THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

FOLLOW-UP REPORT ON THE IMPLEMENTATION OF THE CONTROLLER AND AUDITOR GENERAL'S RECOMMENDATIONS FOR THE FOURTEEN PERFORMANCE AUDIT REPORTS ISSUED AND TABLED TO THE PARLIAMENT IN APRIL 2021

CONTROLLER AND AUDITOR GENERAL

MARCH 2025

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor General are provided for under Article 143 of the Constitution of the United Republic of Tanzania, 1977 and in Section 10 (1) of the Public Audit Act, Cap. 418.

NAOT Vision, Mission & Motto

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto

Modernizing External Audit for Stronger Public Confidence

Core Values

Independence and Objectivity: We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Integrity: We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Results-Oriented: We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.

Professional competence: We deliver high quality audit services based on appropriate professional knowledge, skills, and best practices.

Creativity and Innovation: We encourage, create and innovate value-adding ideas for the improvement of audit services.

Team Work Spirit: We value and work together with internal and external stakeholders.

PREFACE

Pursuant to Regulation 77(5) of the Public Audit Regulations, GN. No. 47 of 2009, I am mandated to conduct follow-up on previous audit findings and recommendations issued in the previous Performance Audits conducted to Government Entities, including Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs), Public Authorities and Other Bodies.

I have the honour to submit to Her Excellency, the President of the United Republic of Tanzania, Hon. Dr. Samia Suluhu Hassan, and through her to the National Assembly of the United Republic of Tanzania, the Follow-up and Impact Assessment Report on the Implementation of the Recommendations from the Fourteen Previously Issued Performance Audit Reports.

The report analyses the progress made by the Audited Entities in implementing the recommendations from fourteen Performance Audit Reports. The report further aimed to inform the National Assembly about the implementation status in order to offer independent assurance regarding the recommendations issued on various key areas, including infrastructure, revenue collection, education, health, and public procurement.

While my Office conducts audits and issues reports on the performance of Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs), Public Authorities and Other Bodies' programmes and activities, the ultimate responsibility for ensuring there is efficiency, economy and effectiveness in the use of public resources rests with the respective Accounting Officers. Therefore, the accounting officers were responsible for implementing the recommendations in the performance audit reports.

I would like to appreciate the commitment of my staff and the cooperation accorded to my audit teams by the respective Accounting Officers and their staff, which has facilitated the timely completion of the Follow-up and Impact Assessment.

Charles E. Kichere
Controller and Auditor General
United Republic of Tanzania
March 2025

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS AND ACRONYMS

BAFIA	Banking and Financial Institution Act, 2006
BoT	Bank of Tanzania
BVR	Biometric Voters Registration
BRT	Bus Rapid Transit
CCTV	Closed Circuit Television
DDCA	Drilling and Dam Construction Agency
DRD	Domestic Revenue Department
eGA	e-Government Authority
ERP	Enterprise Resource Planning
EWURA	Energy and Water Utilities Regulatory Authority
FCC	Fair Competition Commission
GAMD	Government Assets Management Division
GAMIS	Government Assets Management Information Systems
GPSA	Government Procurement Services Agency
Ha	Hectare
INTOSAI	International Organization of Supreme Audit Institution
IT	Information Technology
ITU	Internal Taxation Unit
KPI	Key Performance Indicators
LGAs	Local Government Authorities
MDAs	Ministries, Departments and Agencies
MEU	Mobile Enrolment Unit
MIT	Ministry of Industry and Trade
MHCL	Mkulazi Holding Company Limited
MoEST	Ministry of Education, Science and Technology
MoF	Ministry of Finance
MoH	Ministry of Home Affairs
MoU	Memorandum of Understanding
MoW	Ministry of Works
MNOs	Mobile Network Operators
MVMMIS	Motor Vehicle Maintenance Management Information System
NDCS	National Disaster Communication Strategy
NDPRP	National Disaster Preparedness and Response Plan
NEMC	National Environmental Management Council
NIDA	National Identification Authority
NID Cards	National Identification Cards
NPS	National Payment System
OCS	Officer Command Station
PCS	Prisons Corporation Sole
PEs	Procurement Entities

PGO	Police General Order
PMO	Prime Minister's Office
PMO-DMD	National Disaster Communication Strategy
PO-RALG	President's Office-Regional Administration and Local Government
PSSF	Public Service Security Fund
RSV	Regional Stock Verifiers
SSRA	Social Security and Regulatory Authority
TADMC	Tanzania Disaster Management Committee
TANAPA	Tanzania National Parks
TANROADs	Tanzania National Roads Agency
TAWA	Tanzania Wildlife Authority
TBS	Tanzania Bureau of Standards
TEMESA	Tanzania Electrical, Mechanical and Electronics Services Agency
TFS	Tanzania Forest Services Agency
TIC	Tanzania Investment Centre
TPF	Tanzania Police Force
TRA	Tanzania Revenue Authority
UNDP	United Nations Development Program
UNOPS	United Nations Office for Project Services
VPO	Vice President's Office

EXECUTIVE SUMMARY

Introduction

To ensure that recommendations are addressed and the National Assembly and Government receive the appropriate feedback on the level of improvements and attainment of the value-for-money of various programmes and activities conducted by Ministries, MDAs, LGAs, Public Authorities and Other Bodies, a follow-up was conducted to the previously issued recommendations in the performance audit reports. This aimed to examine the corrective measures taken by the audited entities, the governance systems, and the reporting arrangements established to monitor the implementation of performance audit recommendations. Additionally, it aimed to assess the outcomes and impacts resulting from implementing these corrective actions.

This follow-up report presents the results of the follow-ups on the implementation of the audit recommendations issued from 14 Performance Audit Reports tables to the Parliament in April 2021. 213 recommendations were issued to 18 government entities, and their implementation status is summarised below.

Summary of the Results of the Follow-ups and Impact Assessments

13.6% of the Issued Audit Recommendations were not Implemented

According to follow-up results, as of December 2024, it was noted that out of 213 recommendations issued from 14 performance audit reports, 29 recommendations, equivalent to 13.6%, were not implemented. Further analysis of the recommendations that were not implemented revealed that the highest percentage of unimplemented recommendations were those issued to PO-RALG in the performance audit report on the control of hygienic practices in food markets, with 70% of unimplemented audit recommendations, followed by those issued to TEMESA and MoW in the performance audit report on the maintenance of government vehicles, with 69% of unimplemented audit recommendations. Furthermore, the follow-up noted that, among the recommendations issued in the six performance audit reports, which are the Management of the Flood Control Measures in Tanzania, Management of the Quality of Processed Food, Implementation of Mbigiri Sugar Production Project, Management of Unclaimed Assets, Management of the Tax Exemptions in the Investment Projects and the Registration and Issuance of the National Identification Cards, no recommendations that were not implemented. The implementation status of recommendations issued from these reports was either fully implemented or partially implemented.

36.6% of the Issued Audit Recommendations were Fully Implemented

The follow-up result indicated that out of 213 recommendations issued in 14 performance audit reports, 78 recommendations, equivalent to 36.6%, were fully implemented. It was further noted that the highest percentage of fully implemented recommendations were issued in the Performance audit on the Controls over Transfer Pricing in the Tanzania Business Sector, with 73% of all issued recommendations fully implemented. These recommendations were issued to the Tanzania Revenue Authority (TRA) and the Ministry of Finance (MoF). On the other hand, it was found that no recommendations were fully implemented from the three performance audits, i.e., the Performance Audit on the Maintenance Services to Government Vehicles, the Performance Audit on the Control of Hygienic Practices in Food Markets, and the Performance Audit on the Management of the Construction of Healthcare Facilities. All recommendations issued in these audits were either partially implemented or not implemented.

High Performance of Implementation was Noted in Recommendations that Fall under the Planning Category

The follow-up analysis revealed that 87% (which was the highest percentage compared to other categories) of recommendations that fall under the planning category were either fully implemented or partially implemented. The next category was the execution category, with 86% of its recommendations being either fully or partially implemented, while the lowest percentage was noted in the monitoring and evaluation category, which had 81% of its recommendations being either fully or partially implemented.

Ineffective Implementation of the Issued Performance Audit Recommendations

The follow-up on the implementation of the issued audit recommendations revealed that the implementation of the audit recommendations was ineffective. It was noted that despite audited entities spending three years while implementing the issued audit recommendations, only 36.6% of the recommendations were fully implemented.

Considering the preceding observations, the audit assessment of the reasons behind the incomplete implementation of the issued audit recommendations uncovered that this was due to the following factors:

- ***Inadequate System for Monitoring the Implementation of Issued Recommendations***

The follow-up noted that the entities did not have a well-defined system for monitoring the implementation of issued audit recommendations. It was noted that Ministries and Agencies under follow-up lacked the monitoring plans and key performance indicators unit or section responsible for overseeing the Implementation of recommendations, defined reporting mechanisms on implementation of issued performance audits recommendations, and inadequate involvement of top management and audit committees in the monitoring of the implementation of audit recommendations. As a result, the implementation of the issued performance audit recommendations remained unmonitored, hence lowering the possibility of attaining full implementation status.

- ***Absence of a Defined Process for Managing the Implementation of Previously Issued Performance Audit Recommendations***

The follow-up revealed that Ministries and Agencies under this follow-up did not establish a defined process for managing the implementation of the issued performance audit recommendations. The follow-up noted weaknesses such as the absence of a detailed implementation plan for the implementation of the issued performance audit recommendations, the absence of a recommendations registry, and inadequate coordination and communication regarding the implementation of issued recommendations. This gap was attributed to a lack of awareness of the importance of establishing a defined system for managing the implementations of the audit recommendations, which could facilitate a continuous track of the progress made on the implementations of the issued performance audit recommendations to effectively address them.

Conclusion

The overall conclusion of this follow-up audit is that the actions taken by the audited entities in response to the previously issued performance audit recommendations have partially addressed the issues to which the recommendations were made. The analysis indicates that about 62% of all recommendations were not fully implemented. This indicates the insufficiencies in implementing the recommendations issued from the 14 performance audit reports tabled to the parliament in April 2021.

Recommendations

The Prime Minister's Office is urged to ensure that all Ministries, Independent Departments, Agencies and Local Government Authorities:

a) Establish sound governance structures and mechanisms for tracking and monitoring the implementations of performance audit recommendations;

b) Ensure that the submitted performance audit reports are effectively disseminated to the responsible Divisions or Departments within the audited entities and explain what they ought to do. Where possible, the audit reports should also be communicated to existing governance systems such as Internal Audit, Audit Committees for proper follow-up and actions;

c) Prepare action plans that show how the Audited Entities will ensure that the partially and not implemented recommendations are addressed on a timely basis; and

d) Establish monitoring mechanisms or tracking systems to ensure that the implementation status of all issued audit recommendations is regularly checked and promptly reported to the management of the audited entities for necessary actions.

CHAPTER ONE

INTRODUCTION

1.1 Background

Performance audits provide objective and constructive assessments of the extent to which the audited entities have utilised their resources to carry out their responsibilities regarding economy, efficiency, and effectiveness.

The Controller and Auditor General (CAG) has been conducting several performance audits and issued recommendations that, if implemented, can assist in improving the performance of Government Entities and ensure that public resources are economically, efficiently, and effectively managed and utilised.

Regulation 77(5) of the Public Audit Regulations, 2009 mandates the Controller and Auditor General to conduct follow-ups on the recommendations issued to the Government Entities. In this regard, CAG conducted a follow-up to determine the levels of implementation for the recommendations from fourteen (14) Performance Audit Reports, namely:

1. Performance Audit on the Management of Tax Exemptions on Investment Projects;
2. Performance Audit on Controls over Transfer Pricing in Tanzania Business Sector;
3. Performance Audit on the Management of Unclaimed Assets;
4. Performance Audit on the Implementation of the Mbigiri Sugar Production Project;
5. Performance Audit on the Management of the Quality of Processed Foods;
6. Performance Audit on the Maintenance Services to Government Vehicles;
7. Performance Audit on Bulk Procurement of Government Vehicles and Distribution of Fuels;
8. Performance Audit on the Management of the Construction of Healthcare Facilities;

9. Performance Audit on the Monitoring and Supervision of Projects Implemented Through Force Account in the Education Sector;
10. Performance Audit on the Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure Phase II;
11. Performance Audit on the Registration and Issuance of National Identification Cards by NIDA;
12. Performance Audit on the Control of Hygienic Practices in Food Markets;
13. Performance Audit on the Control of Plastic Waste Pollution in Major Lakes and Ocean; and
14. Performance Audit on Floods Control Measures in Tanzania.

1.2 Rationale for Follow-Up and Impact Assessment on the Implementation of Audit Recommendations

1.2.1 Rationale for Follow-Up on the Implementation of Audit Recommendations

Follow-up is conducted to provide stakeholders (Members of Parliament and the Government of the United Republic of Tanzania, Media, Civil Society Organisations (CSOs), and Development Partners) with the analysis of the progress made by the Audited Entities concerning the implementation of recommendations issued in the performance audit reports tabled and adopted by the National Assembly. Normally, this is done to report the level of implementation of the issued audit recommendations to the National Assembly.

Follow-up on the implementation of the audit recommendations enables the Controller and Auditor General (CAG) to provide the necessary independent assurance to the National Assembly concerning the implementation status of the issued recommendations in different areas. Therefore, follow-up on the implementations of the audit recommendations examines the identified problems in the respective areas and establishes whether allocated resources have been spent with due regard to the economy, efficiency, and effectiveness as intended and as approved by the National Assembly.

1.2.2 Rationale for Conducting Impact Assessment for the Implemented Recommendations

Impact assessment for the implemented recommendations is to know what has changed and worked well regarding government undertakings, activities, and programs following the implementation of the issued audit recommendations. The impact assessment also provides evidence on whether value-for-money has been attained on a program or activity.

1.3 Design of the Follow-Up on the Implementation of Audit Recommendations and Impact Assessment

1.3.1 Main Objective of the Follow-Up

The main objective of the follow-up was to assess how the audited entities have implemented the Controller and Auditor General's recommendations. Specifically, the objectives of follow-up were to:

a) Examine corrective measures taken by the audited entities through the implementation of the recommendations issued by CAG;
b) Assess the governance systems for monitoring CAG's performance audit recommendations; and
c) Examine reporting arrangements on implementing the performance audit recommendations issued by CAG

1.3.2 Main Objective of the Impact Assessment on Implementation of Audit Recommendations

The main objective of the impact assessment on the implemented audit recommendations was to enable the Controller and Auditor General (CAG) to ascertain the impact of the performance audit on improving service delivery and provide evidence of value for money brought by the audit. Specifically, it aimed to assess the impact of the implemented issued audit recommendations.

1.3.3 Scope of the Follow-up and Impact Assessment

The follow-up covered 213 recommendations issued in the 14 performance audit reports implemented by 18 Audited Entities. These 14 Performance Audits were the ones whose reports were tabled before the Parliament in April 2021, as described in **Table 1.1.**

Table 1.1: Performance Audits and Number of Recommendations Covered in this Follow-up

Performance Audit Report	Audited Entities	Number of Recommendations
Performance Audit on the Maintenance Services to Government Vehicles	• Ministry of Works • Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA)	13
Performance Audit on Floods Control Measures in Tanzania	• Prime Minister's Office - Disaster Management Department	8
Performance Audit on Bulk Procurement of Government Vehicles and Distribution of Fuels	• Ministry of Finance • Government Procurement Services Agency (GPSA)	14
Performance Audit on the Management of the Construction of Health Facilities	• President's Office - Regional Administration and Local Government	12
Performance Audit on the Registration and Issuance of National Identification Cards by NIDA	• National Identification Authority • Ministry of Home Affairs	7
Performance Audit on the Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure Phase II	• Tanzania Roads Agency	34
Performance Audit on the Management of Unclaimed Assets	• Ministry of Finance • Bank of Tanzania	17
Performance Audit on the Management of the Quality of Processed Foods	• Tanzania Bureau of Standards • Ministry of Industries and Trade	13
Performance Audit on the Management of Tax	• Ministry of Finance • Tanzania Revenue Authority • Tanzania Investment Centre	22

Performance Audit Report	Audited Entities	Number of Recommendations
Exemptions on Investment Projects		
Performance Audit on Controls over Transfer Pricing in Tanzania Business Sector	• Tanzania Revenue Authority • Ministry of Finance	11
Performance Audit on the Control of Hygienic Practices in Food Markets	• President's Office - Regional Administration and Local Government	10
Performance Audit on the Control of Plastic Waste Pollution in Major Lakes and Ocean	• President's Office - Regional Administration and Local Government • National Environmental Management Council (NEMC) • Vice President's Office	16
Performance Audit on the Monitoring and Supervision of Projects Implemented Through Force Account in the Education Sector	• Ministry of Education Science and Technology • Ministry of Finance • President's Office - Regional Administration and Local Government	24
Performance Audit on the Implementation of the Mbigiri Sugar Production Project	• Mkulazi Holding Company Limited	12

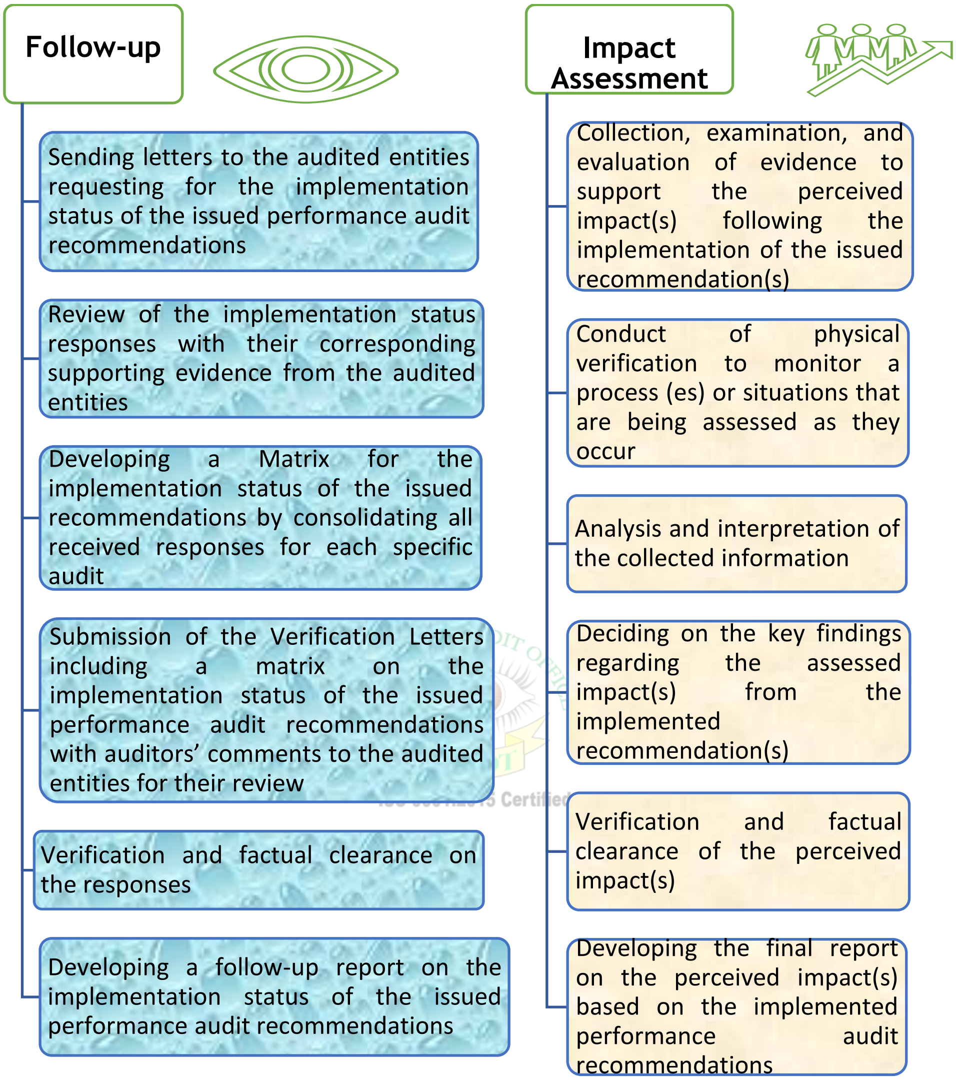
Source: Auditors' Analysis of Recommendations in the Performance Audits Reports Tabled on April 2021

The follow-up of the recommendations issued from the tabled performance audit reports is confined to reviewing recommendations detailed in the original performance audit reports mentioned in **Table 1.1** and their respective responses, commitments, and implementation status. Additionally, the impact assessment focused on the fully and partially implemented performance audit recommendations in the respective audited entities involved in the performance audits.

1.4 Processes for Conducting Follow-Up in the Implementation of the Issued Audit Recommendations and Impact Assessment

The follow-up and impact assessment on implementing the audit recommendations were conducted through the following stages, as shown in **Figure 1.1.**

Figure 1.1: Process for Conducting Follow-up and Impact Assessment



Source:Auditors' Analysis of the Follow Up Process Found in the Perfomance Audit Manual, 2024.

1.5 Methods for Data Collection and Analysis

a) Methods for Data Collection

Both qualitative and quantitative data were collected to provide robust evidence and data on the level of implementation of the issued audit recommendations and to assess the perceived impacts of the fully implemented audit recommendations. The follow-up deployed three data collection methods, as illustrated in **Figure 1.2.**

Figure 1.2: Methods Used for Data Collection during Follow-up

Interview

- To understand the procedures better and clarify matters regarding the implementation status of the issued recommendations
- To ascertain the perceived impacts of the identified performance audit reports.

Document Review

- To verify the initiatives in place and the remedial actions taken to address each of the issued audit recommendations
- To verify the reported impacts after implementing the issued recommendations.

Physical Verification

- To assess the level of implementation of the issued performance audit recommendations and ascertain their availability and functioning
- To verify the processes or existing situations through actual physical observation to assess the perceived impacts

Source: Auditors' Analysis of the Data collection Methods found in the Perfomance Audit Manual, 2024

(b) Method of Data Analysis

The collected evidence and data were examined and evaluated using qualitative and quantitative data analysis methods to confirm the reported implementation status of the given recommendations. Their relevance was cross-checked against the planned actions and milestones provided by the relevant audited entities. Similarly, the assessment of the implementation status was summarised using tables and charts.

The following is the analysis conducted on the status of the issued audit recommendations ;

- ***Overall Implementation Analysis***: in this analysis, the implementation of audit recommendations was done based on whether the recommendation is either fully, partially, or not implemented as well as overtaken by event;
- ***Level of Implementation per entity***: this analysis involves grouping the recommendations with their level of implementation for each entity given the concerned recommendation;
- ***Level of Implementation per Category of Recommendation*****:** in this analysis, the assessment of the implementation of audit

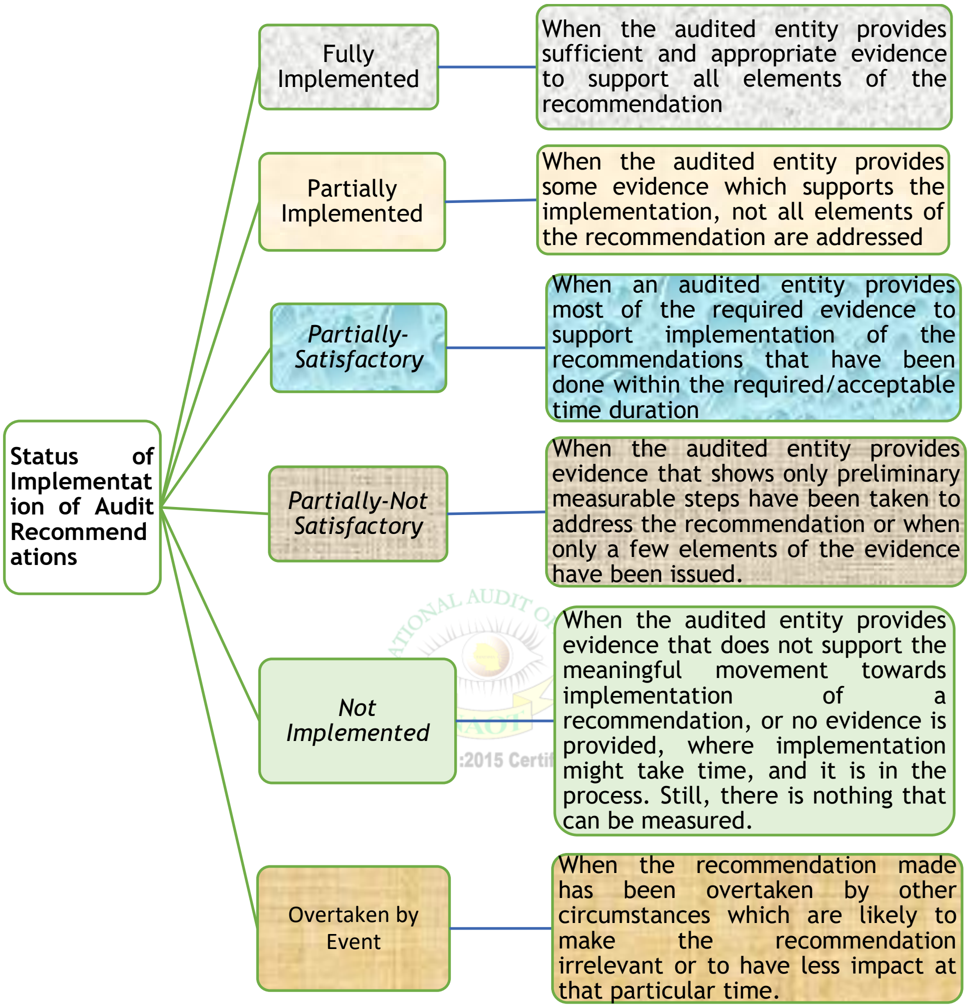
recommendations was done based on the recommendation categories, which are Planning, Implementation/Execution, Monitoring and Evaluation, Coordination and Development categories; and

- ***Impact of the Issued Recommendation*:** Involves the analysis of the outcomes noted in the entities' undertakings after the implementation of the issued audit recommendations.

1.6 Criteria for Ranking the Level of Implementation of Recommendations

Implementation of the issued recommendations was measured using levels and clarification of recommendations as described in **Figure 1.3**.

Figure 1.3: Ranking of the Level of Implementation of the Audit Recommendation



Source: Auditors' Analysis of the Criteria Adopted to Rank the Level of Implementation of the Audit Recommendations Found in the Perfomance Audit Manual, 2024

To analyse the level of implementation, the classification of each of the issued recommendations was made based on the following:

- ***Nature of Audit Recommendation:*** This involved analysing the issues that the concerned recommendation was all about. These include planning, budgeting, implementation, monitoring and evaluation, performance measurement, coordination, policy-making, etc.

- ***The Length of Time Needed to Implement the Issued Recommendation:*** The time needed to implement the issued recommendation to its completion was also used as another criterion.

1.6.1 Category of Audit Recommendation Based on their Nature

Based on the issues that the concerned recommendation was all about, the audit recommendations fall under five categories, as illustrated in **Figure 1.4.**

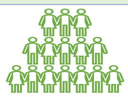
Figure 1.4: Classification of Audit Recommendation Based on the Nature of the Issued Recommendation

Planning Category Recommendations

These are the recommendations that aim to improve planning undertakings within audited entities, such as strategic planning, annual planning, budget planning, and resources.

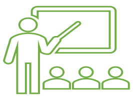
Execution/Implementation Category Recommendations

These are action-oriented recommendations. It requires an audited entity to take actions such as inspection, supervision, quality control, quality assurance, and any other operation.



Coordination Category Recommendations

These are the recommendations that aim to improve the coordination functions within entities, such as information sharing, feedback, follow-up, performance or progress reporting.



Monitoring and Evaluation Category Recommendations

These recommendations relate to entities' monitoring and evaluation undertakings such as conducting evaluations, midterm reviews, enforcement, and performance measurement.

Development Category Recommendations

These recommendations require an audited entity to establish activity, function, system or any other mechanism within the entity.

Source: Auditors' Analysis of the Categories Adopted to Rank the Level of Implementation of the Audit Recommendations, 2024

1.6.2 Category of Audit Recommendation Based on Their Timeline of Implementation

Figure 1.5 provides three categories of audit recommendations based on the duration required for implementing the issued performance audit recommendations.

Figure 1.5: Classification of Audit Recommendation Based on the Time Required to Implement the Issued Recommendations

Short-Term Recommendations

Recommendations that take less than six months to be fully implemented. These are recommendations that do not need much time and budget to implement.

Medium-Term Recommendations

Recommendations that take between 6 and 18 months to be fully implemented. These are recommendations that require considerable time and budget.

Long-Term Recommendations

Recommendations that take between 18 and 36 months to be fully implemented. These are recommendations that need enough time and budget to implement. Similarly, these recommendations involve seeking approvals from higher authorities to the audited entities or developing various guides or implementation policies.

1.7 Data Validation

The results of the follow-up and impact assessment were shared with the relevant audited entities, and comments were made on the accuracy and correctness of the information provided. Furthermore, the correctness of the information provided was verified.

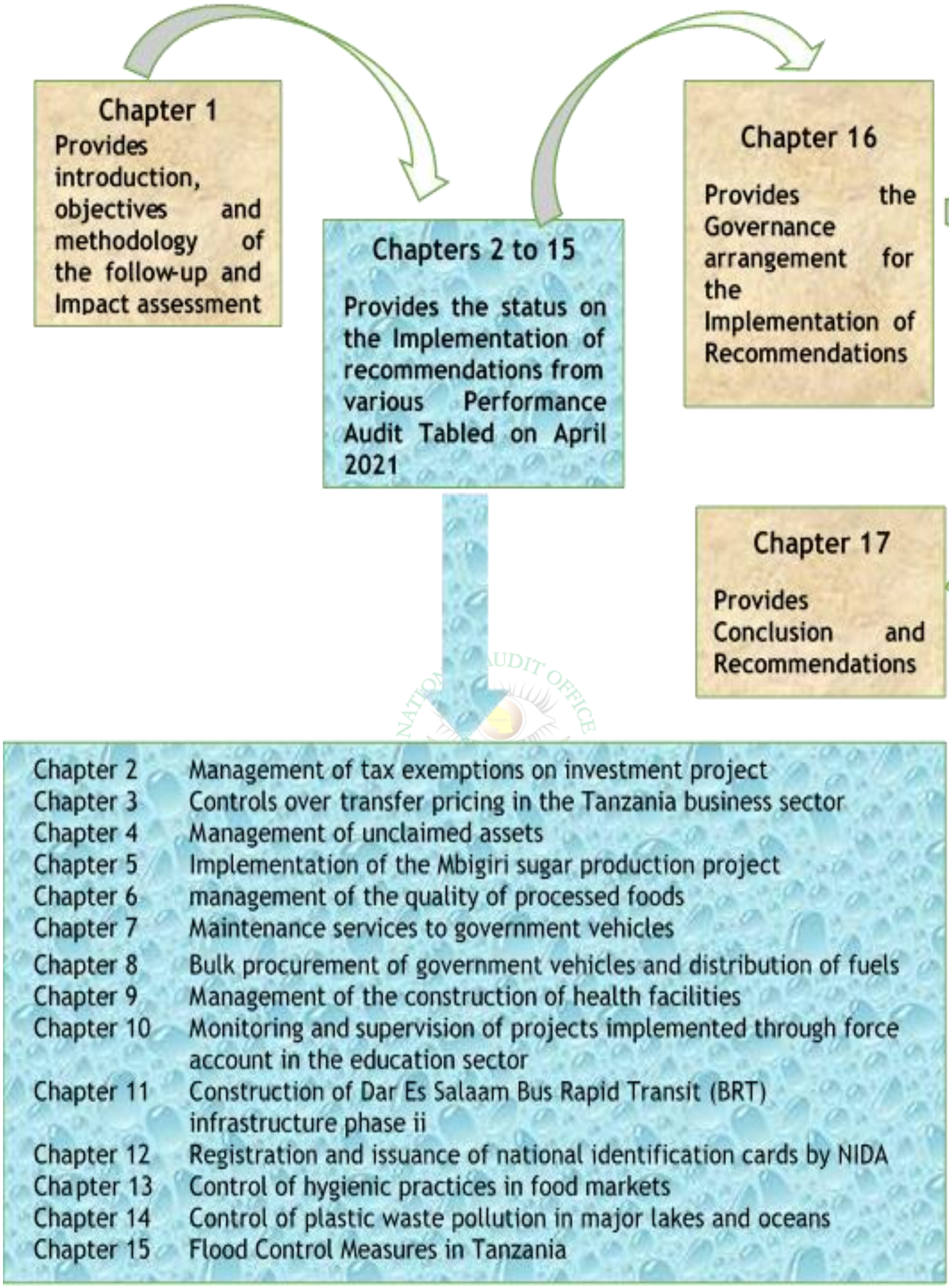
1.8 Standards Used for the Follow-Up and Impact Assessment

The International Standards of Supreme Audit Institutions guided the follow-up work on performance auditing. ISSAI 300:42 provides principles of performance audit, and specifically, ISSAI 3000/136-141 provides the needs and guidelines for conducting follow-up on previous audit findings and recommendations. The standards require the follow-up on previous audit findings and recommendations to be planned and performed to enable the auditors to obtain sufficient and appropriate evidence to serve as the basis for reporting the outcomes of the issued recommendations and providing feedback to legislatures, executives, stakeholders and the public.

It also requires that the results of the follow-up on previous audit findings and recommendations are appropriately reported to provide feedback to the National Assembly on the level of implementation and corrective actions to be taken where relevant.

1.9 Structure of the Report

This report comprises seventeen chapters, as elaborated below:


Chapter 1
Provides introduction, objectives and methodology of the follow-up and Impact assessment
Chapters 2 to 15
Provides the status on the Implementation of recommendations from various Performance Audit Tabled on April 2021
Chapter 16
Provides the Governance arrangement for the Implementation of Recommendations
Chapter 17
Provides Conclusion and Recommendations
Chapter 2 Management of tax exemptions on investment project
Chapter 3 Controls over transfer pricing in the Tanzania business sector
Chapter 4 Management of unclaimed assets
Chapter 5 Implementation of the Mbigiri sugar production project
Chapter 6 management of the quality of processed foods
Chapter 7 Maintenance services to government vehicles
Chapter 8 Bulk procurement of government vehicles and distribution of fuels
Chapter 9 Management of the construction of health facilities
Chapter 10 Monitoring and supervision of projects implemented through force account in the education sector
Chapter 11 Construction of Dar Es Salaam Bus Rapid Transit (BRT) infrastructure phase ii
Chapter 12 Registration and issuance of national identification cards by NIDA
Chapter 13 Control of hygienic practices in food markets
Chapter 14 Control of plastic waste pollution in major lakes and oceans
Chapter 15 Flood Control Measures in Tanzania

CHAPTER TWO

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE MANAGEMENT OF TAX EXEMPTIONS ON INVESTMENT PROJECTS

2.1 Introduction

This part presents the status of the implementations of the recommendations issued in the Performance Audit Report on the Management of Tax Exemptions on Investment Projects tabled to the National Assembly of the United Republic of Tanzania in April 2021. The main audit objective was to determine whether the Ministry of Finance (MoF), in collaboration with the Tanzania Revenue Authority (TRA) and the Tanzania Investment Centre (TIC), efficiently managed the tax exemption regimes to optimise the benefits thereof to the nation.

The main audited entities were the Minister of Finance (MoF), Tanzania Revenue Authority (TRA), and Tanzania Investment Centre (TIC). MoF has the power to grant VAT exemptions, while TRA is responsible for processing and administering tax exemptions. On the other hand, TIC is responsible for promoting and facilitating investment by offering investment incentives, including tax exemptions under applicable laws. The audit focused on tax exemptions granted to normal, strategic and special strategic investors registered by TIC. It specifically examined the extent of implementation of the tax laws and regulations and its impact on tax exemption activities from the financial years 2018/2019 to December 2020.

2.2 Main Findings during the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Management of Tax Exemptions on Investment Projects.

(a) Failure to Grant Tax Exemptions to Strategic and Special Strategic Investors by MoF

A review of the Report on the implementation status of 19 strategic projects showed that strategic and special strategic investors were not provided with additional incentives, including tax exemptions, as required under Section 20 (8) of the Tanzania Investment Act of 1997.

The interviewed officials of the Minister of Finance (MoF) showed that MoF did not grant tax exemptions to strategic and special strategic investors since the Minister for Finance did not issue Government Notices (GN) from 2017 up to the time of this audit. Issuance of GN is necessary to facilitate the application and provision of tax exemptions to strategic and special strategic investors.

The interviewed officials further stated that, the Minister for Finance did not issue a Government Notice (GN) to grant tax exemptions to investors because of limitations of mandate from tax administration laws. Despite the interpretation given by the Attorney General (AG) to advise the Minister for Finance to issue GN using Section 20 (8) of the Tanzania Investment Act, 1997, the Minister for Finance did not issue GN because the Minister grants tax exemptions and issues GN based on Tax Laws, and not Investment Act.

(b) Inadequate Monitoring of the Granted Tax Exemptions by Tanzania Revenue Authority

Interviewed officials from TRA showed that TRA did not adequately monitor tax exemptions in regions, resulting in failure to report on revenue lost through them. A review of the Tax Exemptions Unit's Verification Reports for financial years 2019/20 to 2020/21 showed that, despite TRA's plans for physical visits to beneficiaries of tax exemptions, the visits were not adequately conducted. The audit team found that for the period of two years (2019/20 to 2020/21), TRA conducted only two out of eight planned monitoring/verification activities.

The main reason for the failure to adequately conduct the planned monitoring activities was a shortage of staff in the Tax Exemptions Unit. Since the projects that were to be monitored were scattered across the country, it was not easy for TRA to monitor them effectively with the limited number of staff that it had. It was noted that TRA had only 4 out of 13 staff required to work in the tax exemption unit. These staff were mostly occupied by normal daily responsibilities and thus did not have enough time to deal with tax exemption activities.

(c) Inadequate Monitoring/Verification of Tax Exemptions by Tanzania Investment Centre

A review of the Annual Work Plan and Annual Performance Reports for the financial year 2018/19 and 2019/20 showed that, TIC conducted physical verification visits to projects in order to monitor and evaluate their performance. However, the Audit Team noted that, the number of projects covered during verification was low, ranging from one to 18 projects in four Zones, namely, Southern, Lake, Northern, and Central. Three zones of Eastern, Western and Southern Highland exceeded the planned number of projects. In the Southern Zone, projects which were not covered during verification were 15, which is equivalent to 60% of the planned projects. This was caused by financial constraints and the low capacity of the Zonal Office in terms of human resources, as this office had only two staff.

2.3 Results of the Follow-up on the Implementation of Recommendations

To improve the management of tax exemptions on investment projects, 22 recommendations were issued in this performance audit, whereby two were directed to MoF, 11 to TRA and nine to TIC. Their implementation status was as detailed below.

2.3.1 Overall Implementation Status of Issued Recommendations

The overall follow-up results indicated that out of 22 recommendations, eight were fully implemented, 14 were partially implemented, and none were either not implemented or overtaken by events. **Table 2.1** details the level of implementation of the issued audit recommendations.

Table 2.1: Level of Implementation of Recommendations by TRA, TIC and MoF

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
MoF	2	2	0	0	0
TRA	11	2	9	0	0
TIC	9	4	5	0	0
Total	22	8	14	0	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 2.1 indicates that out of 22 issued recommendations, eight were fully implemented, 14 were partially implemented, and there was no recommendation that was either not implemented or overtaken by the event.

Further analysis of the issued recommendations for each implementation category was made based on the four implementation levels. **Table 2.2** details the implementation level for all issued audit recommendations based on these categories.

Table 2.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	6	2	4	0	0
Implementation/ Execution	13	5	8	0	0
Coordination	2	1	1	0	0
Monitoring and Evaluation	1	0	1	0	0
Development	0	0	0	0	0
Total	**22**	**8**	**14**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 2.2 indicates that the planning category had six recommendations whereby two were fully implemented, four were partially implemented; the implementation category had 13 recommendations, five were fully implemented, and eight were partially implemented; the coordination category had two recommendations where one was partially implemented and another was fully implemented. The monitoring and evaluation category has one partially implemented recommendation.

