to Procurement Entities at similar prices as other Private Fuel Distributors

Regulation 5(1) of the Public Procurement Regulations, 2013, requires PEs to ensure that, procurement or disposal of assets is carried out diligently and efficiently, so that the prices paid or received by the PEs represent the best value.

GPSA's officials revealed that, prices for supply of fuel to PEs in the country are determined by EWURA, whereby in every month EWURA issues maximum indicative wholesale and retail prices for supplying fuel in every region in the country. Fuel suppliers are not allowed to supply fuel above indicative prices, however they can supply at prices below such indicative prices.

Review of Record of Fuel Price Opening for the period of 2016/17 to 2019/20 revealed that, for the purpose of obtaining competitive prices GPSA entered into open framework agreement with various fuel suppliers, whereby in every month GPSA invited them to quote for their prices, for which they

could supply fuel in various regions in the country. Suppliers with the lowest quoted prices were given an offer to supply fuel in a particular region.

Furthermore, after acquiring fuel at the lowest competitive price from wholesalers, GPSA supplied fuel to PEs at the maximum retail indicative prices, since GPSA considered supply of fuel as a source of revenue. However, unlike other Oil Marketing Companies, GPSA did not incur other business costs such as corporate tax and staff salaries and yet GPSA sold fuel at the same price as other oil companies in the market. This reduced the chance of PEs to reduce fuel expenses as it was intended. Analysis of selling price of GPSA and EWURA indicative prices is as presented in **Table 4.6**.

Table 4.6: Comparison of GPSA Selling and EWURA Indicative Prices

'Visited Region	Month of the visit, 2020/2021	EWURAs Indicative Price	GPSA's selling	Difference
Dar es salaam	November, 2020	1,734	1,734	0
Arusha	December, 2020	1,750	1,750	0
Kilimanjaro	December, 2020	1,739	1,739	0
Lindi	February, 2021	1,842	1,842	0
Iringa	February, 2021	1,893	1,893	0

Source: Auditors' Analysis of EWURA and GPSA fuel Prices

The **Table 4.6** above shows that in all visited regions during the audit it was found that GPSA sold fuel to PEs at a maximum indicative price issued by EWURA and therefore there was no price difference between GPSA and other fuel selling companies in the markets.

Interviews with GPSA officials indicated that the reason for selling fuel at maximum indicative price was due to the fact that GPSA considered fuel selling as among the major sources of income to facilitate daily operations of the Agency. This is due to the fact that apart from monthly salaries, GPSA does not receive Government OC and therefore the Operation Costs for the Agency depend on the internal revenues collection which include revenues from fuel sales being the major source of the income for the Agency.

Further analysis was conducted on components that led to determination of fuels prices for Dar es Salaam on the month of February 2021. The result is as presented in **Table 4.7**.

Table 4.7: Main Components Used to Determine Prices of Fuel for the Month of February 2021

Component	Amount (TZS/Litre)	Percentage over Total Prices (%)
Cost CIF DAR	820.40	45
Total local costs payable to other authorities	84.22	5
Government taxes	668	36
Other charges	128.35	7
Total whole sale price	1,700.97	
Retailers Margin	108.00	5.5
Charges payable to Executive Agencies	5.44	0.3
Transport Charges (Local)	10	1
Service Levy payable to LGAs (0.3% of turnover net of excise duty and VAT in wharfage and petroleum marking cost)	4.71	0.2
Total Retail price	1,829	

Source: Auditors' Analysis of EWURA's Prices, February 2021

Table 4.7 indicates that, the EWURA's Retail price which was used by GPSA to sell fuel to PEs comprised of 48.5 percent as government taxes and charges, 1 percent was transport charge locally, while 5.5 percent was Retailer's profit margin and 45 percent was actual CIF costs of fuel. This indicates that the large portion of fuel costs per litre was government taxes and charges".

4.4.2 GPSA Did Not Aggregate Fuel Requirements from PEs

Section 49(1) (b) of the Public Procurement Act, 2011, requires PEs to aggregate its requirements wherever possible, to obtain value for money and reduce procurement costs.

Officials from GPSA revealed that, GPSA did not aggregate fuel requirements from PEs for bulk procurement to ensure that, Government enjoyed economies of scale. GPSA supplied fuel as per PE's requests, GPSA's regional offices established reorder levels once such level reached, order was placed to fuel supplier via GPSA headquarters.

Interview with GPSA officials revealed that, noncompliance of GPSA to procure fuel in bulk was contributed by the fact that, GPSA did not have enough storage capacity that would enable the agency to procure fuel in bulk. Currently, GPSA does not have a storage capacity to procure fuel and storing it for distribution to their regional offices.

However, GPSA sent a proposal to MoFP requesting their support to obtain fuel storage tanks but up to the time of the audit, GPSA had not secured the tanks as anticipated. Consequently, this obliges them to procure fuel from suppliers who apparently sell to GPSA at profit prices. Having storage facilities would enable GPSA to procure fuel like other Oil marketing companies and distribute to public vehicles at the lowest price and yet maximize the profit margins.

4.4.3 GPSA Procured Fuel from Suppliers at the Competitive Price above EWURA's indicative price

Regulation 5(1) of Public Procurement Regulations, 2013, require PEs to ensure that, procurement or disposal of assets is carried out diligently and efficiently, so that the prices paid or received by the PE represent the best value

Review of records of fuel price opening revealed that, for the purpose of obtaining competitive prices, GPSA conducted national competitive tendering to obtain suppliers who entered open framework agreement with. Whereby in every month suppliers were requested to submit price quotations, after EWURA publishing monthly indicative prices. Thereafter the quotations were evaluated and the most competitive suppliers supplied fuel to GPSA. This process enabled GPSA to obtain and supply fuel to PEs at reasonable competitive prices.

However, comparison of whole prices revealed that, GPSA obtained fuel from suppliers at wholesale prices above EWURA's indicative wholesale cap prices, as indicated in **Table 4.8** as of August 2019.

Table 4.8: Whole Sale Price Used for Supplying fuel to GPSA and EWURA whole Sale Cap prices for the Month of August 2019

Name of Region	Supplying Company with frame work Agreement	Supplier Supplied in August 2019	Whole Sale Price Used for Supplying fuel to GPSA, August 2019	EWURA Whole Sale Cap Prices
Arusha	Puma GBP CAMEL	PUMA	2025.17	2006.92
Kilimanjaro	Puma GBP CAMEL	PUMA	2025.73	2006.92
Dar es salaam	PUMA MOIL	PUMA	1913.04	1983.13
Dodoma	Puma GBP CAMEL	PUMA	1972.13	1983.13
Lindi	CAMEL OIL COM	CAMEL	2034.05	2086.50
Iringa	MOIL CAMEL PUMA	CAMEL	2010.45	1983.13

Source: Auditors' Analysis of Fuel Price Data from GPSA and EWURA, 2020

Table 4.8 indicates for the month of August, 2019, GPSA did not receive fuel from suppliers at a competitive price for three out of Six regions, which are Arusha, Kilimanjaro and Iringa, wholesale prices offered by suppliers were above EWURA's wholesale indicative prices. On the other hand, for Dar -es Salaam, Dodoma and Lindi regions, the price offered were lower than the EWURA's indicative price.

However, interviews with Officials at Petroleum Bulk Procurement Agency concerning procedure to acquire fuel from major supplier showed that GPSA had also the opportunity to procure fuel in bulk as performed by other Oil Marketing Company.

4.5 Inadequate Monitoring by MoFP and GPSA

The Audit Teams assessed the monitoring function as done by MoFP and GPSA with regard to distribution of fuel. It was noted that both MoFP and GPSA had not effectively and efficiently performed their monitoring function to enhance effective distribution of fuel. These monitoring functions were categorized as follows:

4.5.1 Inadequate Monitoring of Fuel Distribution

MoFP and GPSA were supposed to monitor the performance of procurement and distribution of fuel. However, the Audit Team noted the following:

(a) MoFP Did Not Have Monitoring Framework to monitor distribution of fuel

The Audit noted that MoFP lacked monitoring and evaluation framework to assess the performance of GPSA. As a result, MoFP did not adequately monitor the performance of GPSA as required by Section 6(2) (i) of the Public Procurement Act No.7, 2011. This Section requires MoFP to monitor and evaluate performance of public procurement institutions (e.g. GPSA) and advise accordingly.

(b) MoFP Did Not Regularly Monitor the Performance of GPSA in the Distribution of Fuel

Interviews with Officials from the Public Procurement Policy Division at MoFP revealed that MoFP did not regularly monitor activities conducted by GPSA in a structured manner, rather monitoring related activities such as reporting were shared between GPSA and MoFP. However, the Audit Team was not availed with evidence indicating action taken as a response to the submitted reports.

Inadequate monitoring was caused by the absence of monitoring framework at MoFP that could provide focus for monitoring with details on when and how monitoring should be conducted. This could have ensured that MoFP closely observed the activities implemented by GPSA and could be able to take the necessary actions for corrective purposes and improvements. Consequently, MoFP was not well informed on the progress of activities related to procurement and distribution of fuel.

(c) GPSA Did Not Adequately Monitor its Performance in the Distribution of Fuel

GPSA strategic plan 2018-2023 indicates that monitoring activities are essential to determine the level of attainment of the intended goals for the Agency to gauge whether is achieving its primary objectives effectively and efficiently. In addition to that the revised Strategic Plan highlights the importance of improving delivery of fuel services.

The audit noted the same situation as it was the case with the management of vehicles, GPSA established a post for a Contract Supervisor specifically for managing matters related to fuel distribution. The Contract Supervisor therefore reports issues related to distribution of fuel in terms of delivery time and payment processes.

Despite the fact that efforts were made by GPSA from 2020, the Review of monitoring reports indicated that in other preceding years from 2016/17-2018/19 matters related to fuel distribution were inadequately monitored and reported. Even though as of current the Contract Supervisor reports fuel related issues on weekly basis, yet the reports simply indicate amount of fuel distributed and strategies underway for installations of fuel storage tanks. The Monitoring reports lack other performance-based aspects such as efficiency of the Fuel Distribution Systems, and pitfalls attributed to distribution.

Causes for ineffective monitoring included absence of specific key performance indicators in the strategic plan specifically identified for operational efficiency in the distribution of fuel with the exception of indicators for establishment of new storage facilities. Other cause was weak monitoring tool because the target monitoring form used by MoFP lacked aspects related to cost control, and fuel distribution system were neither assessed nor reported. It turns, the organization lacked real time information on performance of these key important areas for immediate interventions and remedial actions.

(d) GPSA Did Not Have Adequate Feedback Mechanism for Improving its Performance in the Distribution of Fuel

GPSA's Strategic Plan 2013-2018 requires GPSA to strengthen system for smooth communication within and between stakeholders. Reviews of correspondences such as letters between GPSA and PEs showed that, GPSA did not give timely feedback to 7 out of 12 visited PEs on the use of fuel, unless the PE made own initiatives to request for fuel account statements to determine correctness of information on the consumption from their account and the remaining balance.

Interviews with Officials at GPSA regional offices showed that GPSA did not have a mechanism in place to provide feedback to fuel clients unless they made a formal request that they needed the fuel account statements.

With regard to customer satisfaction on the services rendered by GPSA, the interviewed officials from the visited PEs indicated that there was no formal mechanism for them to register their feedback to GPSA in relation to the services provided to them.

CHAPTER FIVE

AUDIT CONCLUSION

5.1 Introduction

This chapter presents the conclusion based on the overall objective and specific objectives of the audit, as detailed hereunder.

Despite Government efforts through GPSA under the Ministry of Finance and Planning towards improving bulk procurement of Government vehicles and distribution of fuel to PEs, more interventions are needed for further improvement. Despite the fact that GPSA adhered to payment procedures during the procurement of government vehicles, still there are needs for further improvements in order to strengthen competition among suppliers. Additionally, it was noted that the system for managing the distribution of fuel was not operating effectively.

5.2 Overall Conclusion

Based on the facts presented in chapters 3 and 4 of this audit reports, the audit team concludes that the MoFP and GPSA have not adequately managed the processes to ensure that bulk procurement of Government vehicles is done in accordance with the established rules and regulations so as to bring about value for money.

In addition to that GPSA did not conduct mini competition among economic operators with framework agreement and, therefore, in many cases GPSA did not procure vehicles at the best available prices for vehicles of the same specifications. Negotiations between GPSA and targeted suppliers were not effective since the given discount of 4 percent provided by the suppliers was not valid for the entire contract time.

The bulk procurement of government vehicles was not done in bulk as expected since GPSA did not aggregate requirements from PEs to facilitate the establishment of the number of vehicles to be procured at once. GPSA placed orders for each PE as received and that reduced efficiency in terms of delays and additional procurement transaction costs.

On top of the prices of vehicles offered by suppliers, GPSA charged one percent of the total value of the vehicle as service fee but there is no any legal basis for GPSA to charge such a fee. The audit did not find any justifiable evidence for charging these fees. Since Public Procurement Act of 2011 and its Regulations did not specify this charge as among the service fees that GPSA was required to charge. Further, there was no records showing that such decision was made by the mandated Minister responsible for deciding charges to be imposed by GPSA.

GPSA did not supply fuel to PEs at reasonable prices due to the fact that GPSA did not procure fuel in bulk since they do not have adequate storage capacity. Bulk procurement would help GPSA to be more flexibility in its prices and reduce government spending on fuel. Instead GPSA procures fuel from other fuel companies at a competitive wholesale price and sell them at maximum retail indicative price to PEs.

Nevertheless, in the distribution of fuel, GPSA has not managed to supply fuel to all PEs since all fuel distribution centres are located in Headquarters of the Regions which apparently makes it difficult for PEs such as LGAs which are geographically located far from these centres to use GPSA services for fuel and in turn resolve at using local fuel suppliers who already have Framework Agreements with GPSA to supply fuel.

5.3 Specific Audit Conclusions

This part provides specific conclusions on issues related to bulk procurement of government vehicles and distribution of fuel.

5.3.1 Ineffective Mechanism for Controlling Price of Bulk Procurement of government Vehicles

GPSA did not properly manage to put in place an effective and cost-conscious mechanism to control price for the procured vehicles. Despite having Framework Agreements with multiple economic operators mainly vehicles suppliers, GPSA did not conduct mini competition before procuring vehicles.