2.3.2 Implementation Status of Recommendations Issued to MoF

This section details the implementation status of the issued recommendations to the MoF. A total of two recommendations were issued to MoF. All two recommendations were fully implemented.**Table 2.3** summarises the implementation status of the recommendations issued to MoF by category.

Table 2.3: Level of Implementation of Recommendations by Category of Recommendations by MoF

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	o	0	0	0	0
Implementation/ Execution	1	1	0	0	0
Coordination	1	1	0	0	0
Monitoring and Evaluation	0	0	0	0	0
Development	0	0	0	0	0
Total	**2**	**2**	**0**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 2.3 shows that all two issued recommendations fall under the implementation/execution and coordination categories, and they were fully implemented. Below are the details of the status of implementation of the issued recommendations based on the implementation levels.

The detailed analysis of two recommendations issued to MoF and their implementation status is provided below.

a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and Information from the Ministry of Finance (MoF) indicated that one recommendation was fully implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 1****: Ensure that, there is effective coordination among key stakeholders regarding tax exemptions, this involves having a Joint Standing Committee with TIC and TRA to address investment promotion issues through regular consultations.*

According to the action plan, under the Investment Act, the National Investment Steering Committee (NISC), chaired by the Prime Minister, deliberates and recommends incentives for strategic investments. These deliberations are based on advice from the Technical Committee supported by the secretariat. The committees are comprised of key stakeholders, including members from the Ministry of Finance, TRA, and TIC. The meetings are convened after receiving applications for strategic and special strategic investment status.

A review of the submitted evidence, such as meeting minutes and guidelines for NISC, revealed that NISC meetings were held as planned to resolve investment matters. TIC is the secretary and custodian of meetings. Hence, this recommendation has been fully implemented.

(ii) ***Recommendation 2:*** *Strengthen the mechanism in place to sort out the contradicting laws on administering tax exemptions.*

The commitment made by the Ministry of Finance and Planning (MoFP), now Ministry of Finance (MoF), in the submitted action plan was to grant exemptions to strategic and special strategic investors after cabinet approval based on the recommendation from the National Investment Steering Committee as per amendments made by the Government in 2022 on various tax laws to align with Investment Act, Cap38 in granting tax incentives the Amended laws including the Income Tax Act, Cap 332; the Value Added Tax Act, Cap 148; the Road and Fuel Tolls Act, Cap 220; and the Excise (Management and Tariff).

In the reviewed responses and evidence submitted, the audit noted that the Ministry of Finance implemented this recommendation by involving the relevant authority in amending the laws in 2022 under the Finance Act of 2022, which addresses the contradiction in section 6. The amended laws will reduce contradictions in the laws for administering tax exemptions. Hence, this recommendation is fully implemented.

2.3.3 Implementation Status of Recommendations Issued to TRA

This section details the implementation status of the issued recommendations to the TRA. A total of 11 recommendations were issued to TRA. Two recommendations were fully implemented, nine were partially implemented, and none were not implemented. **Table 2.3** summarises the implementation status of the recommendations issued to TRA by category.

Table 2.3: Level of Implementation of Recommendations by Category of Recommendations by TRA

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	3	0	3	0	0
Implementation/ Execution	6	2	4	0	0
Coordination	1	0	1	0	0
Monitoring and Evaluation	1	0	1	0	0
Development	0	0	0	0	0
Total	**11**	**2**	**9**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 2.3 indicates that among the recommendations issued to TRA, the planning category had three recommendations which were partially implemented; the implementation category had six recommendations; two were fully implemented, four were partially implemented, and none were not implemented. Both the monitoring, evaluation and coordination categories had one partially implemented recommendation.

The detailed analysis of 11 recommendations issued to TRA indicates that their implementation status fell under two out of four (4) levels of implementation, namely, fully implemented and partially implemented, as detailed below.

a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and Information from TRA indicated that two recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 3****:* collaborate with TIC to strengthen mechanisms for sharing tax exemption information to facilitate the smooth implementation of tax exemption activities.

This recommendation required TRA to collaborate with TIC to strengthen mechanisms for sharing tax exemption information to facilitate the smooth implementation of tax exemption activities. The action plan developed to implement this recommendation was to provide TRA's resident officers Stationed at TIC with TANCIS access.

Through the review of the implementation status, TRA was noted to have three resident officers allocated to TIC to ensure all TRA-related issues are handled accordingly. They also helped raise awareness among various investors who visited the TIC offices. This aimed to ensure good cooperation between TIC and TRA.

Reviewing and analysing the submitted evidence, the audit noted that the names of these TRA Tax officers stationed at TIC HQ offices are part of the One Stop Centre. The audit verified at TIC, and it was observed that the officers were stationed and had access to TANCIS. Therefore, this recommendation is fully implemented.

(ii) **Recommendation 7**: *Improve the sharing of information with TIC to enable verification and monitoring operations.*

This recommendation required TRA to Improve the sharing of information with TIC to enable verification and monitoring operations. In the action plan developed to implement this recommendation, TRA committed to providing

TANCIS access to TRA's resident officers stationed at TIC and sharing retrieved information/ data from TANCIS with TIC using the TRA'S resident officers.

After reviewing the implementation status, the auditors found that the officers stationed at TIC have access to all TRA systems, including TANCIS, e-filling systems, Revenue Gateway System, and others. Officers are well-equipped to assist investors at TIC in getting any information needed from TRA.

The review and analysis of the submitted evidence only mention the names of these TRA officers stationed at TIC offices, and only three names are mentioned as the One Stop Centre at TIC HQ. Through verification at TIC, the audit noted that the officers stationed at TIC had access to TRA systems and shared the requested information with TIC. Therefore, this recommendation is fully implemented.

b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and Information from TRA indicated that nine recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) Recommendation 1: *Collaborate with TIC to provide public education to ensure the public/investors are well informed on investment incentives, including tax exemptions and procedures for accessing them.*

To implement the recommendation, TRA planned to organise training targeting the investors as follows: Northern Zone from April to June 2021; Eastern Zone from July to September 2021; Central Zone from October to December 2021; and Southern Zone from January to March 2022.

The review of the submitted evidence indicated that, amendment of Section 6 of the VAT Act, Cap 148 through Section 74 of Finance Act, 2021, called for a wide country campaign sensitising the public about budgetary changes and especially the changes in the exemptions monitoring procedures and aimed at sensitising the public on tax matters. The Campaign started in July 2021 to March 2022, in which TRA staff, taxpayers and other stakeholders were reached through all means of communication, including Radio and TV programs, Seminars, online meetings (zoom meetings), outreach programs and partially door-to-door campaigns. The review of the submitted evidence shows that the seminar was conducted from 2022/23 to 2023/24, and no evidence was provided for 2021/22. Therefore, the implementation is satisfactory.

(ii) **Recommendation 2***: Collaborate with TIC to revive the joint committee and meet quarterly as per the terms of reference of the Memorandum of Understanding between them.*

After reviewing the implementation status, it was noted that TRA has put resident officers in place to ensure all cases are resolved instantly without waiting for joint meetings. The proactive approach has been found productive as it has reduced a lot of complaints and allows only complex matters for the meetings. Currently, TRA is planning a joint meeting in early November 2024.

However, based on the submitted evidence, such as meeting minutes and attendance register, it was revealed that a joint meeting was held in 2024 and not covered since 2020/21, as there are no attached matters that need to be resolved by resident officers before the joint meeting that was planned to be held. Therefore, this recommendation is satisfactorily implemented.

(iii) **Recommendation 4:** *Ensure the allocation of adequate resources at the Headquarters and Regional Offices to improve efficiency in the facilitation and monitoring of tax exemption activities.*

In the action plan developed to implement this recommendation, the Domestic Revenue Department (DRD) department will be considered once a replacement permit is sought. Reviewing the implementation status shows that the total number of replacements plus new employees allocated to DRD through the newly approved organisational structure endorsed by the President, the Authority has established a new unit called the Tax Exemptions and Refunds Unit. This unit is tasked with implementing, monitoring, and controlling exemptions and reliefs related to projects. The unit has been allocated 18 staff members, including a manager. Thus, for

regions with large volumes of tax exemptions, the number of staff handling the same has increased in order to ensure proper monitoring of such activities. Regions with a low number of exempted projects are few, depending on the volume of activities.
However, the review of the submitted documents (URUTI TRA HR system) is evidence that auditors did not have easy access to this system for verification of the provided resource information. Therefore, this recommendation is satisfactorily implemented.

(iv) **Recommendation 5:** *Strengthen monitoring and verification mechanisms to facilitate adequate conduct prior to issuance of tax exemptions and after granting the tax exemption to avoid abuse of tax exemptions.*

This recommendation required TRA to strengthen monitoring and verification mechanisms to facilitate adequate conduct prior to issuance of tax exemption and after granting the tax exemption to avoid abuse of tax exemption. Responses from TRA indicated that inspection was done by some Tax Regions and the Tax Investigation Department to check compliance with the tax laws. All anomalies were interpreted in terms of revenue loss and assessed accordingly. Some of them are still under inspection and comprehensive audit.

However, no evidence was submitted from TRA to support the presented response. Therefore, the recommendation has been satisfactorily implemented.

(v) **Recommendation 6**: *Ensure that, it conducts a thorough review of the recommendations from physical verifications conducted by TRA Regional offices before processing the issuance of tax exemptions for proper decisions.*

This recommendation requires TRA to ensure that, it conducts a thorough review of the recommendations from physical verifications conducted by TRA Regional offices before processing the issuance of tax exemptions for proper decisions. Moreover, in the action plan developed by TRA to implement this recommendation, TRA indicated that it will provide guidance to the regional offices on their roles and the expected results.

Through the review of the submitted implementation status, it was noted that TRA regional officers had been educated through various seminars and quality assurance visits to increase awareness of handling the same. For example, in November 2023, the Head Office conducted quality assurance for all regions to ensure compliance with the requirements of the law. However, the submitted evidence was the timetable of Quality Assurance, and the presentation was conducted in November 2023, but there are no documents provided for recommendations taken from physical verification conducted by the regional office. Therefore, the implementation of this recommendation has been satisfactory.

(vi) **Recommendation 8:** *Collaborate with TIC to devise a mechanism that will clearly define the meaning of expansion projects to avoid contradictions facing investors when requesting tax exemptions for initiations of other projects within the same location.*

This recommendation required TRA to collaborate with TIC to devise a mechanism that will clearly define the meaning of expansion projects to avoid contradictions facing investors when requesting tax exemptions for the initiations of other projects within the same location. In the action plan developed to implement this recommendation, TRA committed to hold discussions in TIC during quarterly meetings on the concept of expansion and rehabilitation for common understanding and application and to request a legal opinion as it may be deemed necessary for their guidance.

By reviewing the implementation status, TRA, through the amendment of Section 6 of the Value Added Tax Act, Cap 148 through Finance Act 2021, made it clear that the group or class of supplies that are vatable at zero-rated. All ambiguities were cleared by such Section and its regulation. i.e. the relief/exemptions are only provided to the extent stated in the law and not otherwise. Such an argument does not exist anymore.

However, the review of the submitted documents (Finance Act, 2021), even though there is no discussion held on the concept of expansion and rehabilitation but Finance Act, 2021 cleared all the ambiguities. Therefore, this recommendation is partially implemented.

(vii) ***Recommendation 9:*** *Collaborate with TIC to plan and implement joint investor-monitoring operations to ensure full compliance with the laws while maintaining investor confidence in the investment promotion regime.*

The action plan developed to implement this recommendation is to plan for TIC-TRA joint investor monitoring during quarterly meetings. Through reviewing the implementation status, it is noted that the presence of resident officers at TIC has helped solve most of the challenges that these institutions face. Thus, the team shall meet in early November 2024 to discuss some of the complex issues.

However, the review of the submitted documents and observation of TRA residence officers at the TIC office is evidence, although monitoring reports of tax exemption investors need to be submitted to provide assurance. Therefore, this recommendation is partially implemented.

(viii) **Recommendation 10:** *Device a mechanism to ensure that the Department of Taxpayer Services and Education prepares specific programs for tax exemption for stakeholders, including investors.*

According to the action plan developed to implement this recommendation, TRA was expected to organise programs targeting investors in each region, conduct two seminars on tax exemptions, have the Taxpayer Services and Education Department at Headquarters conduct two additional seminars on tax exemptions, and broadcast five radio programs, TV programs, Distribution of reviewed publications on tax incentives and Website uploading of tax incentives information.

Through the review of the implementation status, TRA indicated that various educational programs were conducted by the Head Office Team and regional offices to ensure that both internal and external customers understand exemption procedures well. The programs included training on budgetary changes for taxpayers and staff, which were conducted between July 2021 and March 2022. Additionally, various special programs were carried out on radio, television, and online platforms. Publications were distributed to all regions, most of which included information on other tax-related issues as well. The TRA website also provides access to a variety of materials on tax incentives, along with laws, regulations, and other publications.

However, the review of the submitted documents (attendance registers) did not indicate whether TRA organised programs targeting investors in each region and conducted two seminars on tax exemptions. However, the Taxpayer Services and Education Department at Headquarters conducted two additional seminars on tax exemptions and broadcasted five programs on radio and TV, as committed to in the action plan. Moreover, there were no reports on the seminars conducted at regional offices or headquarters. Moreover, there were no programs from the Department of Taxpayer Services and Education specifically for tax exemptions for stakeholders, including investors. Therefore, this recommendation is partially implemented.

(ix) **Recommendation 11:** *Improve coordination of exemptions monitoring activities with other stakeholders, including joint verification/monitoring missions with TIC.*

In the action plan developed to implement this recommendation, TRA indicates that it will plan for TIC-TRA joint investor monitoring during quarterly meetings. A review of the implementation status shows that TRA and TIC have been meeting in various stakeholder meetings to handle all taxpayer complaints together.

However, during the review of the submitted implementation status, TRA indicated that TRA and TIC have been meeting in various stakeholder meetings with a view to handling all taxpayer complaints together. However, the evidence submitted was for meeting attendance and meeting agenda, but there is no one, including joint verification/monitoring missions with TIC. Therefore, this recommendation is partially implemented.

2.3.4 Implementation Status of Recommendations Issued to TIC

This section details the implementation status of the issued recommendations to the TIC. A total of nine recommendations were issued to TIC. Four recommendations were fully implemented, five recommendations were partially implemented, and none were not implemented. **Table 2.4** summarises the implementation status of the recommendations issued to TIC by category.

Table 2.4: Level of Implementation of Recommendations by Category of Recommendations by TIC

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	3	2	1	0	0
Implementation/ Execution	6	2	4	0	0
Coordination	0	0	0	0	0
Monitoring and Evaluation	0	0	0	0	0
Development	0	0	0	0	0
Total	**9**	**4**	**5**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 2.4 indicates that among the recommendations issued to TIC, the planning category had three recommendations whereby two recommendations were fully implemented, one was partially implemented, and none was not implemented; the implementation category had six recommendations; two recommendations were fully implemented, four were partially implemented, and none was not implemented.

The detailed analysis of nine recommendations issued to TIC indicates that their implementation status fell under two out of four levels of implementation, namely, fully implemented and partially implemented, as detailed below.

a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and Information from TIC indicated that four recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1****: Collaborate with TRA to strengthen Mechanisms for sharing of tax exemption information to facilitate smooth implementation of tax exemption activities.*

This recommendation required TIC to collaborate with TRA to strengthen the mechanism for sharing tax exemption information and facilitate the smooth implementation of tax exemption activities. The action plan developed to implement this recommendation is that an improved system can start by providing access to TRA officers stationed at TIC.

After reviewing the implementation status, it was noted that the government decided that an integrated Investment Window system covering the whole of the One Stop Facilitation Centre should be developed, and it was provided for in Section 8 of the Investment Act, 2022. The first phase, covering tax exemptions, among other TRA systems, has been developed and is in the final stage of affecting the live environment that will enable investors, TIC, and TRA to digitally apply, process, and approve tax exemptions.

The review and analysis of the submitted documents (TeIW user manual and implementation report of TeIW) as evidence show that the system is developed and that its development status, as evidenced by the system, will provide access to TRA as well. Therefore, the recommendation is fully implemented.

(ii) **Recommendation 4**: *Accord as much priority to investor monitoring and supervision (aftercare services) as it does to investment promotion to ensure that the incentives granted to investors are effectively used.*

This recommendation required TIC to give as much priority to investor monitoring and supervision (aftercare services) as it does to investment promotion in order to ensure that the incentives granted to investors are effectively used. In the action plan developed to implement this recommendation, TIC planned to visit not less than 10 projects for the 2020/21 financial year.

A review of the implementation status shows that as critical as aftercare and monitoring are, and to implement this recommendation, Project Monitoring and aftercare have been provided for as an additional TIC mandate in the Investment Act of 2022. The Monitoring and Aftercare section was established, and more than 10 projects were visited during the 2022/23 financial year.

Through the review of the submitted document report of monitoring and evaluation together with aftercare reports as evidence submitted, it shows that the submitted report only covered the financial year of 2022/23 and 2023/24 and not the remaining financial year of 2020/21 and 2021/22, since the Project Monitoring and aftercare was not established yet. Therefore, the recommendation is fully implemented.

(iii) ***Recommendation 3***: *Collaborate with TRA to devise a mechanism that will clearly define the meaning of expansion projects so as to avoid contradictions facing investors when requesting tax exemptions for the initiations of other projects within the same location.*

This recommendation required TIC to collaborate with TRA to devise a mechanism that will clearly define the meaning of the expansion project so as to avoid contradictions faced by investors when requesting tax exemptions for the initiations of other projects within the same location. In the action plan developed to implement this recommendation, the bill is drafted to avoid contradiction to investors on the meaning of expansion, and the drafted bill is still at the Ministerial level (PMO office) for further scrutiny.

After reviewing the implementation status, it was noted that the draft bill was passed and enacted into the Investment Act of 2022, which provided expansion and rehabilitation projects with fiscal incentives and, therefore, no more contradictions in the definition of expansion.

Through the review and analysis of the submitted documents (Tanzania Investment Act, 2022), as evidenced during the review of the document, the Audit noted that there is no contradiction anymore because expansion and rehabilitation projects now have the status of fiscal incentives. Therefore, the recommendation is fully implemented. The impact on the implementing issued recommendation is as elaborated on the recommendation issued to TRA under section 3.3.2.

(iv) ***Recommendation 4****: TIC, in collaboration with TRA, needs to plan and implement joint investor monitoring operations to ensure full compliance with the laws while maintaining investor confidence in the Investment promotion regime.*

This recommendation required TIC to collaborate with TRA to plan and implement joint investor monitoring operations to ensure full compliance with the laws while maintaining investor confidence in the Investment promotion regime. In the action plan developed to implement this recommendation, is that appointed members for a joint committee of TRA/TIC are expected to develop a resolution which will help to develop monitoring strategies.

After reviewing the implementation status, it was noted that project monitoring and evaluation had been provided as an additional TIC mandate in the Investment Act of 2022. The monitoring and aftercare section was established. The unit is working to develop the Monitoring and Evaluation framework and plan that will provide for the roles of key investment stakeholders, including TRA and President's Office - Regional Administration and Local Government Authorities (PO-RALG).

Through the review of the submitted documents as evidence during the document review, the auditors noted that the committee members were appointed, monitoring and evaluation were conducted together, and evaluation reports were produced. Therefore, the recommendation is fully implemented.

b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and Information from TIC indicated that five recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1****: Collaborate with the Ministry of Finance to devise a mechanism that will strengthen the provision of Government Notices for tax exemptions to strategic and special strategic investors to promote the benefits of tax exemption to these categories, citizens and Government.*

This recommendation required TIC to collaborate with the Ministry of Finance (MoF) to provide a mechanism that will strengthen the provision of a Government Notice for tax exemptions to strategic and special strategic investors to promote the benefit of tax exemptions to these categories, citizens and the Government.

In the action plan developed to implement this recommendation, clear guidelines are to be developed and approved by both parties, as well as the unit that recommends exemptions to be worked on the same basis as the unit stationed at TIC.

Through reviewing the implementation status, it was noted that collaboration has been made, and a strengthening mechanism has been proposed that Government Notices be issued for two (2) years instead of one (1) year to promote benefits for tax exemption. A proposal for collaboration is pending approval and permit from MoF.

However, the review and analysis of the submitted documents (Guidelines) as evidence show that the guidelines are still under development because they do not have a permit and approval from MoF. Therefore, this recommendation was partially implementation.

(ii) ***Recommendation 2****: Collaborate with TRA to provide public education to ensure the public/investors are well informed on investment incentives, including tax exemptions and procedures for accessing them.*

This recommendation required TIC to collaborate with TRA to provide public education to ensure the public/investors are well informed on investment incentives, including tax exemptions and procedures for accessing them. In the action plan developed by TIC to implement this recommendation, the MoU between TIC and TRA on the formation of a tax reform committee was finalized.

Through reviewing the implementation status, it was noted that the collaboration and MoU between TIC and TRA was finalized/executed and is currently being implemented.

However, through the review of the submitted documents (MoU) as evidence, it shows that the MoU was signed on 01-07-2021, but there is no evidence showing that education on investment incentives, together with tax exemptions and procedures for accessing them, was provided and informed to the public and investors. Therefore, this recommendation was under implementation.

(iii) **Recommendation 3**: *Ensure that zonal budgeting systems are decentralized to enable each zonal office to disburse funds in a timely manner to facilitate the implementation of planned activities at TIC zonal offices.*

This recommendation required TIC to ensure that zonal budgeting systems are decentralized to enable each zonal office to disburse funds in a timely manner and facilitate the implementation of planned activities at TIC zonal offices. The action plan developed by TIC to implement this recommendation is that TIC needs to ensure that petty cash replenishment is done on time to ensure there are no hiccups in the zonal operations.

A review of the implementation status shows that TIC Management has implemented this recommendation, and currently, petty cash is replenished in a timely manner upon request and proper retirement. Furthermore, the petty cash of the Zonal offices has been enhanced.

However, through the review of the response matrix on the implementation of recommendations submitted by TIC, there is no evidence to support the stated implementation status. Therefore, this recommendation is partially implemented.

(iv) **Recommendation 4**: *Ensure adequate planning for resources at the Headquarters and Regional Offices to improve efficiency in the facilitation of tax exemption activities.*

This recommendation required TIC to ensure adequate planning for resources at the Headquarters and Regional Offices to improve efficiency in the facilitation of tax exemption activities. In the action plan developed by TIC, it was noted that depending on the approval from the President's Office

- Public Service Management and Good Governance, TIC will recruit new staff to fill the gaps in staffing levels at HQ and Zonal Offices.

A review of the implementation status shows that TIC continues to face acute staff shortages at HQ and Zone offices while the TIC Board and the management continue to make follow-ups with respective government authorities to resolve the challenge. The issue with regard to TRA officers at TIC was communicated during the recent TIC/TRA joint committee meeting held on 16 August 2024. TRA promised to enhance staffing levels.

However, despite the follow-ups made by TIC and the granted permit for the recruitment of staff, TIC has not finalized the process of recruiting new staff for TIC. Hence, the recommendation was partially implemented.

(v) ***Recommendation 5****: Collaborate with TRA to revive the joint committee and meet quarterly as per the terms of reference of the Memorandum of Understanding between them.*

This recommendation required TIC to collaborate with TRA to revive the joint committee and meet quarterly as per the terms of reference of the Memorandum of Understanding between them. In the action plan developed to implement this recommendation, a meeting between TIC and TRA was planned to be held at the end of the 4th quarter of the financial year 2020/21.

Through reviewing the implementation status, it was noted that TIC and TRA joint committee meetings were held, including those on 16 and 26 August 2021.

The review and analysis of the submitted documents (meeting minutes, attendance register and Investor's dialogue as evidence show that joint committee meetings were held between TIC and TRA on this evidence and audit review, although this was not implemented for all Financial Year from 2020/21 to 2023/24 then this recommendation was under implementation.

2.4 Impact of the Implemented Recommendations

This section presents the noted impacts of the recommendations that were fully or partially implemented.

2.4.1 Impact of Recommendations Issued to TRA

The recommendations implemented by TRA had the following impact on the management of tax exemptions on investment projects.

a) Improved Sharing of Information with TIC to Enable Verification and Monitoring Operations

Following the full implementation of the recommendation, which requires TRA to improve the sharing of information with TIC to enable verification and monitoring operations, the audit team established the impacts realised by the Government undertakings concerning implementing the issued recommendations. The analysis indicated that the officers stationed at TIC have access to all TRA systems, including TANCIS, e-filling systems, Revenue Gateway System and others. This impacted the smooth and fast tax exemption activities under the One Stop Facilitation Centre.

b) Enhanced Mechanism for Requesting Exemptions for Projects

Following the full implementation of the recommendation, which requires TRA to collaborate with TIC to devise a mechanism that will clearly define the meaning of expansion projects to avoid contradictions facing investors when requesting tax exemptions for initiations of other projects within the same location, the audit team established the impacts realised by the Government undertakings concerning implementing the issued recommendations. The analysis indicated that the amendment of Section 6 of Value Added Tax Act Cap 148 through the Finance Act of 2021 increased the effect on the tax exemption provision for both expansion/rehabilitation projects as both deserve the investment incentives.

2.4.2 Impact of Recommendations Issued to TIC

The recommendations implemented by TIC had the following impact on the management of tax exemptions on investment projects.

a) Improved Monitoring and Supervision of the Utilisation of Incentives Granted to Investors

Following the full implementation of the recommendations, which required TIC to accord as much priority to investor monitoring and supervision (aftercare services) to ensure that the incentives granted to investors are effectively used, the audit team established the impacts realised by the Government undertakings concerning implementing the issued recommendation.

The analysis of the M&E Report of 2024 on implementing the issued recommendation impacted the identified key findings observed;

- **Significant Planned Investments:** The visit shows that the projects visited met the minimum requirement as Strategic Investment Projects. The actual investment across the projects amounts to substantial figures, with individual investments ranging from $51.5 million to $200 million. This indicates strong investor confidence in the Tanzanian market and the potential for significant economic impact.

- **Employment Generation**: These projects are expected to create thousands of direct and indirect jobs, contributing to employment growth in the country. For example, the ItraCom Project (Agro-Input Manufacturing) had a contract of five years starting on 05 April 2022, up to September 2024. The project has created 1,265 direct and indirect jobs. Also, the Wilmar Project (Rice Farming and Processing) had a five-year contract, starting on 23 June 2023 and going up to September 2024. The project has created 498 direct and indirect jobs.

- **Foreign Exchange Earnings and Tax Contribution:** Companies such as foreign construction companies and agriculture companies have generated considerable foreign exchange earnings, either through exports or import substitution and have paid considerable amounts of taxes to the government.

- **Corporate Social Responsibility (CSR):** The companies have made various CSR contributions, though these were not highlighted as a major focus in the reporting. This suggests room for improvement in integrating CSR initiatives with broader business strategies.

b) Improved Joint Investor Monitoring Operations

Following the full implementation of the recommendation, which requires TIC, in collaboration with TRA, to plan and implement joint investor monitoring operations to ensure full compliance with the laws while maintaining investor confidence in the Investment promotion regime, the analysis indicates the impact on the understanding of the strategic investor and special investor and the status of the implementation of the tax-exempted projects. Moreover, identification of opportunities for investment incentives.

2.4.3 Impact of Recommendations Issued to MoF

The recommendations implemented by MoF had the following impact on the management of tax exemptions on investment projects.

a) Effective Coordination Among Key Stakeholders Regarding Tax Exemptions

The analysis and review of the National Investment Steering Committee (NISC) Meeting minutes of the 36th Meeting held on 6 November 2024 indicated that the impact of having effective coordination of the MoF, TRA, and TIC enabled smooth decisions on the applied tax exemptions for the strategic investment projects of 2023/24 such as;

- Investment project on the production of cement by Hengya Cement (T) Co. Ltd;
- Project on the production of glass by Tanzania Ceramics Company Limited;
- Construction of Shifa Pan African Hospital Limited;
- Construction of Kamaka Industrial Company Limited; and
- Project on the production of glass by Sapphire Float Glass Company Limited.

b) Strengthen the Mechanism in Place to Sort Out the Contradicting Laws on Administering Tax Exemptions

Following the implementation of recommendation which requires MoF to Strengthen the mechanism in place to sort out the contradicting laws on administering tax exemptions, the follow-up analysis indicated that the impact of implementing the issued recommendation by dissolving the contradicting laws on administering tax exemptions through amending the laws under the Finance Act 2022, which addresses the contradiction in section 6 of Value Added Tax Act Cap 148 through the Finance Act of 2021 has increased to both strategic and special strategic investors.

2.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to TRA, MoF and TIC.

2.5.1 Specific Conclusion

Based on the analysis of the implementation status, the follow-up concluded that the MoF, TRA and TIC did not make adequate efforts to implement the issued recommendations. The management of MoF, TRA and TIC should ensure that all recommendations are fully implemented as they present valid and actionable solutions to various issues affecting their performance.

2.5.2 Specific Recommendations

The management of MoF, TRA and TIC is urged to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER THREE

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE CONTROLS OVER TRANSFER PRICING IN THE TANZANIA BUSINESS SECTOR

3.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on the Control over Transfer Pricing in Tanzania Business Sector tabled to the National Assembly of the United Republic of Tanzania in April 2021. The audit aimed to determine whether the Ministry of Finance and Planning and Tanzania Revenue Authority (TRA) ensure controls over transfer pricing to enhance tax collection.

The main audited entities were the Ministry of Finance (MoF) and the Tanzania Revenue Authority (TRA). MoF is responsible for coordinating the implementation of transfer pricing policies and strategies as well as the preparation of financial and fiscal policies in the country, while TRA is responsible for administering Income Tax legislation and other functions to curb transfer pricing manipulation in the country. To provide performance trends on the implementation of the planned transfer pricing control activities over time, the audit covered a period of four financial years (2016/17 to 2019/20).

3.2 Main Findings during the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Control over Transfer Pricing in the Tanzania Business Sector.

(a) Inadequate Strategies and Targets for Transfer Pricing Controls

The audit noted that there was no specific strategy in place to address transfer pricing in the country. Despite the efforts noted in its operations, TRA did not accord appropriate attention and efforts to transfer pricing within its strategic goals.

Based on interviews with TRA officials, TRA considered the transfer pricing function to be an operational activity. As a result, it did not specifically incorporate it in its Corporate Plans. The lack of a specific strategy for controlling transfer pricing functions led to TRA failing to prepare goals and targets for transfer pricing. This would have ensured MNCs are strategically controlled with regard to the manipulation of transfer pricing.

(b) Transfer Pricing Controls not Adequately Addressed in TRA's Corporate Plan

The audit noted that transfer pricing controls were not included in the Corporate Plans because TRA did not consider transfer pricing control as one of the strategic functions but rather as a normal operational activity that would be reported at the end of the year. It was noted that, the available controls were embedded in the daily activities at an operational level.

On the other hand, TRA seemed to give importance to controls of transfer pricing by establishing the ITU for the purpose of planning, implementing and monitoring transfer pricing activities. Therefore, it was considered that excluding corporate plans in the plan contradicts other operational efforts, as explained above.

Failure to include controls within the Corporate Plans is likely to hamper the planning, implementation, monitoring and evaluation performance of transfer pricing controls.

(c) Insufficient Budget for ITU to Execute Transfer Pricing Functions

ITU was receiving less amount of the entire budget allocated to LTD. The maximum budget allocation was in 2019/20 when about 20% of the total budget was allocated to ITU. Furthermore, the audit conducted an analysis based on the required budget for carrying out transfer pricing audits and the amount allocated to ITU.

Even though ITU was allocated funds to finance its functions, a large portion of the allocated amount was for payments of subscriptions and membership fees. The percentage amount of subscriptions and membership ranged between 40% and 78%. Thus, the budget was inadequate to enable ITU to discharge its transfer pricing function as planned.

(d) Insufficient Human Resources for Implementing Transfer Pricing Controls

Multinational Companies (MNCs) with a total turnover of TZS 4,239,304,909,000 for financial years 2016/17, 2017/18 and 2019/20, and USD 137,048,000 in the financial year 2018/19 were audited. From these transfer pricing audits, the tax recovered was TZS 108,609,505,044.60. This was for only completed audits. However, despite the efforts, ITU has been understaffed for the past four financial years. The Audit Team noted that ITU had a total of 19 staff at the end of the financial year 2019/20. This number included management staff.

As a result of staff shortage, TRA was not able to promptly handle the workload arising from the number of MNCs they were expected to Audit For the past four years, ITU has had a deficit of staff to complete transfer pricing audits for all MNCs per year. This was benchmarked with a team of a minimum of 3 staff per audit. Thus, due to such a staff deficit, there were some MNCs that had not been audited for the past four financial years. ITU had the potential to audit about 16% to 38% of all MNCs, leaving 75% to 84% unattended. The number of MNCs which could not be attended per year ranged between 116 and 153.

3.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement of the controls over transfer pricing in the Tanzania business sector, a total of 11 recommendations were issued in this performance audit, whereby three were directed to the MoF and eight to TRA. Their implementation status was as detailed below.

3.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of 11 recommendations, eight were fully implemented, two were partially implemented, and one was not implemented. **Table 3.1** details the level of implementation of the issued audit recommendations.

Table 3.1: Level of Implementation of Recommendations by TRA and MoF

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
TRA	8	7	1	0	0
MoF	3	1	1	1	0
Total	**11**	**8**	**2**	**1**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 3.1 indicates that out of 11 issued recommendations, eight were issued to TRA, whereby seven were fully implemented and one was partially implemented. Three recommendations were issued to the MoF. One was fully implemented, one was partially implemented, and the other one was not implemented.

3.3.2 Implementation Status of Recommendations Issued to TRA

This section details the implementation status of the issued recommendations to TRA. A total of eight recommendations were issued to TRA. **Table 3.2** summarises the implementation status of the recommendations issued to TRA by category.

Table 3.2: Level of Implementation of Recommendations by Category of Recommendations by TRA

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	2	2	0	0	0
Implementation/ Execution	4	3	1	0	0
Monitoring and Evaluation	1	1	0	0	0
Coordination	1	1	0	0	0
Development	0	0	0	0	0

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Total	**8**	**7**	**1**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 3.2 indicates that among the recommendations issued to TRA, the planning category had two recommendations, which were all fully implemented, and the implementation category had four recommendations; three were fully implemented, and one was partially implemented. The monitoring category had one recommendation that was fully implemented, and the coordination category had one that was fully implemented.

The detailed analysis of eight recommendations issued to TRA and their implementation status is provided below;

a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and Information from TRA indicated that seven recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1****: Capacitate the International Taxation Unit by providing adequate staff and technology to enable it to deal with transfer pricing audits and other related reviews effectively.*

This recommendation required TRA to continue to capacitate the unit in terms of staff and technology to enable it to specifically widely and timely deal with transfer pricing audits and other related cases. In the action plan submitted after the reports, TRA indicated that it would capacitate the unit on a continuous basis. In response to the aforementioned recommendation, the audit noted that the list of staff increased as compared to the time of the previous audit, as presented in **Figure 3.1.**

In the review of TRA staff for ITU, the audit noted that, during the audit for the financial year 2021/22, there were 11 ITU staff members. This number rose to 24 ITU staff members in the 2022/23 financial year and further increased to 27 ITU staff members in the 2023/24 financial year, representing a 145% increase in the ITU staff. Furthermore, TRA officials revealed that they have continued to subscribe to BvD databases that support technology transfer through the subscription contract.

Therefore, this recommendation is ranked as fully implemented since TRA has managed to increase the effective execution of ITU tasks to reach set objectives. Capacitating the ITU department in terms of all needed resources, including manpower, will result in an improvement in their performance.

Table 3.3 depicts the comparison between the targeted and completed transfer pricing audit cases.

Table 3.3: Transfer Pricing Audit Cases

Financial Year	Target (Number of Cases)	Completed	Attainment (%)
2021/22	20	18	90
2022/23	20	15	75
2023/24	35	26	74

Source: Auditors' Analysis of LTD Annual Performance Reports, 2024

Table 3.3 shows that the department managed to conduct and complete transfer pricing audit cases 18 out of 20 targeted in the financial year 2021/22, which is equivalent to a performance rate of 90%. Further, the Department conducted and completed 15 Transfer Pricing Audit Cases out of 20 cases targeted in the financial year 2022/23, which is equivalent to a performance rate of 75%. In the Financial year 2023/24, the department conducted and completed 26 transfer pricing audit cases out of 35 targeted cases, equivalent to a performance rate of 74.3%. Furthermore, **Table 3.4** indicates the planned and actual amount for establishing price transfer.

Table 3.4: Transfer Pricing Audit Establishment Target vs Actual

Financial Year	Target Set Establishment (TZS Million)	Actual Establishment (TZS Million)	Establishment(%)
2021/22	140,507.93	148,471.22	106
2022/23	90,130.60	165,298.22	183

2023/24	200,000.00	308,777.00	154

Source: Auditors' Analysis of LTD Annual Performance Reports, 2024

Table 3.4 shows that the ITU Department managed to establish TZS 148,471.22 million compared to the set target of establishing TZS 140,507.93 million, equivalent to a performance of 106% in the financial year 2021/22. In the Financial year 2022/23, the ITU department managed to establish TZS 165,298.22 million compared to the set target of establishing TZS 90,130.6 million, equivalent to a performance of 183.4%. In the financial year 2023/24, the ITU department managed to establish TZS 308,777 million compared to the target of TZS 200,000 million, which is equivalent to a performance of 154%. This implies the impact of work improvement in the Transfer Pricing audit cases and on-issue-oriented cases.

(ii) Recommendation 2: *Develop strategies that will set short- and long-term targets to facilitate prompt implementation of transfer pricing controls in the country.*

This recommendation required TRA to develop an operational transfer pricing policy and strategies that will set short- and long-term targets to facilitate prompt implementation of transfer pricing controls in the country. TRA in the action plan indicated that the operational transfer pricing policy and strategies will continue to be part of the forthcoming business plans

A review of responses from TRA indicated that the Multi-Year Compliance Strategy (2021/22-2023/24) did not include strategies related to transfer pricing issues. However, the current Multi-Year Compliance Strategy for 2024/25-2026/27 has included strategies for facilitating the prompt implementation of transfer pricing controls in the country.

The strategies included the International Taxation Unit (ITU) conducting joint Transfer Pricing (TP) audits with other Revenue Departments and training on the use of databases for comparability analysis and transfer pricing.

The audit concluded that this recommendation was fully implemented because TRA provided evidence-based action plans for implementing the developed strategies by stipulating short- and long-term targets, including

Assigning at least two TP cases to every officer as a case manager to enhance capacity building, especially to the newly joined staff and In-house capacity building through regular brainstorming sessions, joint TP audit with other sections, especially in issue-oriented cases among others.

(iii) ***Recommendation 3****: Develop realistic and risk-based plans for the selection and handling of transfer pricing audits and issue-oriented transfer pricing cases.*

This recommendation required TRA to develop realistic and risk-based plans for the selection and handling of transfer pricing audits and issue-oriented transfer pricing cases.

The audit review of Risk Profiling for case selection for Financial Year 2021/22 to 2023/24 indicates that TRA used Risk Differentiation Compliance Model Analysis by considering Financial Importance and Risk Assessment Indicators.

This recommendation was fully implemented. As a result, the ITU Department achieved a 106% performance in 2021/2022/23 and a 154% performance in 2023/24, indicating improved work in Transfer Pricing audit cases and on-issue-oriented cases.

(iv) ***Recommendation 4****: In collaboration with MoF to enhance organisational and international coordination, which will allow wide exchange of transfer pricing information.*

This recommendation required TRA to collaborate with MoF to enhance organisational and international coordination, which will allow for the wide exchange of transfer pricing information.

In a review of correspondence between TRA and MoF, the audit noted that TRA would communicate with MoF through a letter dated 25 August 2022 with reference no. BA. 86/510/01B/31 on the multilateral convention on mutual administrative assistance in tax matters and letter dated 24 January 2023 with reference no. BA/510/01/54 on the same aforementioned subject matter. This aimed to facilitate the ratification of a multilateral convention on transparency and exchange of information, which will provide a broader network of exchange of information at the International level.