Although there were vehicles with same specifications from different suppliers, GPSA as a government agency that represented other PEs did not sufficiently advise and guide PEs to procure vehicles with the best available

prices. In turn GPSA procured vehicles for PEs whose prices were high compared to same vehicles of the same specifications which were available in the market. This was caused by selection of the vehicles for procurement by relying much on the brand selected by the PE which is against Public Procurement Regulations. Additionally, GPSA h failed to enforce the regulation 136(5) of the Public Procurement Regulations, 2016 that prohibits specifying brands prior to the competition to ensure fair grounds for all suppliers.

5.3.2 Inadequate Mechanism for Bulk Procurement of Vehicles to Ensure Effective Price Control and Timely Delivery.

The Audit Team found that GPSA did not receive orders in time as required by the law and hence they did not prepare annual Procurement Plan for procurement of vehicles. Despite presence of Government Circular No. 3 of 2014 and the legislation that directs on procedure and timing for PE to provide requirements, GPSA have not established a workable mechanism that would oblige PEs to provide the requirements in time.

GPSA received orders from all visited PEs in different months, for example for the year 2018/19, orders were received in the month of February, June, October and December, whereby GPSA received 1, 4, 1 and 2 orders respectively, and for the year 2019/20, orders were received in the month of February, June, October and December, whereby GPSA received 5, 3, 3 and 4 orders respectively. In turn, GPSA was lenient and processed orders whenever they came in, therefore GPSA did not conduct bulk procurement of government vehicles as intended.

5.3.3 Ineffective system for managing bulk Procurement and supply of fuel to ensure PEs receive best competitive prices

GPSA did not have enough fuel storage facilities to store fuel before dispatching fuel consignment to the regions, instead GPSA procured fuel whenever it was depleted in any specific region. This reduced the opportunity of conducting bulk procurement of fuel.

The present system for control of fuel distribution is not effective since it has loopholes that allow fuel to be distributed to non-government vehicles. The present system is not web based hence it has been installed to individual computer without having central monitoring system and is not fully operational in all regions. Currently it is operational in 3 out of 4 visited

regions (equivalent to 75 percent of all visited regions). This means that PEs in those Regions had to procure fuel from supplier who had been approved by GPSA, but were often found to sell fuel at high indicative prices approved by EWURA. Data on fuel distribution were manually handled and records for fuel consumption were not timely shared to PEs. This hindered the opportunity to establish areas for further improvements and reduce wastes.

In addition to that GPSA did not have adequate capacity to distribute fuel in all regions in time due to insufficient vehicles for transporting fuel. Timely distribution of fuel was not consistently done which varied from 3 to 10 days depending on the distance of that region from Dar es Salaam. This brought uncertainties for the Regional Managers to wait for reorder level before they could place a new order of fuel since it was not certain that fuel would be delivered in due time as anticipated.

5.3.4 Inadequate monitoring of bulk procurement process of the government vehicles and fuel

There was no effective system for monitoring activities related to bulk procurement of vehicles and distribution of fuel.

The Ministry of Finance and Planning through the PPPD did not prepare any framework for monitoring activities related to bulk procurement of government vehicles and distribution of fuel to government vehicles. There was no time scheduled by the Ministry to make follow-up of activities being conducted by GPSA related with bulk procurement of vehicles and fuel distribution. The Ministry often reacted on ad-hoc basis whenever there was an issue raised that was brought to their attention. This was due to the fact that the MoFP did not have defined structure and operational arrangements to guide its monitoring activities to the performance of GPSA.

GPSA conducted monitoring activities which were performed by the Department of Monitoring and Evaluation, but these monitoring activities were not guided by a well-defined performance indicator to gauge GPSA's performance in management of bulk procurement of vehicles and distribution of fuel to determine success level in different times. Instead monitoring activities in these two aspects of vehicles and fuel were reported on issues which were not performance based, for example a number of vehicles procured, amount of fuel distributed and amount of money earned by those and leave aside other performance issues such as effectiveness in

aggregation of vehicles for procurements which is an important input in the development of annual procurement plan. Other performance issues that could be reported include compliance with contracts terms, progress on efforts to secure storage facilities for fuel and efforts to secure possibilities for procuring of vehicles direct from manufacturers or securing more suppliers to increase competition that could help to improve efficiency and effectiveness of GPSA in this area.

CHAPTER SIX

AUDIT RECOMENDATIONS

6.1 Introduction

The audit findings and conclusion indicate the presence of weaknesses in the system for bulk procurement of government vehicles and distribution of fuel. Suggestions for improvements on cost control, processing and delivery as well as monitoring of activities related to the procurement of vehicles and distribution of fuel are provided in this chapter.

The recommendations that have been given in this report need to be fully implemented so as to improve the operations of MoFP and GPSA as well as strengthening the system for bulk procurement of vehicles and distribution of fuel to vehicles and plants. The suggested audit recommendations take into account the assurance for the presence of Economy, Efficiency, and Effectiveness in the use of the available public resources.

6.2 Main Audit Recommendations

The following are the recommendations issued to the Ministry of Finance and Planning and Government Procurement Services Agency.

6.2.1 To Strengthen Mechanism for Cost Control in the Procurement of Vehicles

The Government Procurement Services Agency should:

1. Strengthen the systems that will ensure all suppliers who have Framework Agreement compete and provide the best available prices and quality which fit specifications provided by the Ministry of Works, Transport and Communication;
2. Review the bulk procurement system of vehicle and distribution of fuel to ensure that all processes comply with the requirement of the public procurement laws; and
3. Liaise with MoFP and President's Office - Public Service Management and good Governance to establish a guideline on standardized vehicles to be used by public officials based on their levels of

authority for variety reduction and cost control in the procurement of public vehicles.

6.2.2 To Improve Efficiency and Effectiveness in Processing and Delivery of Procured Vehicles

The Government Procurement Services Agency should:

1. Device a mechanism that will require PEs to submit their provisional requirements of vehicles to be procured by the end of January each year as required by the law;
2. Design control mechanisms to ensure vehicle procurement requests are in conformity with the requirements of the laws and regulations;
3. Liaise with MoFP to ensure that funds disbursement for procurement of vehicles is directly disbursed from the Ministry of Finance and Planning to GPSA for those Procuring Entities that depend on Government subvention as described in the Government Circular No. 3 of 2014 on Bulk procurement of Government vehicles;
4. Liaise with Ministry of Works, Transport and Communication and President's Office for Public Service Management and Good Governance to establish guidelines for standardized vehicles to be used by public officials based on their levels of authority and working environment in order to control costs; and
5. Put in place procurement schedule that will allow GPSA to have time for processing orders so as to reduce waiting time and provide assurance to PEs on when to expect the ordered vehicles to be delivered.

6.2.3 To Strengthen the System for Managing and Distribution of Fuel to Government Vehicles

The Government Procurement Services Agency should:

1. Secure fuel storage facilities so as it can procure fuel below maximum wholesale indicative price and sell to the public vehicles below maximum indicative prices to reduce Government spending on fuel;
2. Device a mechanism for feedback to PEs especially for fuel use to ensure PEs have timely information on their use of fuel; and

3. Device a web-based fuel management system which will easily manage and control supply of fuel and deny any loopholes for the mismanagement of fuel to non-intended users.

6.2.4 To Improve Monitoring Activities

The Government Procurement Services Agency should:

1. Review the existing performance indicators for activities regarding bulk procurement of Government vehicles and distribution of fuel and use them during monitoring of their activities to track its performance and regularly reported; and
2. Devise a mechanism for providing constructive feedbacks to PEs on matters regarding fuel usage to ensure that PEs have timely information on the usage.

The Ministry of Finance and Planning should:

1. Design a monitoring framework that will be employed to monitor the progress made by GPSA in the management of bulk procurement of vehicles. That will enable MoFP to have real time information and intervene in case there is a need for timely improvement.

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Appendices

Appendix 1: Audit Questions and Sub-Questions

This part provides details of the audit questions and sub-audit questions used to address specific audit objectives.

Audit Question 1	To what extent GPSA's procurement proceedings of bulk procurement of government vehicles and fuel achieve the expected requirements of procuring Entities in terms of costs and quality?
<i>Sub Question 1.1</i>	<i>What efforts have been made by GPSA to ensure that bulk procurement of vehicles and fuel is done according to specifications and at a reasonable price?</i>
<i>Sub Question 1.2</i>	<i>Has GPSA managed to reduce procurement transaction costs through bulk procurement of vehicles and fuel?</i>
Audit Question 2	Is the mechanism for controlling price of bulk procurement of government vehicles functioning effectively?
<i>Sub Question 2.1</i>	<i>Does GPSA conduct market surveys to benchmark prices of vehicles?</i>
<i>Sub Question 2.2</i>	<i>Are procured vehicles from suppliers acquired at the right price?</i>
<i>Sub Question 2.3</i>	<i>Is the aggregation of vehicle requirements done by GPSA to enjoy Economies of Scale on bulk procurement of vehicle?</i>
<i>Sub Question 2.4</i>	<i>Does GPSA conduct mini competition among suppliers to obtain best prices in the market?</i>
<i>Sub Question 2.5</i>	<i>Does GPSA have standardized formula for computation of additional cost of vehicles?</i>
Audit Question 3	Does GPSA ensure timely delivery of the Procured vehicles to PEs?
<i>Sub Question 3.1</i>	<i>Does GPSA receive orders from PEs on Time?</i>
<i>Sub Question 3.2</i>	<i>Does GPSA aggregate vehicle requirements from PEs and place orders to supplier on time?</i>
<i>Sub Question 3.3</i>	<i>Does GPSA ensure timely inspections of procured vehicle?</i>
Audit Question 4	Is the system for managing bulk procurement and supply of fuel ensures timely availability and effective distribution of fuel to Procuring Entities?
<i>Sub Question 4.1</i>	<i>Does GPSA conduct fuel demand forecast to accommodate needs of Procurement Entities in terms of quantity?</i>
<i>Sub Question 4.2</i>	<i>Is the system for controlling the supply of fuel to the right Procurement Entities effectively working?</i>

<i>Sub Question 4.3</i>	<i>Does GPSA have a mechanism in place to ensure effective inventory management of fuel to ensure timely availability?</i>
<i>Sub Question 4.4</i>	<i>4 Does GPSA have adequate fuel storage capacity to ensure bulk procurement of fuel and its timely supply to Procuring Entities?</i>
Audit Question 5	Is the system for managing bulk procurement and supply of fuel ensures timely availability and effective distribution of fuel to Procuring Entities?
<i>Sub Question 5.1</i>	<i>Does the supply of fuel to Procurement Entities done at competitive prices?</i>
<i>Sub Question 5.2</i>	<i>Does GPSA aggregate fuel requirements from PEs for bulk procurement to ensure that Government Entities enjoy economies of scale?</i>
<i>Sub Question 5.3</i>	<i>Are procured fuel from suppliers acquired at the competitive price?</i>
<i>Sub Question 5.4</i>	<i>Is there a mechanism used to set price for supplying fuel to PEs</i>
Audit Question 6	Do MoFP and GPSA monitor the progress of bulk procurement proceedings of government vehicles and fuel?
<i>Sub Question 6.1</i>	<i>Is the monitoring framework to monitor the attainment of established goals in place</i>
<i>Sub Question 6.2</i>	<i>Are issues regarding procurement of government vehicles and fuel regularly reported to MoFP and corrective action taken?</i>
<i>Sub Question 6.3</i>	<i>Is the feedback mechanism for improving performance of procurement of government vehicles and fuel operating efficiently?</i>

Appendix 2: Selected Procuring Entities which Procured Vehicles through GPSA in the Financial Year 2018/19

This part provides details of the type and number of vehicles procured by different Procuring Entities.

Vehicle Brand	Procuring Entity	Supplier	No. of vehicles	Unit Price (TZS)	Selected PE	Reason for Selection
Hardtop 5 Doors	TARURA HQ	UNDP	21	89,316,910	Weight and Measure Agency, TARURA & TRA	The PEs procured the same types of vehicles from different supplier
	TRA	UNDP	73	138,964,298		
	Weight and Measure Agency	TOYOTA	4	91,889,750		
Toyota Land Cruiser VXR V9	TRA	TOYOTA	1	366,882,998		
Toyota Hilux Double Cabin Std	TARURA - HQ	TOYOTA	2	91,432,587		
Land Cruiser Hardtop 3 Doors 12 Seater	NCAA	TOYOTA	3	148,962,377	TANAPA & TFS	The PEs procured multiple types of vehicles from the same supplier and also PEs procured different type of vehicles from different supplier with varied price
	NCAA	TOYOTA	3	158,827,391		
	TFSA	TOYOTA	7	158,827,391		
	TFSA	TOYOTA	6	158,827,391		
	TANAPA	UNDP	7	159,621,528		
Land Cruiser Prado TXL Manual	TANAPA	TOYOTA	1	162,127,977		
	TFSA	TOYOTA	5	161,321,370		
Toyota Land cruiser GX Standard	TANAPA	TOYOTA	1	197,711,468		
Toyota Land cruiser Hard top 3 Door	TANAPA	TOYOTA	12	149,707,189		
Toyota Land cruiser Pickup/ cabin	TANAPA	UNDP	9	134,425,538		
Toyota Land cruiser Pickup/ cabin	TANAPA	TOYOTA	1	173,174,828		

Vehicle Brand	Procuring Entity	Supplier	No. of vehicles	Unit Price (TZS)	Selected PE	Reason for Selection
LC HARD TOP DOORS	TARURA HQ	UNDP	1	124,344,890	TARURA & TFSA	The PE procured the same types of vehicles from different supplier
	TFSA	TOYOTA	5	146,708,388		
	Weight and Measure Agency	TOYOTA	4	146,708,388		
	TFSA	TOYOTA	15	133,756,754		
Variety	Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDEC)	TOYOTA	17	Varies	Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDEC)	The Ministry and LGA procured a large number of vehicles
LC Prado TXL	Ministry of Agriculture and Irrigation	TOYOTA	1	162,934,583.67	Ministry of Agriculture and Irrigation	
Toyota LC		TOYOTA	1	264,551,504		
Hillux DC Pick up	Mufindi DC	UNDP	2	USD 40,273.13	Mufindi DC	
	Lindi DC	TOYOTA	1	92,346,913.16	Moshi MC	

Source: Auditors' Analysis of Motor vehicle's Procurement Record from GPSA, (2020)

Appendix 3: Analysis of Selected GPSA Regional Offices to be Visited

This part provides details of quantity and value of fuel distributed by GPSA to various region in the 2019/20, criteria used to select GPSA region to be visited and distance.