This recommendation is ranked as fully implemented by TRA since the attached correspondences reflect the efforts of constant communication made by TRA to the Ministry of Finance to allow the wider exchange of transfer pricing information. However, there is no evidence of correspondence on feedback, guidance, or reviews from the Ministry of Finance (MoF), implying that no implementation was done by the Ministry.

(v) ***Recommendation 5***: *Enhance and facilitate the availability of sector-based databases and software that could promptly capture data for transfer pricing comparability analysis.*

This recommendation required TRA to enhance and facilitate the availability of sector-based databases and software that could promptly capture data for transfer pricing comparability analysis.

An interview with TRA officials revealed that there are no sector-specific databases in the market. Databases for transfer pricing comparability analysis are generic in nature. Although a database and software are available, they are not sector-based. Furthermore, ITU data are stored in industry classifications, and comparable data can be obtained by identifying the client's industry.

A review of the Transfer Pricing Benchmarking Study for Procurement Services for Kilombero Sugar Company Limited (KSCL), October 2023, and the Benchmarking Report, 2024, confirmed that the available data are organized by industry classification.

This recommendation was fully implemented since the database and software in place efficiently enable the prompt capture of data for transfer pricing comparability analysis.

As a result, the ITU Department achieved a 106% performance in 2021/2022/23 and a 154.39% performance in 2023/24, indicating improved work in Transfer Pricing audit cases and on-issue-oriented cases.

(vi) ***Recommendation 6****: Enhance specialised transfer pricing training to ITU Staff with the aim of tapping the wide knowledge of transfer pricing within TRA.*

The Recommendation required TRA to enhance specialised transfer pricing training for ITU Staff with the aim of tapping the wide knowledge of transfer pricing within TRA.

The review of the certificates of attendance and completion submitted by TRA indicated that the following training for ITU staff was conducted:

- Capacity Building Support to Tanzania Revenue Authority by Dutch Ministry of Foreign Affairs (BUZA) under IBFD-BUZA Capacity Building Program for Developing Countries;
- Technical Assistance to Tanzania on Capacity Development to address Profit Shifting by Multinational Enterprises by African Tax Administration Forum;
- Global Relations Programme on Taxation hosted by the Organisation for Economic Co-operation and Development (OECD) Ankara Multilateral Tax Centre;
- Intermediate Tax Audit Course hosted by African Tax Administration Forum; and
- Trends in International Taxation (An African Perspective) hosted by the Centre for Studies in African Taxation and presented by the International Bureau of Fiscal Documentation.

The audit is in the view that, this recommendation was fully implemented because TRA continues to enhance specialized transfer pricing training to ITU Staff by indicating the specialized skill gaps through a Training needs questionnaire, a Training Plan to be conducted, and a Letter indicating training needs with the aim of tapping the wide knowledge of transfer pricing within the institution.

(vii) ***Recommendation 7:*** *Devise a mechanism for monitoring, evaluating and reporting on the performance of transfer pricing functions within TRA, including potential revenue that would be realized as a result of transfer pricing audits.*

This recommendation required TRA to devise a mechanism for monitoring, evaluating and reporting on the performance of transfer pricing functions within TRA, including potential revenue that would be realized as a result of transfer pricing audits.

Through interviews with TRA officials, it was pointed out that TRA sets yearly strategies with targets for their performance in implementing set activities. Further, TRA prepares monthly, quarterly, and annual performance reports to track the implementation status of their activities and monitors, evaluates, and reports on the performance of different aspects, including transfer pricing.
A review of the Annual performance reports revealed that the monitoring and evaluation of the mechanism of transfer pricing is done as the performance rate increases from time to time, as depicted in **Table 3.4**, which shows that the ITU Department managed to establish TZS 140,507.93 million compared to the set target of establishing TZS 148,471.22 million, equivalent to a performance of 106% in the financial year 2021/22. In the Financial year 2022/23, the ITU department managed to establish TZS 165,298.22 million compared to the set target of establishing TZS 90,130.6 million, equivalent to a performance of 183%. In the financial year 2023/24, the ITU department managed to establish TZS 308,777 million compared to the target of TZS 200,000 million, which is equivalent to a performance of 154%. This implies that the improvement of work in the Transfer Pricing audit cases and on-issue-oriented cases has an impact.

Based on the above-mentioned finding, the audit concludes that the recommendation was fully implemented.

b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and Information from TRA indicated that one recommendation was partially implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 8:*** *Enhance awareness among taxpayers and stakeholders, such as law enforcement agencies and sector regulators, to enhance voluntary compliance with transfer pricing requirements.*

This recommendation required TRA to enhance awareness among taxpayers and stakeholders, such as law enforcement agencies and sector regulators, to enhance voluntary compliance with transfer pricing requirements.

The audit acknowledges that TRA has managed to conduct various workshops for stakeholders responsible for law enforcement, such as the Ministry of Finance, Bank of Tanzania, Financial Intelligence Unit, BRELA, and RITA. The awareness aimed to enhance voluntary compliance with transfer pricing requirements.

However, the audit review of Multi-Year Compliance Strategy 2021/22-2023/24 and 2024/25 to 2026/27, Annual Strategies and Performance Report 2021/22 to 2023/24, and TRA Sixth Corporate Plan did not indicate if TRA planned to and conducted awareness to taxpayers and stakeholders such as law enforcement agencies and sector regulators to enhance voluntary compliance with transfer pricing requirements.

The Audit concluded that this recommendation was partially implemented.

3.3.3 Implementation Status of Recommendations Issued to MoF

This section details the implementation status of the issued recommendations to the MoF. A total of three recommendations were issued to MoF. **Table 3.5** summarises the implementation status of the recommendations issued to MoF by category.

Table 3.5: Level of Implementation of Recommendations by Category of Recommendations by MoF

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	1	1	0	0	0

Monitoring and Evaluation	1	0	0	1	0
Coordination	1	0	1	0	0
Development	0	0	0	0	0
Total	**3**	**1**	**1**	**1**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 3.5 indicates that among the recommendations issued to MoF, the implementation category had one recommendation which was fully implemented, the monitoring category had one recommendation which was not implemented, and the coordination category had one recommendation which was partially implemented.

The detailed analysis of three recommendations issued to MoF and their implementation status is provided below.

a) Details of Recommendation that was Fully Implemented

The analysis of submitted evidence and Information from MoF indicated that one recommendation was fully implemented. This recommendation and its status of implementation are explained below:

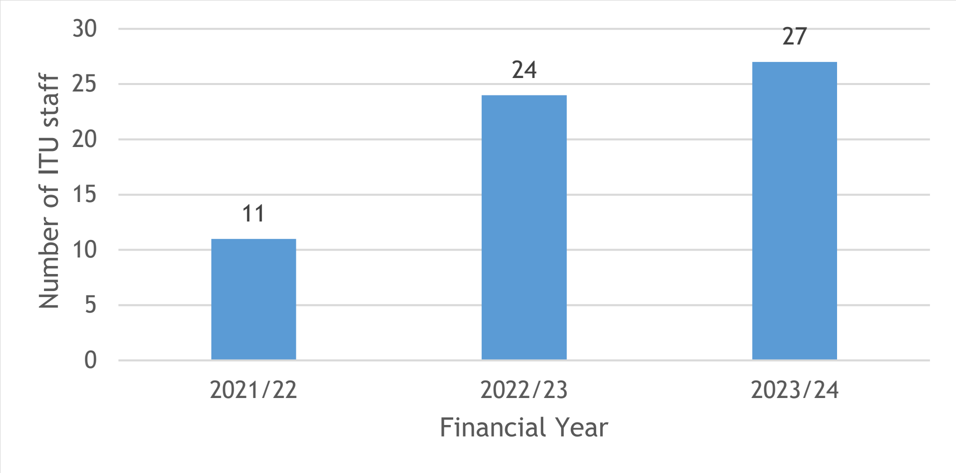
(i) ***Recommendation 1****: Ensure that TRA is given support in terms of budget, offices, enough numbers of staff specialized in Transfer Pricing issues and tools like laptops, and reliable systems to support performance and enhance controls over activities with TRA.*

It requires the Ministry of Finance to give support in terms of budget, offices, enough numbers of staff specialized in Transfer Pricing issues and tools like laptops, and reliable systems to support performance and enhance controls over activities with TRA.

In the review of TRA staff at ITU, the audit noted that the list of staff increased compared to the time of the previous audit.

A review of the Staff List shows the trend of the number of ITU Staff is indicated in **Figure 3.1**.

Figure 3.1: Number of ITU Staff



Source: Auditors' Analysis of the Extract from Yearly Staff List of ITU, 2024

Figure 3.1 illustrates an increasing trend in the number of ITU staff. During the audit for the financial year 2021/22, there were 11 ITU staff members. This number rose to 24 ITU staff members in the 2022/23 financial year and further increased to 27 ITU staff members in the financial year 2023/24, equivalent to a 145% ITU staff increase.

MoF ensured that the International Tax Office is well-equipped to meet its operational needs efficiently and that the office remains agile and responsive to its evolving demands by maintaining financial flexibility and prioritizing resources to enhance its effectiveness in managing international tax matters.

The recommendation is ranked as fully implemented since it can be achieved by increasing the ITU staff by 145% in the financial year 2023/24, enhancing its effectiveness in conducting transfer pricing audits.

b) Details of Recommendation that was Partially Implemented

The analysis of submitted evidence and Information from MoF indicated that one recommendation was partially implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 2****: Review and initiate the automatic exchange of information between foreign governments to enable TRA to effectively perform its transfer pricing control function.*

Based on the recommendation, MoF is required to review and initiate the automatic exchange of information between foreign governments to enable TRA to effectively perform its transfer pricing control function.

A review of MoF responses and Interviews with officials revealed that the International Cooperation Tax Matters Section has been established and is now in full operation. The above-mentioned Unit negotiates, concludes and signs Tax Treaties (DTA) and engages in Regional and International Meetings and Conferences, including EAC and UN. The process of joining the Multi-lateral Assistance Tax Matter Association is still underway.

Based on this finding, the audit concludes that the recommendation is partially implemented since MoF has made some progress in establishing a framework for international cooperation, but key elements like the completion of the Multilateral Assistance Tax Matters Association membership and the operationalization of automatic information exchange were ongoing.

c) Details of Recommendation that was not Implemented

The analysis of submitted evidence and Information from MoF indicated that one recommendation was not implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 3***: *Monitor and evaluate TRA's performance over time, including reporting on transfer pricing performance, in order to effectively implement the transfer pricing control function.*

The recommendation requires MoF to monitor and evaluate TRA's performance over time, including reporting on transfer pricing performance, in order to effectively implement the transfer pricing control function.

A review of MoF responses and interviews with officials revealed that there are no monitoring reports of TRA performance, including reporting on transfer pricing performance, in order to effectively implement transfer pricing control.

Furthermore, no correspondences from MoF to TRA have been presented based on transfer pricing matters. Without such correspondences, it becomes difficult to track the alignment between the two entities on key transfer pricing regulations, policies, and enforcement.

The evidence availed to auditors after the exit meeting depicts that correspondence from MoF to TRA was solely to request documents for audit purposes and did not show the flow of implementation of MoF monitoring the performance of TRA, especially the International Taxation Unit.

This recommendation is ranked as not implemented since there was no attachment for the justification of the Revenue collection targets through the Revenue collection Report. In addition, the absence of correspondence from MoF to TRA related to transfer pricing matters further limited the potential for coordinated action between the two entities. These communications are essential for ensuring that both parties are aligned on regulatory matters and enforcement strategies.

3.4 Impact of the Implemented Recommendations

Following the implementation of the recommendation issued in the Controls over transfer pricing, the follow-up analysis noted the Improvement in the Performance of the Internal Taxation Unit (ITU).

The audit revealed that the ITU's performance improved significantly in the last three financial years, with a performance of TZS 148,471 million (106% of set target) in the 2021/2022 financial year, 165,298.22 million (183.4% of the set target) in the 2022/23 financial year, and 308,777 million (154.39% of the set target) in the 2023/24 financial year. This improvement is attributed to various interventions by TRA in the area of Transfer Pricing, such as capability building, staff increase, the availability of sector databases and software, and the development of realistic and risk-based strategies. This indicates that the ITU's performance has been improving, with a significant increase in just three financial years.

3.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to TRA and MoF.

3.5.1 Specific Conclusion

Based on the analysis of the implementation status, the follow-up concluded that MoF and TRA did not make adequate efforts to implement the issued recommendations. The management of MoF and TRA should ensure that all recommendations are fully implemented as they present valid and actionable solutions to various issues affecting their performance.

3.5.2 Specific Recommendations

The MoF and TRA are urged to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER FOUR

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE MANAGEMENT OF UNCLAIMED ASSETS

4.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on the Management of Unclaimed Assets, tabled to the National Assembly of the United Republic of Tanzania in April 2021. The main audit objective was to determine whether MoF, as the overseer of all financial arrangements, strategies, and plans in the country through the Government Assets Management Division (GAMD) and Bank of Tanzania (BoT) as a regulator of the banking and financial institutions, effectively managed unclaimed assets to ensure that the potential revenues from unclaimed assets are realized.

Specifically, the audit covered unclaimed financial assets that are managed by BoT and non-financial assets that GAMD manages. Under unclaimed financial assets, the focus was on managing unclaimed financial assets from commercial banks and those from electronic money issuers (Mobile Network Operators). To examine the magnitude of unclaimed assets in the country and their related trend over time, the audit covered five (5) financial years from 2015/16 to 2019/20.

4.2 Main Findings During the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Management of Unclaimed Assets.

(a) Inadequate Legal Framework on the Management of Financial Unclaimed Assets

The audit noted that the identified weaknesses were rooted in the inadequate legal framework of the National Payment Systems Act with respect to Mobile Network Operators (MNOs) and the Banking and Financial Institutions Act in respect to commercial banks. The National Payment Systems Act, in particular, is silent (has no section) concerning the management of unclaimed financial assets from identification to disposition of unclaimed assets. On the other hand, the Banking and Financial Institutions Act of 2006 does not mandate BoT to dispose of unclaimed financial assets from commercial banks.

(b) Not all Commercial Banks Remitted Unclaimed Financial Assets to BoT

The Audit noted that as of June 2020, there were a total of 26 commercial banks that have been operating in Tanzania for more than 15 years. However, only three out of the 26 qualified commercial banks, which is equivalent to 11.5%, remitted unclaimed financial assets to BoT. The remittance letters from commercial banks show that up to June 2020, a total of TZS 2.5 Billion of unclaimed assets were remitted to BoT.

The noted causes were non-verification of remitted unclaimed balances from commercial banks and Mobile Money Operators. The audit noted that BoT did not verify the amount remitted to ascertain the amount remitted by commercial banks for the assessed period starting from 2015/16 to 2018/19. This poses the risk of loss of unclaimed financial assets from commercial banks and mobile network operators.

(c) Ineffective Management of Unclaimed Non-Financial Assets

The audit noted that the overall management of unclaimed non-financial assets was ineffective. This was mainly caused by MoF's inadequate verification of unclaimed non-financial assets. Also, the Audit noted that, despite the existence of other government institutions (such as TAWA, TANAPA and TFS) with potential unclaimed assets, for the period of five years (from 2015/16-2019/20), GAMD conducted verification of unclaimed properties held by TPF only, and this was done in the year 2018 only. Non-verification of unclaimed assets was mainly attributed to the non-inclusion of unclaimed assets activities in the MoF’s strategies and plans, GAMD's emphasis on overseeing the disposal of other government assets, the notion that every institution has its laws and regulations for administering claimed assets and inadequate system for registering unclaimed non-financial assets.

(d) Inactive Mechanisms for Identification of Unclaimed Non-Financial Assets

The audit noted that the mechanism for the identification of abandoned/unclaimed assets was not effective as expected. This is evidenced by the fact that, with the exception of the Tanzania Police Force, which is guided by the General Police Order (PGO), the remaining holding entities had no established and functioning procedures for the identification of unclaimed non-financial assets.

This weakness was mainly attributed to the absence of adequate and functioning identification procedures, and MoF failed to issue guidelines for identifying unclaimed assets. Regarding the absence of adequate and functioning identification procedures, our audit found that no common identification procedures were established by MoF to be observed by holding entities such as TAWA, TANAPA and TFS. Each holding entity had its procedures as provided in its laws and regulations.

(e) Ineffective Disposal of Unclaimed Non-financial Assets

The audit noted two major weaknesses related to the disposal of unclaimed non-financial assets, suggesting that the process was ineffective. The noted weaknesses include a lack of effective supervision of the disposal of unclaimed assets and inadequate procedures for owners to reclaim their assets. Regarding the absence of effective supervision of disposal, it was found that some public auctions were conducted without the attendance of Regional Stock Verifiers. Non-involvement of MoF (through RSV) could potentially result in loss of Government revenue associated with low disposal price of the unclaimed assets as evidenced in the disposal price of motorcycles (i.e. TZS 50,000).

Similarly, the audit found that TAWA, TANAPA, and TFS had no procedures for owners to reclaim their assets. On the other hand, Clause 304 of the PGO provides procedures for individuals to claim back abandoned properties. However, most of the senior police staff were not aware of the procedures. This indicates that the procedures were not used. In general, the noted anomalies were mainly attributed to the inability of MoF to set out uniform procedures for the disposition of unclaimed assets/abandoned properties.

4.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in the management of unclaimed assets, a total of 17 recommendations were issued in this performance audit, whereby nine were directed to the Ministry of Finance and eight to BoT. Their implementation status was as detailed below;

4.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of 17 recommendations, eight were fully implemented, and nine were partially implemented. **Table 4.1** details the level of implementation of the issued audit recommendations.

Table 4.1: Level of Implementation of Recommendations by BoT and MoF

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
BoT	8	4	4	0	0
MoF	9	4	5	0	0
Total	17	8	9	0	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 4.1 indicates that four of the nine recommendations issued to the MoF were fully implemented, and five were partially implemented. The Table further indicates that eight recommendations were issued to the BoT: four were fully implemented, and the other four were partially implemented.

Further analysis of the issued recommendations for each implementation category was made based on the four implementation levels. **Table 4.2** provides details on the level of implementation for all issued audit recommendations based on these categories.

Table 4.2: Level of Implementation of Recommendations by BoT and MoF

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	1	0	1	0	0
Implementation/ Execution	5	2	3	0	0
Monitoring and Evaluation	2	1	1	0	0
Coordination	0	0	0	0	0
Development	9	5	4	0	0
Total	**17**	**8**	**9**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 4.2 indicates that out of 17 issued recommendations, the planning category had one recommendation that was partially implemented, and the implementation category had five recommendations, of which two were fully implemented, and three were partially implemented. Additionally, two recommendations were in the monitoring category; one was partially implemented, and the other was fully implemented. Furthermore, nine recommendations were in the development category; five were fully implemented, and four were partially implemented.

4.3.2 Implementation Status of Recommendations Issued to BoT

This section details the implementation status of the issued recommendations to BoT. A total of eight recommendations were issued to BoT. Four recommendations were fully implemented, and the other four recommendations were partially implemented. **Table 4.3** summarises the implementation status of the recommendations issued to BoT by category.

Table 4.3: Level of Implementation of Recommendations by Category of Recommendations by BoT

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	3	2	1	0	0
Monitoring and Evaluation	2	1	1	0	0
Coordination	0	0	0	0	0
Development	3	1	2	0	0
Total	**8**	**4**	**4**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 4.3 indicates that out of eight recommendations issued to BoT, implementation and development category had three recommendations each, while monitoring and evaluation had two recommendations. Four of the eight issued recommendations were fully implemented, of which two fell under implementation while one each fell under development and monitoring.

The analysis of eight recommendations issued to BoT indicates that their implementation status falls under two out of four levels of implementation, which are fully, and partially implemented, as detailed below.

a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and Information from BoT indicated that four recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1:*** *Formulate guidelines and directives for identification and registration of unclaimed financial assets from financial institutions.*

The recommendation required the Bank of Tanzania (BoT) to formulate guidelines and directives for the identification and registration of unclaimed financial assets from financial institutions.

To implement this recommendation, BoT planned to issue a Circular directing banks to make a comprehensive assessment of the status of the abandoned property as defined in the Banking and Finance Act of 2006. and submit the report to the Bank of Tanzania no later than 31 March 2021. Further, the bank planned to formulate a comprehensive guideline for the supervision of unclaimed financial assets after a review of the Banking and Financial Institutions Act (BAFIA) 2006.

A reviewed response from the BoT indicated that it issued a circular in March 2021 which required all banks and financial institutions to surrender abandoned properties as per section 47 of the Banking and Finance Act of 2006.

Further, the Banking and Financial Institution Act was amended in 2024 as the Principal Act whereby the changes made were specifically on Section 5(3) for Disposal by the Bank of abandoned assets surrendered to the Bank in which the Bank was required to dispose 90% of the same to the Government vide the Consolidated Fund; depositing the remaining 10% into the General Reserve Fund maintained at the Bank effective from 1st January 2025; and Section 6 of the Finance Act, 2024 – the timing of abandoned assets to be surrendered by the financial institutions was now 10 years, instead of the former 15 years.

Following the issued circulars to banks and financial institutions, they have started to act by submitting reports to BoT. The submitted reports indicated details such as name, amount, date of submission and currency of the abandoned property surrendered to the Bank of Tanzania. It also shows confirmation of the time the account was defined as a dormant account according to the internal policies of respective banks and financial institutions.

Therefore, due to the noted action taken by the Bank of Tanzania and the actions currently taken by the banks and financial institutions, this recommendation has been fully implemented.

(ii) ***Recommendation 2****: Review the appropriateness of the existing 15 years' Dormancy period for unclaimed financial assets from commercial banks to assess whether this time frame can be reduced within the commercial banks. The review should also focus on ensuring that potential abandoned properties are identified and registered by holder entities.*

The recommendation required BoT to review the appropriateness of the existing 15 years' Dormancy period for unclaimed financial assets from commercial banks to assess whether this time frame can be reduced within the commercial banks. The review also aimed to focus on ensuring that potential abandoned properties are identified and registered by holder entities.

To implement this recommendation, BoT planned to assess the Appropriateness of the 15-year dormancy period after consultation with other stakeholders, including banks and financial institutions.

Following up on the implementation of the recommendation, in its response, BoT revealed that, changes were made in the Banking and Financial Institutions Act, Cap 342 vide the *Finance Act, 2024,* which, among others, shortened the timing for the abandoned asset to be surrendered by the financial institutions from 15 to 10 years.

Based on the recommendation issued and action taken by BoT, the recommendation is fully implemented as noted improvement in the time for the financial institutions to surrender unclaimed assets from 15 to 10 years, a reduction of five years.

(iii) ***Recommendation 3****: Develop and implement strategies to ensure dormant accounts available at commercial banks and mobile network operators are adequately examined during onsite examination. The strategies should ensure the identification of malpractices in the dormant accounts.*

The recommendation required BoT to develop and implement strategies to ensure dormant accounts available at commercial banks and mobile network operators are adequately examined during the onsite examination. The strategies aimed to ensure the identification of malpractices in the dormant accounts.

In response to the recommendation given, BoT planned to continue to review dormant accounts to ascertain whether banks properly remit all abandoned properties in the form of dormant accounts during planned onsite examinations. In addition, BoT planned to select samples of banks and conduct targeted onsite examinations, specifically to assess the correctness of remitted abandoned properties.

The review of submitted supporting evidence in response to implementing this recommendation revealed that BoT conducted various reviews of dormant accounts and their management during full-scope onsite examination.

Further efforts made by the BoT include the establishment of the Risk-Based Oversight Framework (RBOF) and established procedures for verifying dormant and abandoned property during the onsite inspection of Electronic Money Issuers. The procedures aimed to help prioritise the review of abandoned property and dormant accounts during the onsite inspection. Payment systems providers and electronic money issuers tested the abandoned property procedures during the onsite inspection of M-PESA Limited and issued directives for observed lapses.

In addition, the Bank of Tanzania has embarked on the development of Real-Time Solutions for data collection from banks and Mobile Network Operators. The system aims mostly to assist with the verification of account status in terms of ageing, which helps mitigate malpractices in dormant accounts and abandoned properties. The system was under the User Acceptance Test exercise that started on 19 August 2024 for banks that will be followed by Mobile Network Operators. The system can indicate whether an account is active, inactive, dormant, closed, or abandoned based on predefined criteria set in the law. There has been an improvement in the daily monitoring of abandoned property.

(iv) ***Recommendation 4****: Conduct on-site examinations regularly to enhance verification of remitted and potentially unclaimed financial assets from financial institutions.*

The recommendation required BoT to conduct on-site examinations regularly to enhance verification of remitted and potentially unclaimed financial assets from financial institutions.

In response to the recommendation given, BoT planned to conduct onsite examinations regularly, considering the risk profile of the banks. This was planned to be done through annual reports on the abandoned properties that would be submitted by banks. Further, BoT planned to assess the need for targeted examinations and conduct examinations when necessary.

In its response, BoT revealed that it had conducted on-site examinations based on the risk profile of six banks in 2024.

A review of the evidence submitted revealed that BoT conducted onsite verification in 2022 and 2023 based on the risk profile of the respective Banks. Through that examination, 13 banks in 2022 and 13 banks in 2023 surrendered abandoned properties (Unclaimed financial assets). Thus, this recommendation is termed as fully implemented.

b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and Information from BoT indicated that four recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 5***: *BoT should conduct verification of remitted unclaimed financial assets to both commercial banks and electronic money issuers. The verifications should enhance the determination of whether the amount of remittance made was the actual amount.*

The recommendation required BoT to verify remitted unclaimed financial assets with both commercial banks and electronic money issuers. It further required verifications to enhance the determination of whether the amount remittance made was the actual one.

In addressing this recommendation, the BoT indicated that they planned to implement the recommendation by enforcing Compliance with the existing legislation to ensure regulations, circulars and directives thereof. Also, the bank planned to assess the need to conduct targeted examinations where necessary.

In addition, BoT initiated steps for reviewing the Banking and Financial Institutions Act, 2006 to address legal and regulatory gaps in the supervision of unclaimed financial assets, including verification of remitted unclaimed financial assets, when necessary.

Since there is no evidence showing various actions taken by the BoT upon noted discrepancies, the recommendation is partially implemented.

(ii) ***Recommendation 6:*** *BoT Should institute appropriate sanctions on non-compliant commercial banks and electronic money operators as provided in the applicable laws, regulations, directives, or guidelines on the management of unclaimed financial assets.*

The recommendation required the BoT to Institute appropriate sanctions on non-compliant commercial banks and electronic money operators as provided in the applicable laws, regulations, directives, or guidelines on the management of unclaimed financial assets.

BoT planned to issue sanctions to those who failed to comply with regulatory requirements, particularly failure to submit abandoned, unclaimed financial assets.

Moreover, in response, it indicated that it continued to conduct onsite examinations of banks and determine whether banks comply with the legal and regulatory requirements. Non-compliance with applicable laws, regulations, directives, or guidelines on the management of unclaimed financial assets by commercial banks and electronic money operators is assessed during periodic onsite examinations. In addition, the Bank institutes appropriate sanctions whenever there is non-compliance.

Despite BoT claiming that they institute appropriate sanctions to non-compliants, there was no evidence indicating the issued sanctions to non-compliants. Therefore, this recommendation is partially implemented.

(iii) **Recommendation 8:** *BoT Should establish procedures in which the initial owner of abandoned properties transferred to BoT or any other government institution can reclaim their right of ownership in case they want to do so. The procedures should facilitate and ensure individuals or persons are not deprived of their constitutional right to own properties.*

The recommendation required the BoT to establish procedures in which the initial owner of abandoned properties transferred to BoT or any other government institution can reclaim their right of ownership if they want to do so. The procedures should facilitate and ensure individuals or persons are not deprived of their constitutional right to own properties.

To implement the recommendation, BoT planned to establish minimum criteria for customers to claim funds held in dormant wallet status before they are remitted to BoT. Also, it intends to inform customers of their unique identification numbers as a reference during the claiming process and collaborate with the Ministry of Finance to expedite the issuance of guidance for the disposal of financial assets.

A review of the evidence submitted by BoT indicated that, it is in consultation with the Ministry of Finance to establish procedures in which the initial owner of abandoned properties transferred to BoT or any other government institution can reclaim their right of ownership if they want to do so. Since the activity is ongoing, the recommendation has been partially implemented.

(iv) ***Recommendation 7:*** *BoT Should establish a mechanism that would enhance the effective disposal of remitted unclaimed financial assets from both commercial banks and mobile network operators. The mechanisms should identify who is the right owner and user of abandoned properties disposed-off.*

The recommendation required the BoT to establish a mechanism that would enhance the effective disposal of remitted unclaimed financial assets from both commercial banks and mobile network operators. The mechanisms aimed to identify the right owner and user of abandoned properties disposed-off.

In response to that, BoT planned to enhance the database/register of all depositors whose accounts have been classified as abandoned property and remitted to the Bank, showing key KYC[1] information. The information planned to be used for the identification of legal owners once claimed.

A review of the evidence submitted by BoT did not reveal any response with respect to the given recommendation and planned action. Hence, the recommendation is not implemented.

4.3.3 Results of Follow-Up on Implementation of Recommendations Issued to MoF

This section details the implementation status of the issued recommendations to MoF. A total of nine recommendations were issued to MoF. Four recommendations were fully implemented, and five recommendations were partially implemented. **Table 4.4** summarises the implementation status of the recommendations issued to MoF by category.

Table 4.4: Level of Implementation of Recommendations by Category of Recommendations by MoF

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	1	0	1	0	0
Implementation/ Execution	2	0	2	0	0
Monitoring and Evaluation	0	0	0	0	0
Coordination	0	0	0	0	0
Development	6	4	2	0	0
Total	**9**	**4**	**5**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 4.4 indicates that out of nine recommendations issued to MoF, six were in the development category, whereby four were fully implemented,

[1] Know Your Customer

and two were partially implemented, two recommendations were in the implementation category, and all were partially implemented, while one recommendation was in the planning category and was partially implemented.

The detailed analysis of nine recommendations issued to MoF indicates that their implementation status fell under two out of four levels of implementation, namely, fully implemented and partially implemented, as detailed below.

a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and Information from MoF indicated that four recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 8****: Develop a mechanism that ensures proper disposal of unclaimed non-financial assets held by various entities in accordance with relevant disposal procedures.*

The recommendation required the Ministry of Finance to develop a mechanism that ensures proper disposal of unclaimed non-financial assets held by various entities in accordance with relevant disposal procedures.

Action planned by the Ministry to implement the recommendation was to have guidelines to put in place the mechanism to ensure proper disposal of unclaimed non-financial assets.

In addressing this recommendation, the Ministry of Finance developed the Public Finance (Management of Public Property) Regulations, 2024, which provides measures to ensure proper asset disposal/ management of public property. Therefore, this recommendation was fully implemented.

(ii) ***Recommendation 9:*** *Develop uniform procedures for individuals to reclaim their previously owned unclaimed non-financial assets.*

The recommendation required the Ministry of Finance to develop uniform procedures for individuals to reclaim their previously owned unclaimed non-financial assets.

The ministry planned to institute uniform directives regarding the procedures for individuals to reclaim their previously owned unclaimed non-financial assets.

In addressing this recommendation, the Ministry revised the Proceeds of Crime Act, chapter 256, in 2022, and section 17 explained a discharge of forfeiture order on appeal or quashing of conviction. The section provides directives to the Director of Public Prosecutions on actions to be taken until such asset is reclaimed. Therefore, this recommendation was fully implemented.

(iii) ***Recommendation 1:*** *MoF should Develop and implement harmonized procedures for the identification and Registration of unclaimed non-finance assets that should be adhered to and implemented by all holder entities in the country. The uniformity in the identification and registration of unclaimed non-financial assets by all holder entities shall enhance easy tracking of the same by MoF.*

The recommendation required MoF to develop and implement harmonized procedures for the identification and Registration of unclaimed non-finance assets that should be adhered to and implemented by all holder entities in the country. The uniformity in the identification and registration of unclaimed non-financial assets by all holder entities was expected to enhance easy tracking by MoF.

In its response, the Ministry of Finance planned to engage in the development and issue of guidelines for the management /identification of unclaimed assets, which will cut across the government institutions with potential unclaimed assets. MoF revealed that, it was consulted by the National Prosecution Service (NPS) during the preparation of the Asset Forfeiture, Recovery and Management Guidelines of 2023. The review of the guideline indicated that the guideline provides the procedure for the management of Unclaimed Assets, especially at pre–confiscation stage. Therefore, this recommendation was fully implemented.

(iv) ***Recommendation 6:*** *The Ministry of Finance should Develop guidelines for operationalization of the legislation for unclaimed* *non-financial assets. The guidelines should include but not be limited to reporting timelines, roles of holders, filing of reports to the Authority, powers of authority to enforce compliance and consequences of non-compliance.*

The recommendation required the Ministry of Finance to develop guidelines for operationalizing the legislation for unclaimed non-financial assets. The guidelines should include but not be limited to reporting timelines, roles of holders, filing of reports to the Authority, powers of authority to enforce compliance and consequences of noncompliance. Upon implementation of this recommendation, the MoF planned to develop a guideline that will include unclaimed financial assets, the roles of holders and powers of authority to enforce compliance, and the consequences of non-compliance.

The response from the Ministry of Finance indicated that the Asset Forfeiture, Recovery and Management Guidelines of 2023 are in place. A review of the developed guideline revealed that the guideline and the Public Finance Regulation of 2023 include roles of the holders in registration, recognition, utilization, records and disposal. Therefore, this recommendation is fully implemented.

b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from MoF indicated that five recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 2:*** *The Ministry of Finance was required to Update the existing Government Assets Management Information Systems to ensure the Regional Stock verifiers regularly report on the acquisition and disposal of abandoned properties by holder entities.*

The Ministry of Finance was required to update the existing Government Assets Management Information Systems to ensure the Regional Stock verifiers regularly report on the acquisition and disposal of abandoned properties by holder entities.

To implement this recommendation, the Ministry of Finance planned to review and update the Government Asset Management Information System (GAMIS) to ensure Regional Stock Verifiers regularly report on the acquisition and disposal of abandoned properties found in their areas of jurisdiction. The planned timeline was 2021/22 to 2022/23.

The audit team reviewed the evidence submitted by the Ministry of Finance and noted that the process of updating GAMIS was ongoing, and up to December 2024, they managed to update the window dealing with inspection and control. Moreover, the Ministry was in the initiation stage for updating the window for the registration of motor vehicles as it sent letters with reference number KA.471/233/01 PART 'B'/143 to various stakeholders who had to be involved in developing such a system.

Also, there was the program of works submitted to the GAMIS for approval, in which teams of officials from different regions were assigned to do asset verification during the third and fourth quarters of the financial year 2024/25 to ensure that all acquired and disposed assets were reported.

(ii) ***Recommendation 4**: Develop strategies and plans for verification of abandoned/found properties to all government entities with potential unclaimed non-financial assets in order to track records relating to their management by holder entities from acquisition to disposal level.*

The recommendation required MoF to develop strategies and plans for verification of abandoned/found properties to all government entities with potential unclaimed non-financial assets to track records relating to their management by holder entities from acquisition to disposal level.
In addressing this recommendation, the Ministry indicated that it would develop guidelines that would be enriched with the guide to enhance identification, registration remittances and disposition of unclaimed non-financial assets by 2022/23.

In addition to that, the Ministry indicated that various guides and strategies were developed to supplement the developed guidelines. However, the Ministry submitted developed Asset Forfeiture, Recovery and Management Guidelines of May 2023 and plans for Regional Stock Verifiers for implementation of the activity, and there were no clearly stated developed strategies to support the guideline and annual plans for implementing the activity.

(iii) ***Recommendation 5:*** *Ensure Regional Stock Verifiers (RSV) establish and implement risks-based on-site verification plans for holder entities. The developed plans should facilitate tracking of the available unclaimed non-financial assets within holder entities on a regular basis.*

The recommendation required the Ministry of Finance to ensure that regional stock verifiers (RSV) establish and implement risks based on site verification plans for holder entities. The developed plans should facilitate tracking of the available unclaimed non-financial assets within holder entities regularly.

In its response, MoF indicated that, RSV plans for 2021/22 will ensure the activity for on-site verification and tracking of unclaimed non-financial assets are included and implemented.

However, it was noted that the MoF response did not address the key requirements of the recommendation, which required the identification of risks that are used as the basis for the preparation of the annual plans. This was a critical aspect identified during the audit, and it was one of the factors attributed to inadequate on-site verification conducted on unclaimed non-financial assets. It was also attributed to the inability of RSV to prioritize the areas of onsite verification to be conducted on holder entities and include them in their annual plans and work programs.

Furthermore, a review of the RSV program of works and an interview with MoF officials noted that inspections are to be conducted in the third and fourth quarters of 2024/25, and RSV included risk areas of assets information and asset disposal. Since the work program (plan) for verification was prepared, but no verification was done, this recommendation has been partially implemented.

(iv) ***Recommendation 3:*** *The Ministry of Finance should Establish a robust unclaimed non-financial assets management system for*

holding entities in the county. The system should enhance the identification, registrations, remittances and disposition of unclaimed non-financial assets.

The recommendation required the Ministry of Finance to establish a robust unclaimed non-financial assets management system for holding entities in the county. The system should enhance the identification, registrations, remittances and disposition of unclaimed non-financial assets.

To implement this recommendation, the Ministry of Finance planned to develop guidelines that will be enriched with the guide to enhance identification, registration remittances, and disposition of unclaimed non-financial assets.

In its response, MoF revealed that, the role of holding entities in regard to the registration of Public Property, including unclaimed non-financial assets, has been provided in Regulation, is stated in section 4(1) of the Public Finance (*Management of Public Property) Regulation 2024,* the section states that every Accounting Officer shall record particulars of public property under his authority in the Register (GAMIS established by PM). Since the regulation was not accompanied by a guide to facilitate the activity as per plan, this recommendation is partially implemented

(v) ***Recommendation 7:*** *Institute appropriate sanctions to non-compliant holder entities as provided in the applicable laws, regulations, directives, or guidelines on the management of unclaimed non-financial assets.*

The recommendation required the Ministry of Finance to Institute appropriate sanctions on non-compliant holder entities as provided in the applicable laws, regulations, directives, or guidelines on the management of unclaimed non-financial assets.

The Ministry of Finance planned to review applicable laws, regulations and directives on the management of unclaimed non-financial assets and institute appropriate sanctions for non-compliance with laws and regulations in the developed Asset Forfeiture, Recovery and Management Guidelines of 2023.

However, a review of the guidelines noted that sanctions for non-compliant entities are included in the guidelines, but it explained that any violation or non-compliance with these guidelines should be reported to the DPP. After receiving the report for non-compliance, the DPP may issue appropriate sanctions.

Since the implementation party was not justified in showing how the sanctions are enforced, therefore this recommendation is partially implemented.

4.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the recommendations that were fully implemented or partially implemented.

4.4.1 Impact of Recommendations Issued to BoT

The recommendations implemented by BoT had the following impact on the management of unclaimed assets

a) Timeline to Surrender Abandoned Properties Reduced

The full implementation of the recommendation, which requires BoT to formulate guidelines and directives for the identification and registration of unclaimed financial assets from financial institutions through amendment of the Banking and Financial Institution Act, 2006, has streamlined the management of unclaimed financial assets, notably by reducing the surrender period from 15 years to 10 years. This change ensures a faster resolution of dormant accounts, enabling financial institutions to operate more efficiently while improving the overall system's responsiveness. Additionally, the requirement for banks to submit detailed reports to the Bank of Tanzania (BoT) has enhanced transparency and accountability, providing critical data on surrendered assets, including names, amounts, and timelines.

The amendments to the Banking and Financial Institutions Act (BAFIA) have also strengthened regulatory compliance and resource allocation by mandating that 90% of abandoned assets be deposited into the Consolidated Fund and 10% into the General Reserve Fund, the changes have ensured a structured redistribution of these resources. This supports government revenue while maintaining a reserve for strategic use by the BoT, balancing immediate needs with long-term institutional objectives.