S/ N	Region	Fuel Distrib uted (in million liters)	Value of Fuel Distrib uted (in billion TZS)	Distributi on band (High, Medium, Low)	Distanc e From the Port (in Km)	Distanc e Ranking	Selection
1	Dodom a	5.76	11. 05	H1	451	A	
2	Dar es Salaam	4.75	8.80	H2	N/A	S	Dar es Salaam
3	Arusha	2.10	4.16	H3	646	A	
4	Mwanz a	1.44	2.89	H4	1152	F	Mwanza
5	Morogo ro	1.42	2.67	H5	192	S	
6	Kigoma	1.41	2.52	H6	1258	F	
7	Mbeya	1.11	2.24	H7	822	F	
8	Iringa	1.08	2.16	H8	492	A	Iringa
9	Kiliman jaro	0.95	1.90	M	566	A	Kilimanjar o
10	Tanga	0.83	1.60	M2	354	A	
11	Ruvum a	0.77	1.56	M3	947	F	
12	Singida	0.78	1.53	M4	696	A	
13	Mtwara	0.75	1.52	M5	556	A	
14	Tabora	0.72	1.49	M6	829	F	
15	Manyar a	0.71	1.41	M7	814	F	
16	Rukwa	0.68	1.36	M8	1150	F	
17	Pwani	0.71	1.36	M9	35	S	
18	Shinyan ga	0.67	1.34	M10	989	F	

S/ N	Region	Fuel Distrib uted (in million liters)	Value of Fuel Distrib uted (in billion TZS)	Distributi on band (High, Medium, Low)	Distanc e From the Port (in Km)	Distanc e Ranking	Selection
19	Kagera	0.62	1.28	M11	1433	F	
20	Katavi	0.67	1.28	M12	1383	F	
21	Mara	0.53	1.08	L1	1370	F	
22	Lindi	0.48	0.98	L2	452	A	Lindi
23	Mafia	0.20	0.30	L3	N/A	F	
24	Songwe	0.08	0.17	L4	723	F	

Appendix 4: List of Officials Interviewed and Reasons for the Interview

This part provides details of officials to be interviewed and the associated reasons for interviewing them.

Entity	Person that were Interviewed	Reason(s) for Interviewing them
Government Procurement Services Agency (GPSA)	Director, Business support services Division	To assess whether GPSA conduct thorough market survey to identify potential suppliers with the aim of acquiring competitive prices
	Director, Procurement Division	<ul style="list-style-type: none"> To assess the extent at which GPSA aggregate requirements of vehicles to be procured from Procuring Entities so as to reduce the number of procurement transactions. To assess efficiency of the process for acquiring and supplying fuel to Procuring Entities
	Director, Operations Division	<ul style="list-style-type: none"> To assess whether procured vehicle and fuel are delivered on time as agreed To assess efficiency of mechanism used to ensure availability of fuel.
	Head, Procurement Section	To examine whether mini competition to suppliers of fuel and vehicle is adequately being conducted.
	Legal Officer	To check whether GPSA has framework agreement with suppliers of vehicle and agreements executed and guarantees competitive prices.
	Five Regional Managers from Dar es salaam, Kilimanjaro, Lindi, Iringa and Simiyu.	To Assess Various mechanisms used to control the supply of fuel to respective PEs and assess strategies in place for ensuring timely availability of fuel
Ministry of Finance and Planning (MoFP)	Director of Public Procurement Policy Division	<ul style="list-style-type: none"> To assess efficiency of the monitoring mechanism for ensuring that GPSA effectively perform their function of bulk procurement of motor vehicle and fuel supply
Selected Procuring Entities	Head of Procurement Management Unit	To assess : <ul style="list-style-type: none"> Extent at which GPSA deliver to PE's order of vehicles timely and at the required specification Benefits gained by PE's through bulk procurement made through GPSA
	Transport Officers	To assess whether Bill Statement of fuel consumption received from GPSA reflect actual consumption as per Combined Requisition and Issue Note (CRIN)

Entity	Person that were Interviewed	Reason(s) for Interviewing them
EWURA	Head, Procurement Management Unit	To assess <ul style="list-style-type: none"> • Components of formula used to determine fuel price and compare it with GPSA price • Monthly price variation and compare that with GPSAs' price.
PBPA	Head, Procurement Management Unit	To assess criteria used by Petroleum Bulk Procurement Agency (PBPA) to register Oil Marketing Companies (OMC).
UNDP-Country Office	Director, Business Support services	To assess ways employed by UNDP to acquire vehicles with fair prices compared to other suppliers.
Selected GPSA's Regional Offices	Five Regional Managers from Dar es salaam, Kilimanjaro, Lindi, Iringa and Simiyu.	<ul style="list-style-type: none"> • To assess the overall system of monitoring and control of fuel • To assess systems for storage and inventory control that ensure timely availability of fuel to PEs
	Five Supplies Officers from Dar es salaam, Kilimanjaro, Lindi, Iringa and Simiyu.	<ul style="list-style-type: none"> • To assess effectiveness of controls for fuel distribution in terms of timeliness in delivery, and preciseness of delivery to the intended PE • To assess effectiveness of stock controls mechanism to ensure full time availability of fuel

Source: Auditors' Analysis, 2020

Appendix 5: List of Documents Reviewed and Reasons for Reviewing them

This part provides the list of documents that were reviewed by the audit team in to obtain appropriate and sufficient information to enable the audit team to com-up with clear findings which are supported by corroborative evidences.

Category of Documents	Title of Documents to be Reviewed	Reasons for Review
Planning Documents	GPSA Strategic Plans 2018/19 to 2021/22 and MoFP Medium Strategic Plan 2017/18 to 2021/22	To obtain information about strategies towards addressing the problem of bulk procurement of vehicles and fuel
	MoFP Annual Work/Operational Plan 2016/17 T0 2019/20	To assess what was planned to be done every year in relation to the procurement of motor vehicles and Fuel
	Annual Budgets	To examine funds allocated for implementation of various activities related to procurement of vehicles and fuel.
Implementation Documents	Policies and Guidelines -GPSA Vehicles procurement policy Of 2014	To obtain criteria for assessing how activities are supposed to be implemented
	Inter-Agency correspondences and MOUs	To understand communication, agreements among various institutions with GPSA regarding to procurement of government vehicles
	GPSA Framework Contracts with Suppliers 2017	To obtain information on agreements between GPSA and suppliers and assess their validity and execution of these agreements.
	Vehicles and Fuel procurement data for the year 2016/17 to 2019/20	To establish the number of vehicles procured during the period under audit

Category of Documents	Title of Documents to be Reviewed	Reasons for Review
	Vehicle Procurement files from MoHCDEC, TRA, MoAI, TANAPA, Lindi Region, Iringa Region, Kilimanjaro Region, TFSA, and WMA,	To assess procurement proceedings from initiation up to vehicles delivery.
Monitoring Reports	GPSA Annual Monitoring/Progress Reports 2016/17 to 2019/20	To understand <i>what issues have been</i> addressed, key findings of such issues and taken against the issues raised
	GPSA Fuel Order Evaluation Reports 2016/17 to 2019/20	To Obtain information gathered during order evaluation reports for the purpose of identifying inefficiencies and bring about more improvements
Legislation	The Public Procurement Act 2011, Public Procurement Regulations 2013 as Amendment in 2016	To know the legal requirements regarding bulk procurement.
Circular	Treasury Circular No.3 of 2014/15 for Bulk Procurement of Government Vehicles	To know various directives issued regarding the implementation of procurement of government vehicles.