Furthermore, the updated framework and directives have fostered improved processes for tracking and managing unclaimed financial assets. Financial institutions now operate within a more efficient system, enhancing their ability to comply with regulations and reducing administrative burdens.

b) Improved Process of Recognition of Unclaimed Assets

The implementation of the recommendation, which requires BoT to review the appropriateness of the existing 15 years' Dormancy period for unclaimed financial assets from commercial banks to assess whether this time frame can be reduced within the commercial banks, has shortened the time for recognition of unclaimed assets increases efficiency in Asset recovery since it allows financial institutions to identify unclaimed assets more quickly, the reduction of five years in recognition of unclaimed assets has improved the process. In addition, it enhances trust in the system, and a faster recognition process can enhance public confidence in the management of assets.

c) Management of Dormant Accounts Available at Commercial Banks and Mobile Network Operators Improved

The implementation of the recommendation, which requires BoT to develop and implement strategies to ensure dormant accounts available at commercial banks and mobile network operators are adequately examined during the onsite examination, has resulted in several tangible impacts, such as the implementation of the Risk-Based Oversight Framework (RBOF) and the established verification procedures during inspections of electronic money issuers have significantly enhanced the identification of malpractices. For instance, directives issued to M-PESA Limited following the inspection addressed observed lapses, ensuring better compliance with regulatory expectations.

Also, the development and testing of Real-Time Solutions for data collection have strengthened the ability to monitor and manage dormant accounts.

This system, under the User Acceptance Test phase since August 2024, provides instant visibility into the status of accounts—whether active, inactive, dormant, closed, or abandoned. The system's ability to track account activity daily has mitigated the risk of fraud and unauthorized access, improving the security and integrity of financial and mobile network operator systems.

It also regularly reviews dormant accounts during full-scope onsite examinations, which ensures that abandoned properties are properly remitted by financial institutions. The targeted inspections and continuous oversight have improved compliance levels across commercial banks and mobile network operators, fostering trust and confidence among customers and stakeholders in the financial ecosystem.

d) Increased Levels of Compliance in Remitting Unclaimed Assets

The implementation of the recommendation, which requires BoT to conduct on-site examinations regularly to enhance verification of remitted and potential unclaimed financial assets from financial institutions, revealed that, through the conduct of onsite examinations then, it was expected that the banking industry to increase levels of compliance-specific on the management of unclaimed assets in the country. The level of compliance in remitting the unclaimed assets and enhancement to ensure that they have been recorded accurately will be increased. Upon full implementation of the recommendation, the full impact can be realized.

e) Verification of Remitted Unclaimed Financial Assets Improved

The implementation of the recommendation, which requires BoT to conduct verification of remitted unclaimed financial assets to both commercial banks and electronic money issuers, was the process for BoT to initiate steps for reviewing the BAFIA 2006 in order to address legal and regulatory gaps on the supervision of unclaimed financial assets as this will provide room to conduct verification of remitted unclaimed financial assets to both commercial banks and electronic money issuers.

It is also progressing because BoT developed a Risk-Based Oversight Framework for non-bank payment systems providers in Tanzania in

September 2023. This would help enforce compliance with non-bank payment system providers in the country.

f) BoT Supervision of Commercial Banks and Electronic Money Operators Improved

The implementation of the recommendation, which requires BoT to institute appropriate sanctions on non-compliant commercial banks and electronic money operators as provided in the applicable laws, regulations, directives, or guidelines on the management of unclaimed financial assets, revealed the improvement in the supervision through the submitted report of the first quarter, of 2024. Despite the supervision being for only one year, there will be increased compliance due to the expectation of supervision from BoT, including timely submission of unclaimed assets to BoT. Also, through an onsite examination of banks, BoT would be in a position to verify unclaimed assets and increase sanctions for non-compliance with visited banks.

g) Developed Criteria for Claiming Funds Held in Dormant Wallet

The implementation of the recommendation, which requires BoT to establish procedures in which the initial owner of abandoned properties transferred to BoT or any other government institution can reclaim their right of ownership in case they want to do so, led to changes made in the Banking and Financial Institutions Act, Cap 342 vide the Finance Act, 2024 which has provided room for BoT to develop minimum criteria to be considered to claim funds held in the dormant wallet before they are remitted to BoT. Through minimum criteria development, BoT can also develop a reference that can be used to inform customers of their unique identification number during the claiming process.

4.4.2 Impact of Recommendations Issued to MoF

The recommendations implemented by MoF had the following impact on the management of unclaimed assets.

a) Identification and Registration of Unclaimed Non-financial Assets Improved

The full implementation of the recommendation, which requires MoF to develop and implement harmonized procedures for the identification and Registration of unclaimed non-finance assets that should be adhered to and implemented by all holder entities in the country, has greatly improved the management of unclaimed non-financial assets in the country. The Ministry of Finance, through the development of the Asset Forfeiture, Recovery, and Management Guidelines of 2023, has provided harmonized procedures for identifying and registering unclaimed assets, enhancing consistency and efficiency across government institutions.

As a result, 6,146 assets were forfeited and registered into the Government Asset Management Information System (GAMIS), while 174 assets were transferred to 60 government entities for official use. Additionally, unclaimed assets worth TZS 1,393,017,000.00 were disposed of via auction, contributing to financial gains deposited into a special purpose account at the Bank of Tanzania. This streamlined process has led to improved tracking, verification, and disposal of unclaimed assets, benefiting government operations and enhancing accountability.

b) Enhanced Identification, Registrations, Remittances and Disposition of Unclaimed Non-financial Assets

Following the implementation of this recommendation, which requires MoF to establish a robust unclaimed non-financial assets management system for holding entities in the county, the noted impact is that the guidelines have enhanced the identification and registration of non-financial unclaimed assets and reporting to the authority.

Up to 2023/24, a total of 6,146 assets were forfeited and registered into GAMIS, 60 Assets Disposed through transfer to government entities for official use and 174 assets Disposed by auction, which resulted in a total amount of TZS 1.4 billion obtained and deposited in special purpose Account No. 99211157501 situated at BoT.

c) **Specified Reporting Timelines, Roles of Holders, and the Improvement in the Powers of Authority to Enforce Compliance and Consequences of Non-compliance**

Following the implementation of recommendations which require MoF to develop guidelines for operationalization of the legislation for unclaimed non-financial assets, the noted impact was that there was improved reporting time, roles of holders have been specified, and this has facilitated the good performance of the un-claimed assets management and filing of reports to the Authority, powers of authority to enforce compliance and consequences of noncompliance have been improved, and this eased the compliance enforcement to the asset's holders. NPS was successfully identified and submitted as forfeited/ unclaimed non–financial assets to MoF, which are registered into MoF 03 confiscation.

d) **Enhanced Disposal of Unclaimed Non-financial Assets**

Following the implementation of the recommendation, which requires MoF to develop a mechanism that ensures proper disposal of unclaimed non-financial assets held by various entities, the analysis indicates that despite the fact that the Regulations were developed in 2024. The number of Assets Disposed through transfer to 60 government entities for official use and the number of assets Disposed by auction 174 were recorded for 2021/22 and 2023/24.

e) **Improvement in Reclaiming the Forfeited Assets**

Following the implementation of this recommendation, which requires MoF to develop uniform procedures for individuals to reclaim their previously owned unclaimed non-financial assets, the noted impact was observed that 6,146 assets forfeited had been reclaimed.

f) **Management of Regional Stock Verifiers Improved**

The implementation of the recommendation, which requires MoF to update the existing Government Assets Management Information Systems to ensure the Regional Stock verifiers regularly report on the acquisition and disposal of abandoned properties by holder entities, enabled easy assignment of tasks and review of the program of works for approval. The system can upload a work program in which RSV plans to conduct inspection or verification depending on the areas of the officer's jurisdiction. The officials at the Ministry of Finance can assign and review the reports from officials (RSV) from different regions on time by downloading them from GAMIS and assessing assets management verifications to ensure that all acquired and disposed assets are reported.

Updating the Registration window under GAMIS provides room for registering a large number of unclaimed non-financial assets, and it will fast-track the process for registration of assets.

g) Verification of Abandoned/found Properties to Government Entities with Potential Unclaimed Non-financial Assets Improved

Due to the implementation of the recommendation, which requires MoF to develop strategies and plans for verification of abandoned/found properties to all government entities with potential unclaimed non-financial assets to track records relating to their management by holder entities from acquisition to disposal level, the verification of abandoned/found properties to government entities with potential unclaimed non-financial assets started to be conducted after issuance of this recommendation as the noted institutions like TFS which had not conducted verification, managed to have plans and work programs to implement verifications at various districts such as Rombo, Nyasa, Bukoba and Ukerewe.

h) Tracking of the Available Unclaimed Non-financial Assets within Holder Entities Improved

The implementation of the recommendation, which requires MoF to ensure Regional Stock Verifiers (RSV) establish and implement risks-based on-site verification plans to holder entities, helps to reduce risks of Regional Stock Verifiers conducting onsite verification as per their plans and failing to include components of unclaimed non-financial assets in their plans due to non-consideration of risk factors. Furthermore, it increases the ability of RSV to prioritize the areas of onsite verification to be conducted on holder entities and include them in their annual plans and work programs.

i) Risk of Non-compliance to Government Entities Reduced

The implementation of the recommendation, which requires MoF to Institute appropriate sanctions to non-compliant holder entities as provided in the applicable laws, regulations, directives, or guidelines on the management of unclaimed non-financial assets, reduces the risks of non-compliance to government entities as DPP will provide the sanctions.

4.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to BoT and MoF.

4.5.1 Specific Conclusion

The follow-up concludes that more efforts are needed to ensure all issued recommendations are implemented to the fullest. Out of 17 audit recommendations issued, only eight recommendations were fully implemented, and nine recommendations were partially implemented.

The implemented recommendation poses an impact on the management of unclaimed assets, including a reduced surrender period from 15 years to 10 years, which makes a faster resolution of dormant accounts by financial institutions and the development of a Risk-Based Oversight Framework for non-bank payment systems. The management of MoF and BoT should ensure that all recommendations are fully implemented as they present valid and actionable solutions to various issues affecting their performance.

4.5.2 Specific Recommendations

The Ministry of Finance and Bank of Tanzania are advised to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER FIVE

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE IMPLEMENTATION OF THE MBIGIRI SUGAR PRODUCTION PROJECT

5.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on the Implementation of the Mbigiri Sugar Production Project, tabled to the National Assembly of the United Republic of Tanzania in April 2021. The overall objective of the Audit was to assess whether the management of farm and sugar factory production by Mkulanzi Holding Company Limited (MHCL) ensured compliance with relevant standards and that the value for money has been attained.

Specifically, the audit assessed whether farming activities were implemented per sugarcane farming guidelines and whether MHCL effectively managed the procurement and contracting processes of contractors, consultants, goods and services, and project finances. In order to be able to cover all periods of project implementation, the audit covered the financial years 2016/17 to January 2020/21.

5.2 Main Findings During the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Implementation of the Mbigiri Sugar Production Project.

(a) Loss of TZS 379,338,245 for Destroying Overgrown Sugarcane

In the Ordinary Meeting of the Board of Directors held on the Mezzanine floor of NSSF Mafao House on 22 June 2020, the Board decided to harvest and sell the overgrown sugarcane to avoid further deterioration and damage. The Board agreed that the harvesting and procurement process must comply with the laws and regulations of the country at large.

A review of a Paper presented to the Board of Directors shows that a total of 740.43Ha have over-grown sugarcane. However, based on physical verification conducted on 20 and 24 November 2020, it was observed that over-grown sugarcane at various blocks had been destroyed as they no longer had economic value. Therefore, it was estimated that costs of TZS 379,338,245 were incurred for the production of sugarcane that ended up being destroyed. Hence, the actual costs of sugarcane production at these blocks were considered a total loss to the company.

According to Management, the decision to destroy the sugarcane was based on the fact that MHCL had yet to install plants for sugar production (it was supposed to be installed and be operational by December 2020).

(b) Delay in Installation of Factory Plants

The Audit Team noted during the site visit conducted in December 2020 that neither factory buildings nor plants were acquired and installed. The delay in the installation of factory plants was caused by a delayed procurement process carried out by the government. According to MHCL management, there was no correspondence between MHCL and the government regarding this procurement; thus, MHCL was not in a position to tell the exact date when the construction of the factory building and installation of factory plants would take place.

As a result, delayed construction of the factory building and installation of the factory plant caused losses and will continue to cause losses to the company and outgrowers.

(c) Procurement Made Out of the Approved Amount in APP

A review of the Procurement plan of 2018/19 and 2019/20 awarded contracts for the procurement of goods, works, and consultancy services executed noted great variance of estimated amount for the procured items in all two financial years. The noted variation between the estimated amount and actual cost of procurement ranged from 16% to 117%, amounting to TZS 1.6 billion for the financial year 2019/20 and TZS 1.7 billion for the financial year 2018/19.

This was further evidenced through the review of the company's internal audit reports (2019), which indicated that procurements were made above the approved budget, whereas the company started the implementation of contracts worth TZS 1,652,502,000 with a total budget allocation of only

TZS 637,500,000. Interviews with procurement officers revealed that the noted variance was caused by the failure to undertake a market survey before planning and preparation of the budget.

(d) Inclusion of Value Added Tax (VAT) for Exempted Supplies for TZS 1,797,043,446

According to section 6(1) and the First and Second Schedule of Value added Tax Act Cap 148 R.E 2019, agricultural implements, including irrigation equipment and parts and agricultural inputs, are among the supplies exempted from VAT.

The audit examined whether the procurement awards excluded VAT for supplies that are VAT exempted for agricultural-related business. A review of procurement awards from 2018/19 to 2020/21 noted that MHCL included VAT amounting to TZS 1,797,043,446 when awarding Suppliers that were VAT exempted. In addition, it was noted that MHCL did not raise VAT refund claims. In the Interviews, MHCL Officials shared that they did not claim on VAT return because the company was not VAT registered.

5.3 Results of the Follow-up on the Implementation of Recommendations

To improve the implementation of the Mbigiri Sugar production project, a total of twelve (12) recommendations were issued in this performance audit, and all recommendations were directed to the MHCL. Their implementation status was as detailed below:

5.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that eight of 12 recommendations were fully implemented, and four were partially implemented. **Table 5.1** details the level of implementation of the issued audit recommendations.

Table 5.1: Level of Implementation of Recommendations by MHCL

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
MHCL	12	8	4	0	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 5.1 indicates that out of 12 issued recommendations, eight were fully implemented, four were partially implemented, and no recommendation which was either not implemented or overtaken by an event.

Further analysis of the issued recommendations for each implementation category was made based on the four implementation levels. **Table 5.2** details the implementation level for all issued audit recommendations based on these categories.

Table 5.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	3	3	0	0	0
Coordination	7	3	4	0	0
Monitoring and Evaluation	2	2	0	0	0
Development	0	0	0	0	0
Total	**12**	**8**	**4**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 5.2 indicates that MHCL provides reassurance that all three recommendations in the Implementation/Execution category were fully implemented. It is further illustrated that three of the seven recommendations in the coordination category were fully implemented, and four were partially implemented. Further, monitoring and evaluation had two recommendations, which were fully implemented.

5.3.2 Details of the Status of Implementation of the Audit Recommendations

The detailed analysis of 12 recommendations issued to MHCL and their implementation status is provided below.

a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and Information from MHCL indicated that eight recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1****: MHCL should fast-track the procurement and installation of sugar production plants at Mbigiri Estate.*

The recommendation requires MHCL to fast-track procurement and installation of sugar production plants at Mbigiri Estate. The review of 'MHCL's response and the submitted supporting evidence (Sugar factory weekly report as of 08.09.2024, sales reports January 2024, March 2024, and June 2024) shows that MHCL successfully implemented the recommendation by constructing and installing sugar production plants on 19 June 2021.

During verification, the audit team observed the installed sugar production plant, which was being maintained at that time. The discussions with the Factory Manager pointed out that the plant was fully operational, and in the past production season, it managed to produce approximately 19,124 tons of sugar, which is 95% of the production target of 20,000 tons of sugar.

Therefore, based on the above, it is concluded that this recommendation has been fully implemented.

(ii) ***Recommendation 2****: MHCL should develop a policy to strengthen the Management of all accountable project documents.*

The recommendation required MHCL to develop a policy to strengthen the Management of all accountable project documents. In the action plan, MHCL arranged to amend Financial Regulations (2020) and Store Operating Procedures (2020).

The follow-up team analysed the response of the MHCL and Para 6.8.5 of Financial Regulation, 2023 and noted it has been adjusted and requires the Finance Manager to be the custodian of documents such as Stationery, chequebooks, Payment Voucher, and other accountable project documents to ensure that they are kept safely. Therefore, this recommendation was fully implemented.

(iii) ***Recommendation 3****: MHCL Management should establish a fuel usage standard rate for each motor vehicle and machine so as to have a control mechanism for fuel usage and fuel cost control.*

This recommendation required MHCL to ensure the establishment of a fuel usage standard rate for each motor vehicle and machine so as to have a control mechanism for fuel usage and fuel cost control. In the action plan, MHCL arranged to establish a standard fuel usage rate along with an amendment of the motor vehicle and transport policy (2020) to incorporate a standard fuel usage rate.

Analysis of the response from MHCL indicated that, MHCL established a standard fuel usage rate and amended store operating procedures to include item 8.2 (Fuel Consumption). A review of the submitted MHCL Store Operating Procedures (2022) indicated that MHCL incorporated Section 8.3 on the issuance of fuel. Also, it was observed that MHCL established the Standard Fuel Usage rate as planned. Therefore, this recommendation was fully implemented.

(iv) ***Recommendation 4****: MHCL should strengthen internal controls to ensure that the usage of fertilisers, herbicides, and fuel adheres to the intended purposes and established standards.*

This recommendation required MHCL to strengthen internal controls to ensure that the usage of fertilisers, herbicides, and fuel adheres to the intended purposes and established standards. In the action plan developed by MHCL to implement this recommendation, it was shown that MHCL would ensure the provision of training to farm supervisors.

After reviewing the submitted implementation status, it was shown that MHCL trained a total of 15 field supervisors, comprising 10 Mkulazi employees and 5 Mbigiri staff. A review of the Mkulazi Training Report on Refresher Training on Issuing and Control of Herbicides, Fertilizers, and Fuel at Mbigiri Estate (April 2021) indicated that supervisors were trained as planned. Therefore, this recommendation was fully implemented.

(v) ***Recommendation 6:*** *In future projects, MHCL should ensure that the preliminaries are paid based on actual activities executed by the contractor.*

This recommendation required MHCL to ensure that the preliminaries are paid based on actual activities executed by the contractor in future projects. MHCL planned to ensure that all preliminaries were to be paid based on the actual activities executed. Analysis of the response from MHCL indicated that MHCL strategised and came up with the initiatives to ensure validation of the payments of activities by establishing the Enterprise Resource Planning (ERP) system.

In addition, the follow-up team did on-site verification to observe the established ERP system and elaborated on its functionality and the improvements made based on its use. Furthermore, a system walkthrough of the established ERP System was made, and the team was convinced that the procedures in place guarantee the correctness of the payments based on the activities executed by the contractor. Therefore, it is concluded that this recommendation was fully implemented.

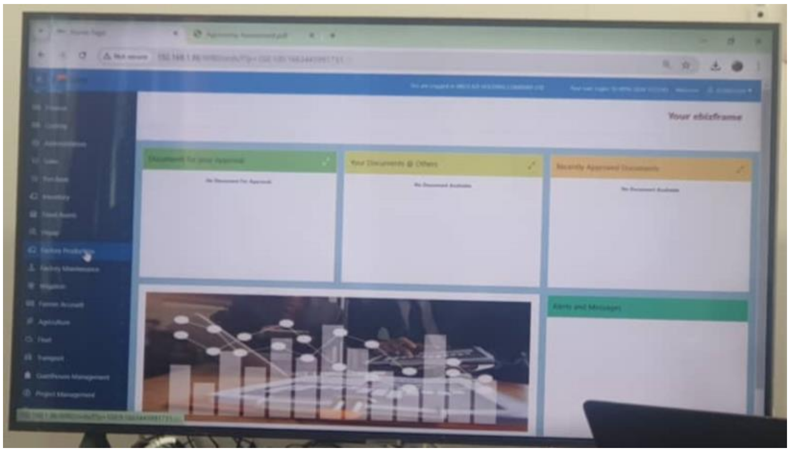


Photo 5.1: **User Interface of the Observed Enterprise Resource Planning (ERP) System**

(vi) ***Recommendation 8****: MHCL Management should expedite the process of VAT registration so as to prevent the company from incurring more costs during the acquisition of services and or goods.*

This recommendation required MHCL management to expedite the VAT registration process to prevent the company from incurring more costs during the acquisition of services and/or goods. In the action plan developed by MHCL to implement this recommendation, MHCL indicated that it would register the company with VAT under section 29(3) of the VAT Act 2014.

Through reviewing the submitted implementation status, it was shown that MHCL registered the company as per the requirement of section 29(3) of the VAT Act 2014. Furthermore, during the verification visit, the follow-up team verified the originally issued VAT Certificate as a Tax Payer. The observed Registration Certificate was issued on 24 May 2024. Therefore, this recommendation was fully implemented.

(vii) ***Recommendation 9****: MHCL Management should rethink about the Company's automation of business processes and come up with robust systems to achieve the expected objectives.*

This recommendation required MHCL to re-think the automation of business processes to come up with robust systems that would achieve the expected objectives. In the action plan developed by MHCL to implement this recommendation, MHCL indicated that it would procure a comprehensive system for 'the company's automation.

Through reviewing the submitted implementation status, it was shown that MHCL ensured the automation of business processes through the deployment of the Enterprise Resources Planning (ERP) system. During on-site verification, it was indicated that the established ERP system was functional and that the Company's business processes are linked to sugar production operations. It was further observed that the company's technical staff and ESS are using the established ERP system as a means to resolve any emerging issues from various departments. Therefore, this recommendation was fully implemented.

(viii) ***Recommendation 10****: MHCL management should comply with the terms and conditions of the contract; otherwise, it should seek contract amendments.*

This recommendation required MHCL to ensure compliance with the terms and conditions of the contract with Prisons Corporation Sole or seek contract amendment when necessary. In the action plan developed by MHCL to implement this recommendation, MHCL indicated that it would generally strengthen contract management in its undertakings.

After reviewing the submitted implementation status, it was shown that MHCL came up with the Addendum to the Framework Agreement and Appendices to Service Level Agreements for the provision of farm management services. It was further noted that MHCL reverted back to the requirements of the principal agreement/contract for the provision of farm management services under the framework agreement. This framework required MHCL to pay costs associated with casual labourers to Prisons Corporation Sole instead of paying directly to the labourers.

The follow-up team is of the view that this move presents compliance with the agreement, which was not the case before. Also, it was further shown that MHCL disclosed the Addendum to show that the amendment and agreement remain in the conditions of the principal agreement. Therefore, this recommendation was fully implemented.

b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from MHCL indicated that four recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 5****: MHCL should form a joint technical team between the Contractor, Consultant and Mkulazi Holding Company Limited to evaluate the actual costs incurred preliminaries and recover the money paid for preliminary bill items that have not been implemented in the subsequent payment certificates.*

This recommendation required MHCL to form a joint technical team between the Contractor, Consultant, and Mkulazi Holding Company Limited to evaluate the actual costs incurred preliminaries and recover the money paid for preliminary bill items that have not been implemented in the subsequent payment certificates. In the action plan developed by MHCL to implement this recommendation, MHCL indicated that it would form a team of experts to evaluate the actual cost incurred with respect to the construction of the dam.

After reviewing the submitted implementation status, it was shown that MHCL was not certain that the company had recovered the amount that the contractor was responsible for paying as per the standards and specifications for the construction of irrigation water storage ponds. However, despite the stated status of implementation, there was no proof that there was an established procedure to help inform the Management that the technical team's advice was considered.

Additionally, MHCL stated that it had recovered the amount that had been paid and was supposed to be included in the contractor's bills of quantities during the tendering period. Nevertheless, there is no submission of IPC 5 and evidence of withholding retention money to recover the respective amount in the preliminaries. Therefore, there is no complete evidence to confirm whether the stated amount was indeed recovered.

Therefore, this recommendation was partially implemented.

(ii) ***Recommendation 7****: MHCL Management should establish and maintain the Farm Cost Management System to assist the company in efficiently and effectively managing farming costs and measuring the performance of farming activities over the years.*

This recommendation required MHCL to establish and maintain the Farm Cost Management System to assist the company in efficiently and effectively managing farming costs and measuring the performance of farming activities over the years. In the action plan developed by MHCL to implement this recommendation, it was shown that MHCL would ensure the procurement of an agriculture management system.

After reviewing the submitted implementation status, it was shown that MHCL has deployed and made use of the established ERP system since 1 July 2023; this system encompassed an agriculture module. However, it was noted that the ERP system was meant to manage traditional business operations and not specific activities such as Agricultural Management.

The walkthrough of the ERP system found that Farm Cost Management is an output of combined functionality between the Agriculture Module and Finance Module. Currently, MHCL is in the process of integrating the two modules within the ERP to establish Farm Cost functionality. The completion of the integration activity for the new functionality of “Farm Cost Management” will address the recommendation.

Despite having some of the features within the system that may cater for agricultural management activities, the system is not being utilised for the respective activities, particularly farm cost management activities.

Therefore, this recommendation was partially implemented.

(iii) ***Recommendation 11***: *MHCL should restate the shareholding ratio as per the contribution of each shareholder and is advised to expedite the process of registration of the new shareholders.*

This recommendation required MHCL to restate the shareholding ratio as per the contribution of each shareholder, and it was advised that the process of registration of the new shareholders be expedited. The action plan MHCL developed to implement this recommendation showed that MHCL would table the shareholding structure at the upcoming annual general meeting.

Through reviewing the submitted implementation status "*Muhtasari wa Kikao Kazi cha Uhamisho wa Hati ya Ardhi cha Tarehe 03.09.2024*", it was shown that there were ongoing discussions about the shareholding structure, which had not been concluded. Discussions that had been done so far indicated that the two parties should continue to hold the same shareholding structure of 96 to 4 per cent.

During verification, the follow-up team was informed that discussions were still ongoing to resolve the issue of the shareholding structure between NSSF and PCS. The current implementation includes discussions that have commenced between the two shareholders. However, it was noted that discussions have not been held regarding the amendment of the reported authorised share capital, which is contrary to the current shareholding structure.

Additionally, it was further revealed that, the technical team that was given up to 10 October 2024 to work on the share allocation has not concluded and provided the final resolution on share allocation. Therefore, this recommendation was partially implemented.

(iv) ***Recommendation 12:*** *Enforce full implementation of all recommendations which are satisfactory or not implemented.*

This recommendation required MHCL to enforce full implementation of all partially or not implemented recommendations. In the action plan developed by MHCL to implement this recommendation, MHCL indicated that it would implement all outstanding 'auditors' recommendations from the previous real-time audit. The review of the responses and the recommendations from the previous real-time audit found that MHCL had four (4) outstanding recommendations to be implemented.

The analysis of responses and submitted supporting evidence (Msowero VAT Claim Letter, MSOWERO Response Letter, Weekly Sugar Production Reports) has indicated that MHCL has implemented 3 out of the 4 outstanding recommendations. The remaining recommendation, which requires the decommissioning of the sugar factory plant, is expected to be implemented by the end of season 2024/25. Therefore, this recommendation was partially implemented.

5.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the recommendations that were fully implemented or partially implemented.

5.4.1 Impact of Recommendations Issued to MHCL

The recommendations implemented by MHCL had the following impact on the Implementation of the Mbigiri Sugar Production Project.

a) Level of Sugar Production in the Country Improved

The implementation of the recommendation, which requires MHCL to fast-track procurement and installation of sugar production plants at Mbigiri Estate, has had an immediate impact on the country's sugar production level. The contribution of MHCL in the production of sugar is approximated at 19.1 thousand metric tons of sugar per production season. This has contributed to the reduction of the domestic sugar gap from the originally 108,000 metric tons to 78,000 metric tons per year. This gap is expected to be reduced further as the production capacity increases to the planned maximum production capacity of 50,000 metric tons per season.

b) Decreases in the Risk of Mismanagement or Loss of Important Financial Documents

The implementation of the recommendation, which requires MHCL to develop a policy to strengthen the Management of all accountable project documents, has a perceived impact of decreasing the risk of mismanagement or loss of important financial documents. The Finance Manager has been assigned by the policy to be the custodian of documents such as Stationery, chequebooks, Payment Vouchers, and other accountable project documents to ensure that they are kept safely. This not only ensures better organisation and accountability within the finance department but also strengthens the overall financial security within the organisation. The Finance Manager's role as custodian of these documents will help streamline processes and prevent any discrepancies or errors in financial reporting.

c) Improvement in Monitoring of Fuel Consumption at MHCL Stores

The perceived impact following the full implementation of the recommendation requires MHCL Management to establish a fuel usage standard rate for each motor vehicle and machine to have a control mechanism for fuel usage and fuel cost controls so that fuel consumption at MHCL stores will be more closely monitored and controlled. This will likely result in cost savings for the company as well as a more environmentally friendly operation. Additionally, the standardisation of fuel usage rates and procedures will lead to greater efficiency and consistency across all MHCL stores, ultimately improving overall operations and customer satisfaction.

d) In Future Projects, MHCL should Ensure that the Preliminaries are Paid Based on Actual Activities Executed by the Contractor

The follow-up team had a view that following full implementation of this recommendation implies that in future projects, MHCL will be able to deal with the contractor with self-assurance as they will be guaranteed the accurate and valid payments to be settled. In addition, given the sustainable assurance of the 'payments' validation process through the use of the established ERP System, there will be a guaranteed improved relationship between MHCL and the Contractors.

e) MHCL Management should Expedite the Process of VAT Registration to Prevent the Company from Incurring more Costs during the Acquisition of Services and or Goods

The perceived impact following the full implementation of this recommendation is that the MHCL is now in compliance with all necessary tax regulations and can conduct business without any legal issues. This will likely lead to improved efficiency in operations and increased trust from stakeholders.

f) MHCL should Restate the Shareholding Ratio as per the Contribution of each Shareholder and is Advised to Expedite the Process of Registration of the New Shareholders

The immediate impact of the implementation of the issued recommendation is the current and ongoing discussions on the shareholding structure of MHCL. As a means of implementing the recommendation, the Management of both NSSF and PCS, together with MHCL, are currently continuing discussions on the shareholding structure. This discussion is expected to provide a better environment for using government resources for both PCS and NSSF and, therefore, safeguard the interests of the government and the general public.

5.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to MHCL.

5.5.1 Specific Conclusion

Based on the analysis of the implementation status, the follow-up concluded that the MHCL did not make adequate efforts to implement the issued recommendations. The management of MHCL should ensure that all recommendations are fully implemented as they present valid and actionable solutions to various issues affecting their performance.

5.5.2 Specific Recommendations

The Mkulazi Holding Company Limited is urged to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER SIX

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE MANAGEMENT OF THE QUALITY OF PROCESSED FOODS

6.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on the Management of the Quality of Processed Foods, tabled to the Parliament of the United Republic of Tanzania in April 2021. The main audit objective of the audit was to assess and recommend strategies to improve the capacity of the Tanzania Bureau of Standards (TBS) to ensure the safety and quality of the processed food sold in the markets in Tanzania.

The main audited entity was the Tanzania Bureau of Standards (TBS), an Executive Agency under the Ministry of Industry and Trade (MIT), responsible for undertaking measures for controlling the quality of commodities, services and environment of all descriptions and to promote standardization in industry and trade. Specifically, the Audit focused on locally processed and imported processed milk and milk products, meat and meat products and cereals and cereals products. In order to be able to capture a possible performance trend, the Audit exercise covered five financial years, from 2015/16 to 2019/20.

6.2 Main Findings During the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Management of the Quality of Processed Foods.

(a) Presence of Processed Food with Unsatisfactory Quality in the Market

The audit noted an increasing trend in the number of processed food samples that were tested and failed to meet the quality requirements for both local and imported food. Similarly, the audit noted that 80% of the sampled processed food items from certified food processors (Small and Medium Enterprises - SMEs) in the four (4) visited zones did not meet the required food standard. This conclusion is drawn from samples taken during the initial conducted inspections. While this was the case, officials clarified that instead of restricting production in order to promote its obligation in business, TBS provided a letter advising the manufacturer to conform to the requirements. This posed a high risk to consumers of the food.

(b) Inadequate Strategies and Plans to Ensure Delivery of Quality of Processed Food to the Market

The audit noted that TBS did not have comprehensive strategies and plans for controlling the quality of processed food. It was further noted that TBS did not develop plans and strategies prior to conducting a needs analysis that reflected the actual needs. As a result, the developed plans did not capture the human resources needed, working tools and equipment to effectively implement the control measures required to mitigate the associated food quality risks. Hence, plans were not adequately implemented.

Further, TBS lacked an effective collaboration mechanism with other stakeholders like Local Government Authorities (LGAs) and other organisations with accredited food laboratories. The lack of such a collaboration mechanism limited facilitation regarding surveying the effect of consumption of food with unsatisfactory quality. This also included the lack of a mechanism to identify risk areas and devise a detailed plan on how to address the food quality challenges. Consequently, this potentially limited participation of other stakeholders in planning as well as their full participation in the implementation of the planned strategies.

(c) Presence of Food Processors Operating with Expired TBS Food Product Licenses

The audit further noted that five (5) out of twenty-three (23) visited food processors operated with expired food licenses. This state of affairs was due to the reason that the license renewal was subject to compliance with the food regulations and standards. Moreover, there was a need for being confirmed after getting the laboratory test results. This implies that the quality of the processed food by these food processors with expired licenses was questionable. It also denied revenue collection from license fees by the Tanzania Bureau of Standards (TBS).

(d) Presence of a Significant Number of Uncertified Processed Foods in the Market

The audit noted that the number of small and medium enterprises (SMEs) engaged in food processing has been increasing. In that respect, the audit noted that from 2015/16 to 2019/20, TBS managed to certify 251 out of 12,121, which is equivalent to 2% of the food processors trained by SIDO. Within that period, TBS registered 91 food products in the country. Certified food processors basically had an opportunity to attend training organised by SIDO.

This implies that TBS did not regulate the majority of the food processors. Thus, assurance was lacking that the processed food from these unregulated food processors met the required quality. Thus, risking the health of consumers. This was aggravated by a lack of effective mechanisms for certification since, before 2019, certification was not compulsory.

Other reasons for inadequate certification included the lack of a proper mechanism to effectively identify food processors in the country as well as the low sensitisation of food processors regarding the need to certify their food products.

Similarly, the audit noted that TBS was inefficient in certifying food products. The time taken for certification was long, ranging from 9 days to 1126 days (3.5 years). Delays in certification also contributed to increasing the number of uncertified products in the market and extended risk to the health of consumers of substandard food products. The use of a manual certification system, weak coordination mechanisms with other accredited laboratories, and the non-attainment of food quality parameters were the reasons for delays in the certification process.

6.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in the management of the quality of processed foods, a total of 13 recommendations were issued in this performance audit whereby two were directed to the Ministry of Industries and Trade (MIT), and 11 to the Tanzania Bureau of Standards (TBS). Their implementation status was as detailed below:

6.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of 13 recommendations, five were fully implemented, and eight were partially implemented. **Table 6.1** details the level of implementation of the issued audit recommendations.

Table 6.1: Level of Implementation of Recommendations by TBS and MIT

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
TBS	11	5	6	0	0
MIT	2	0	2	0	0
Total	13	5	8	0	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 6.1 indicates that out of 13 issued recommendations, five were fully implemented, and eight were partially implemented.

Further analysis of the issued recommendations for each implementation category was made based on the four implementation levels. **Table 6.2** details the implementation level for all issued audit recommendations based on these categories.

Table 6.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	5	1	4	0	0
Implementation/ Execution	4	4	0	0	0
Coordination	2	0	2	0	0
Monitoring and Evaluation	2	0	2	0	0
Development	0	0	0	0	0
Total	**13**	**5**	**8**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations,2024

Table 6.2 indicates that the category of planning recommendations includes five recommendations: one was fully implemented, and four were partially implemented; the implementation/execution category had four recommendations that were all fully implemented. Similarly, the Coordination, Monitoring, and Evaluation categories each had two recommendations, which were all partially implemented.

6.3.2 Implementation Status of Recommendations Issued to TBS

This section details the implementation status of the issued recommendations to the TBS. A total of eleven recommendations were issued to TBS. Five recommendations were fully implemented, and six recommendations were partially implemented. **Table 6.3** summarises the implementation status of the recommendations issued to TBS by category.

Table 6.3: Level of Implementation of Recommendations by Category of Recommendations by TBS

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	5	1	4	0	0
Implementation/ Execution	4	4	0	0	0
Coordination	2	0	2	0	0
Monitoring and Evaluation	0	0	0	0	0
Development	0	0	0	0	0
Total	**11**	**5**	**6**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 6.3 indicates that among the recommendations issued to TBS, the planning category had five recommendations, whereby one recommendation was fully implemented, four were partially implemented, and the implementation/execution category had four recommendations, which were all fully implemented. Similarly, the Coordination had two recommendations, which were partially implemented.

The detailed analysis of eleven recommendations issued to TBS indicates that their implementation status fell under two out of four levels of implementation, namely, fully implemented and partially implemented, as detailed below.

a) Details of Recommendation that was Fully Implemented

The analysis of submitted evidence and Information from TBS indicated that five recommendations were fully implemented. These recommendations and *their status of implementation are explained below:*

(i) ***Recommendation No.1:*** *TBS is required to develop comprehensive strategies and plans for managing the quality of processed food. The strategies and plans should accommodate the input of all key* *stakeholders and match the growing trend of food processors in the country.*

The recommendation required TBS to develop comprehensive strategies and plans for managing the quality of processed food. The strategies and plans should accommodate the input of all key stakeholders and match the growing trend of food processors in the country.

The Bureau has prepared the Strategic Plan for the period 2021/2022 to 2025/2026. The newly developed SP has accommodated strategies and plans for the purpose of improving the management of the quality and safety of processed food. Therefore, the Management will implement and strengthen the strategies and plans for continual improvement. However, TBS did not provide evidence of the involvement of stakeholders in the preparation of the Strategic Plan. Therefore, this recommendation is satisfactorily implemented.

This is because the audit team appreciates the effort made by TBS in the preparation of the Strategic Plan for the period of 2021/2022 to 2025/2026. The audit noted that the plan had set objective C, which has the target of capacitating 7,000 stakeholders from 20 subsectors on SQMT by June 2026.

Furthermore, the audit team were provided with evidence of the involvement of stakeholders. The evidence provided was reviewed in the mid-term review of the TBS Strategic Plan for September 2023. In the reviewed SP, the stakeholders were involved and were mentioned.

A total of 89 stakeholders participated in the assessment exercise, where 43 stakeholders were from the manufacturing sector, six (6) stakeholders were from non-manufacturing businesses and operations, and 40 stakeholders engaged in importation and exportation activities of both raw materials and finished products.

Out of these, 28 manufacturers engaged in the food and agriculture sector, 11 manufacturers in the building and construction sector, 1 stakeholder in the chemical sector, and 3 stakeholders engaged in the manufacturing of packaging materials. The number of stakeholders in manufacturing, importation and exportation activities included 12 stakeholders in the food and agriculture sector, 11 stakeholders in the building and construction sector, 3 stakeholders in the leather and textile sector, 1 stakeholder in the mechanical sector, 2 stakeholders in the electrical and electronics sector, 8 stakeholders in the chemical sector, and 1 stakeholder in the packaging sector. The 6 stakeholders in the non-manufacturing sector included 1 stakeholder in a supermarket, 2 in hotels, and 3 in restaurants. In that regard, this recommendation is ranked as fully implemented.

(ii) ***Recommendation No.2:*** *TBS to conduct a thorough need analysis covering all resources required for effective management of the quality of processed food and use the result as input for developing a plan and budget. The need analysis should, among others, identify actual human resources, infrastructures and equipment, including sufficient laboratories for timely service delivery to customers.*

The recommendation required TBS to conduct a needs analysis covering all resources required to effectively manage the quality of processed food and to use the results as input for developing plans and budgets. A review of the submitted documents by TBS indicated that a need analysis for staff required was done, and further Strategic Plan (2021 to 2026) and annual plans with the budget have already been prepared. These plans show strengthened human resources through recruitment and transfer; from the Financial Year 2017/2018 to 2019/2020, a total of 127 staff were recruited, and 160 staff were transferred to the Bureau.