Source: Auditors' Analysis of GPSA's Strategic Plan and Operational Reports

Appendix 6: Status of PE in Selecting Vehicle to be Procured

This part provides details of vehicles Model with alternative different from Toyota brand.

S/N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
1	Weight and Measure Agency	Toyota Land Cruiser Hard Top 5 Doors	4	160.4	135.54	24.86		PE Opted for expensive Vehicles
		Toyota Land Cruiser Hard Top 5 Doors	6	160,415,664.65	From UNDP price was USD 72,474.25 equivalent to		CDA.260/318/O 6/B/105 dated 29/10/2018	PE was given option to decide
		Toyota L/Cluser Hard top 5 Doors	2	Option from UNDP and Toyota was provided and PE had to select among				
		Toyota L/Cluser executive S/Wagon	1					PE given option to decide

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
		Toyota L/Cluser 4WD Hardtop 5 Doors	2	160,415,664.65 (From Toyota delivery time 3 to 6month)	NISAN Patrol Y61 STD, Hardtop 5Doors USD 63,529.00(From AMC Motors) equivalent to TZS 146,116,700	14,298,964.65	CDA.260/318/O 6/V/47 dated 05/Feb./2020	
2	TRA	Toyota L/ cluser VXR V8	1	370,551,828.24	USD 101,952.53 equivalent to TZS 234,490,819	136,061,009.24	CDA.260/318/O 6/D/33 dated 21/11/2018	PE opted for the expensive vehicles
		Toyota L/Cluser hardtop 5 door	73	USD 74,893.5 (60,419.26)	160,415,664.65		CDA.260/318/O 6/A/10 date 02/10/2018	Opted price not known as PE was given option to select

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
				equivalent to TZS 138,964,298				
		Toyota L/Cruiser hardtop 5doors	70	USD 63,529.00 (From UNDP) equivalent to TZS 146,116,700	160,415,664.65	14,298,964.65	CDA.260/318/O 6/X/102 dated 24/03/2020	PE opted for cheap prices
	TANAPA	Toyota L/Cruiser Pick Up S/Cabin	15	135,094,322.02	NISAN Hardboard NP300 Single cabin Price is USD 28,280 equivalent to TZS 65,044,000	70,050,322.02	CDA.260/318/O 6/V/13 dated 30/1/2020	PE opted for expensive Vehicles
		Toyota L/Cruiser Hardtop 5 Doors	1	160,415,664.65	NISSAN Patrol Y61 Standard hardtop 5doors price	14,298,964.65		PE opted for expensive Vehicles

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
	Ministry of Agriculture	Toyota L/Cluser Prado TXL Manual	3	USD 66,559 Equivalent to TZS 153,085,700	is USD 63,529.00 equivalent to TZS 146,116,700	9,848,883.67	CDA.260/318/6 /V/12 dated 30 January 2020	PE opted for the cheapest Vehicles
	Lindi DC	Toyota Hilux d/cabin Pickup	1	92,346,913.16(Divery time 3 to 6 month)	Nissan hardboard Price USD 28,785 (Delivery Time 1month) equivalent to TZS 66,205,500	26,141,413.16	LDW/U.20/VII/203 Dated 13 Spt. 2019	PE opted for expensive Vehicles
	Toyota L/Cluser		2	174,036393.77	Isuzu 2.5 Single Cabin ambulance	38,605,493.77	CDA.260/318/0 6/P/111 dated 24 Spt. 2019	PE opted for expensive Vehicles

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
	Ministry of Health	hardtop Ambulance			price USD 58,883 Equivalent to TZS 135,430,900			
		Toyota L/Cluser hardtop Ambulance	3	From Toyota TZS 138,872,650.62	From UNDP price is USD 54,678.47 Equivalent to TZS 125,760,481	13,112,169.62	CDA/.260/318/06/G/15 Date 4 Feb. 2019	PE opted for expensive Vehicles
		Toyota Hilux D/Cabin Pickup	1	92,346,913.16	NISAN HardboardN300 D/Cabin USD 28,785 Equivalent to TZS 66,205,500	26,141,413.16	CDA/.260/318/06/S/O2Date 22 November. 2019	PE opted for expensive Vehicles
		Toyota l/cluser	1	174,036,393.77	No alternative			

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
		Hardtop Ambulance						
		Toyota L/Cluser hardtop5doors	1	160,415,664.65	NISSAN PATRO Y61 Standard hardtop 5door USD 63,529, Equivalent to TZS 146,116,700	14,298,964.65	CDA.260/318/0 6/V/48 Date 05 Feb. 2020	PE opted for expensive Vehicles
		Toyota hilux pickup D/Cabin	1	92,346,913.16	NISSAN HardboardNP 300 D/Cabin USD 28,785, Equivalent to TZS 66,205,500	26,141,413.16	CDA.260/318/0 6/V/118 Date 11 Feb. 2020	PE opted for expensive Vehicles
		Toyota L/Cluser hardtop 5doors	2	160,415,664.65	NISSAN PATRO Y61 Standard hardtop 5door USD 63,529, Equivalent to	14,298,964.65	CDA.260/318/0 6/V/135 Date 19 Feb. 2020	PE opted for expensive Vehicles

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
					TZS 146,116,700			
		Toyota L/Cluser Prado VXL	1	242,823,391.47	NISSAN PATRO Y61 GL4WD STD Station wagon USD 66,559, Equivalent to TZS 153,085,700	89,737,691.47		PE opted for expensive Vehicles
		Toyota l/cluser Hardtop Ambulance	3	138,872,650.62	USD 54,678.47 (From UNDP) Equivalent to TZS 125,760,481	13,112,169.62		PE opted for expensive Vehicles
		Toyota hilux Pick up D/Cabin	7	92,346,913.16	NISSAN HardboardNP 300 D/Cabin USD 28,785. Equivalent to	26,141,413.16		PE opted for expensive Vehicles
							CDA.260/318/0 6/X/96 Date 23 March. 2020	

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
		Toyota Hilux D/Cabin Pick up	1	92,346,913.16	TZS 66,205,500. From UNP with Price USD 57,223.67, Equivalent to TZS 131,614,441	39,267,527.84	CDA.260/318/06/AA/153 Date 26 June. 2020	PE opted for cheapest Vehicles
	TARURA	Toyota L/Cluser Hardtop 5Doors	2	160,415,664.65	NISSAN PATROL Y61 Standard hardtop 5door USD 63,529 (By AMC TZ), Equivalent to TZS 146,116,700	14,298,964.65	CDA.260/318/06/R/97 Date 1 November 2020	PE opted for expensive Vehicles