Furthermore, the audit team was provided with evidence on the Human Resource Need assessment report. The report indicated that, on 26 January 2024, TBS conducted staff need analysis. The report provided an analysis of the staff present and the staff required to execute TBS activities in all cadres and in all zones. Additionally, TBS submitted to the auditor the requirement for office spaces for the better implementation of their activities.

Additionally, it was noted that, TBS managed to submit the analysis of laboratory equipment required to execute different tests in food chemistry through the QUALITANS project.

Further, TBS supplied evidence indicating the office furniture supplied in the central zone and Holili border. Based on the evidence supplied, this recommendation is ranked fully implemented.

(iii) ***Recommendation No.8:*** *Provide for equitable allocation of resources such as staff, vehicles and funds based on pre-determined*

factors and needs. The factors should include but not be limited to food risks, the size of zones, and the number of food processors in the respective zones so that each zone gets its resources according to the available workload.

The recommendation required TBS to allocate equitable resources such as staff, vehicles, and funds based on pre-determined factors and needs. In the interview with TBS officials and auditors, it was indicated that resources were allocated according to their demands. Unfortunately no evidence was availed to the auditors indicating the allocation of resources such as staff, vehicles and funds based on pre-determined factors and needs. This makes this recommendation not implemented.

A review of the submitted documents by TBS indicated that a need analysis for staff required was done, and further Strategic Plan (2021 to 2026) and annual plans with the budget have already been prepared. These plans show strengthened human resources through recruitment and transfer; from the Financial Year 2017/2018 to 2019/2020, a total of 127 staff were recruited, and 160 staff were transferred to the Bureau.

Furthermore, the audit team was provided with evidence on the Human Resource Need assessment report. The report indicated that, on 26 January 2024, TBS conducted staff need analysis. The report provided an analysis of the staff present and the staff required to execute TBS activities in all cadres and in all zones. Additionally, TBS submitted to the auditor the requirement for office spaces for the better implementation of their activities.

Additionally, it was noted that, TBS managed to submit the analysis of laboratory equipment required to execute different tests in food chemistry through the QUALITANS project.

Furthermore, TBS supplied evidence indicating that the office furniture was supplied in the central zone and on the Holili border. Based on the evidence supplied, this recommendation is ranked fully implemented.

(iv) ***Recommendation No.9:*** *TBS to ensure that the system for Quality Management Information System (QualiMis) is harmonised with other systems within TBS and can support the monitoring of the performance of TBS. The system should also be able to produce* *reports accurately and in a timely manner necessary for decision-making.*

The recommendation required TBS to ensure that the Quality Management Information System (QualiMis) is harmonised with other systems within TBS and can support monitoring TBS's performance. The system should also be able to produce the reports necessary for decision-making accurately and in a timely manner.

TBS responded that during the audit, QualiMIS was on the transition to be phased out as it was going to be replaced by the integrated Standardization, Quality Assurance, Metrology and Testing (iSQMT) System. The iSQMT was developed by Management to integrate all functionalities of core functions of TBS, thus enabling the sharing of information among directorates. The new system can support the monitoring of TBS performance in order to support the decision-making process. The i-SQMT is operational, and the Management is continuing to strengthen its performance.

The audit noted that TBS had developed a new system covering all aspects the audit team identified.

(v) ***Recommendation No.10***: *TBS to ensure that there is a defined means of allocating resources to TBS Zone Offices so that each gets its entitled resources according to the available workload.*

This recommendation required TBS to ensure that there is a defined means of allocating resources to TBS Zone Offices so that each gets its entitled resources according to the available workload.

TBS responded that regarding the distribution of vehicles and other facilities like sampling tools and storage facilities, TBS has been allocating them as per established requirements by the zonal offices themselves. Currently, four zonal offices, namely Central, Lake, Northern, Southern Highlands and Eastern, were allocated three vehicles, Eastern Zone four vehicles, and Western and Southern Zones two vehicles based on the workload and geographical coverage of the respective zones.

Additionally, a review of the submitted documents by TBS indicated that staff needs analysis was done, and further strategic plans (2021 to 2026) and annual plans with the budget have already been prepared. These plans show strengthened human resources through recruitment and transfer; from the Financial Year 2017/2018 to 2019/2020, a total of 127 staff were recruited, and 160 staff were transferred to the Bureau.

Furthermore, the audit team was provided with evidence on the Human Resource Need assessment report. The report indicated that, on 26 January 2024, TBS conducted staff need analysis. The report provided an analysis of the staff present and the staff required to execute TBS activities in all cadres and in all zones. Additionally, TBS submitted to the auditor the requirement for office spaces for the better implementation of their activities.

Additionally, it was noted that, TBS managed to submit the analysis of laboratory equipment required to execute different tests in food chemistry through the QUALITANS project.

Furthermore, TBS supplied evidence indicating that the office furniture was supplied in the central zone and on the Holili border. Based on the evidence supplied, this recommendation is ranked fully implemented.

b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from TBS indicated that six recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation No.3****: TBS will make use of food risk assessment data from Codex and food risk alert data from the International Food Safety Authority Network (INFOSAN), as well as plan and implement effective and timely proactive risk management and risk communication activities.*

The recommendation required TBS to make use of food risk assessment data from Codex and food risk alert data from the International Food Safety Authority Network (INFOSAN) and plan and implement effective and timely proactive risk management and risk communication activities.

TBS has provided evidence of guidelines on foodborne disease outbreak control measures document, which is the same as what the audit recommends. However, the provided National Food Safety Emergency

Response Plan is still in the draft stage. Therefore, this recommendation is partially implemented.

(ii) **Recommendation No.4:** *TBS to create mechanisms that will ensure that all food processors are captured in the database and necessary actions are taken for compulsory certification of products purposes.*

The recommendation required TBS to create mechanisms to ensure that all food processors are captured in the database, the database is updated, and necessary actions are taken for compulsory certification of products.

During the audit verification, it was found that TBS developed an integrated standardisation quality insurance metrology and testing system (isQMT) aiming to capture food processors. Also, TBS indicated that it has a mechanism for sensitisation of uncertified food processors through solicit activities. Solicit procedure (TBS/QMD/PCERT/P03) and plan have been developed and distributed to all zones for implementation.

Further, the follow-up audit managed to review the submitted database, which indicated a list of licenses and certificates issued, including food processors.

Additionally, TBS submitted a sample surveillance report, which was conducted by food processors. The surveillance reports were published on 29/03/2023 after the surveillance exercise was conducted.

The recommendation is ranked as partially implemented since, after developing the (isQMT), it has been easy to register, certify, and issue licenses to food processors online. Despite that, some unregistered and uncertified food processors are still present in the country.

(iii) ***Recommendation No.5:*** *TBS to devise a clear and effective coordination and collaboration mechanism that will ensure all stakeholders, such as LGAs, Accredited Laboratories, and SIDO, among others, effectively contribute to the management of the quality of processed food in the country.*

The recommendation issued required a clear and effective coordination and collaboration mechanism that will ensure all stakeholders, such as LGAs, Accredited Laboratories, and SIDO, among others, effectively contribute to the management of the quality of processed food in the country are effectively coordinated.

TBS has provided evidence of a memorandum of understanding only for the Sengerema District Council and TBS with SIDO for cooperation in the execution of powers and functions, dated March 2023 and April 2024, respectively. Based on this, it is concluded that the recommendation is partially implemented.

(iv) ***Recommendation No.6:*** *TBS to improve collaboration with SIDO under the existing Memorandum of Understanding (MoU) to include training on standardisation and conformity assessment delivered by TBS personnel. The mechanism should enable TBS to cover a large number of food processors in the country.*

The recommendation required TBS to improve collaboration with SIDO under the existing Memorandum of Understanding (MoU), which includes training on standardisation and conformity assessment delivered by TBS personnel. The mechanism should enable TBS to cover many food processors in the country.

The audit received a memorandum of understanding (MoU) between TBS and SIDO, as well as an internal memo from TBS showing an invitation from SIDO for joint training of entrepreneurs. However, there is no evidence of training conducted for SIDO's staff, contrary to section 4.2(1) of the MoU between SIDO and TBS, which requires TBS to provide training to SIDO's staff. Therefore, it is concluded that the recommendation is partially implemented.

(v) ***Recommendation No.7:*** *Device a mechanism that will ensure inspection and surveillance activities are effectively conducted by qualified personnel. The mechanism should provide for the reporting of inspection results, proper follow-up of the inspection results, and recommended corrective actions.*

The recommendation required TBS to devise a mechanism that will ensure inspection and surveillance activities are effectively conducted by qualified personnel. The mechanism should provide for the reporting of inspection results, proper follow-up of the inspection results, and recommended corrective actions.

The audit navigated the system and noted that the system indicated inspection and surveillance activities with responsible personnel assigned to the inspection and surveillance activities. However, there is no evidence of inspection reports or follow-up reports on the inspections and surveillance that were conducted. Making this recommendation partially implemented.

(vi) **Recommendation No.11.** *TBS to ensure that Food test samples are never contaminated in the laboratory by facilitating appropriate storage and professional handling.*

The recommendation required TBS to ensure that food test samples are never contaminated in the laboratory by facilitating appropriate storage and professional handling.

Response from TBS revealed that the implementation of Procedure TLP 10-03 and Standard Operating Procedure TLP 10/FL/SOP/16 was to ensure that all samples received under test and ready to be disposed of were properly identified and handled. Furthermore, an incinerator can be constructed, which is now in use to ensure samples are disposed of in a timely manner. During the verification of the implementation of the recommendation, the audit noted three separate storage rooms, which were BOO7, A 101 and A 209, equipped with storage shelves to ensure clear demarcation of test portions and retained samples.

The audit also observed a newly constructed building with various laboratory rooms at TBS Headquarters in Dar es Salaam, which made this recommendation partially implemented since the coverage was noted at HQ, while in other zones, such as the lake zone, the construction is going on. In that regard, this recommendation was ranked partially implemented.

Photo 6.1 presents constructed receiving and storage rooms at TBS-HQ.

Photo 6.1(a): Photo taken at TBS, HQ, on 28/11/2024, shows improved sample receiving facilities

Photo 6.1(b): Photo taken at TBS, HQ, on 28/11/2024, shows an improved sample storage room

Photos 6.1 (a) &(b) indicate the improved sample receiving and storage rooms to avoid contamination of samples. The audit conducted in the financial year 2021/22 found the samples were not properly received and stored, which was at risk of being contaminated and resulting in wrong results.

6.3.3 Implementation Status of Recommendations Issued to MIT

This section details the implementation status of the issued recommendations to MIT. A total of two recommendations were issued to MIT. No recommendation was either fully implemented or not implemented. The two issued recommendations to MIT were partially implemented. **Table 6.4** summarises the implementation status of the recommendations issued to MIT by category.

Table 6.4: Level of Implementation of Recommendations by Category of Recommendations by MIT

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	0	0	0	0	0

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Coordination	0	0	0	0	0
Monitoring and Evaluation	2		2	0	0
Development	0	0	0	0	0
Total	**2**	**0**	**2**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 6.4 indicates that the two recommendations issued to MIT fell under monitoring and evaluation, and both were partially implemented.

The detailed analysis of two recommendations issued to MIT indicates that their implementation status fell under one out of four levels of implementation, namely, partially implemented, as detailed below.

a) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from MIT indicated that both recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation No.1***: *The Ministry of Industry and Trade is required to adequately prepare a plan and budget for monitoring and evaluation of the performance of TBS with regard to the management of the quality of processed food. The recommendation required the Ministry of Industry and Trade (MIT) to adequately prepare a plan and budget for monitoring and evaluating the performance of TBS in the management of the quality of processed food.*

The Ministry and TBS developed and implemented the Action Plan 2024/25 that included the M&E activities for the performance of TBS management of quality processed food, which covers the aspects of qualities and other related quality issues.

As per the implementation timeline for 2021/2022, the action plan, which includes monitoring and evaluation (M&E) activities for TBS's performance in managing the quality of processed food for the 2024/25 financial year, was only developed in September 2024. Additionally, the M&E of TBS was conducted only once in August 2024. Therefore, this recommendation is partially implemented.

(ii) ***Recommendation No.2****: The Ministry of Industry and Trade is required to develop monitoring tools with the necessary details, such as reporting formats and key performance indicators. The Ministry will use the developed tool to produce a comprehensive and informative monitoring report that will allow proper corrective action and decision-making.*

The recommendation required the Ministry of Industry and Trade (MIT) to develop monitoring tools with sufficient details, such as reporting formats and key performance indicators. The Ministry was to use the developed tools to produce informative, comprehensive monitoring reports that allow for proper corrective action and decision-making.

The Ministry developed the M&E Framework as the key tool for all M&E activities in line with the guidelines issued by the Ministry of Finance. However, the draft is still in progress.

The Prime Minister's Office – Policy, Parliament and Coordination developed an M&E tool for tracking progress in the implementation of the whole Government relating to the CCM General Elections Manifesto of 2020 – 2025 and the other directives of Top National Leaders through an electronic system known as Dashboard.

Therefore, the Ministry is using the PMO Dashboard to track the progress of the implementation of industry and trade-related directives in the Chama Cha Mapinduzi General Elections Manifesto of 2020 to 2025 and the directives of top national leaders.

The Ministry conducted M&E activities with the Weight and Measurement Agent (WMA) from 5 to 17 August 2024 and TBS from 19 to 24 August 2024 and prepared M&E Reports, which are about to be submitted to the Management as requested.

However, the audit noted that;

- MIT has an M&E Framework, which is still in the draft stage and was supposed to be updated and implemented by June 2022, as per the implementation timeline; thus, it was not developed in a timely manner.
- Provide Annual M&E Plan for Financial Year 2024/2025, which was not developed in a timely manner according to the implementation timeline of June 2021.
- Received an M&E tool for tracking progress in the implementation of the whole government relating to the Chama Cha Mapinduzi General Elections Manifesto of 2020–2025, which also includes directives for managing the quality of processed food.

Received the TBS M&E report for only one quarter, which was conducted in August 2024. This report was supposed to be conducted quarterly since June 2022. Therefore, this recommendation is partially implemented.

6.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the fully or partially implemented recommendations.

6.4.1 Impact of Recommendations Issued to TBS

The recommendations implemented by TBS had the following impact on the management of the quality of processed foods.

a) Developed a Strategic Plan to Enhance the Management of the Quality of Processed Food

Through the development of comprehensive strategies and plans for managing the quality of processed food, the audit team realized the initially noted impacts of engaging stakeholders when developing strategies. The signed MoU between SIDO and TBS was a catalyst for fast-tracking the certification of food processors from both small and medium entrepreneurs.

The noted challenges when implementing the MoU are considered in the strategic plan.

b) Monitoring of Food Safety Improved

The implementation of recommendations which require TBS to make use of food risk assessment data from CODEX and food risk alert data from the International Food Safety Authority Network (INFOSAN), as well as plan and implement effective and timely proactive risk management and risk communication activities, might help TBS to enhance food safety, ultimately promoting a healthier environment and reducing foodborne illnesses. The INFOSAN has four objectives that include:

- Promote the rapid exchange of information during food safety-related events;
- Share information on important food safety-related issues of global interest;
- Promote partnerships and collaboration between countries and between networks; and
- Help countries strengthen their capacity to manage food safety emergencies.

Based on the newly developed Quality Management System (Qualimis), it has started to capture data from food processors, hence making it easy to undertake quality monitoring and take immediate action. Additionally, in order to implement the INFOSAN requirement, TBS has ensured the rapid exchange of information during food safety-related events. In that regard, TBS through GN. No.680 of 2021 has cascaded down its power to PO-RALG. Some of the powers vested in PO-RALG were:

(a) Registering and inspecting any premises to ascertain their compliance with standards, codes of practice, and guidelines prescribed by the Bureau from time to time.
(b) Ensure contaminants, pests and diseases of animal and plant origin are controlled in such a way as not to pose a threat to food safety.

c) All food Processors Captured in the Database

Through the implementation of audit recommendations, which require TBS to create mechanisms that will ensure that all food processors are captured in the database and necessary actions are taken for compulsory certification of product purposes, the audit team realized the initially noted mechanisms that ensure capturing of all food processors in the database. The signed MoU between SIDO and TBS was a catalyst for fast-tracking the certification of food processors from both small and medium entrepreneurs. Registered processors after the MoU are known and easily tracked. Moreover, the established QualiMiS system has started to capture necessary information about food processors in the system. This would help monitoring of processors to make sure that they adhere to all necessary quality parameters.

For example, according to the database extract, there are 5445 food processors registered from different countries of origin. Further, the database indicates the date on which the standard certificate issued would expire.

d) Improved Coordination and Collaboration Mechanism between TBS and Stakeholders

The review of the implementation status of a recommendation requires TBS to devise a clear and effective coordination and collaboration mechanism that will ensure all stakeholders, such as LGAs, Accredited Laboratories, and SIDO, among others, effectively contribute to the management of the quality of processed food in the country, the audit team realized the initially noted impact on the effective coordination and collaboration mechanisms that ensure stakeholders, such as LGAs, Accredited Laboratories, and SIDO, among others, effectively contribute to the management of the quality of processed food in the country. The signed MoU between SIDO and TBS was a catalyst for fast-tracking the certification of food processors from both small and medium entrepreneurs. Registered food processors after the MoU are known and easily tracked.

e) Food Processors Training Mechanism Improved

The implementation of audit recommendations which require TBS to improve collaboration with SIDO under the existing Memorandum of Understanding (MoU) to include training on standardisation and conformity assessment delivered by TBS personnel to enable TBS to cover a large number of food processors in the country, revealed the initially noted impact on improved collaboration with SIDO under the existing Memorandum of Understanding (MoU). The signed MoU between SIDO and TBS has included training aspects for food processor entrepreneurs on standardization in the country. The trainings were also identified in the developed strategic plan for 2020/21-2025/26. This has started to formalize the food processing industry in the country.

In the newly developed strategic plan for 2021/22-2025/26, training for TBS stakeholders is considered. Through objective E, the Bureau is envisaged to conduct 25 Public awareness programs on SQMT by June 2026 and execute Ten (10) stakeholders' meetings on SQMT by that time.

Further, a review of Strategic plan implementation has also indicated an achievement of 159 training seminars that were conducted for Micro, Small and Medium Entrepreneurs (MSME), where 12,395 MSMEs were trained for the purpose of capacity building in order to access domestic and international markets through standardization.

f) Handling of Food Samples Improved

Following the implementation of audit recommendations, which require TBS to ensure that Food test samples are never contaminated in the laboratory by facilitating appropriate storage and professional handling, TBS was expected to have the infrastructure that would help with the storage and handling of food samples. TBS started the construction of a laboratory to accommodate the handling and storage of food samples. The laboratory at TBS is completed, and samples are handled. The laboratory construction involved two procedural steps, sample receiving and sample storage, as referred to in **Photos 6.1 (a) and (b)** in section 6.3.2 b(vi). There is also a plan to construct laboratories in other zones in order to reduce contamination incidences.

6.4.2 Impact of Recommendations Issued to MIT

The recommendations implemented by MIT had the following impact on the management of the quality of processed foods.

a) Independent Monitoring Section Established

Following the Implementation of the recommendation, which requires MIT to prepare a plan and budget for monitoring and evaluating the performance of TBS, the ministry has developed the Monitoring and Evaluation section, which is independent and reports directly to the Permanent Secretary, which is a one-step achievement toward the implementation of this recommendation. Additionally, the Ministry has prepared the Monitoring and Evaluation Plan 2024/25 to be used for monitoring activities. The plan covers all necessary items, including development projects and routine activities of institutions under the Ministry. However, the Monitoring and Evaluation of TBS have not been implemented.

b) Enhanced Monitoring and Evaluation System

Following the Implementation of the recommendation, which requires MIT to develop monitoring tools with the necessary details, such as reporting formats and key performance indicators, it was revealed that at the National level, there was a newly developed Monitoring and Evaluation system known as the PMO-Dashboard prepared under the Prime Minister's Office. The system was used to evaluate budget implementation, government directives and the CCM manifesto. Though it is at its initial phase, the system has enhanced the MIT toward enforcement of the M&E activities.

The system sends a notification via email as a reminder when there is a delay. Further, when the Ministry has not submitted the M&E report, it is indicated on the system dashboard hence easily tracked. Despite the progress noted, the institutions under MIT have not yet been incorporated into the system at this phase of implementation.

6.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to TBS and MIT.

6.5.1 Specific Conclusion

Based on the analysis of the implementation status, the follow-up concluded that the TBS and MIT did not make adequate efforts to implement the issued recommendations. The management of TBS and MIT should ensure that all recommendations are fully implemented as they present valid and actionable solutions to various issues affecting their performance.

6.5.2 Specific Recommendations

To ensure that the Ministry of Industry and Trade and Tanzania Bureau of Standards (TBS) implement all issued recommendations to the fullest, they are urged to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER SEVEN

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE MAINTENANCE SERVICES TO GOVERNMENT VEHICLES

7.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on the Maintenance Services to Government Vehicles, tabled to the Parliament of the United Republic of Tanzania in April 2021. The main objective of the Audit was to assess whether the Maintenance Management System function effectively and facilitates the provision of qualified and cost-effective maintenance services to government-owned Vehicles.

The main audited entities were the Ministry of Works (MoW), responsible for overseeing the performance of the Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA) regarding the maintenance services of vehicles owned or operated by government entities and TEMESA as it is responsible for undertaking maintenance services to all government vehicles. Specifically, the audit assessed the timeliness in the execution of maintenance works as per service agreements, the preparation of the costs for maintenance, communication to stakeholders, acceptability and affordability of the costs and their review, as well as the extent of execution of maintenance services as per the agreed standards and pre-defined manuals. To gain sufficient insights into the whole system of providing maintenance services within the government institutions, the Audit covered a period of five financial years from 2015/16 to 2019/20.

7.2 Main Findings during the Previous Audit

The following is the summary of the main audit findings on the Performance Audit of the Maintenance Services to Government Vehicles.

(a) Inadequate Oversight of Maintenance Services

The Audit Team found that the oversight of maintenance activities at the Ministry of Works and TEMESA was insufficient. TEMESA's performance reports were primarily financial, with about 41% focusing on revenue collection and debt settlement, 38% on operational efficiency, and only 14%

on the quality of services. The monitoring of maintenance activities by the Ministry was ineffective, lacking proper guidelines and covering only 14 out of 30 regions, leaving 52% of the country unmonitored.

Additionally, there was no monitoring of maintenance activities by TEMESA's Regional Offices, with communication between the Headquarters and Regional Centers being minimal and undocumented during supervisory visits. Evaluation activities at TEMESA were also lacking. The Audit Team found that TEMESA had not evaluated the effectiveness, efficiency, or sustainability of its operational activities or strategic goals. A 2019 review of the Strategic Plan only assessed effectiveness, neglecting other important aspects such as efficiency, relevancy, impact, and sustainability.

This failure in oversight has hindered the Agency's ability to provide high-quality, cost-effective, and timely maintenance services for government-owned vehicles.

(b) Inadequate Execution of Maintenance Works

The audit revealed significant weaknesses in TEMESA maintenance services, affecting quality, operational efficiency, and financial performance. TEMESA lacked sufficient pre- and post-inspection processes, modern diagnostic tools, and qualified personnel, particularly in regional offices where diagnostic machines were mostly non-functional. The quality of spare parts was not effectively verified, relying on an under-equipped committee and technicians' experience rather than systematic testing.

Maintenance works lacked proper quality assurance, approval processes, and oversight. Only 9% of sampled maintenance works were approved by the responsible technician before final inspection, and 69% were merely observed by drivers who lacked technical qualifications. Additionally, outsourced maintenance work to private garages lacked quality control measures. TEMESA also failed to meet the timelines outlined in the Client's Service Charter, with maintenance taking an average of 11 days instead of the prescribed 3 days.

Financially, TEMESA faced delays in collecting maintenance bills, with an average delay of 87 days. This resulted in a growing amount of uncollected revenue, which increased from 15% in 2017/18 to 28% in 2019/20. The rising uncollected revenue negatively impacted TEMESA's ability to pay its creditors, with its capacity to settle bills dropping from 60% in 2016/17 to 33% in 2019/20.

In terms of customer management, TEMESA failed to implement its customer-centred core value, conducting only one limited customer satisfaction survey in 2018/19, which was insufficient to gather reliable feedback across all regions. These issues indicate serious challenges in TEMESA maintenance service delivery and financial management.

The audit identified weak controls in the receipt of spare parts, increasing the risk of non-genuine parts being supplied by vendors. This was substantiated by a review of frequent correspondence with TEMESA headquarters and the Ministry, highlighting 62 complaints related to the quality of spare parts and maintenance work. These complaints confirmed incidents where counterfeit parts were used during vehicle maintenance.

Additionally, the weak quality control in the execution of maintenance work posed a risk of substandard repairs. This was evident in customer correspondence, where several complaints were made regarding the poor quality of maintenance services provided by TEMESA.

(c) Inadequate Plans for Maintenance of the Government Vehicles

The audit revealed significant inefficiencies in planning and executing maintenance services at the Ministry of Works and TEMESA. There was a lack of communication mechanisms between the two entities to align on performance targets. The Ministry’s Strategic Plan included indicators for technical services and vehicle operating costs but lacked data from TEMESA to support these measures. Out of eight planned performance targets, only one was fully achieved, with others either partially or not completed due to the absence of baseline data and unclear data sources.

TEMESA’s strategic goals, particularly in mechanical engineering services, were poorly implemented, achieving only 15% of targets over three years (2016/17–2018/19). Technical guidelines for vehicle maintenance were not effectively developed despite the government owning 47 diverse vehicle models. Maintenance works were guided by outdated procedures with only 45% compliance, and the guidelines lacked details on spare parts acquisition and technical procedures.

Additionally, TEMESA lacked work programs for regular vehicle check-ups, providing maintenance only when vehicles were brought in by customers. This reactive approach led to a fivefold increase in major repairs, from 789 vehicles in 2015/16 to 3,631 in 2019/20. Overall, ineffective planning, outdated guidelines, and insufficient communication significantly hindered the maintenance of government vehicles.

Failure to check up and repair the vehicles regularly has resulted in an increase in the number of government vehicles requiring major repairs. This was evidenced by the number of major repairs executed by TEMESA to government vehicles, which increased 5 times from 789 in the financial year 2015/16 to 3631 during the financial year 2019/20.

7.3 Results of the Follow-up on the Implementation of the Issued Recommendations

To improve the management of government vehicle maintenance, 13 recommendations were issued in this performance audit, whereby seven were directed to the Ministry of Work and six to TEMESA. Their implementation status was as detailed below;

7.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of 13 recommendations, four were partially implemented, and nine were not implemented. No recommendations were either fully implemented or overtaken by the event. **Table 7.1** details the level of implementation of the issued audit recommendations.

Table 7.1: Level of Implementation of Recommendations by TEMESA and MoW

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
TEMESA	6	0	2	4	0
MoW	7	0	2	5	0
Total	13	0	4	9	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 7.1 indicates that out of seven issued recommendations to MoW, two were partially implemented, and five were not implemented. Similarly, **Table 7.1** indicates that out of six recommendations issued to TEMESA, two were partially implemented, and four were not implemented.

Further analysis of the issued recommendations for each implementation category was made based on the four implementation levels. **Table 7.2** details the implementation level for all issued audit recommendations based on these categories.

Table 7.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	1	0	0	1	0
Implementation/ Execution	5	0	2	3	0
Monitoring and Evaluation	3	0	0	3	0
Coordination	0	0	0	0	0
Development	4	0	2	2	0
Total	**13**	**0**	**4**	**9**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 7.2 indicates that the planning category had one recommendation that was not implemented; the implementation category had five recommendations, of which two were partially implemented, and three were not implemented; the monitoring and evaluation category had three recommendations which were not implemented; and the Development Category had four recommendations of which two were partially implemented, and two were not implemented.

7.3.2 Implementation Status of Recommendations Issued to TEMESA

This section details the implementation status of the issued recommendations to TEMESA. A total of six recommendations were issued to TEMESA. Two recommendations were partially implemented, and four were not implemented. **Table 7.3** summarises the implementation status of the recommendations issued to TEMESA by category.

Table 7.3: Level of Implementation of Recommendations by Category of Recommendations by TEMESA

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	
Implementation/ Execution	3	0	2	1	0
Monitoring and Evaluation	2	0	0	2	0
Coordination	0	0	0	0	0
Development	1	0	0	1	0
Total	**6**	**0**	**2**	**4**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations,2024

Table 7.3 indicates that one recommendation that fell under development was not implemented. Three recommendations were in the execution category, with two being partially implemented and one not implemented. Also, two recommendations under Monitoring and Evaluation were not implemented.

Below are the details of the status of implementation of the issued recommendations based on the level of implementation, namely, fully implemented, partially implemented, not implemented, and overtaken by events.

a) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and Information from TEMESA indicated that two recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 3****: Strengthen customer relationship management through effective customer satisfaction surveys and develop clear communication systems to enable customers' feedback on maintenance services in terms of quality, cost and time.*

TEMESA has provided reports on stakeholder meetings conducted in the year 2023/24, which is a positive step towards understanding client needs and perceptions. However, there is no established system of communication between TEMESA and its clients to facilitate consistent feedback on the maintenance of government-owned vehicles.

During interviews, TEMESA stated that complaints and feedback raised during the Stakeholders meetings were addressed through respective regional offices. However, these actions were not formally documented, making it difficult to track the resolution of issues or to ensure consistency in addressing customer concerns. TEMESA also noted that each regional office has a suggestion box for clients to submit feedback. However, the feedback collected was directed to the regional offices without evidence of a centralised or standardised system for managing and analysing customer feedback.

Also, it was noted that TEMESA did not submit any report on the conducted Customer Satisfaction Report, as detailed in **Table 7.4.**

Table 7.4: TEMESA Plans on the Customer Satisfaction Survey

Financial Year	Planned Customer Survey	Implemented
2020/21	1 Customer Survey	No Report
2021/22	1 Customer Survey	No Report
2022/23	4 customer surveys	No Report
2023/24	Not Planned	Not Implemented

Source: Auditors' Analysis of the TEMESA Medium Term Expenditure Framework, 2024

Table 7.4 shows that for the financial year 2020/21 to 2022/23, there were planned surveys, but no reports were submitted on the surveys that were conducted. Also, there were no detailed guidelines on how the survey should be conducted and how the accepted customers were covered in the scope of the survey.

While TEMESA has taken initial steps to address this recommendation, significant gaps remain. It is essential to establish a formal communication system to facilitate customer feedback and ensure its documentation and analysis. Such a system would enhance accountability and enable continuous improvement in the quality, cost-effectiveness, and timeliness of maintenance services.

This recommendation was partially implemented as more efforts were directed at the stakeholders' meeting, and no efforts were directed at the customer surveys and the development of a clear communication system. There was no noted impact as a result of the partial implementation of the recommendation since the audit was unable to establish improvements made to the maintenance services due to the absence of feedback reports.

(ii) Recommendation 4: *Strengthen quality control and assurance systems for maintenance works at all operational and management levels to ensure high quality of maintenance and other services.*

This recommendation required TEMESA to strengthen its quality control and assurance systems for maintenance works at all operational and management levels to ensure high quality of maintenance and other services. However, TEMESA committed to improving their quality controls and assurance by inspecting received spare parts by the inspection committee as well as trained vehicle inspectors, purchasing bulk spare parts from TOYOTA, and using sonography for marking spare parts fixed at each workshop to avoid cannibalization, the use of barcode scanners and parts catalogue to specify required specification and the use of CCTV camera installed in all workshops.

It was noted that TEMESA has enhanced quality control by ensuring the purchasing of spare parts exclusively from pre-approved suppliers and not TOYOTA, as stated in the action plan, since they failed to agree with the MoU based on the payment modality (payment before supplying spare parts).

However, physical verification at Dodoma and Iringa Workshops revealed that the installed CCTV cameras provide only a 20-day backup, limiting the ability to review activities beyond this period. Also, other workshops had insufficient CCTV cameras, and other cameras did not work, as evidenced at the Iringa Workshop, as shown in **Table 7.5**.

Table 7.5: Distribution of Installed Cameras for The Security of The Sampled Workshops

Workshop Section	Dodoma	Iringa
VIP Workshop	✓	✓
Inspection Section	✓	N/A
Major repair	✓	x
General Maintenance	✓	x
Bodywork and Painting	✓	x
Tile section	N/A	x
Lubricant store	✓	✓ *
Spare part store	✓	✓
Entrance & Exit zone	✓	✓ *
Engine Room	✓	✓
Machine Shop	✓	✓
Reception	✓	✓
Procurement Zone	✓	✓

Source: Auditors' Verification to the Regional Workshop & Office, 2024

Key:

✓	Available
x	Not available
*	Available but not working
N/A	Not applicable

Table 7.5 shows that verification of the sampled workshop showed that the Dodoma workshop installed cameras in all sensitive zones, and all 12 cameras were working. The Iringa region managed to install 8 out of 12 needed cameras in the sensitive area, of which two cameras were not functioning.

Additionally, there was no evidence of quality control and assurance for the outsourced maintenance works as there was no documentation of pre- and post-maintenance reports on the outsourced maintenance work, which are critical for assessing the quality of work performed.

The recommendation was partially implemented since there was no evidence of strengthened quality assurance and control at the management level, and the evidenced efforts are on strengthening quality control at the operational level.

The audit was not able to establish the impact since there was no system in place for receiving customer feedback that would form the basis for assessing the quality of the maintenance work done at TEMESA on government-owned vehicles.

b) Details of Recommendations that were not Implemented

The analysis of submitted evidence and Information from TEMESA indicated that four recommendations were not implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1:*** *Improve the functionality and operationalisation of the maintenance information management system to capture detailed information critical for assessing the quality of maintenance services.*

The recommendation required TEMESA to improve the maintenance information system to capture detailed information critical for assessing the quality of the maintenance system. TEMESA committed to implementing the recommendation at the end of the financial year 2020/21.

The audit noted that no improvement was made to the maintenance information management system to ensure it captured critical information such as customer details, the up-to-date status and condition of vehicles, alerts, maintenance schedules, a feedback mechanism, or the number of vehicles maintained.

During physical verification, it was observed that the system was currently non-functional, and interviews with the officials claimed that e-GA shut down the system in March 2024 with no submitted evidence for the formal closure of the system. This indicated that the issues identified during the audit had not been addressed, leaving TEMESA without an effective tool for managing and monitoring maintenance services. The absence of a functional maintenance information management system remains a significant gap in TEMESA's operations.

Furthermore, it was noted that, a letter was sent to the e-Government Authority (e-GA) with reference number EA.247/527/01/16, dated 26 March 2024, requesting e-GA to develop a system that will cover their needs and ensure that all the noted challenges in the earlier pilot stage were addressed. However, there was no noted feedback from e-GA and no evidence of the budget set aside for procuring the new system. The audit noted that TEMESA would enquire about more costs for the payments of the new system to be developed.

The recommendation was not implemented, and no improvements were made to the system. The system failed to operate until it was closed.
Thus, there was no noted impact since no implementation was done to the issued recommendation.

(ii) Recommendation 2: *TEMESA should strengthen supportive supervision of its Regional Offices so that Strategic and Business Plans are efficiently and effectively implemented to provide adequate maintenance services.*

The recommendation required TEMESA to strengthen supportive supervision where TEMESA committed to ensuring that procedures indicated in the Motor Vehicle Maintenance Guideline are adhered to, strengthening monitoring and evaluation from HQ to regions to make sure all production Centres are complying with the Motor Vehicle Maintenance Guidelines and

Supervisors will be equipped with supervisory skills to perform their roles effectively and efficiently.

In its action plan, TEMESA committed to enhancing monitoring and evaluation from the Headquarters to Regional Offices to ensure all Production Centres comply with the Motor Vehicle Maintenance Guidelines. However, during verification, it was revealed that no monitoring was done from the headquarters to the regions so that strategic and business plans could be efficiently and effectively implemented to ensure the provision of adequate maintenance services.

The interviewed officials claimed that the monitoring and evaluation were done through the submitted monthly reports from the regions; however, only one report from the Njombe region was presented as evidence showing details of revenue only.

Further, it was noted that there were no plans and budgets set aside for the monitoring and evaluation activities of the Regions. Also, no monitoring tools were developed to monitor the regional offices.

Despite TEMESA's commitment to implement this recommendation immediately, it was noted that TEMESA instructed the Regional Managers and Heads of Machinery through a letter with reference No. CA.136/527/01/79 dated 06 June 2024 to remind them and insist on operating with the Agency's guidelines, and there was insufficient evidence to demonstrate significant strengthening of supportive supervision.

Further, the audit noted that TEMESA had tried to train the officials, as detailed in **Table 7.6**.

Table 7.6: Training to the Heads of the Regional Offices

Reference Number	Letter's Date	Coverage
AC.280/356/01/32	08/04/2022	Responses to the Request for the need analysis of the training from Uongozi Institute to TEMESA
DA.54/269/01/69	25/05/2022	Request to conduct training to TEMESA addressed to Uongozi Institute
DA.54/269/01/71	25/05/2022	Invitation for the training to the Heads of the Regional Offices

Reference Number	Letter's Date	Coverage
DA.54/269/01/79	05/08/2022	Invitation for the training
DA.54/269/01A/113	18/08/2023	Request to conduct training to TEMESA from the Institute of Accountancy Arusha.

Source: TEMESA Training Letters from 2021/22 to 2023/24

Table 7.6 shows several invitations addressed to the heads of the regional offices; however, there was no evidence of training being conducted for the heads of the regional offices. Also, the highlighted skills to be trained in the invitation letters were based on soft skills such as emotional intelligence, and there was no noted invitation letter based on the technical skills of strengthening supervision and monitoring.

The recommendation was not implemented as the result of no strengthened monitoring and supportive supervision done to the regional offices to ensure the provision of adequate maintenance services. Also, no technical skills in supervision were provided to the heads of the regional offices to equip them with monitoring skills.

(iii) Recommendation 5: *To develop the maintenance plan, which will include maintenance schedules for government-owned vehicles, which will be used as a guideline for providing maintenance services to its workshops.*

In the Action Plan, TEMESA stated that the new Maintenance Information Management System for Motor Vehicles Maintenance will be proactive by designing a maintenance plan that will ensure that government vehicles are maintained on a scheduled basis. A vehicle maintenance survey will be done on an annual basis in order to establish maintenance needs.

However, it was noted that TEMESA did not establish a maintenance plan for government-owned vehicles, nor was there evidence of any efforts to ensure the development of such a plan with detailed maintenance schedules.

During interviews, TEMESA indicated that creating a comprehensive maintenance plan for government-owned vehicles was challenging, as the Agency did not own the vehicles. Instead, TEMESA recommended that clients adhere to the maintenance schedules provided by the vehicle manufacturers. However, relying solely on manufacturer recommendations without a centralised maintenance plan limits TEMESA's ability to effectively standardise and oversee maintenance services.

While TEMESA acknowledged the complexity of establishing a maintenance plan, the absence of such a framework undermines the consistency and quality of maintenance services. TEMESA should explore feasible approaches to develop a flexible yet standardised maintenance plan that aligns with the diverse ownership structure of government vehicles. This could involve collaborating with stakeholders to integrate manufacturer guidelines into a unified system or providing advisory services to clients to ensure adherence to best practices in vehicle maintenance.

The recommendation was not implemented as there was no established maintenance plan for the government-owned vehicles. Also, no efforts were made to explore feasible approaches to develop a maintenance plan. The audit noted that this recommendation had no established impact since it was not implemented.

(iv) Recommendation 6: *Establish Key Performance Indicators (KPIs), which will be used to monitor the workshop's performance of maintenance services for government vehicles.*

In the Action plan, TEMESA concurred with the auditor's recommendations. However, TEMESA stated that KPIs for the Workshop's Performance Services were clearly indicated in the Agency's strategic plan. Also, they added that KPIs were the number of jobs attended and revenue generated, which should not be less than 75%, and a smaller number of complaints attended. The review was done quarterly for each financial year.