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
		Toyota Hillux Double Cabin	14	92,346,913.16	NISSAN Hardboard NP300 D/Cabin 4WD MID + Safety Specs AR005 sold at price of USD 28,785, Equivalent to TZS 66,205,500	26,141,413.16		PE opted for expensive Vehicles
		Toyota Hillux D/Cabin	2	PE was Given alternative to Select			CDA.260/318/0 6/D/96 Date 27 November 2018	Nil
		Toyota Coaster 30 Seater	1	No alternative that was provided they only purchased from Toyota after missing from UNDP			CDA.260/318/0 6/Y/107 Date 04 May 2020	Nil

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
	TFSA	Toyota L/Cluser Pickup S/Cabin	10	135,094,322.01	NISSAN Hard board NP300 S/Cabin 4WD AR002 price USD 28,280 Equivalent to TZS 65,044,000 (AMC Supplier Delivery time ni 1 month)	70,050,322.01	CDA.260/318/0 6/Q/15 Date 1 Oct 2019	PE opted for expensive Vehicles
		Toyota L/Cluser Pickup D/Cabin	10	148,175,471.99	NISSAN Hard board D/Cabin 4WD High specs AR006 Price is USD 29,290 (AMC Supplier Delivery time ni 1 month),	80,808,471.99		PE opted for expensive Vehicles

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
					Equivalent to TZS 67,367,000			
		Toyota L/Cluser Hardtop 5Doors	10	160,415,664.65	USD 58,926.21 (From UNDP), Equivalent to TZS 148,175,471.99	24,885,381.65		PE opted for expensive Vehicles
					NISSAN Patrol Y61 STD Hardtop 5doors price is USD 63,529. (AMC Supplier Delivery time ni 1 month), Equivalent to	14,298,964.65		

S/ N	Name of Procuring Entity	Vehicle's Model	Number of vehicles Procured	Opted Prices From Toyota (TZS Million)	Alternative Unit Price From Other Suppliers (TZS Million)	Difference in Price (TZS Million)	Letter Ref.	Auditors' Comments
					TZS 146,116,700			

Appendix 7: Time of Inspections of Procured Vehicles

This part provides details of time taken to Inspect Vehicles to inspect vehicles after being delivered from Suppliers.

Name of PE	Types of Vehicles	No. of Vehicles	Date of Vehicle Delivery from Supplier	Date of Inspection	Time Taken (Days)
Ministry of Agriculture	TATA Ultra Bus (AC Bus) 44 Seater	1	12/10/2019	05/10/2019	7
	Toyota Land Cruiser Prado TXL Manual	2	08/09/2020	03/09/2020	5
		1	08/09/2020	03/09/2020	5
	Toyota L/Cruiser Gxr Manual	2	24/01/2020	21/01/2020	3
	Toyota L/Cruiser Hardtop Ambulance	3	08/07/2020	02/07/2020	6
	Toyota Haice Bus 14 Seater	1	27/11/2020	20/11/2020	7
	Toyota Land Cruiser Hardtop Ambulance	1	08/07/2020	02/07/2020	6
	Toyota Land Cruiser VXR Automatic	2	09/01/2020	03/01/2020	6
	Land Cruiser Hardtop Ambulance	1	09/06/2020	04/06/2020	5
	Coaster Bus 30 Seater	1			
	Land Cruiser Prado TXL Manual	1	04/11/2019	29/10/2019	6
	Toyota Land cruiser Station Wagon Standard	1	17/03/2020	12/03/2020	5
	Toyota L/Cruiser Hardtop 5 Doors	1	24/01/2020	20/01/2020	4
	Toyota L/Cruiser Hardtop 5 Doors	1	28/02/2020	24/02/2020	4
	Toyota L/Cruiser Hardtop 5 Doors	1	08/06/2020	03/06/2020	5
	Toyota Hilux Pick Up D/Cabin	7			0

Name of PE	Types of Vehicles	No. of Vehicles	Date of Vehicle Delivery from Supplier	Date of Inspection	Time Taken (Days)
TRA	Hardtop 5 Doors	65	03/11/2020	28/10/2020	6
	Toyota Coaster 30 Seaters	1	15/04/2020	10/04/2020	5
	Toyota L/ Cruiser VX	2	15/07/2020	10/07/2020	5
	Toyota L/Cruiser GXR Manual	5	12/02/2020	07/02/2020	-5
	Toyota L/Cruiser Hardtop 5 Doors	2	12/02/2020	07/02/2020	5
	Toyota L/Cruiser Hardtop Ambulance	1	11/06/2020	04/06/2020	7
	Toyota L/Cruiser Pick Up D/Cabin	3	11/06/2020	04/06/2020	7
	Toyota L/Cruiser Pick Up S/Cabin	12	16/12/2019	11/12/2019	5
			13/01/2020	11/01/2020	2
	Toyota Land Cruiser Hard Top 3 Doors	3	15/04/2020	12/04/2020	3
	Toyota Land Cruiser Hard Top 5 Doors	2	13/01/2020	08/01/2020	5
	Toyota Land Cruiser VXR Automatic	1	06/01/2020	31/12/2019	6
Weight and Measure Agency	Toyota Land Cruiser Hard Top 5 Doors	1	24/01/2020	20/01/2020	4
	Toyota Land Cruiser Hard Top 5 Doors	1	24/01/2020	20/01/2020	4
	Toyota Land Cruiser Hardtop 5 Doors.	2	24/01/2020	20/01/2020	4
Lindi DC	Toyota Hilux Double Cabin Std	1	01/09/2020	27/08/2020	5
TARURA	Land Cruiser Hardtop 5 Doors 10 Seater	2	26/03/2020	20/03/2020	6
	Land Cruiser Prado TXL Manual	1	26/03/2020	20/03/2020	6

Name of PE	Types of Vehicles	No. of Vehicles	Date of Vehicle Delivery from Supplier	Date of Inspection	Time Taken (Days)
	Toyota Hilux Double Cabin Std	2	25/09/2020	21/09/2020	4
	Toyota Hilux Double Cabin Std	5	22/05/2020	18/05/2020	4
		6	22/06/2020	17/06/2020	5
		2	25/09/2020	21/09/2020	4
		1	15/10/2020	09/10/2020	6
	Toyota Coaster 30 Seater	1	15/10/2020	09/10/2020	6
TFSA	Toyota L/Cruiser Pick Up D/Cabin	7	19/10/2020	14/10/2020	5
	Toyota Land Cruiser Hardtop 5Doors	7	25/08/2020	20/08/2020	5
	Toyota Land Cruiser S/Cabin Pick Up	6	25/08/2020	20/08/2020	5
	Land Cruiser Hardtop 5 Doors 10 Seater	1	25/08/2020	20/08/2020	5
	Toyota Land Cruiser Pickup Single Cabin	3	19/10/2020	15/10/2020	4

Source: GPSA Vehicle Delivery Data

Appendix 8: The same brand of vehicles that was procured at different prices in the same financial Years

This part provides details of vehicles with the same Model/Brand and Specification which were procured at different prices.