However, in their response, TEMESA stated that KPIs were currently measured through the Performance Evaluation and Project Monitoring Information System (PEPMIS). However, PEPMIS primarily focuses on evaluating employee performance rather than the performance of maintenance services done at the workshops for Government-owned vehicles. During the interview, it was mentioned that each regional office is evaluated based on its revenue performance, specifically by comparing estimated revenue targets to the actual revenue generated.

The audit noted that TEMESA did not consider reviewing the Key Performance Indicator in place for measuring the Performance of the Workshops since the key performance in place did not consider the timely completion of the maintenance work and quality of the technical work done on the maintenance services.

The intended KPIs were expected to address critical aspects such as the quality of maintenance work and the actual time taken to complete services compared to the timelines defined in the guidelines. These metrics were to be integral to the monitoring process, providing a clear benchmark for assessing workshop performance and ensuring alignment with service quality standards.

This recommendation has not been implemented due to the absence of tailored KPIs for workshop performance during maintenance work. TEMESA did not prioritise the development of comprehensive KPIs that reflected the quality, timeliness, and efficiency of maintenance services. Incorporating these metrics into the monitoring framework would enhance accountability and enable data-driven decisions to improve service delivery. This recommendation had no established impact since it was not implemented.

7.3.3 Implementation Status of Recommendations Issued to the Ministry of Works

This section details the implementation status of the issued recommendations to the Ministry of Works (MoW). A total of seven recommendations were issued to MoW. Two recommendations were partially implemented, and five were not implemented. **Table 7.7** summarises the implementation status of the recommendations issued to MoW by category.

Table 7. 7: Level of Implementation of Recommendations by Category of Recommendations by MoW

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	1	0	0	1	0
Implementation/ Execution	2	0		2	0
Monitoring and Evaluation	1	0	0	1	0
Coordination	0	0	0	0	0
Development	3	0	2	1	0
Total	**7**	**0**	**2**	**5**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 7.7 indicates that among the recommendations issued to MoW, the planning category had one recommendation which was not implemented. The implementation category had two recommendations which were not implemented. The monitoring and evaluation category had one recommendation that was not implemented, and the development category had three recommendations; two were partially implemented, and one was not implemented.

Below are the details of the status of implementation of the issued recommendations based on the level of implementation, namely; fully implemented, partially implemented, not implemented, and overtaken by event.

a) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from MoW indicated that two recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 3:*** *Develop and institute clear guidelines, standards, and manuals geared towards establishing effective quality control and assurance mechanisms in all stages of the provision of maintenance services.*

A review of the evidence submitted revealed that no clear guidelines, standards, or manuals were instituted to establish effective quality control and assurance by the Ministry of Work, as committed within two financial years, 2021/22-2022/23.

The discussion with the technical official from MoW revealed that the guidelines were under review as MoW reviews its guidelines every three years. The recommendation was issued in 2021, so up to 2024, it counted 3 years. The explanation provided by the officials was contrary to the MoW action plan with the timeline to accomplish the development of the guidelines by 2022/23.

The recommendation was partially implemented as the Ministry developed and instituted guidelines towards establishing effective quality control and assurance mechanisms in January 2025. The guideline was at the initiative stage of implementation.

These guidelines include the Guidelines for the Issuance of the Permit for the Use of Workshop for the Maintenance of Motor Vehicles, 2025. Guide 3.3 requires all workshops to have strong security systems such as solid fences, alarm systems and CCTV cameras.

Additionally, The Guideline on the Implementation of the Agency's Responsibility on the Technical, Electrical and Electronics, 2025 guide 1.4 (a to e), addresses quality assurance aspects. It mandates that all spares should be procured according to specification, and inspection teams are supposed to verify in correlation with the specification. Also, in cases where counterfeit spare parts are supplied, they should be returned to the manufacturers within three days.

(ii) ***Recommendation 5:*** *MoW should develop strategic and annual action plans that will ensure that the performance of TEMESA in providing effective and efficient maintenance services is accurately monitored.*

It was noted that the Ministry of Work did not prepare an annual action plan to ensure that TEMESA is accurately monitored on the provision of effective and efficient maintenance service despite the MoW's commitment to developing strategic and annual action plans to enhance monitoring of the provision of maintenance services. However, the Ministry of Work has signed an Annual Performance Agreement with TEMESA on the implementation of an approved business Plan for the Year 2024/25. The review of the Monitoring and Evaluation plans for the Ministry of Work revealed that the MoW planned to monitor major projects and not the performance of the maintenance work provided.

Therefore, this recommendation was partially implemented since MoW did not develop strategic and annual action plans to monitor the provision of effective and efficient maintenance services but signed an agreement with TEMESA to enhance maintenance efficiency. Thus, there was no noted impact on the partial implementation of this recommendation.

b) Details of Recommendations that were not Implemented

The analysis of submitted evidence and information from MoW indicated that five recommendations were not implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1****: Regularly review and update its roles and functions with regard to maintenance services to provide clear accountability on the use of resources by TEMESA necessary for the improvement of maintenance services*

It was noted that the Ministry of Works' Strategic Plan that was provided as evidence did not detail the MoW's role and functions regarding maintenance to ensure clear accountability for resources used by TEMESA. This is despite the Ministry's action plan to regularly review and update the roles and functions of maintenance services.

According to the discussion with the technical official from MoW, all maintenance functions have been fully delegated to TEMESA. The Ministry of Works (MoW) conducts Monitoring and Evaluation regularly and provides timely funds to facilitate TEMESA's operations. However, no monitoring report was found in place for the functions performed by TEMESA to ensure clear accountability for the use of resources.

However, the audit acknowledges receiving the agreement under Article III 3.5, which entails ensuring funds are collected and spent for the activities as per the budget. Also, article 3.8 requires TEMESA to submit quarterly progress reports to MoW. The reporting framework was supposed to include the performance and quality targets under article V-5.3.

Moreover, referring to the action plan set by MoW for reviewing the roles and functions of maintenance services, it was noted that the agreement was defined in general terms of TEMESA's responsibility and did not detail specific items related to the maintenance of vehicle services.

Although the Ministry of Works (MoW) committed to addressing the recommendation before 2021/22, it had not been addressed as of January 2025.

This recommendation has not been implemented since no updates were made to the roles and functions of maintenance services. Thus, there was no noted impact as a result of the non-implementation of the recommendation.

(ii) ***Recommendation 2:*** *Improve monitoring and evaluation of development and maintenance projects to effectively address key performance indicators on the quality of maintenance services to government-owned motor vehicles.*

The interview with the M&E director revealed that the system for monitoring the performance of the agencies under the Ministry of Work was developed, and it was accessed by the director with features that captured activities conducted by all agencies under MoW, including TEMESA. Through the verification conducted and the review of the function installed into the system, it was noted that the system was equipped to monitor revenue and payments from TEMESA's operation, but there was a lack of the pre-agreed key performance indicators for the responsible entities.

The recommendation was not implemented since there was no improvement done on the monitoring of the maintenance projects, and the Key performance indicators for measuring the quality of the maintenance services to the Government Owned Vehicles were not developed by the Ministry of Work despite their commitment to implementing this recommendation in the two financial years of 2021/22 and 2022/23.
Furthermore, it was noted that the Ministry of Works has developed a draft of the Monitoring and Evaluation Framework, 2025, which includes a KPI that captured the aspect of the quality of maintenance services to government-owned motor vehicles. The draft identifies one indicator, the First Time Fix rate, as stated on pages 51 to 53. This indicator measures the percentage of maintenance tasks resolved successfully without the need for repeat maintenance.

However, no thorough analysis was conducted to identify KPI for measuring the quality of maintenance done by the Ministry of Works. The single indicator found in the draft M&E framework was not approved for effective application despite the Ministry of Works' commitment to establishing it before 2022/23.

(iii) ***Recommendation 4****: Supervise quarterly reporting of the condition of all government-owned motor vehicles to enable proper planning and execution of maintenance services by TEMESA.*

It was noted that the Ministry of Works did not ensure that TEMESA submitted quarterly reports on the condition of all government-owned motor vehicles, contrary to the action plan that the Ministry of Works (MoW) committed to ensure that TEMESA submitted the quarterly reports.

Further, MoW provided a letter that was sent to TEMESA on 06 June 2024, with instructions given to TEMESA to develop a vehicle register and submit reports. This was contrary to the timeline TEMESA had set for implementing the recommendation up to the financial year of 2021/22.

Moreover, during the interview with, an official stated that government institutions that own vehicles were required to prepare reports on the condition of the vehicles and submit them to TEMESA. Further, the official revealed that the government institutions did not prepare and submit information on the condition of the vehicles as required.

This recommendation was not implemented due to the absence of a quarterly report on the condition of all government-owned motor vehicles to enable proper planning and execution of maintenance services by TEMESA. The audit noted that the report submitted by TEMESA to the Ministry of Works (MoW) only detailed the condition of vehicles submitted by government entities for maintenance rather than the condition of all government-owned motor vehicles.

(iv) Recommendation 6*: Develop a proper mechanism that will facilitate smooth payments of maintenance bills between TEMESA and government institutions.*

It was noted that the Ministry of Works (MoW) did not continue with the proposal that had been tabled to IMTC but developed TEMESA's Transformation Strategy, emphasising initiatives such as "payment before service" to facilitate timely payment of maintenance bills, which was not yet in practice.

Furthermore, no mechanism was implemented to facilitate the smooth implementation of the payments on the maintenance bills for the two financial years. This was contrary to the action plan committed by MoW that has prepared the proposal to be tabled to IMTC to establish the Plant and Transport Maintenance Fund (PMTF), which would be under the Ministry of Finance and Planning, where all Government Vehicles will be maintained through the fund.

Furthermore, the Ministry was given the approval to continue to enact the strategies to enhance TEMESA's responsibility via letter with reference number PPO: A1/121/V/01/318[a], but the transformation strategy was not yet approved to the time of verification for the effective functioning. An interview with the ministry's official added that, once each issue outlined in the strategy was reviewed and approved, the Ministry would provide the necessary support and facilitate the implementation of the strategy.

The recommendation was not implemented as there was no mechanism evidenced in place that was implemented to facilitate smooth implementation of the payments on the maintenance bills for the two financial years. Further, there was no noted impact as a result of the non-implementation of the recommendation.

(v) ***Recommendation 7:*** *Improve the functionality of the currently developed vehicle maintenance management system in such a manner that will ensure there is a maximum interface with users of maintenance services and will enable the collection of enough information from users.*

During the Interviews at the Ministry of Works (MoW), it was noted that MoW was not involved in the development, inspection and trial of the system while under the pilot. The system was built in the financial year 2017/18 and was configured with the module that MoW can access and monitor its operation.

During verification, it was noted that the system was not working or being accessed. Interviews with TEMESA officials revealed that the system was closed by the e-Government Authority (e-GA) in March 2024 while still in its trial phase in all three regions. Consequently, the audit noted that no improvements were made to the system before the shutdown. Neither MoW nor TEMESA currently had access to the system.

The recommendation was not implemented because the system was closed for improvement, and the audit did not verify the improvement made within the system. Thus, there was no noted impact as a result of the non-implementation of the recommendation.

7.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the recommendations that were fully implemented or partially implemented.

7.4.1 Impact of Recommendations Issued to TEMESA

There was no noticeable impact from the issued recommendations because no recommendations were fully implemented.

7.4.2 Impact of Recommendations Issued to MoW

There was no noticeable impact from the issued recommendations because no recommendations were fully implemented.

7.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to TEMESA and MoW.

7.5.1 Specific Conclusion

Based on the analysis of the provided evidence, none of the 13 recommendations have been fully implemented. Of these, nine (9) recommendations remain unimplemented, while only four (4) are partially implemented. This indicates a lack of commitment from both MoW and TEMESA to address these recommendations. Furthermore, evidence suggests that most of the partially implemented recommendations have only been acted upon during the current financial year despite being issued since 2021.

Additionally, some of the recommendations were reported as not implementable as of September 2024, contradicting the action plan initially issued during the period of tabling 2021. This inconsistency raises concerns about the commitment and accountability of MoW and TEMESA in following through on their outlined plans. It also highlights a lack of proactive efforts to address the recommendations effectively or to provide alternative solutions where implementation challenges exist.

7.5.2 Specific Recommendations

The Ministry of Works and Tanzania Electrical, Mechanical and Electronics Service Agency are urged to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER EIGHT

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON BULK PROCUREMENT OF GOVERNMENT VEHICLES AND DISTRIBUTION OF FUELS

8.1 Introduction.

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on Bulk Procurement of Government Vehicles and Distribution of Fuels tabled to the Parliament of the United Republic of Tanzania in April 2021. The Overall Audit Objective of this Performance Audit report was to assess whether GPSA adequately manages bulk procurement of government vehicles and fuel to ensure the cost-effectiveness of services rendered to the PEs.

The main audited entity was the Government Procurement Service Agency (GPSA), an Executive Agency under the Ministry of Finance tasked with bulk procurement of government vehicles and fuel distribution to Procuring Entities. The audit also included the Ministry of Finance, which oversees GPSA's performance in managing these activities. The audit evaluated GPSA's efforts to streamline government procurement transactions, ensuring high-quality goods and competitive prices that reflect value for money. It specifically examined bulk procurement of vehicles and fuel over the four financial years (2016/17–2019/20) to assess the performance trends in these areas.

8.2 Main Findings during the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Bulk Procurement of Government Vehicles and Distribution of Fuel.

8.2.1 Ineffective Mechanism for Controlling Price of Bulk Procurement of Government Vehicles

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

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

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

The Audit noted that GPSA did not receive orders in time as required by the law, and hence, they did not prepare an annual Procurement Plan for the procurement of vehicles. Despite the presence of Government Circular No. 3 of 2014 and the legislation that directs the procedure and timing for PEs to provide requirements, GPSA has 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; in turn, GPSA was lenient and processed orders whenever they came in. Therefore, GPSA did not conduct bulk procurement of government vehicles as intended.

8.2.3 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. As a result, GPSA procured fuel whenever it was depleted in any specific region. This reduced the opportunity to conduct bulk procurement of fuel.

Also, the audit noted that the present fuel distribution control system was ineffective since it has loopholes that allow fuel to be distributed to non-government vehicles. The system was not web-based; hence, it was installed on individual computers without a central monitoring system and was not fully operational in all regions. As a result, data on fuel distribution were manually handled, and records of fuel consumption were not shared with PEs in a timely manner. This hindered the opportunity to establish areas for further improvements and reduce waste.

Furthermore, 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, and it varied from 3 to 10 days depending on the distance of the respective region from Dar es Salaam. This brought uncertainties for the regional managers, who had to wait for the 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.

8.2.4 Inadequate Monitoring of the Bulk Procurement Process of Government Vehicles and Fuels

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

8.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in the bulk procurement of government vehicles and fuel distribution, 14 recommendations were issued in this performance audit, whereby 12 recommendations were directed to the Government Procurement Service Agency (GPSA) and two to the Ministry of Finance. Their implementation status was as detailed below;

8.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of 14 recommendations, seven were fully implemented, five were partially implemented, two were not implemented, and none were overtaken by events. **Table 8.1** details the level of implementation of the issued audit recommendations.

Table 8.1: Level of Implementation of Recommendations by GPSA and MoF

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
GPSA	12	7	4	1	0
MoF	2	0	1	1	0
Total	**14**	**7**	**5**	**2**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 8.1 indicates that out of 14 issued recommendations, seven were fully implemented, five were partially implemented, two were not implemented, and there was no recommendation that was overtaken by the event.

Further analysis of the issued recommendations for each recommendation category was made based on the four implementation levels. **Table 8.2** details the implementation level for all issued audit recommendations based on these categories.

Table 8.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	10	6	3	1	0
Monitoring and Evaluation	2	1	1	0	0
Coordination	2	0	1	1	0
Total	**14**	**7**	**5**	**2**	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 8.2 indicates that out of 14 issued recommendations, 10 recommendations fall under the implementation category, whereby six were fully implemented, three were partially implemented, and one was not implemented. Two recommendations were under the coordination category, whereby one was partially implemented, and the other was not implemented. Two recommendations were under the monitoring and evaluation category, whereby one was fully implemented, and the other was partially implemented.

8.3.2 Implementation Status of Recommendations Issued to GPSA

This section details the implementation status of the issued recommendations to GPSA. A total of 12 recommendations were issued to GPSA. Seven recommendations were fully implemented, four recommendations were partially implemented, and one was not implemented. **Table 8.3** summarises the implementation status of the recommendations issued to GPSA by category.

Table 8.3: Level of Implementation of Recommendations by Category of Recommendations by GPSA

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	9	6	3	0	0
Monitoring and Evaluation	1	1	0	0	0
Coordination	2	0	1	1	0
Development					0
Total	**12**	**7**	**4**	**1**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 8.3 indicates that among the recommendations issued to GPSA, the implementation category had nine recommendations: six were fully implemented, and three were partially implemented. The monitoring category had one recommendation, which was fully implemented, and the coordination category had two recommendations, one was partially implemented, and the other was not implemented.

The detailed analysis of 12 recommendations issued to GPSA indicates that their implementation status fell under three out of four levels of implementation, namely; fully implemented, partially implemented, and not implemented, as detailed below.

a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and information from GPSA indicated that seven recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1:*** *Strengthen the systems that will ensure all suppliers who have Framework Agreement compete and provide the best available prices and quality that fit specifications provided by the Ministry of Works.*

This recommendation required GPSA to ensure that all suppliers holding Framework Agreements participate in competitive bidding to offer the best available prices and quality, aligned with the specifications provided by the Ministry of Works. In response, the Management of GPSA reported that, as of 30 August 2024, it had signed 18 three-year Framework Contracts with various suppliers and dealers for the supply of motor vehicles and motorcycles. These contracts were made available to auditors for review and verification.

A review of the entire procurement process through the National e-Procurement System (NeST) was conducted, covering steps from advertisement to contract signing. The review confirmed that all 18 suppliers currently under contract with GPSA had undergone competitive bidding. Furthermore, GPSA has entered into Memorandums of Understanding (MoUs) with the United Nations Office for Project Services (UNOPS) and the United Nations Development Programme (UNDP) to establish alternative sources for procurement. These partnerships aim to introduce additional competition in the industry, offering reliable benchmarks for pricing and quality.

To streamline procurement and ensure suppliers deliver the best available prices and quality that meet specifications, GPSA officially launched the GPSA Integrated Management Information System (GIMIS) on 1 March 2022.

This system enables government institutions to access GPSA services from any location, view a list of available vehicles and other products during the procurement period (including their prices), check their institution's deposit balance, generate bills for payment, and receive receipts after making payments.

During a meeting held on 26 November 2024 at GPSA Headquarters between GPSA management and auditors, along with a review of the minutes from the Stakeholders' Meeting on the Government Vehicle Procurement System (held on 22 September 2023 at the NSSF Hall, Morogoro), it was noted that GPSA had consulted the Fair Competition Commission (FCC). This consultation aimed to eliminate monopolies in the vehicle sales industry, promote competition and achieve fair pricing.

As a result of these efforts, the FCC successfully eliminated monopolies that had previously restricted the supply of government Toyota-brand motor vehicles to a single supplier (Toyota Tanzania Ltd.). This change has led to the inclusion of two additional suppliers: Bucket Tanzania Limited and EAPGES Enterprises. This expanded pool of suppliers has increased competition, resulting in better pricing, improved product availability, and more timely deliveries.

Based on these actions and outcomes, the audit team concluded that this recommendation has been fully implemented.

(ii) ***Recommendation 2****: Review the bulk procurement system for vehicles and fuel distribution to ensure that all processes comply with the requirements of the public procurement laws.*

In implementing this recommendation, GPSA planned to submit to the Ministry of Finance the proposals recommending amendments to the proposed amendments of the Procurement Act and its Regulations to improve the deficiencies observed by the audit of bulk procurement of government vehicles and distribution of fuels conducted in 2021. The Management of GPSA stated that the Agency prepared and submitted to the Ministry of Finance a proposal recommending required amendments to the Procurement Act and its Regulations.

Furthermore, GPSA submitted a cover letter to the Ministry of Finance on areas of improvement in the public procurement laws, and the amendments were noted in the current Public Procurement Act and Public Procurement Regulation. The review of the Public Procurement Act of 2023 noted the addition of Section 5 in Part I, which addresses general procurement principles, and Section 102, which specifically concerns the regulations governing fuel distribution. Also, a review of the Public Procurement Regulation of 2024 noted the addition of Section 10(c) on the distribution of products purchased for other institutions.

Moreover, during verification, it was noted that all procurement activities are carried out using Nest (National e-Procurement System of Tanzania) and GIMIS (GPSA Integrated Information Management System).

Therefore, it is concluded that this recommendation is fully implemented.

(iii) ***Recommendation 5:*** *Design control mechanisms to ensure vehicle procurement requests are in conformity with the requirements of the laws and regulations.*

The audit team reviewed the implementation status and noted that GPSA had submitted a Contract Register of 18 framework Contracts along with proof of letters from the FCC to GPSA and the Permanent Secretary of the Ministry of Finance, as well as a letter from the permanent secretary of the Ministry of Finance to GPSA with the directives about exclusive distributorship agreements.

A review of the evidence submitted in a letter dated 16 March 2021 with reference number PST/GEN/2021/01/20 from the Permanent Secretary of the Ministry of Finance to GPSA referred to the compliance order issued by the FCC on 19 January 2021 and 27 January 2021, to Toyota Tsusho Corporation and Toyota Tanzania Limited. The order instructed the companies to immediately cease using exclusive distributorship agreements that prevented other institutions, including GPSA and private companies, from entering the market for importing and distributing new Toyota vehicles in mainland Tanzania. This action violated Section 5(2) of the Fair Competition Act,2003.

This instruction aimed to eliminate monopolies in vehicle sales, promote competition and achieve fair pricing. As a result, the FCC successfully dismantled monopolies, allowing more suppliers to enter the market. This increased competition led to lower vehicle prices and facilitated the timely acquisition and delivery of vehicles to ensure the vehicle procurement requests conform with the requirements of the laws and regulations.

Furthermore, a review of Public Service Circular No. 2 of 2021, dated 11 October 2021, with reference number CAB.228/465/01/25 from the Permanent Secretary of Public Service Management to all government offices, revealed that the government-issued guidelines regarding the use, types, and entitlements of vehicles for different levels of leaders in the public service to avoid random and confusions in the procurements of government vehicles to ensure the vehicle procurement requests conform with the requirements of the laws and regulations.

To ensure the circular is effectively implemented, GPSA has implemented the procurement of government vehicles through the established GPSA Integrated Information Management System (GIMIS). GIMIS has been configured to align with the requirements outlined in the circular. For example, when the position and rank of a leader are entered into the system, it automatically assigns the specified type and category of vehicle for that leader as per the Circular. This setup makes it challenging to alter the vehicle category. Furthermore, when the PE needs to procure a vehicle for a government official that deviates from the specifications described in the circular, approval is requested from the Prime Minister's Office, and the procurement processes proceed outside the GIMIS.

Therefore, the audit team concluded that this recommendation was fully implemented.

(iv) ***Recommendation 7****: Put in place a procurement schedule that will allow GPSA time to process orders to reduce waiting time and provide assurance to Procuring Entities on when to expect the ordered vehicles to be delivered.*

The recommendation required having a procurement schedule to reduce waiting time, and the action was to review agreements with suppliers and develop an online system. The review of the Contract Register noted 18 contracts between GPSA and suppliers enabled delivery time for vehicles to range from 14 days for vehicles already within the country (ex-stock) and 3 months for imported vehicles, as shown in **Tables 8.4** and **8.5,** respectively.

Table 8.4: Lead time from Placement of Order to Delivery by Suppliers for Ex-Stock Vehicles

Purchase Order Number	Purchase Order Date	Date of Delivery	Time Elapsed
GLPO2024-2025-0916	19 November 2024	26 November 2024	7 days
GLPO2024-2025-0925	19 November 2024	26 November 2024	7 days
GLPO2024-2025-0663	10 October 2014	24 October 2024	14 days
GLPO2024-2025-0697	17 October 2024	24 October 2024	7 days
GLPO2024-2025-0490	12 September 2024	26 September 2024	14 days
GLPO2024-2025-0484	12 September 2024	26 September 2024	14 days
GLPO2024-2025-0924	19 November 2024	26 November 2024	7 days
MV-88/2024/2025	26 November 2024	28 November 2024	2 days
MV-62/2024/2025	26 September 2024	26 September 2024	0 day
MV-07/2024/2025	04 July 2024	05 July 2024	1 day
GLPO2024-2025-0712	18 October 2024	30 October 2024	12 days

Source: Reviewed GPSA's Purchase Orders and Suppliers' Delivery Notes for the Procured Motor Vehicles, 2024

Table 8.4 shows that vehicle delivery ranges from 0 to 14 days, which were within the Terms and Conditions of the framework contracts, which require the delivery time for imported vehicles not to exceed 14 days. Further analysis of lead time for the vehicles procured outside the country is illustrated in **Table 8.5.**

Table 8.5: Lead time from Placement of Order to Delivery by Suppliers for Imported Vehicles

Purchase Order Number	Purchase Order Date	Date of Delivery	Time Elapsed
MV-79/2024/2025	07 November 2024	25 November 2024	18 days
MV-78/2024/2025	07 November 2024	25 November 2024	18 days
MV-68/2024/2025	08 October 2024	25 November 2024	48 days
MV-84/2024/2025	14 November 2024	25 November 2024	11 days
MV-64/2024/2025	08 October 2024	23 October 2024	15 days
GLP02024-2025-0665	10 October 2024	23 October 2024	13 days
GLP02024-2025-0721	18 October 2024	29 October 2024	11 days
GLP02024-2025-0596	07 October 2024	23 October 2024	16 days
MV-58/2024/2025	12 September 2024	26 September 2024	14 days
MV-81/2024/2025	07 November 2024	28 November 2024	21 days
MV-69/2023/2024	17 October 2024	19 November 2024	33 days
MV-46/2024/2025	15 August 2024	30 September 2024	46 days
GLPO2024-2025-0676	10 October 2024	30 October 2024	20 days

Source: Reviewed GPSA's Purchase Orders and Suppliers' Delivery Notes for the Procured Motor Vehicles, 2024

Table 8.5 shows that vehicle delivery ranges from 11 days to 48 days, which were within the Terms and Conditions of the Framework Contracts, which require the delivery time for imported vehicles not to exceed 3 months.

Furthermore, during verification, it was noted that vehicle procurement was conducted through the GIMIS system, as requested by Procuring Entities (PEs).

Therefore, the recommendation is considered to be fully implemented.

(v) ***Recommendation 9:*** *Devise a mechanism for feedback to Procuring Entities (PEs), especially for fuel use, to ensure PEs have timely information on their use of fuels.*

The recommendation required GPSA to devise a mechanism for feedback to Procurement Entities, especially regarding fuel use, to ensure PEs have timely information on their fuel use.

Audit verification noted that GPSA had established an Integrated Management Information System (GIMIS), providing real-time fuel usage information to procuring entities (PEs). This system allows PEs to access real-time data on fuel consumption, ensuring that they receive the necessary information promptly and can make informed decisions. The system aligns with best practices by offering automated reports and analysis, improving fuel management and the respective entity's accountability.

The audit further confirmed that each entity that purchases fuels from GPSA has its own account in the GIMIS in the form of a wallet. In each wallet, the entity gets access to view the balance of fuels in terms of funds and volume at any time, as illustrated in the extract below.

Table 8.6: GPSA Wallet Transaction Report on Fuel Usage generated from GIMIS

SNO	ISSUE DATE	REFERENCE	PARTICULAR	SHOP	ITEM	QTY	UNIT OF MEASURE	UNIT PRICE	AMOUNT ADDED	TOTAL VALUE	BALANCE
1	January 1, 2024	RQ0001238628	STM8056	GPSA KINONDONI	Diesel	70.	LT	3,226.00		225,820.00	9,747,463.00
2	January 2, 2024	RQ0001241431	STL9969	GPSA DAR ES SALAAM	Diesel	70.	LT	3,226.00		225,820.00	9,521,643.00
3	January 2, 2024	RQ0001241420	STL9971	GPSA DAR ES SALAAM	Diesel	70.	LT	3,226.00		225,820.00	9,295,823.00
4	January 3, 2024	RQ0001244018	STL9972	GPSA DAR ES SALAAM	Diesel	90.	LT	3,078.00		277,020.00	9,018,803.00
5	January 4, 2024	RQ0001244472	STL8976	GPSA DAR ES SALAAM	Diesel	100.	LT	3,078.00		307,800.00	8,711,003.00
6	January 5, 2024	RQ0001247839	STM8056	GPSA KINONDONI	Diesel	70.	LT	3,078.00		215,460.00	8,495,543.00
7	January 5, 2024	RQ0001247994	STL9971	GPSA KINONDONI	Diesel	80.	LT	3,078.00		246,240.00	8,249,303.00
8	January 5, 2024	RQ0001247972	STL9969	GPSA KINONDONI	Diesel	70.	LT	3,078.00		215,460.00	8,033,843.00
9	January 5, 2024	RQ0001249293	STL8976	GPSA DODOMA	Diesel	120.	LT	3,137.00		376,440.00	7,657,403.00
10	January 6, 2024	RQ0001247575	STL9970	GPSA DAR ES SALAAM	Diesel	85.	LT	3,078.00		261,630.00	7,395,773.00
11	January 7, 2024	RQ0001246566	STL9881	GPSA MARA	Diesel	30.	LT	3,244.00		97,320.00	7,298,453.00
12	January 8, 2024	RQ0001246565	STL9881	GPSA MWANZA	Diesel	25.	LT	3,376.00		84,400.00	7,214,053.00
13	January 8, 2024	RQ0001253834	STL9972	GPSA DAR ES SALAAM	Diesel	80.	LT	3,078.00		246,240.00	6,967,813.00
14	January 8, 2024	RQ0001253842	STM0376	GPSA DAR ES SALAAM	Diesel	50.	LT	3,078.00		153,900.00	6,813,913.00
15	January 8, 2024								50,000,000.00	50,000,000.00	56,813,913.00

Source: Fuels Consumption Wallet Transaction Report from GPSA Integrated Management Information System, 2024

Table 8.6 indicates that the Customer with a GIMIS account gets access as to when the fuels were issued, particular of a vehicle, the volume of fuels issued, price per litre, and the remaining balance in terms of financial value on a real-time basis. Therefore, this recommendation is fully implemented.

However, interviews with the User Department at GPSA revealed that sometimes GPSA processes and issues are caused outside the GIMIS due to frequent system downtime caused by weak network connection with the system.

(vi) ***Recommendation 11:*** *Review the existing performance indicators for bulk procurement of Government vehicles and distribution of fuel and use them during monitoring of their activities to track their performance and regularly reported.*

The recommendation required GPSA to review the existing performance indicators for activities regarding the bulk procurement of Government vehicles and distribution of fuels.

Review of the Submitted Strategic Plan for the financial year 2018/2019-2022/2023 and 2023/24 - 2027/28 noted that GPSA reviewed the performance indicators in the strategic plans, especially the ones concerning bulk procurement of government vehicles and distribution of fuels as it can be seen in **Table 8.7.**

Table 8.7: Revised Performance Indicators Concerning Procurement of Government Vehicles and Distribution of Fuel

Objective C	KPI as per SP of 2018/2019-2022/2023	KPI as per SP of 2018/2019-2022/2023	Where was the KPI reviewed? (Yes/No)
Procurement management and	**Making available stock to customers** • Stock operational manual in place	**Making available stock to customers**	Yes

Objective C	KPI as per SP of 2018/2019-2022/2023	KPI as per SP of 2018/2019-2022/2023	Where was the KPI reviewed? (Yes/No)
contract services improved.	• Re-order level plan in place • Security systems in place	• Reviewed stock operation manual in place	
	• Storage capacity and customer service delivery • Number of over-ground fuel tanks installed • Number of underground fuel tanks installed • Number of fuel dispensing pumps installed • Number of handling and distribution equipment acquired • Number of fuel stations constructed/ renovated • % Increase in storage capacity	**Storage capacity and customer service delivery** • Reviewed store catalogue in place	Yes
	Improve clearing and forwarding services. • Clearing and forwarding manual in place • Number of consignments cleared.	**Strengthen clearing and forwarding services.** • Percentage increase in agency fee	

Objective C	KPI as per SP of 2018/2019-2022/2023	KPI as per SP of 2018/2019-2022/2023	Where was the KPI reviewed ? (Yes/No)
		• Number of Landlocked countries served • Percentage increase of C & F efficient level	
		Strengthen procurement process and contract management. • Procurement plan in place • Percentage of contracts implemented on time • Percentage increase of unallocated items and motor vehicles procured directly from the manufacturer • Percentage increase in efficiency level in procuring motor vehicles	**Yes**

Source: Auditors' Analysis of the Strategic Plan for the Financial Year 2018/19-2022/23 and 2023/24 - 2027/28 (2024)

Table 8.7 indicates the KPIs for the year 2018/2019-2022/2023 Strategic Plan, which emphasize refinement, focusing on reviewing existing tools like manuals and catalogues rather than merely creating or expanding infrastructure. Broader efficiency and performance metrics have also been introduced in areas such as clearing and forwarding, as well as strengthening procurement processes and contract management, particularly for motor vehicles. These strategic reviews aim to align KPIs with evolving operational goals and improve the quality of service delivery.

Therefore, the audit concluded that this recommendation was fully implemented.

(vii) ***Recommendation 12:*** *Devise a mechanism for providing constructive feedback to PEs on matters regarding fuel usage to ensure that Procuring Entities (PEs) have timely information on fuel usage.*

The recommendation required GPSA to have a mechanism for providing constructive feedback to PEs. In implementing this recommendation, GPSA planned to develop a web-based fuel management system address to enhance timely information sharing with PEs regarding fuel usage.

The review of the Report on the Implementation for the Third Quarter of the Financial Year 2023/24, as well as physical verification, noted that the GIMIS system is operational and PEs can obtain real-time reports on the usage of fuel from their accounts and the status of their funds. The report generated by GIMIS displays the account balance, issue date, location, quantity of fuel issued, price of fuel, and the personnel to whom the fuel was issued.

Therefore, the audit team concluded that the recommendation was fully implemented.

b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from GPSA indicated that four recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 4:*** *Device is a mechanism that will require Procuring Entities (PEs) to submit their provisional requirements of vehicles to be procured by the end of January each year as required by the law.*

The recommendation requires GPSA to devise a mechanism that will require PEs to submit their provisional requirements for vehicles to be procured by the end of January each year, as required by Regulation 131(4) of the Public Procurement Regulations of 2013. Specifically, the Regulation required PEs to submit their provisional annual estimates for the procurement of vehicles, which include descriptions, specifications, statements of requirements and quantities of vehicles to be procured.

The Management of GPSA responded that the Agency has established an Integrated Management Information System (GIMIS) that has the window for submission of the provisional annual requirement of motor vehicles to be procured by each procuring entity.

The Audit Team observed the established online GPSA Integrated Information Management System and verified that the system had a window that permitted Procuring Entities to upload their provisional annual estimates for procuring motor vehicles. However, no reports were found to have been uploaded by the PEs, and the system lacks submission timelines.

The audit further noted that due to non-compliance by PEs in submitting their annual estimates as required by the Public Procurement Regulations of 2013, GPSA, through a letter with Ref No: AB.28/318/01.B/44 dated 17/10/2022 requested the Public Procurement Regulatory Authority (PPRA) to include a criterion for assessing compliance of submission of provisional annual estimates through GIMIS by PEs when conducting procurement auditing to procuring entities.

Therefore, it was evidenced that up to the time of this follow-up, which was November 2024, the Procuring Entities were not submitting their annual requirement for procuring motor vehicles before the end of January each year. This was contrary to the requirement of the Public Procurement Regulations, 2013. Therefore, this recommendation was partially implemented.

(ii) ***Recommendation 3:*** *Liaise with the Ministry of Finance (MoF) and President's Office – Public Service Management and Good Governance to establish a guideline on standardised 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.*

A review of Circular No. 02 of 2021 with Reference No. CEA.188/292/03/2 of 2021 from the Head of Public Service (Chief Secretary) regarding the procedures for the use, types, and standards of vehicles for public service leaders noted that through that Circular, the government had introduced guidelines regarding the use, type, and entitlement of vehicles for public service leaders.

The Circular categorises the vehicles into four groups: Executive Station Wagons, Semi-Executive Station Wagons, Standard Station Wagons, and Mini-Station Wagons. It further specifies the public officials who will benefit from each vehicle category.

Moreover, through the Letter with Reference No. CAB.228/465/01/25 dated 11 October 2021, the President's Office, Public Service Management and Good Government disseminated that Circular to all Accounting Officers for implementation with effect from 01 October 2021.

Audit verification revealed that to ensure effective implementation of the issued guidelines, GPSA developed an Integrated Management Information System (GIMIS), which was an automated process for procuring a government vehicle from Permit application by Procuring Entity to the final stage of Procurement by GPSA. This system allows a Procuring Entity (PE) to apply for a Vehicle procurement permit to the Prime Minister's Office as per the issued guideline.

Through GIMIS, the PE cannot request the permit for a type of vehicle to which it is not entitled as per the guideline. However, it was revealed that PE can still procure vehicles for the category that is unauthorized by Circular No. 02 with No. CEA.188/292/03/2 of 2021. This is possible through seeking permission from the Prime Minister's Office, and the procurement process proceeded outside the GIMIS system. This indicated that the issued guidelines are not effectively considered by the Procuring Entities; hence, the recommendation is partially implemented. **Table 8.8:** Indicates the type of vehicles, cost and date of permits that were procured outside the GIMIS system.

Table 8.8: Type of Vehicles, Cost and Date of Permits Processed Outside the GMIS System

Vehicle Type Information	Unit Cost (TZS)	No.	Amount (TZS)	Date of Permit
Toyota Landcruiser Prado Automatic	263,378,230.90	3	790,134,693	13/12/22
Toyota Landcruiser Station Wagon GXR Automatic	305,301,077.34	1	305,301,077	11/05/23
Toyota Landcruiser Station Wagon GXR Automatic	305,301,077.34	1	305,301,077	04/01/23
Toyota Landcruiser Station Wagon GXR Automatic	305,301,077.34	1	305,301,077	07/06/23
Toyota Landcruiser Station Wagon GXR Automatic	386,731,149.42	1	386,731,149	06/03/24
Total Cost of Vehicles			**2,092,769,074**	

Source: Auditors' Analysis of the Vehicle Procurement Permits, 2024

Table 8.8 shows that the Prime Minister's Office issued permits for seven (7) executive vehicles with a total cost of TZS 2.1 billion to execute procurement procedures outside the GIMIS due to system restrictions in compliance with the issued guidelines.

The GPSA Management stated that the reasons for PEs to procure a category of vehicles not entitled to the respective government leader was due to financial muscles possessed by that entity. However, this practice is against the guidelines on standardized vehicles, which aim to control costs by ensuring the procured government vehicles are up to the level of the public officer.