Financial Year	DESCRIPTION (BRAND/MODEL)	QTY	SUPPLIER	Unit price
2019/20	New Suzuki Jimny 1.5 Petrol 3 Doors Mannual	7	CFAO Motors Ltd	53,556,500.00
	New Suzuki Jimny 1.5 Petrol 3 Doors Mannual	6	CFAO Motors Ltd	35,704,333.33
	GXR Automatic	3	UNDP	123,095,815.15
	GXR Automatic	5	UNDP	203,525,774.10
2018/19	TOYOTA L/CRUISER HARTDTOP -AMBULANCE	1	UNDP	134,185,487.59
	Land Cruiser Hardtop Ambulance	1	UNDP	107,694,774.38
	Coaster Bus 30 Seater	7	TOYOTA (T) LTD	233,874,840.88
	COASTER BUS 30 SEATER	2	TOYOTA (T) LTD	236,213,589.29
	TOYOTA LANDCRUISER HARDTOP 3DOORS 12SEATER	1	Toyota Tanzania Ltd	144,640,812.02
	Land Cruiser Hardtop 3 Doors 12 Seater	9	TOYOTA (T) LTD	148,962,376.69
	L/CRUSER HARDTOP 5DOORS	73	UNDP	138,964,298.00
	LC HARD TOP 5 DOORS	1	UNDP	113,107,707.69
	TOYOTA L/CRUISER HARDTOP 5DOORS 10 SEATERS	6	UNDP	75,554,521.38
	TOYOTA L/CRUISER HARDTOP 5DOORS 10 SEATERS	5	Toyota Tanzania Ltd	60,443,617.11
	TOYOTA L/CRUISER HARDTOP 5DOORS 10 SEATERS	8	Toyota Tanzania Ltd	144,670,812.02
	LC HARD TOP 5 DOORS	1	UNDP	154,131,223.59
	Toyota Landcruiser Hard top 5 Door	9	UNDP	159,621,527.69
	HARD TOP 5DOORS	5	UNDP	162,127,976.82

Financial Year	DESCRIPTION (BRAND/MODEL)	QTY	SUPPLIER	Unit price
	LC HARD TOP 5DOORS	17	TOYOTA (T) LTD	151,109,042.77
	LC HARD TOP 5 DOORS	2	TOYOTA (T) LTD	160,415,664.65
	TOYOTA L/CRUISER S/W PRADO TXL- MANUAL	1	UNDP	154,013,208.04
	TOYOTA L/CRUISER S/W PRADO TXL- MANUAL	2	Toyota Tanzania Ltd	154,013,208.04
	TOYOTA L/CRUISER S/W PRADO TXL- MANUAL	1	UNDP	114,641,843.38
	TOYOTA L/CRUISER S/W PRADO TXL- MANUAL	1	Toyota Tanzania Ltd	154,013,208.04
	TOYOTA L/CRUISER S/W PRADO TXL- MANUAL	3	Toyota Tanzania Ltd	154,013,208.04
	Toyota Land Cruiser Prado TXL Manual	3	Toyota Tanzania Ltd	221,798,129.28
	PRADO TXL MANUAL	2	TOYOTA (T) LTD	162,127,976.82
	PRADO TXL MANUAL	2	TOYOTA (T) LTD	154,013,204.04
	Land Cruiser Prado TXL Manual	22	TOYOTA (T) LTD	161,321,369.97
	TOYOTA L/CRUISER S/W GXR- MANUAL	1	Toyota Tanzania Ltd	225,765,018.66
	TOYOTA L/CRUISER S/W GXR- MANUAL	4	Toyota Tanzania Ltd	226,780,453.52
	Toyota Land Cruiser GXR Manual	3	TOYOTA (T) LTD	237,255,640.57
	LC GXR MANUAL	1	TOYOTA (T) LTD	238,441,918.77
	FORD RANGER PICK UP D/CABIN	3	CMC Automobiles Limited	81,262,998.53
	FORD RANGER PICK UP D/CABIN	2	CMC MOTORS	82,058,250.00
	TOYOTA HILUX PICKUP D/CABIN	1	Toyota Tanzania Ltd	89,913,680.11

Financial Year	DESCRIPTION (BRAND/MODEL)	QTY	SUPPLIER	Unit price
	TOYOTA HILUX PICKUP D/CABIN	6	Toyota Tanzania Ltd	90,363,248.51
	LC PICK UP D/CABIN	1	UNDP	124,344,889.58
	TOYOTA HILUX PICKUP D/CABIN	2	Toyota Tanzania Ltd	130,000,000.00
	Toyota Land Cruiser Pickup Double Cabin	11	TOYOTA (T) LTD	146,708,388.11
	LC PICK UP D/CABIN	1	TOYOTA (T) LTD	147,441,930.05
	LC PICK UP D/CABIN	1	TOYOTA (T) LTD	148,175,471.99
	LC PICK UP D/CABIN	1	TOYOTA (T) LTD	162,934,583.67
	TOYOTA LANDCRUISER PICK UP D/CABIN	1	Toyota Tanzania Ltd	296,312,484.00
	TOYOTA LANDCRUISER PICK UP SINGLE CABIN	19	UNDP	47,546,015.15
	Toyota Land Cruiser Pickup Single Cabin	21	TOYOTA (T) LTD	133,756,754.48
2017/18	TOYOTA LAND CRUISER GX R MANUAL	12	Toyota Tanzania Ltd	225,699,502.73
	TOYOTA LAND CRUISER GX R MANUAL	8	Toyota Tanzania Ltd	153,513,441.99
	TOYOTA PICK UP DOUBLE CABIN (HILUX)	25	Toyota Tanzania Ltd	92,311,293.00
	TOYOTA HILUX DOUBLE CABIN PICK UP	5	Toyota Tanzania Ltd	147,698,068.80
	TOYOTA PICK UP SINGLE CABIN	1	Toyota Tanzania Ltd	134,102,275.66
	TOYOTA LANDCRUISER PICK UP SINGLE CABIN	4	Toyota Tanzania Ltd	144,290,577.55
2016/17	LAND CRUISER HARDTOP 5 DOORS	38	Toyota Tanzania Ltd	153,125,028.77

Financial Year	DESCRIPTION (BRAND/MODEL)	QTY	SUPPLIER	Unit price
	Toyota L/C Hardtop 5 doors	12	Toyota Tanzania Ltd	165127597.8
	TOYOTA LAND CRUISER HARDTOP AMBULANCE	2	Toyota Tanzania Ltd	112962105
	TOYOTA LAND CRUISER HARDTOP AMBULANCE	1	Toyota Tanzania Ltd	134074846
	LAND CRUISER HARDTOP 3 DOORS	1	Toyota Tanzania Ltd	108026847
	TOYOTA LAND CRUISER HARD TOP 3 DOOR	4	Toyota Tanzania Ltd	151551168.6
	TOYOTA LAND CRUISER HARD TOP 3 DOORS	1	Toyota Tanzania Ltd	147552954.8
	TOYOTA LAND CRUISER HARD TOP 3 DOORS	1	Toyota Tanzania Ltd	147552954.8
	TOYOTA LAND CRUISER PRADO TXL MANUAL	4	Toyota Tanzania Ltd	153,513,441.99
	TOYOTA PRADO TXL MANUAL	5	Toyota Tanzania Ltd	165,653,928.56
	TOYOTA PRADO TXL MANUAL	1	Toyota Tanzania Ltd	166,482,198.20
	TOYOTA LAND CRUISER S/W GX-R MANUAL	4	Toyota Tanzania Ltd	244,678,847.96
	TOYOTA LAND CRUISER S/W GXR-MANUAL	1	Toyota Tanzania Ltd	243,461,540.26
	TOYOTA LAND CRUISER STATION WAGON GX R MANUAL	5	Toyota Tanzania Ltd	242,902,415.71