Consequently, these vehicles were purchased by public officers who were not entitled to the respective category of procured vehicle, as detailed in **Table 8.9.**

Table 8.9: Extent of Vehicles Procured to the Untitled Public Officers

Institution	Type of vehicle Entitled	Type of vehicle Procured	Cost of procured vehicle (TZS)	Compliance Status with the Government Circular (Yes/No).
TCRA (Public Authority)	Landcruiser Station Wagon VX standard or other related vehicles	Toyota Landcruiser Prado VXL Automatic	263,378,230.90	No
Tanzania Tourist Board (Public Authority)	Landcruiser Station Wagon VX standard or other related vehicles	Toyota Landcruiser Station Wagon GXR Automatic	305,301,077.34	No
TCAA (Public Authority)	Landcruiser Station Wagon VX standard or other related vehicles	Toyota Landcruiser Station Wagon GXR Automatic	305,301,077.34	No
TARURA (Public Authority)	Landcruiser Station Wagon VX standard or other related vehicles	Toyota Landcruiser Station Wagon GXR Automatic	305,301,077.34	No
IFM (Public Authority)	Landcruiser Station Wagon VX	Toyota Landcruiser Station	386,731,149.42	No

Institution	Type of vehicle Entitled	Type of vehicle Procured	Cost of procured vehicle (TZS)	Compliance Status with the Government Circular (Yes/No).
	standard or other related vehicles	Wagon GXR Automatic		

***Source*: Auditors' Analysis of the Vehicle Procurement Permits, 2024**

Table 8.9 indicates that as per guidelines on the standardised vehicles for public institutions, the public authorities were authorised to procure a vehicle of standard station wagon type. However, the audit noted the existence of institutions such as TCAA, IMF, TCRA and TARURA that procured vehicles of Executive Station Wagon categories, contrary to the directives given in the guidelines. This indicated that despite issuing the guidelines, the government entities were not effectively implementing the guidelines, which lowered the possibility of attaining cost-effectiveness in the procurement of government vehicles.

Therefore, this recommendation is partially implemented.

(iii) ***Recommendation 8****: Secure fuel storage facilities so that they can procure fuels below the maximum wholesale indicative price and sell them to public vehicles below maximum indicative prices to reduce government spending on fuel.*

In implementing the recommendation, GPSA planned to lease ground tanks by signing an agreement with depot owners since the construction of storage facilities requires a lot of financial resources for construction and operations.

During verification, it was noted that GPSA has signed Contract No. AE/005/HQ/C-119/2022/2023 and AE/005/HQ/C-118/2022/2023 for Provision of service for hiring of over-ground tanks from depot owners under hospitality arrangement through framework agreement for three years.

The Contract between GPSA and Sahara T (LTD) provides for a storage facility of at least 5,000,000 litres of Automotive Gas Oil (AG0) per month, while the Contract between GPSA and TIPER does not specify the quantity of fuels per month that TIPPER should store and issue to GPSA when need arise. Consequently, the specified capacity to be stored by Sahara (T) Ltd (i.e. 5000,000 litres) does not meet the GPSA's estimated fuel demand of 5,646,882 litres per month.

Furthermore, secured storage by GPSA did not contribute to GPSA -selling fuel to public vehicles below the maximum indicative prices to reduce government spending on fuels, as indicated in **Table 8.10.**

Table 8.10: Comparison of GPSA prices of diesel with EWURA in Various Regions

Month	Location	Market Price (as Per EWURA) (A) - TZS	GPSA Retail Selling Price (B) - TZS	Price Difference (C=A-B)
January	Dar Es Salaam	3,078	3,078	0
	Dodoma	3,137	3,137	0
	Mara	3,244	3,244	0
	Mwanza	3,228	3,376	(148)
February	Dar Es Salaam	3,029	3,029	0
	Morogoro	3,054	3,054	0
March	Dar Es Salaam	3,126	3,126	0
	Dodoma	3,185	3,185	0
	Iringa	3,191	3,191	0
	Morogoro	3,152	3,152	0
April	Dar Es Salaam	3,210	3,210	0
	Dodoma	3,269	3,269	0
	Morogoro	3,235	3,235	0
May	Dar Es Salaam	3,196	3,196	0
	Morogoro	3,221	3,221	0
	Dodoma	3,255	3,255	0
June	Dar Es Salaam	3,112	3,112	0
	Morogoro	3,137	3,137	0
	Dodoma	3,171	3,171	0

Month	Location	Market Price (as Per EWURA) (A) - TZS	GPSA Retail Selling Price (B) - TZS	Price Difference (C=A-B)
	Kilimanjaro	3,167	3,167	0
	Arusha	3,178	3,178	0
July	Dar Es Salaam	3,115	3,115	0
	Iringa	3,179	3,179	0
	Dodoma	3,174	3,174	0
	Shinyanga	3,244	3,244	0
	Arusha	3,181	3,181	0
	Tabora	3,223	3,223	0
August	Dar Es Salaam	3,131	3,131	0
	Dodoma	3,190	3,190	0
	Kilimanjaro	3,184	3,184	0
September	Dar Es Salaam	3,011	3,011	0
	Mwanza	3,161	3,161	0
	Dodoma	3,070	3,070	0
	Kilimanjaro	3,067	3,067	0
October	Dar Es Salaam	2,846	2,846	0
	Geita	3,012	3,012	0
	Dodoma	2,905	2,905	0
	Tabora	2,954	2,954	0
	Morogoro	2,871	2,871	0
	Tanga	2,859	2,859	0
November	Dar Es Salaam	2,844	2,844	0
	Mara	3,009	3,009	0

Source: GPSA Wallet Transaction Report from January 2024 to November 2024

Table 8.10 shows that there is no difference in prices between GPSA and EWURA fuel retail prices despite leasing the underground tanks. It is further seen that for January 2024 in Mwanza, GPSA sold fuel at a higher price than the indicative price by the regulatory authority (EWURA). Therefore, the recommendation is considered partially implemented.

(iv) ***Recommendation 10:*** *Device a web-based fuels management system which will easily manage and control the supply of fuels and*

deny any loopholes for the mismanagement of fuels to non-intended users

The Management of GPSA responded that it had developed a GPSA Integrated Management Information System to facilitate the management of fuels for the intended users. It was added that in GIMIS, various details on issued fuels were enhanced. These details include but are not limited to issue date, vehicle registration number, issuing GPSA shop, category of fuels issued, issued volume, etc.

The audit verified whether the developed systems assisted in overcoming the loopholes for the mismanagement of fuels by non-intended users and noted that GIMIS permitted the issue of fuels to private-owned motor vehicles, as illustrated in **Table 8.11.**

Table 8.11: Sampled Issued Fuels by GPSA to Private-owned Motor Vehicles within GPSA

Issue Date	Reference No.	M.Vehicle Plate No.	Shop	Item	Quantity (Litres)	Unit Price (TZS)	Total Value (TZS)
9/01/ 2024	RQ0001254672	T 172 DYF	GPSA MANYARA	Diesel	100	3,309	330,900
26/01 / 2024	RQ0001292381	T 172 DYF	GPSA MANYARA	Diesel	100	3,309	330,900
26/06 / 2024	RQ0001660620	T 799 EGJ	GPSA KINONDONI	Petrol	70	3,261	228,270
19/07 / 2024	RQ0001719825	T 351 DHZ	GPSA DAR ES SALAAM	Petrol	40	3,210	128,400
27/07 / 2024	RQ0001739027	T 799 EGJ	GPSA KINONDONI	Petrol	70	3,210	224,700
18/10 /2024	RQ0001954882	T 172 DYF	GPSA DODOMA	Diesel	85	2,905	246,925

Source: Data on Fuel Usage Within GPSA Extracted from GIMIS, 2024

From **Table 8.11,** it can be observed that through GIMIS, GPSA issued fuels to private-owned motor vehicles, which were verified by auditors by observing the vehicle plate number. Issuing fuels to motor vehicles with private plate numbers leads to a lack of assurance of whether the fuels were issued to the intended user and utilized for the intended activities.

The Management of GPSA responded that the fuel issued on privately owned vehicles was from staff on duty who were entitled to kilometre allowance as guided by the Standing Order L.26(2). A review of Standing Orders for the Public Service (2009) noted that the public servant who is entitled to a kilometre allowance should have used his/her motor vehicle or motorcycle for official duties and subsequently claim for the kilometre allowance.

The Standing Orders further added that the respective public servants should seek approval from their Accounting Officers by completing the form set out in Appendix L/I. Although GPSA did not submit to Auditors proof of claims of Kilometre allowances, including their applications, certification and approval by the accounting officer, the Standing Orders require the entitled public officials to draw the kilometre allowances in terms of Tanzanian Shillings as per the Appendix L/I (Made under Standing Order L.27) and not actual fuel reimbursement.

Therefore, this recommendation is partially implemented.

c) Details of Recommendation that was not Implemented

The analysis of submitted evidence and Information from GPSA indicated that one recommendation was not implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 6:*** *Liaise with the Ministry of Finance (MoF) to ensure that funds disbursement for the procurement of vehicles is directly disbursed from the Ministry of Finance 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.*

The review of the minutes for the meeting conducted on 22 September 2023 by GPSA noted that the purpose of the meeting was to discuss the recommendation issued by the Prime Minister and Deputy Prime Minister. However, among the recommendations, no recommendation was related to the issues of direct disbursement of PEs' vehicles' procurement funds from the Ministry of Finance to GPSA.

Furthermore, verification conducted by GPSA revealed that GPSA was not aware of Circular No. 3 of 2014; hence, no initiative was taken to liaise with MoF to ensure its implementation. GPSA was of the view that the circular would contradict the National Finance Act, which was not correct.

Therefore, this recommendation is not implemented.

8.3.3 Implementation Status of Recommendations Issued to MoF

This section details the implementation status of the issued recommendations to MoF. A total of two recommendations were issued to MoF. One was partially implemented, and the other was not implemented. **Table 8.12** summarises the implementation status of the recommendations issued to MoF by category.

Table 8.12: Level of Implementation of Recommendations by Category of Recommendations by MoF

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	1	0	0	1	0
Coordination	0	0	0	0	0
Monitoring and Evaluation	1	0	1	0	0
Development	0	0	0	0	0
Total	**2**	**0**	**1**	**1**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 8.12 indicates that in the two recommendations issued to MoF, the implementation category had one recommendation that was not implemented, while the monitoring category had one that was partially implemented.

The detailed analysis of both recommendations issued to MoF indicates that their implementation status fell under two out of four levels of implementation, namely, partially implemented and not implemented, as detailed below.

a) Details of Recommendation that was Partially Implemented

The analysis of submitted evidence and information from MoF indicated that one recommendation was partially implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 14****: Design a monitoring framework that will be employed to monitor the progress made by GPSA in bulk procurement of vehicles. This will enable the Ministry to have real-time information and intervene in timely improvement.*

The audit noted the Monitoring and Evaluation Framework was developed in July 2024. The Framework provides information that enables monitoring and evaluating the functions of the Public Procurement Oversight Institutions, including GPSA, and enhances decision-making at all levels.

Verification conducted in October 2024 at MoF confirmed that the implementation of the developed M&E framework started for the first quarter of 2024/25, i.e. July - September 2024, whereby the monitoring report was developed for the first quarter. However, no evaluation and follow-up actions were taken based on the conducted monitoring. It was noted through interviews with the Ministry of Finance officials that the Ministry expected to evaluate GPSA on an annual basis after conducting monitoring in all four quarters within a year.

Consequently, despite the fact that the Ministry of Finance started collecting information on the extent of bulk procurement of government motor vehicles procured by GPSA for the first quarter of 2024/25, evaluation of GPSA operation was not conducted. This implies that the Ministry has begun taking initial intervention in monitoring the progress made by GPSA in bulk procurement of vehicles based on the developed Monitoring and Evaluation Framework.

Therefore, this recommendation was partially implemented.

b) Details of Recommendation that was not Implemented

The analysis of submitted evidence and information from MoF indicated that one recommendation was not implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 13:*** *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*

The recommendation required the Ministry of Finance (MoF) to ensure the timely transfer of funds to GPSA. The submitted response explained the activities of allocating ceilings, Timely analysis of the submitted Vehicle procurement permits and Timely analysis of Vehicles' Technical Specifications. However, the response did not indicate the status of the timely disbursement of funds for vehicle procurements.

Further review of Circular No.3 of 2014 revealed that, although MoF developed the Circular to instruct the Procuring Entities to request funds reallocation after budgeting for the vehicle procurement so that the funds could be disbursed to vote 50 to facilitate bulk procurement, MoF did not enforce the Procuring Entities to comply with the developed circular. The follow-up noted that the Procuring Entities were requesting funds from MoF, which was disbursed to Procuring Entities' accounts and further disbursed to GPSA for vehicle procurement contrary to the requirements of Circular No. 3 of 2014. This indicates that MoF developed circular No. 4 while no prioritisation was given to its implementation. The PEs disburse vehicle procurement funds to GPSA after receiving the funds from MoF, which has resulted in prolonged motor vehicle procurement processes.

8.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the recommendations that were fully implemented or partially implemented.

8.4.1 Impact of Recommendations Issued to GPSA

The recommendations implemented by GPSA had the following impact on the Buk Procurement of Government Vehicles and Distribution of Fuel.

a) Eliminated Monopolies in Motor Vehicles Sales

The implementation of the recommendation, which requires GPSA to Strengthen the systems that will ensure all suppliers who have Framework Agreement compete and provide the best available prices and quality that fit specifications provided by the Ministry of Works, led to several significant impacts. The introduction of the GPSA Integrated Management Information System (GIMIS) enhanced efficiency and expedited the procurement process by enabling all steps to be conducted within the system. Additionally, GIMIS has improved revenue control and strengthened oversight of fuels and other resources for GPSA.

The Memorandums of Understanding (MoUs) between the Government Procurement Services Agency (GPSA), United Nations Office for Project Services (UNOPS), and United Nations Development Project (UNDP) increased access to alternative sources for vehicle procurement, thereby broadening the range of options available.

Consultations with the Fair Competition Commission (FCC) eliminated monopolies in vehicle sales, allowing more suppliers to enter the market. This initiative fostered greater competition, resulting in fair pricing and improved access to quality motor vehicles.

b) Competition in Motor Vehicles Procurement Improved

Through the implementation of the recommendation which requires GPSA to design control mechanisms to ensure the motor vehicles procurement requests conform with the requirements of the laws and regulations, the FCC instructed the companies to immediately cease the use of exclusive distributorship it has promoted to achieve fair pricing, and more suppliers are now free to enter into the market, GPSA is now free to procure goods, including motor vehicles, directly to the manufacturers which have led into a reduction in vehicle prices and facilitated the timely acquisition and delivery of ordered motor vehicles within a short period as now the market is free there is no more monopoly.

Furthermore, following the issuance of Public Service Circular No. 2 of 2021, vehicles are now purchased according to the government motor vehicles procurement circular and based on the individual's status, as stipulated in the circular for those entities purchasing motor vehicles through the GPSA integrated Management Information System. Previously, ministries and public institutions used to purchase and use vehicles of varying standards. Additionally, some ministries and public institutions were acquiring vehicles with high operating costs for government activities.

This has helped reduce the potential costs of motor vehicle procurement as well as the operational and maintenance expenses of the motor vehicles, as reported in the GPSA Implementation Third Quarter Report of the financial year 2023/24. It was reported that GPSA procured a total of 559 vehicles and 506 motorcycles on behalf of public institutions, saving a total of TZS 5,457,546,467.68 through special discount arrangements and purchases from 237 procuring entities.

c) Reduction of Motor Vehicles Procurement Waiting Time

The implementation of the recommendation requires GPSA to Put in place a procurement schedule that will allow GPSA to have time for processing orders to reduce waiting time and provide assurance to PEs on when to expect the ordered motor vehicles to be delivered, contributing to the reduction of motor vehicles procurement waiting time to 14 days for motor vehicles already within the country and 3 months for imported vehicles. This indicates improvement compared to the previous situation, whereby it took 6-9 months for motor vehicles purchased from UNDP to be delivered, while for those purchased from Toyota Tanzania, the delivery time ranged between 3 to 6 months.

d) Timely Feedback to Procuring Entities (PEs) on Fuels Use Improved

The implementation of recommendation which requires GPSA to devise a mechanism for feedback to PEs, especially for fuel use, to ensure PEs have timely information on their use of fuels through the development of the GPSA Integrated Management Information System has improved the efficiency in fuels management by GPSA's customers by having real-time information at their fingertips. The audit confirmed that each entity that purchases fuels from GPSA has its account in the GIMIS in the form of a wallet. In each wallet, the entity gets access to view the balance of fuels in terms of funds and volume at any time, as illustrated in the extract of **Table 8.13**.

Table 8.13: Extract GPSA Wallet Transaction Report on Fuel Usage Generated from GIMIS

SNO	ISSUE DATE	REFERENCE	PARTICULAR	SHOP	ITEM	QTY	UNIT OF MEASURE	UNIT PRICE	AMOUNT ADDED	TOTAL VALUE	BALANCE
1	January 1, 2024	RQ0001238628	STM8056	GPSA KINONDONI	Diesel	70.	LT	3,226.00		225,820.00	9,747,463.00
2	January 2, 2024	RQ0001241431	STL9969	GPSA DAR ES SALAAM	Diesel	70.	LT	3,226.00		225,820.00	9,521,643.00
3	January 2, 2024	RQ0001241420	STL9971	GPSA DAR ES SALAAM	Diesel	70.	LT	3,226.00		225,820.00	9,295,823.00
4	January 3, 2024	RQ0001244018	STL9972	GPSA DAR ES SALAAM	Diesel	90.	LT	3,078.00		277,020.00	9,018,803.00
5	January 4, 2024	RQ0001244472	STL8976	GPSA DAR ES SALAAM	Diesel	100.	LT	3,078.00		307,800.00	8,711,003.00
6	January 5, 2024	RQ0001247839	STM8056	GPSA KINONDONI	Diesel	70.	LT	3,078.00		215,460.00	8,495,543.00
7	January 5, 2024	RQ0001247994	STL9971	GPSA KINONDONI	Diesel	80.	LT	3,078.00		246,240.00	8,249,303.00
8	January 5, 2024	RQ0001247972	STL9969	GPSA KINONDONI	Diesel	70.	LT	3,078.00		215,460.00	8,033,843.00
9	January 5, 2024	RQ0001249293	STL8976	GPSA DODOMA	Diesel	120.	LT	3,137.00		376,440.00	7,657,403.00
10	January 6, 2024	RQ0001247575	STL9970	GPSA DAR ES SALAAM	Diesel	85.	LT	3,078.00		261,630.00	7,395,773.00
11	January 7, 2024	RQ0001246566	STL9881	GPSA MARA	Diesel	30.	LT	3,244.00		97,320.00	7,298,453.00
12	January 8, 2024	RQ0001246565	STL9881	GPSA MWANZA	Diesel	25.	LT	3,376.00		84,400.00	7,214,053.00
13	January 8, 2024	RQ0001253834	STL9972	GPSA DAR ES SALAAM	Diesel	80.	LT	3,078.00		246,240.00	6,967,813.00
14	January 8, 2024	RQ0001253842	STM0376	GPSA DAR ES SALAAM	Diesel	50.	LT	3,078.00		153,900.00	6,813,913.00
15	January 8, 2024								50,000,000.00	50,000,000.00	56,813,913.00

Source: Fuels Consumption Wallet Transaction Report from GPSA Integrated Management Information System, 2024

Table 8.13 Indicates that the Customer with a GIMIS account gets access as to when the fuel was issued, particular of a vehicle, the volume of fuels issued, price per litre, and the remaining balance in terms of financial value on a real-time basis.

e) Cost Saving from Bulk Procurement

The impact of the implementation of the recommendation, which requires GPSA to review the existing performance indicators for activities regarding bulk procurement of Government vehicles and distribution of fuels and use them during monitoring of their activities to track their performance and regularly report, was highlighted in the third-quarter report for the 2023/24 financial year, which revealed savings of TZS 1,501,415,956.98 from bulk procurement of vehicles, Bajaj, and motorcycles. However, the full impact will only become clear upon completing the 2023/24–2027/28 Strategic Plan.

f) Improved Access to Real-time Information on Fuel Usage

The implementation of this recommendation requires GPSA to devise a mechanism for providing constructive feedback to PEs on matters regarding fuel Use to ensure that PEs have timely information on fuel consumption through the establishment of the GPSA Integrated Management Information System facilitated procuring entities to access real-time information on fuels usage in their accounts. Through GIMIS, PEs prepay for the needed volume of fuels with respect to their monthly estimate of fuel usage. The Extract below shows the sample of the report from GIMIS.

Sample Report Extracted From GIMIS System

GOVERNMENT PROCUREMENT SERVICES AGENCY
WALLET TRANSACTIONS REPORT
Wallet: DBSS FUEL
01/01/2024 To 11/28/2024

OPENING BALANCE **9,973,283.00**

SNO	ISSUE DATE	REFERENCE	PARTICULAR	SHOP	ITEM	QTY	UOM	UNIT PRICE	TOTAL VALUE	CREATED BY	ISSUED BY	ISSUED TO	BALANCE
1	January 1, 2024	RQ0001238628	STM8056	GPSA KINONDONI	Diesel	70.	LT	3,226.00	225,820.00	Luhinda Kamhanda Lwongola	Furaha Abdul Samata	Luhinda Kamhanda Lwongola	9,747,463.00
2	January 2, 2024	RQ0001241431	STL9969	GPSA DAR ES SALAAM	Diesel	70.	LT	3,226.00	225,820.00	Luhinda Kamhanda Lwongola	Nelson Cosmas Ntanga	PINTUS WENCE MASHAURI	9,521,643.00
3	January 2, 2024	RQ0001241420	STL9971	GPSA DAR ES SALAAM	Diesel	70.	LT	3,226.00	225,820.00	Luhinda Kamhanda Lwongola	Nelson Cosmas Ntanga	GIDEON MBAZI KUYONGA	9,295,823.00
4	January 3, 2024	RQ0001244018	STL9972	GPSA DAR ES SALAAM	Diesel	90.	LT	3,078.00	277,020.00	Luhinda Kamhanda Lwongola	Nelson Cosmas Ntanga	MOHAMED ABDALLAH DALIDALI	9,018,803.00
5	January 4, 2024	RQ0001244472	STL8976	GPSA DAR ES SALAAM	Diesel	100.	LT	3,078.00	307,800.00	Luhinda Kamhanda Lwongola	Nelson Cosmas Ntanga	WILLIAM SALUM SHESHE	8,711,003.00

Source: GPSA Integrated Management Information System Report, 2024

8.4.2 Impact of Recommendations Issued to Ministry of Finance (MoF)

There was no noticeable impact from the two recommendations issued to the Ministry of Finance (MoF) because the recommendations were not fully implemented

8.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to GPSA and MoF.

8.5.1 Specific Conclusion

The overall conclusion of this follow-up is that the Government Procurement Service Agency (GPSA) and the Ministry of Finance (MoF) did not adequately implement the issued recommendations on the conducted performance audit on managing bulk procurement of government motor vehicles and distribution of fuels. The follow-up results indicate that 35% of the issued recommendations were partially implemented, while 14% were not implemented.

The follow-up results revealed that various factors, including insufficient governance structures within MoF and GPSA, a lack of a clearly defined system, and the inappropriateness of the processes for monitoring the implementation of the issued recommendations, are the main causes of insufficient implementation of the issued recommendations. Both MoF and GPSA lack comprehensive plans that guarantee the implementation of the issued recommendations. In general, these factors were observed to contribute to the insufficient implementation of the audit recommendations.

8.5.2 Specific Recommendations

The Ministry of Finance and the Government Procurement Service Agency are urged to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER NINE

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE MANAGEMENT OF THE CONSTRUCTION OF HEALTHCARE FACILITIES

9.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on Management of the Construction of Healthcare Facilities, tabled to the Parliament of the United Republic of Tanzania in April 2021. The main objective of the audit was to assess whether the President's Office – Regional Administration and Local Government (PO-RALG) through Local Government Authorities (LGAs) have constructed Healthcare Facilities with regard to needs, time, cost and quality.

The main audited entity was the President's Office - Regional Administration and Local Government (PO-RALG), which is responsible for overseeing the performance of LGAs in the construction of healthcare facilities in their respective areas. The audit mainly focused on the whole construction process, from planning and budgeting, design, procurement of construction materials, implementation of the projects, and closure and commissioning of constructed healthcare facilities implemented by PO-RALG through the respective LGAs in the country. It specifically examined the construction activities implemented over four financial years (2015/16 to 2019/20) to assess the performance trends in these areas.

9.2 Main Findings During the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Management of the Construction of Healthcare Facilities.

a) 74% of Constructed Healthcare Facilities in the Country Experienced Delays in Completion

The audit noted that 333 out of 447, equivalent to 74% of constructed healthcare facilities in all phases (I-VII), including district hospitals, were not completed within the planned time throughout the country. The analysis showed that 67 out of 68 Constructed District Hospitals, which is equivalent to 99%, were delayed in completion. The delays in the completion of Constructed Healthcare Facilities ranged from 12 to 40 months.

Similarly, the analysis of the 14 LGAs visited showed that 33 of 35, equivalent to 94% of healthcare facilities, were delayed completion. The delays ranged from 2 to 36 months. Despite the extension of time for the completion given to LGAs, which ranged from 2 to 3 months for Health Centers and District Hospitals, respectively, until the time of this audit, the Healthcare Facilities were not yet completed.

Among the main causes of delays in completion were the delay in the disbursement of project funds, delay in the supply of material from the factories or suppliers, the eruption of diseases which forced labourers to be absent from the construction site, lack of technical personnel and adverse rain season. On the other hand, the time allocated for the project implementation was unrealistic as it did not take into consideration the aspect of mobilization time and curing time for some stages of construction.

b) Lack of Quality Control Mechanism for Ongoing Construction of Healthcare Facilities

The Audit noted that PO-RALG lacked adequate quality control mechanisms for managing the quality of the construction of Healthcare Facilities. The Audit Team noted that 34 of 35 visited healthcare facilities, and 97% of healthcare facilities from 14 visited LGAs that did not conduct tests for construction materials.

Failure to conduct tests was due to a lack of funds set for testing as such funds were not included in the schedule of materials as well as in the LGAs' plans. The other reason given by LGAs was limited time for conducting tests due to limited time for the implementation of the construction of Healthcare Facilities provided by PO-RALG. Hence, there was no assurance of quality for the constructed Healthcare Buildings. Thus, there is a risk that the majority of constructed Healthcare Facilities might experience either early deterioration or dilapidation.

c) 67 out of 68 Constructed District Hospitals and Health Centers were not Completed within the Planned Cost

The Audit noted that 67 of 68, equivalent to 99 % of the constructed District Hospitals in the country, were not completed within the planned cost of TZS 1.5 Billion. It was noted that 67 District Hospitals were given additional flat-rate funds amounting to TZS 300 Million to complete the outstanding works. Despite additional funds, the Audit Team observed that all visits to District Hospitals were not completed. This implies that additional funds might be needed to complete the intended scope of the projects.

Similarly, the cost overrun of the visited Health Centers ranged from TZS 0.674 to TZS 137 Million, which is equivalent to 1% to 34 %, respectively. However, all these projects noted with cost overruns were not yet completed until the time of this audit. This means that there was a risk that more funds would be required to complete the Construction of Healthcare Projects. Therefore, there were delays in the completion of healthcare facilities due to a deficit of funds, and the healthcare facilities would not be used at the intended time or be able to serve the intended purpose. Hence, Value for Money will not be realized.

Major factors that contributed to cost overrun included inadequate planning prior to budgeting for the construction of Healthcare Facilities by PO-RALG and the absence of cost and quality control mechanisms in the respective LGAs.

d) PO-RALG Allocated Flat Rates Funds for Construction of Healthcare Facilities in the Country

The Audit revealed that PO-RALG allocated funds for the construction of Healthcare Facilities at Flat rates regardless of the differences in topographical locations, where TZS 1.5 Billion was allocated for the construction of 68 District Hospitals in 25 regions. Similarly, 179 Health Centers received TZS 400 Million and 106 Health Centers received TZS 500 Million. These health centres are situated in 25 regions with different topographies. This was because PO-RALG assumed that the topography of the site and material cost were the same in the country, and there could be checks and balances in high and low costs in the respective LGAs for some of the items.

On the contrary, the Audit noted differences in the foundation, especially plinth height ranging from 2.0 meters to 5.5 meters, which led to a cost increase for the construction of healthcare facilities from 1 to 34%. This was due to inadequate analysis, which resulted from inadequate design. This led to 99% and 70% of District Hospitals and Health Centers, respectively, not being completed until the time of this audit.

9.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in the management of the construction of healthcare facilities, a total of 12 recommendations were issued in this performance audit, and all recommendations were directed to the President's Office, the Regional Administration, and the local government. Their implementation status was as detailed below;

9.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of 12 recommendations, none of the recommendations were fully implemented, 10 were partially implemented, and two were not implemented. **Table 9.1** details the level of implementation of the issued audit recommendations.

Table 9. 1: Level of Implementation of Recommendations by PO-RALG

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
PO-RALG	12	0	10	2	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 9.1 indicates that out of twelve recommendations issued to PO-RALG, none of the recommendations were fully implemented, ten were partially implemented, and two were not implemented.

Further analysis of the issued recommendations for each recommendation category was made based on the four implementation levels. **Table 9.2** details the implementation level for all issued audit recommendations based on these categories.

Table 9.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	2	0	2	0	0
Implementation/ Execution	6	0	4	2	0
Monitoring and Evaluation	1	0	1	0	0
Coordination	2	0	2	0	0
Development	1	0	1	0	0
Total	**12**	**0**	**10**	**2**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 9.2 shows that six out of twelve issued recommendations were in the implementation category. Planning and coordination categories each have two recommendations, and monitoring and development categories each had one recommendation.

9.3.2 Implementation Status of the Audit Recommendations

The detailed analysis of twelve recommendations issued to PO-RALG indicates that their implementation status fell under two out of four levels of implementation, namely, partially implemented and not implemented, as detailed below.

a) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from PO-RALG indicated that ten recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1:*** *Ensure adequate needs assessment for the construction of healthcare facilities, using the results to review the existing design, planning, and budgeting. The analysis should also include the identification of needed resources and required specifications for effective implementation of the construction of healthcare facilities.*

This recommendation required PO-RALG to ensure adequate needs assessment for the construction of healthcare facilities by using the results to review the existing design, planning, and budgeting. It also emphasized identifying the needed resources and required specifications to ensure effective implementation.

In response to the recommendation, PO-RALG planned to review the current drawings and schedule of materials to accommodate inputs from various stakeholders, including the gaps identified during the performance audit. In November 2021, PO-RALG developed new drawings for health centres and dispensaries and prepared cost estimates for district hospitals, which enabled the identification of needed resources and required specifications.

Additionally, in May 2023, PO-RALG reviewed the drawings to incorporate inputs and recommendations received during the implementation of construction projects. The schedule of material and construction was also reviewed.

However, further verification revealed gaps in ensuring that the updated drawings and schedules addressed all previously identified inefficiencies. There was no evidence of compliance with the revised plans and their effective implementation across ongoing and completed projects.

During the site visit to the sampled LGAs in Kibaha DC and Mkuranga DC, it was noted that the LGAs and RSs access the drawings for the required buildings through the official PO-RALG website. However, when the audit team accessed the drawings via the website, it was observed that the drawings for health facilities were approved in 2018 before the audit recommendation was issued. This indicates that no updated drawings were shared with the LGAs and RSs. Therefore, this recommendation is partially implemented.

(ii) **Recommendation 2:** *Prepare, integrate, and mainstream plans and budgets for the management of construction and rehabilitation of healthcare facilities into their budget.*

In this recommendation, PO-RALG was required to prepare, integrate, and mainstream plans and budgets for the management of healthcare facilities. The plans and budgets were to include key project items such as preliminary works, functional requirements, and supervision costs at the levels of Regional Secretariats (RSs) and Local Government Authorities (LGAs).

In response to the recommendation, PO-RALG planned to implement this recommendation by developing a standard template to enable LGAs to document cost breakdowns consistently. The template was to include elements such as preliminary works, actual needs, functional requirements, and supervision costs.

The review of correspondence from PO-RALG regarding the implementation status of this recommendation noted that no template has been developed. However, the submitted material schedule by PO-RALG for the construction of dispensaries and health centres includes elements of preliminary works and other construction costs. In addition, LGAs were permitted in July 2020 to use project funds for supervision activities.

During site visits to verify the sampled LGAs at Mkuranga DC and Kibaha DC in the Pwani region, it was noted that LGAs do not have a budget for managing construction projects for specific construction projects. Instead, the LGAs allocate funds from their own source revenue collection for supervision and monitoring, which is to be used by all ongoing council construction projects.

Interviews with officials from Mkuranga DC and Kibaha DC and a review of payment vouchers for recently completed projects revealed that the budget for supervision and monitoring activities relies on contributions from the LGAs' own-source revenue collections. However, the availability of these funds depends on the overall financial performance of the LGAs. Therefore, this recommendation is partially implemented.

(iii) **Recommendation 3:** *Develop a coordination mechanism to allow the involvement of key stakeholders to provide their inputs during the planning and designing of Healthcare Facilities. The developed mechanisms should enable stakeholders to provide their input on*

specifications required to meet the intended use requirements for each healthcare facility building component.

This recommendation required PO-RALG to develop a coordination mechanism that will allow the involvement of key stakeholders to provide their inputs during the planning and designing of Healthcare Facilities. Also, the developed mechanisms should enable stakeholders to provide their input on specifications required to meet the intended use for each healthcare facility building component.

In response to the addressed recommendation, PO-RALG planned to collaborate with the Ministry of Health (MoH) to develop a coordination mechanism to allow the involvement of key stakeholders to provide their inputs during the planning and designing of Healthcare Facilities.

PO-RALG stated that in December 2021, during the design phase for Intensive Care Unit (ICU) and Emergency Medicine Department (EMD) facilities, it collaborated with the Ministry of Health (MoH) and the Abbott Fund Tanzania to organize a co-design workshop with input from regions and councils. Participants in the workshop included representatives from Muhimbili National Hospital, Bugando Medical Center, regional and council hospitals, and regional and district medical officers. However, no evidence of minutes, attendance registers, or a report from this workshop was submitted for verification.

Additionally, as highlighted in the Joint Technical Supportive Supervision Report (July 2022), PO-RALG and MoH, supported by Abbott Fund Tanzania, conducted site visits to assess construction progress for EMD and ICU facilities. This included technical support for 67 sites across various regions, capacity building for council and regional teams, and feedback on facility functionality. However, while the site visits demonstrated engagement with stakeholders on technical issues, they did not establish a formal and sustainable mechanism for stakeholder involvement during the planning and design phases.

Furthermore, in July 2022, PO-RALG, in collaboration with MoH and a team of specialists from Muhimbili National Hospital, developed neonatal care designs for low- and high-volume care. While PO-RALG submitted attendance registers and neonatal design drawings, these documents did not indicate a coordination mechanism with stakeholders for preparing, integrating, and mainstreaming plans into the management of construction and rehabilitation of healthcare facilities within their budgets.

During site visits to Mkuranga and Kibaha Districts, it was revealed that coordination with local government authorities (LGAs) occurred informally through sharing information on social media platforms like WhatsApp group, allowing project implementation committee members to provide their inputs. However, this approach lacks formality.

This recommendation, therefore, is regarded as partially implemented due to the absence of a standardized coordination mechanism for stakeholder involvement.

(iv) ***Recommendation 4:*** *Prepare a realistic work program and schedule of materials and ensure that LGAs adhere to the same to control the completion time and cost. The time allocated for projects should take into consideration the time required for design, mobilization, procurement process and construction time, including the recommended curing period for Concrete works.*

The recommendation required PO-RALG to develop a realistic work program and a material schedule to guide LGAs in controlling project timelines and costs.

The action plan submitted by PO-RALG indicated that they would prepare a standard work program for each project. This work program was intended to include all the necessary stages of rehabilitation and construction projects.

It was noted that, PO-RALG has developed and submitted a material schedule that considers the different regions in the country. However, the program of work was not developed at the time of this follow-up.

During interviews with PO-RALG officials, it was noted that the lack of a work program was due to insufficient funds, as its development requires the involvement of technical experts. Additionally, site visits to Mkuranga

DC and Kibaha DC revealed that each LGA has its own work program to manage construction projects.

Therefore, despite the development of the schedule of material, this recommendation is regarded as partially implemented because there was no recommended program of work. The absence of a program of work at the National level resulted in delays in the completion of work, as indicated during the audit.

(v) ***Recommendation 5****: Provide for equitable allocation of resources, both financial and technical personnel, for effective management of construction and operations of healthcare facilities.*

In this recommendation, PO-RALG was required to ensure the equitable allocation of resources, including financial resources and technical personnel, to effectively manage the construction and operations of healthcare facilities at the Regional Secretariat (RS) and Local Government Authority (LGA) levels.

A review of the submitted implementation status and supporting evidence, such as cost estimates it was revealed that, PO-RALG planned to implement this recommendation by collaborating with the Ministry of Health (MoH) and the Ministry of Finance (MoF) to allocate funds for construction and rehabilitation based on identified needs. Additionally, PO-RALG planned to recruit technical personnel, including engineers and quantity surveyors, to address shortages in the construction field.

The review of correspondence from PO-RALG regarding the implementation status of this recommendation noted that regional-specific cost estimates were developed to account for geographical differences in material costs.

During a site visit to Kibaha DC and Mkuranga DC, it was noted that PO-RALG disbursed TZS 900 million to Kibaha DC for the construction of hospital buildings. These buildings include the Outpatient Department (OPD) building, a laboratory building, two ward buildings, the completion of a mortuary building, a hospital fence, and a walkway. The allocated funds were fully utilized to complete the required structures.

Furthermore, the review of placement advertisement from the Public Service and Recruitment Secretariat dated 27 November 2021 indicated that 250 engineers were recruited and deployed to regions and councils in 2022, effectively addressing the shortage of technical personnel in the construction field as indicated in **Tables 9.3** and **9.4**. However, the number of surveyors was not indicated in that placement advertisement.

Table 9. 3: The Allocation of Recruited Engineers to Regions in 2022

Region	Required No of Engineers	No. of available Region Engineers	No. of staff Deficits	No. of the Recruited staff	New Deficit
Mbeya	2	0	2	2	0
Pwani	2	1	1	2	0
Arusha	2	1	1	3	0
Geita	2	0	2	2	0
Singida	2	1	1	2	0
Ruvuma	2	0	2	2	0
Rukwa	2	0	2	2	0

Source: Auditors' Analysis of the Allocation of Recruited Engineers to Regions, 2024

Table 9.3 indicates the allocation of Civil Engineers to the Regional Secretariat in 2022 to cover the gap noted in the performance audit report tabled in March 2021. The analysis noted that the deficits of Civil Engineers to Regional Secretariats were fully covered by the allocation of recruited Civil Engineers in 2022.

Table 9. 4: The allocation of recruited Staffs to LGAs in 2022

LGA	No. of required staff	Available number of staff				Gap	Recruited				New Gap
		Eng	QS	Arch	Technicians/Auxiliary	Shortage	Eng	QS	Arch	Tech / Auxiliary	Shortage
Mbeya CC	26	2	2	0	5	17	1	0	0	0	16
Mbeya DC	10	0	0	1	2	7	1	0	0	0	6

LGA	No. of required staff	Available number of staff				Gap	Recruited				New Gap
		Eng	QS	Arch	Technicians/Auxiliary	Shortage	Eng	QS	Arch	Tech / Auxiliary	Shortage
Mkuranga DC	10	0	0	1	0	9	1	0	0	0	8
Kibaha DC	10	1	0	0	1	8	1	0	0	0	7
Longido DC	8	0	0	0	1	7	1	0	0	0	6
Arusha CC	6	1	0	1	0	4	1	0	0	0	3
Geita DC	12	0	0	0	0	12	1	0	0	0	11
Bukombe DC	8	1	0	0	0	7	1	0	0	0	6
Mkalama DC	12	1	0	1	2	8	1	0	0	0	7
Manyoni DC	12	1	0	0	0	11	1	0	0	0	10
Namtumbo DC	17	0	0	1	2	14	1	0	0	0	13
Songea DC	12	1	0	0	1	10	1	0	0	0	9
Sumbawanga DC	12	2	0	0	3	7	1	0	0	0	6
Nkasi DC	22	0	0	1	10	11	1	0	0	0	10

Source: Auditors' Analysis of the Allocation of Recruited Staff to RS and LGAs in 2022, 2024

Table 9.4 indicates the allocation of civil engineers to LGAs in 2022 as an effort by PO-RALG to address the gap identified in the performance audit report, whereby every LGA was allocated one civil engineer. Other staff, including Quantity Surveyor, Architecture, and Technicians, were not recruited for these sampled LGAs, and the gap regarding these staff still exists.

During the site visit at Mkuranga DC and Kibaha District DC, it was noted that from the recruited engineers, each LGA was allocated one engineer to address the gap in technical staff reported in the previous audit, as indicated in **Table 9.4**. The audit reported a shortage of 9 staff for Mkuranga DC and 8 staff for Kibaha DC. After the allocation, the gap was reduced to

8 staff and 7 staff, respectively. Therefore, this recommendation was partially implemented.

(vi) ***Recommendation 7:*** *Ensure that staff involved in the management of the construction of healthcare facilities are well-trained and equipped with knowledge of Force Account, procurement, and contract management principles.*

This recommendation required PO-RALG to ensure that staff managing the construction of healthcare facilities are equipped with the necessary knowledge and skills on Force Account methodology, procurement, and contract management principles. It emphasized the need for capacity-building initiatives to improve the effectiveness of project management.

In response to the recommendation, PO-RALG planned to mobilize funds to conduct training for staff in the remaining regions. However, PO-RALG responded that, in November 2021, training was conducted for regional and council engineers to address knowledge gaps, no training report and attendance register was submitted for verification; however it was highlighted in the Joint Technical Supportive Supervision Report (July 2022), that, Regional and Council Teams comprising of RMOs, Regional Engineers, DMOs, MOi/c and District Engineers attended a two days orientation workshop in Dodoma which aimed to take them through the drawings and the specifications needed.

Following the recommendations given during the workshop, it was agreed to conduct technical supportive supervision using a three-phase approach starting in March 2022. Then, between May and July 2022, phase one of technical supportive supervision was broken down into three routes through the supportive supervision activities carried out in multiple regions. The first route included Dodoma, Singida, Manyara, Arusha, Tanga, and Morogoro, which started on 27 May and ran through 10 June 2022. The Second route included Shinyanga, Simiyu, Mara, Mwanza, Kagera, Kigoma, Tabora, Katavi, Rukwa, Songwe, Mbeya, Njombe, Songea and Iringa regions, starting on 27 June and ending on 25 July 2022.

During site visits to Mkuranga DC and Kibaha DC, it was noted that officials involved in the management of health facility construction—including those from the Procurement Management Unit (PMU), the Infrastructure Division, and the Health Division, particularly the medical officers in charge of health facilities who are directly involved during the construction phase did not receive the necessary training to enhance their capacity in managing these construction projects.

This recommendation is partially implemented because, while efforts have been made to assign relevant personnel to oversee construction projects, no structured capacity-building initiatives or training programs have been conducted to equip these officials with the knowledge and skills required for effective management of procurement, contract administration, and construction processes.

(vii) ***Recommendation 8:*** *Capacitate the LGAs to identify groups of Local Fundis (Artisans), register them, and train them on the construction and rehabilitation of healthcare facilities.*

In this recommendation, the PO-RALG is required to capacitate the LGAs to identify groups of Local Fundis (Artisan) and register and train them in the construction and rehabilitation of healthcare facilities.

PO-RALG, in an action plan to implement this recommendation, planned to give directives to RSs and LGAs to make sure they do a shortlist of local fundi and do necessary training using their own collections.

In response to the implementation status for this recommendation, the PO-RALG submitted the guideline for procurement and supply procedures in service provision centres of April 2023, referring to section 3. 4 (b) (vii) that requires LGAs when selecting a local fundi to consider the utilization of special groups of women, youth, the elderly, and people with disabilities found in the project implementation area who are listed in the LGA's database.

PO-RALG has issued guidelines for the registration of Local Fundi and expanded their ability to participate in tenders nationwide. However, no formal training programs were conducted to equip them with the necessary skills for healthcare facility construction and rehabilitation, such as how to interpret construction drawings, which was one of the identified challenges of local fundi capacity during the audit.

During a site visit at Mkuranga DC and Kibaha DC in the Pwani region, the audit team noted that local fundi now can bid tender of work from anywhere in Tanzania through the National e-Procurement System of Tanzania (NeST) instead of being confined to the locality of the district as in the previous times. Additionally, through the interview with Engineers at the visited LGAs, it was noted that the capacity building was provided informally to local fundi during construction on how to implement a specific task. However, there was no documentation showing what local fundi have already been capacitated and to what extent. Therefore, this recommendation is partially implemented.

(viii) ***Recommendation 9:*** *Ensure that there is a mechanism for closure and commissioning to ensure that, defects and outstanding works are identified and corrected before the use of completed Healthcare Buildings so as to ascertain the value for money of executed construction works of Healthcare Facilities.*

The recommendation required PO-RALG to establish mechanisms for the closure and commissioning of healthcare building projects to address defects and outstanding works before their utilization.

Through the submitted action plan, PO-RALG would give directives to Regional Secretaries and Local Government Authorities (LGAs) to make sure there is always a formal closure of construction and rehabilitation projects and that defects and outstanding works are identified and corrected before handing them over.

This recommendation has been partially implemented, although PO-RALG developed the procurement guideline in April 2023. Specifically, regulation 3.8 (I) states that at the time of project closure, the inspection team will conduct a final inspection to identify any snags and make adjustments. Although the regulation states this requirement, it does not provide detailed procedures for implementing it effectively.

During site visits, the audit team observed that inspections were carried out by technical personnel from the project implementation committee, including civil engineers, before the handover of buildings. For instance, in the construction of the Mkuranga District Hospital, it was noted that a 2.5%

payment retention was held from the contractor to cover potential defects. However, there is no standard timeframe for the defect liability period, as each LGA sets its period, leading to inconsistencies in defect management.

The recommendation is partially implemented because, although PO-RALG has issued guidelines requiring final inspections at project closure, the lack of detailed procedures for implementing these inspections hinders their effectiveness. Additionally, the absence of a standardized defect liability period across LGAs creates inconsistencies in addressing defects and ensuring quality.

(ix) ***Recommendation 11****: Plan and budget for routine monitoring and evaluation of the performance and capacity of Regional Secretariats and LGAs. The plan should include the development of tools and reporting format that will enable PO-RALG to capture all key project elements related to time, quality and cost.*

The recommendation required PO-RALG to develop and implement an M&E plan, checklist, and reporting templates to enhance the monitoring and evaluation of construction by Regional Secretariats and LGAs.

A review of the submitted action plan showed that PO–RALG would develop the M&E plan, Checklist, and reporting template for use at all levels.

However, PO-RALG has submitted a template for conducting monitoring of the construction of health facilities and the construction report for health facilities for the Iringa region as of 15 February 2024. No M&E plan was submitted regarding the monitoring of health facilities.

During site visits at Mkuranga DC and Kibaha DC, it was noted that the LGAs prepared progress reports to show the status of implementing the projects, and no formal reporting template was used. Therefore, this recommendation is partially implemented.

(x) ***Recommendation 12:*** *Develop a mechanism to coordinate and share the monitoring results with stakeholders.*

This recommendation required PO-RALG to develop a mechanism for coordinating and sharing monitoring results with stakeholders to address challenges faced by LGAs in managing healthcare facility construction. It emphasized the need for a structured feedback mechanism to improve project oversight and stakeholder collaboration.

In reviewing the implementation status of this recommendation, PO-RALG submitted the presentation for the Tanzania Emergency Care Expansion Workshop held on 1 December 2021 in Dodoma and the supportive supervision report for 2022. However, these documents do not demonstrate the establishment of a mechanism to formally coordinate and share monitoring results with stakeholders.

Site visits to Kibaha DC and Mkuranga DC revealed that information sharing among stakeholders involved in supervising construction works primarily occurs through WhatsApp groups. While this platform enables quick dissemination of updates to the district supervision team, it lacks a formal process for addressing challenges and sharing feedback with PO-RALG. This gap can hinder necessary adjustments, such as revisions to building designs.

For example, at Mkuranga DC, a new building for the OPD, laboratory, and mortuary was constructed. In the laboratory building, the reception area was found to have an ICT port located in the corridor near the entrance, obstructing foot traffic, as shown in **Photo 9.1**.

Photo 9.1: **The ICT port near the entrance door at Mkuranga District Hospital.**

Furthermore, the phlebotomy room was initially designed to include a fan. However, laboratory operations experts later recommended the installation of an air conditioning unit to ensure the preservation of the recommended working environment for such rooms. Despite this adjustment, no changes were made to the original drawings, as they are approved by PO-RALG. This highlights that user and stakeholder feedback was not fully integrated into the initial design process, underscoring the need to revise design procedures to incorporate such input. Therefore, this recommendation is considered partially implemented.

b) Details of Recommendations that were not Implemented

The analysis of submitted evidence and information from PO-RALG indicated that two recommendations were not implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 6****: Develop a quality control mechanism to be used by LGAs during the implementation of the construction of Healthcare Facilities. The developed mechanism should enable LGAs to conduct quality tests of construction materials and works, as well as proper documentation and accounting for procured construction materials.*

In regard to this recommendation, the PO-RALG was required to develop a quality control mechanism to be used by LGAs during the implementation of the construction of healthcare facilities, which will enable LGAs to conduct quality tests of construction materials and works, proper documentation and accounting for procured construction materials.

In the action plan developed to implement this recommendation, PO-RALG planned to prepare a standard quality control plan and share it with LGAs. In reviewing the implementation status of this recommendation, PO-RALG submitted a draft quality control document as evidence of progress.

However, this document does not confirm implementation, as it remains under development and has not been officially adopted or shared with LGAs. Furthermore, site visits revealed that no quality control mechanisms based on this document were in use in ongoing construction projects. Additionally, there were no supporting documents demonstrating that LGAs had received or implemented the proposed framework. Therefore, this recommendation is considered not implemented.

(ii) ***Recommendation 10:*** *Develop the Maintenance Plan for the constructed Healthcare Facilities in the country. The Maintenance Plan should indicate the required Human Resources, budget, type of maintenance, maintenance schedule and method for the maintenance.*

The PO-RALG was required to develop the maintenance plan for constructed healthcare facilities, which should indicate the required human resources, budget, type, schedule and method of maintenance. In its action plan, PO-RALG planned to collaborate with other institutions and stakeholders to develop the Maintenance Plan for the construction of Healthcare Facilities.

The correspondence submitted by PO-RALG to the auditors addressing the implementation status of this recommendation stated that the development maintenance Plan was under development. However, no progressive report on the implementation status was submitted. Furthermore, through interviews with PO-RALG officials, it was noted that the delay in developing the Maintenance Plan to implement this recommendation is due to the unavailability of funds to finance this activity. Therefore, this recommendation was not implemented.

9.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the recommendations that were fully implemented or partially implemented.

9.4.1 Impact of Recommendations Issued PO-RALG

There was no impact noted in the recommendations implemented by PO-RALG regarding the Management of the Construction of Healthcare Facilities.

9.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to PO-RALG.

9.5.1 Specific Conclusion

Based on the analysis of the implementation status of the previously issued recommendations, the audit concludes that despite the efforts demonstrated by PO-RALG in ensuring that the issued performance audit recommendations are fully implemented, much efforts are needed to ensure that all issued recommendations are fully implemented. Based on the analysis of the received responses, PO-RALG needs a mechanism to ensure that the issued recommendations are fully implemented.

This is because, in all twelve issued recommendations, none was fully implemented. Meanwhile, ten recommendations were partially implemented. If the issued recommendations are not fully addressed, it will likely lead to ineffective management of the construction of health facilities in the country.

9.5.2 Specific Recommendations

The President's Office – Regional Administration and Local Government (PORALG) is advised to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER TEN

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE MONITORING AND SUPERVISION OF PROJECTS IMPLEMENTED THROUGH FORCE ACCOUNT IN THE EDUCATION SECTOR

10.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on Monitoring and Supervision of Projects Implemented through Force Account in the Education Sector, tabled to the National Assembly of the United Republic of Tanzania in April 2021. The Audit objective was to determine whether the Ministry of Finance (MoF) and President's Office-Regional Administration and Local Government (PO-RALG) adequately monitor the procurement and supervision of projects implemented through the Force Account method in the Education Sector.

The audited entities were MoF, MoEST and PO-RALG. The audit focused on assessing how procurement and management of building materials were carried out by Procuring Entities (PEs) and the capacity of LGAs to supervise projects implemented through Force Account procurement. It specifically examined the projects implemented through force account in the education sector over four financial years (2016/2017 to 2019/20) to assess the performance trends in these areas.

10.2 Main Findings during the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on Monitoring and Supervision of Projects Implemented through Force Account in the Education Sector.

(a) Abnormal Prices for Procurement of Goods

The audit noted that some items were bought at higher prices than normal market prices, and other items were quoted at normal prices despite buying in large quantities. The audit noted that, in six rehabilitation projects, out of seven projects, building materials were purchased at a high cost amounting to TZS 100,156,000, which was an excess of the expected normal market prices.

Interviews with officials involved in procurement showed that, officials only relied on the price quoted by suppliers without undertaking the market surveys. This was attributed to mismanagement of procurement.

(b) There was no Verification Report of Materials Management for Projects Executed through the Force Account

A review of documents showed that, there were no documented records to confirm that the Government Asset Management Department (GAMD) under MoF conducted verification of material management for projects implemented through the Force Account Procurement Approach.

In the interview with GAMD officials and review of progress reports, it was noted that, GAMD conducted verification during stocktaking at the end of the financial year at Local Government Authorities (LGAs), Ministry Departments and Agencies (MDAs). According to GAMD officials, their main focus was the verification and registration of fixed assets and others for special circumstances. The audit did not see any records regarding stocks verified relating to projects through Force Account Procurement.

(c) Procurement from Manufacturer or Dealer not Properly Done

According to reviewed purchase orders, cement, timber, and iron sheets were mostly procured directly from manufacturers or dealers. Further review of procurement files, the procurement process for items procured directly from the manufacturer indicated that, there was no competition in all the visited projects. The PEs directly contacted the targeted manufacturer without inviting other manufacturers.

Interviews with officials involved in procurement for visited projects revealed that, construction or rehabilitation projects through Force Accounts were required to be completed and ready for use within a period of three months, and for Mpwapwa TTC, it was supposed to be completed within 30 days. Based on interviews with those involved in managing the school's project, the time given of 30 days was not realistic, given the fact that supervision of the construction of the project was not their primary activity, and this came hand in hand with teaching assignments.

As a result, the construction was done at a high pressure to meet the set deadline. All PEs highlighted that, the availability of materials was the key priority since projects were implemented throughout the country, and this created a high demand for building materials. Failure to seek quotations from other manufacturers or dealers provided the possibility of being overcharged.

(d) Inadequate Conditional Survey or Engineer's Estimates

A review of condition survey reports and physical observation of the construction sites noted that, condition surveys did not present some of the important items that needed to be rehabilitated, the cost required, and the time. As a result, key conditions reported during the condition survey were changed in five out of seven rehabilitated projects. This was done to achieve the expected improved conditions as far as the construction committees, procurement committees and consultants were concerned.

Furthermore, at Mpwapwa TTC, the proposed treatment of leaking roof parts in the buildings did not improve the situation as during the site visit, the audit noted roofs of (13 out of 35 dormitories) 37% of the rehabilitated buildings such as dormitory buildings, dormitory bathrooms and administration block still had leakages.

10.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in monitoring and supervision of the projects implemented through force account in the education sector, a total of 24 recommendations were issued in this performance audit whereby 10 recommendations were directed to the President's Office – Regional Administration and Local Government, six to the Ministry of Finance, and eight to the Ministry of Education, Science and Technology (MoEST). Their implementation status was as detailed below.

10.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of 24 recommendations, five were fully implemented, 14 were partially implemented, and five were not implemented. **Table 10.1** details the level of implementation of the issued audit recommendations.

Table 10.1: Level of Implementation of Recommendations by PO-RALG, MoEST and MoF

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
PO-RALG	10	0	9	1	0
MoEST	8	4	4	0	0
MoF	6	1	4	1	0
Total	24	5	17	2	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 10.1 indicates that out of 24 issued recommendations, PO-RALG had ten recommendations, of which nine were partially implemented and one was not implemented. Among the eight recommendations for MoEST, four were fully implemented, and otherfour were partially implemented, while for six recommendations issued to MoF, one was fully implemented, four were partially implemented, and one was not implemented.

10.3.2 Implementation Status of Recommendations Issued to PO-RALG

This section details the implementation status of the issued recommendations to the PO-RALG. A total of 10 recommendations were issued to PO-RALG. Nine recommendations were partially implemented, and one was not implemented. **Table 10.2** summarises the implementation status of the recommendations issued to PO-RALG by category.

Table 10.2: Level of Implementation of Recommendations by Category of Recommendations by PO-RALG

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	7	0	6	1	0
Implementation/ Execution	2	0	2	0	0
Coordination	1	0	1	0	0
Monitoring and Evaluation	0	0	0	0	0
Development	0	0	0	0	0
Total	**10**	**0**	**9**	**1**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 10.2 indicates that among the recommendations issued to PO-RALG, the planning category had seven recommendations, of which six were partially implemented and one not implemented. The implementation category had two recommendations that were partially implemented, and the coordination category had one recommendation that was partially implemented.

The detailed analysis of ten recommendations issued to PO-RALG is provided below.

(a) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from PO-RALG indicated that nine recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) Recommendation 1*: PO-RALG should Develop Strategies to Capacitate the LGAs in terms of Offering Procurement Knowledge and Administration of Force Account*

The recommendation issued required PO-RALG to develop strategies for ensuring that LGAs are capacitated in terms of offering procurement knowledge, administration of Force Account-based projects, relevant required personnel, required tools, and funds for supervision of construction projects.

The follow-up team reviewed the implementation status of the issued recommendation and noted that PO-RALG planned to capacitate Procuring Entities in the preparation of Annual Procurement Plans. This was done through the development of the Guideline for Procurement and Supply Procedures in Service Provision Centres in April 2023, which outlines the procurement and project management procedures for the implementation of force account-based projects.

The review of the developed guidelines revealed that, this was not sufficient to address the recommendation because there was no evidence for the Dissemination of this guideline to LGAs, provision of knowledge and translation to this guideline so that it may be easier to manage the procurement process. Also, PO-RALG was supposed to liaise with PPRA to ensureat they were going in the right direction.

Further, PO-RALG provided the evidence on the directives for the inclusion of cost for supervision and monitoring as shown in the letter with reference no CAB 39/159/01/24 of 10 July 2020. However, there are no new BoQs that have been prepared to include the supervision and monitoring costs.

PO-RALG is required to put more effort into the provision of knowledge after developing this guideline. Thus, this recommendation is at the initial stage of implementation, hence the audit concluded that the recommendation issued is partially implemented.

(ii) Recommendation 2*: PO-RALG should ensure LGAs implement force accounts in an equivalent class of construction companies.*

The recommendation issued required PO-RALG to ensure that each LGA implementing Force Account project has the capacity which is equivalent to the class of the construction company according to the Contractors Registration Board; that if the project were to require a class four company to implement the project of a certain magnitude, then the LGA would need to acquire similar qualification to implement the project of the same magnitude.

The audit team reviewed the implementation status of the issued recommendation and noted that PO-RALG planned to provide directives to RSs and LGAs to make sure that local fundis have Capacity as Contractor Class Limit for project value. This was evidenced through Item 3.4 (b) (v) of the Guideline for Procurement and Supply Procedures in Service Provision Centres, which requires the Accounting Officer to use government entities with the required qualifications and experience to execute the project at a reasonably low cost.

However, the audit team reviewed the developed guideline and noted that it did not provide a classification of local fundis according to the magnitude of the project. It also lacks a guide for the specific qualifications to be used to select local fundis.

Also, the response from PO-RALG did not indicate monitoring and evaluation reports showing LGAs' compliance with this guideline for the projects implemented from 2021 to date. Therefore, based on the evidence issued, the audit team concluded that the recommendation was partially implemented.

(iii) Recommendation 4*: PO-RALG should develop strategies to safeguard assets installed in school buildings.*

To implement this recommendation, PO-RALG planned to direct RSs and LGAs to ensure that assets installed in the schools are properly used.

PO-RALG prepared the Guideline for safeguarding assets and environment in primary schools and secondary schools in 2020; however, there was no evidence provided to justify that the prepared guideline was distributed to schools and required that all schools comply with the guideline.

Furthermore, PO-RALG provides evidence of the letter with reference no DA.291/297/06/439 of 3 January 2025, which provides directives to DED on safeguarding assets installed in the school buildings for SEQUIP projects, but there was no the same for BOOST and EPforR projects. PO-RALG did not submit the reports showing/justifying that the provided guidelines are adequately used by the RSs and LGAs.

This recommendation is partially implemented, and PORALG is advised to put more effort into ensuring that it implements this recommendation.

***(iv) Recommendation 5**: PO-RALG should capacitate committees responsible for the supervision and implementation of construction projects.*

The recommendation issued required PO-RALG to capacitate committees responsible for the supervision and implementation of construction projects in terms of supervision. The audit team reviewed the implementation status of the issued recommendation and noted that PO-RALG planned to mobilize funds to train.

Interviews with officials from PO-RALG revealed that PO-RALG has trained Project Implementation teams at the Regions and LGAs, which will capacitate committees responsible for the supervision and implementation of construction projects.

The analysis of the PO-RALG's response and the submitted evidence showed that PO-RALG only developed guidelines for the utilisation of the project funds and no training planned (scheduled) and conducted as part of capacitating the project committees. Also, the response of the PO-RALG did not state progress and achievement made in mobilizing funds for capacity building as per its earlier commitment.

The evidence submitted also shows the mobilisation of TZS 1,894,000,000 to RSs, LGAs and schools for supervision and TZS 3,593,748,00 for monitoring and evaluation of construction projects in 2024.

This shows that PO-RALG is at a very initial stage of implementing this recommendation and is advised to improve its efforts in implementing this recommendation. Hence, the audit team concluded that this recommendation has been partially implemented.

(v) ***Recommendation 6***: *PO-RALG should ensure that the budget for the project implemented under Force Account includes supervision and monitoring costs and each Bills of Quantities contains this aspect.*

The recommendation issued required PO-RALG to set aside funds for monitoring and supervision of projects. The audit team reviewed the implementation status of the issued recommendation and noted that PO-RALG planned to include the monitoring and supervision cost in the Schedule of works and Bills of Quantities.

This was evidenced through letters dated 10 July 2020 and 18 July 2024 with reference number CAB 39/159/01/24 and DB. 291/297/04/168 respectively, which provided directives on the use of disbursed monitoring and supervision funds.

The audit team reviewed the issued directives and only directed the minimum limit for the cost of the project to be considered during supervision. Also, PO-RALG did not submit evidence of the prepared new BOQs that showed the inclusion of the supervision and monitoring costs from the time this report was tabled in 2021. Therefore, based on the evidence issued, the audit team concluded that the recommendation was partially implemented.

(vi) ***Recommendation 7***: *PO - RALG should improve coordination with MoEST to ensure that drawings, estimation, and project information are well shared and communicated.*

In this recommendation, PO-RALG was required to improve coordination with MoEST to ensure that drawings, estimation, and project information are shared and communicated well.

The submitted evidence indicates that the drawings are kept online to be accessible. Also, there was a letter dated 14 April 2023 with reference number CA 111/187/01/12 from MoEST that submitted drawings to PO-RALG. Also, there was a sharing of zonal estimates for the construction of various school facilities.

It was further revealed that, MoEST and PO-RALG have been conducting joint reviews and preparation of reports on programs for the Primary and secondary, but there were no reports showing the extent of coverage in SEQUIP and EPforR programs.

In this regard, the recommendation is partially implemented, which requires the Ministry to ensure the efforts to share this information.

(vii) Recommendation 9: *PO-RALG should ensure that the financing of buildings or any other school infrastructures should be based on a detailed Needs Assessment.*

In this recommendation, PO-RALG was required to ensure financing of buildings or other school infrastructures is based on detailed needs assessment to avoid investing in structures that are not needed.

The follow-up audit team reviewed the submitted evidence and noted that, PO-RALG conducted SEQUIP infrastructural needs assessment for the year 2020/21 – 2024/25 and needs assessment and analysis of the status of the primary schools' infrastructures in October 2022 for Classrooms, Toilets, Wards and Laboratories.

The submitted evidence does not show the reviews of other school facilities, such as administration buildings and staff houses.

In this regard, the recommendation is considered partially implemented, and PO-RALG is advised to improve its efforts in implementing this recommendation.

(viii) Recommendation 10: *PO-RALG should establish a mechanism to retain a certain amount of project funds for correcting defects that may occur.*

In this recommendation, PO-RALG was required to establish a mechanism to retain a certain amount of funds for correcting defects.

PO-RALG submitted Payment Certificates to the local fundis for the construction of Isunta Secondary School and Kipundukala Primary School in Nkasi DC, where 5% retention was deducted from the amount of work done.

The submitted evidence shows that PO-RALG, through its LGAs, has made efforts to retain funds from the projects to ensure the availability of funds during the need for remedy of the defects, hence this recommendation is partially implemented, and PO-RALG is advised to put more effort towards implementing this recommendation.

(ix) ***Recommendation 8****: PO-RALG should strengthen its supervision and inspection of the Artisan to ensure full compliance with the health and safety requirements outlined in the Contract Documents.*

The review of the submitted letter from PO-RALG to RAS Kagera Region dated 5 August 2024 with reference number DA.291/297/06/459 revealed that PO-RALG instructed RAS Kagera Region to ensure that construction sites are equipped with Personal Protective Equipment Toilets and First Aid Kit. However, this letter was only directed to the RAS Kagera Region only and not to other RSs and LGAs.

It was also noted that, there was no evidence to show strengthening of supervision and inspection to the artisans and if the supervisions and inspections are conducted to ensure full compliance with health and safety requirements such as inspection plans and reports.

The response of the PO-RALG indicated that, the implementation of this recommendation is in its early stage. So, this recommendation is partially implemented.

(b) Details of Recommendations that were not Implemented

The analysis of submitted evidence and Information from PO-RALG indicated that one recommendation was not implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 3****: PO-RALG should ensure that LGAs improve the quality control system in order to ensure that the procurement*

process and all the accompanying documentation are thoroughly checked for compliance

The recommendation issued required PO-RALG to improve the quality control system in order to ensure that the procurement process and all the documentation are thoroughly checked for compliance. The audit team reviewed the implementation status of the issued recommendation and noted that PO-RALG planned to develop the M&E plan, checklist and reporting templates at all levels.

This was evidenced through the use of a monitoring template, which was developed during the implementation of the Secondary Education Development Programme (SEDP). The submitted evidence shows that PO-RALG only developed a monitoring template to be used during the implementation of the project, and it includes instructions for all monitoring visits, including preparation and frequency of visits, tasks to accomplish, how to use checklists, quality and progress control for works in construction projects.

Also, the response of PO-RALG is silent on the documentation and thorough assessment of the compliance as per the recommendation. The submitted response also indicates that the checklist is being reviewed for updating. Furthermore, PO-RALG did not submit evidence that it has disseminated a checklist to LGAs for use.

The rest of the tools, which include the M&E plan, Checklist and reporting template for the procurement process, are not yet developed, which shows that PO-RALG is at a very initial stage of implementing this recommendation and is advised to improve the efforts in implementing this recommendation. Hence, the audit team concluded that this recommendation had not been implemented.

10.3.3 Implementation Status of Recommendations Issued to MoEST

This section details the implementation status of the issued recommendations to MoEST. A total of eight recommendations were issued to MoEST. Four recommendations were fully implemented, and the other four were partially implemented. **Table 10.3** summarises the implementation status of the recommendations issued to MoEST by category.

Table 10.3: Level of Implementation of Recommendations by Category of Recommendations by MoEST

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	5	2	3	0	0
Implementation/ Execution	2	1	1	0	0
Coordination	1	1	0	0	0
Monitoring and Evaluation	0	0	0	0	0
Development	0	0	0	0	0
Total	**8**	**4**	**4**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 10.3 indicates that out of eight recommendations issued to MoEST, five were in the planning category, whereby two were fully implemented, and three were partially implemented. Two recommendations were of implementation category whereby one was fully implemented and the other partially implemented, while the coordination category had one recommendation that was fully implemented.

The detailed analysis of eight recommendations issued to MoEST is provided below;

(a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and information from MoEST indicated that four recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 4:*** *MoEST to establish a mechanism to retain a*

certain amount of project funds for correcting defects which may occur.

The recommendation issued requires the Ministry of Education, Science and Technology (MoEST) to ensure it recovers the retention money in every certified work to cover for the defect's liability period.

In the review of the implementation status of the issued recommendation, the audit found that the ministry managed to deduct the retention money on the project implemented under the force account, and the retention money deducted was used for correcting defects during the defect liability period.

In the review of the evidence provided, the audit team found that The Ministry has planned to ensure that it recovers the money to ensure it secures the coverage in the Defect liability Period by 2021/22; this was evidenced by the Interim Payment Certificates (IPCs) for Lot 2 (TTC/TDVTC/PHASE 1/2023-24/LF/LOT 2); lot 3 (TTC/TDVTC/PHASE 1/2023-24/LF/LOT 3) and ME-024/2020-2021/HQ/W/02, IPC 2 & 6) whereby a TZS 1,341,500, TZS 739,750, TZS 43,077,368 and TZS 314,847, 136 respective were retained as the retention money for covering the Defect Liability Period.

Therefore, in reference to the evidence issued and the interview held with the MoEST official, the audit team concluded that the recommendation was fully implemented.

(ii) Recommendation 6*: MoEST should ensure that drawings, estimation, and project information are shared and communicated to the implementer of the project*

Recommendation required the Ministry of Education, Science and Technology to ensure that drawings and estimations for the project are well shared with the project implementers. Through a review of the implementation status on the issued recommendation, the audit revealed that the ministry uploaded the drawings and estimation of the project implemented under the force account on the PO - RALG website.

Hence, based on the evidence issued, the audit team concluded that the recommendation issued was fully implemented.

(iii) ***Recommendation 7:*** *MoEST should ensure that funds allocated for the construction or rehabilitation of new buildings are linked to the cost of construction in particular areas*

In this recommendation, Ministry of Education, Science and Technology was required to allocate funds to be linked to the cost within the areas where the new construction or renovation of buildings take place.

Through the review of the implementation status on the issued recommendation, the audit found that the Ministry managed to allocate the funds for the implementation of various projects under force account depending on the established estimate of the particular project in a specific region and not the flat rate as implemented before this was evidenced by the disbursement list for SEQUIP and BOOST projects.

In the review of the evidence submitted, the audit team noted that the ministry indicated that proposed costs for school building construction are presented in ranges based on different zones, with each zone outlining minimum and maximum costs that vary by building type. This method provides budgeting flexibility and aligns costs with regional factors and construction needs. The categories of buildings outlined in the evidence provided include cost ranges for various types of building structures, such as classrooms, toilets, dining halls, dormitories, and teachers' houses.

Furthermore, through the letter with Ref. No. DB.291/297/04/96 dated 29 December 2022, which indicates that the ministry to keep on revising these costs from time to time to ensure they reflect the reality of individual building costs. Therefore, in reference to the evidence issued, the audit team concluded that the recommendation was fully implemented.

(iv) ***Recommendation 8:*** *MoEST should ensure that the financing of buildings or any other school infrastructures is based on a detailed needs assessment.*

Recommendation required the Ministry of Education, Science and Technology to develop the needs assessment for projects in the country to ensure value for money. Reviewing of the implementation status of the recommendation issued, the audit team found that the ministry, in collaboration with PO-RALG, has conducted needs assessment of the actual needs of schools and other infrastructure in order to avoid investing in inappropriate areas, which may result in the loss of government funds.

Through the review of the need assessment report for the BOOST and SEQUIP project as the evidence issued, the audit noted that MoEST managed to conduct a needs assessment covering all basic infrastructures, which includes classrooms, laboratories, and toilets in all government secondary schools in 184 councils. Therefore, based on the evidence issued, the audit team concluded that the recommendation had been fully implemented.

(b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from MoEST indicated that four recommendations were partially implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 1***: *MoEST should ensure that* the budget for the project includes supervision and monitoring costs

The recommendation issued requires that MoEST to ensure the project implemented under force account includes the cost of supervision and morning, and those costs should be incorporated in each Bills of Quantities (BOQs) of each project implemented.

Review of the implementation status of the issued recommendation from MoEST, the audit noted that the ministry set aside the budget for supervision and monitoring of the projects implemented under force account whereby from the financial year 2021/22 up to 2024/25, the total of TZS 365,042,500, was allocated for supporting the supervision and monitoring activities for implementation of SEQUIP project implemented under force account.

Furthermore, for the EPforR Project, the Ministry provided the budget for the implementation of the project for the financial year 2020/21; however, there was no fund set aside for monitoring and supervision of the project. Also, for the BOOST project, no evidence was issued to ascertain that the budget was allocated for supervision for those projects. Likewise, there was no schedule of materials and labour or BOQs for those projects which incorporate items for supervision and monitoring

Through the review of the evidence provided and the interview held with MoEST officials, the audit revealed that the ministry managed to allocate the budget for supervision and monitoring of the project implemented under force account only for the SEQUIP projects. Therefore, the audit concluded that the recommendation was partially implemented.

(ii) ***Recommendation 2****: MoEST should improve its internal control, planning, and budgeting system to ensure proper forecasting of requirements through a conditional survey.*

The recommendation issued requires The Ministry of Education, Science and Technology to improve its internal control, planning, and budgeting system to ensure proper forecasting of requirements through a conditional survey of the projects before embarking on the construction stage to avoid variations during the implementation of the work program.

The Analysis of the submitted condition survey for Sengerema DVTC, Meatu DVTC, Maswa DVTC, Magu DVTC and Busega DVTC, it was noted that the Ministry managed to conduct the conditional survey based on the location of the site, accessibility of the site's existing building, availability of building materials and availability of local fund. However, there was no submitted schedule of materials and labour to establish the link between the conditional survey and budget allocation.

Furthermore, there was no evidence of the disbursement of the stated budget, which was obtained through a conditional survey. Additionally, through the interview held with officials from MoEST, the audit noted that MoEST agreed that the budget allocated for the construction of 63 VETA centres was allocated without a detailed condition survey to justify it is allocations of each budget. Hence, in reference to the evidence provided and the interview held with the MoEST officials, the audit team concluded that the recommendation was partially implemented.

(iii) ***Recommendation 3**: MoEST should improve quality control systems to ensure that the engaged consultants are well-monitored*

The recommendation issued requires the Ministry of Education, Science and Technology to ensure that quality control systems are improved and that the engaged consultants are monitored during the execution of projects. Through the review of the implementation status of the issued recommendation, the audit noted that the ministry managed to appoint the project managers from the MoEST internal expert, who were Architects and Electrical engineers, to monitor the selected consultant who supervised 65 centres in Simiyu and Mara region. Furthermore, the ministry engaged MUST, ATC, ABECC, DIT, and BICO as the consultants selected to supervise the implemented project.

MoEST submitted progress reports from DIT, BICO, ATC, MUST and ABECC. However, no supervision report was issued to justify the monitoring of consultancy engaged in the construction works by the appointed project managers. Therefore, in reference to the evidence issued and the interview held with the officials, the audit team concluded that the recommendation was partially implemented.

(iv) ***Recommendation 5**: MoEST should develop strategies to safeguard assets installed in college or school buildings to ensure that they are used properly*

This recommendation requires the Ministry of Education, Science and Technology to develop strategies to safeguard assets installed in college or school buildings and assets installed.

Through the review of the implementation status of the issued recommendation, the audit revealed that the ministry provides directives to the principals of colleges, schools, and staff to ensure that equipment and buildings are in good working order. Furthermore, through the review of the evidence issued, the audit revealed that directives were provided to the college principals and staff through a letter dated 08 May 2023 with Ref. No. CB/167/374/01C/7.

In this directive, Principals of colleges were required to submit quarterly reports on the management of the college, plus a report on the status of the assets. However, there was no quarterly report submitted to justify the implementation of this recommendation, and the Ministry only provided the Assets Register showing the conditions of the assets during acquisition in Manyara Region as a sample of other regions

Therefore, in reference to the evidence issued and the interview held, the audit concluded that the recommendation was partially implemented.

10.3.3 Implementation Status of Recommendations Issued to the Ministry of Finance

This section details the implementation status of the recommendations issued to the Ministry of Finance (MoF). A total of six recommendations were issued to MoF. One recommendation was fully implemented, four recommendations were partially implemented, and one was not implemented. **Table 10.4** summarises the implementation status of the recommendations issued to MoF by category.

Table 10.4: Level of Implementation of Recommendations by Category of Recommendations by the Ministry of Finance

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	2		2	0	0
Implementation/ Execution	2	0	1	1	0
Coordination	2	1	1	0	0
Monitoring and Evaluation	0	0	0	0	0
Development	0	0	0	0	0
Total	**6**	**1**	**4**	**1**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 10.4 indicates that among the recommendations issued to MoF, the planning category had two recommendations that were partially implemented, and the implementation category had two recommendations; one was partially implemented, and the other was not implemented. Also, the coordination category had two recommendations; one was fully implemented, and the other was partially implemented.

The detailed analysis of six recommendations issued to MoF and their implementation status is provided below;

(a) Details of Recommendation that was Fully Implemented

The analysis of submitted evidence and information from MoF indicated that one recommendation was fully implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 6:*** *Liaise with other responsible Entities to set project value limits and minimum needed resources or cut-off points depending on the size, nature, and complexity of projects to be implemented through the Force Account approach*

MoF was recommended to liaise with other entities to set thresholds as minimum values on projects to be implemented through the force account. MoF planned to communicate with PPRA to revise the Public Procurement Act, Cap 410.

The evidence provided shows that Regulation 167 (A) of the Public Procurement Regulations, 2024, has set the threshold to be implemented through force account. This is recommendation is fully implemented.

This effort on the implementation of this recommendation will enable reduced risks of project failure by matching the size and complexity of projects with appropriate needed resources, ensuring projects have a higher likelihood of successful completion, and reducing cases of stalled or substandard projects.

Also, it will ensure better monitoring and oversight by setting a clear threshold that makes it easier for oversight bodies to monitor and evaluate project implementation, ensuring compliance with regulations and project objectives.

(b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from MoF indicated that four recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 2****: Capacitate entities implementing projects through FA Procurement for effective management of materials*

To implement this recommendation, MoF planned that officials from Procuring Entities to be trained on how to implement projects through Force Account. Also, PPRA will arrange a training programme on how to implement the project through Force Account.

Upon the evidence provided, MoF provided the evidence on the invitation to PEs to attend training, including force account project management. The evidence that has been provided shows that from year 2021/22 to 2023/24, PPRA has been providing this intervention to capacitate the Procuring Entities.

The Audit Team reviewed the training reports submitted and noted that in 2020/21, PPRA conducted tailor-made training to only TASAC and TPA, and in 2022/23 to NBAA, TAA and the National Audit Office of Tanzania (NAO). In these training reports, it was noted that implementation of works through force account and application of force account were among the course programs included in the training contents.

Further review of the contents regarding force account in these tailor-made trainings revealed that, the force account coverage included emphasis on planning and competition in the procurement of materials and equipment, the use of frameworks by GPSA and emphasis on the preferred materials to be procured directly from manufacturers, dealers and agents.

Thus, this recommendation is partially implemented, and MoF is advised to ensure that training on materials management for the force account project is adequately provided.

(ii) ***Recommendation 1****: Develop a control system that will enhance competition during the procurement of building materials in order to achieve economy*

Following the recommendation issued to the Ministry of Finance (MoF), the Ministry planned by 2021/22 to have instructed the Procuring Entities to abide by Public Procurement Act (PPA), Cap 410 and guidelines when carrying out works under Force Account issued by PPRA May 2020. Also, the MoF planned to conduct an assessment exercise on force account implementation in public projects.
Analysis of the response and the Assessment Report submitted showed that up to 30 August 2024, the MoF conducted the assessment on implementation projects under force account in the financial year 2021/22. However, the MoF did not instruct the Procuring Entities to abide by the public procurement guidelines as in its earlier plans. Also, the assessment is not a continuous intervention, as for financial years 2022/23 and 2023/24, no assessment was conducted.

Furthermore, MoF was supposed to include this activity in its annual budget so as to ensure its sustainability. However, there is no budgeted and established activity code to ensure this intervention is annually implemented. MoF is advised to ensure it establishes recommended interventions to ensure this activity is continuous. Therefore, this recommendation is partially implemented.

***(iii)* *Recommendation 3*:** *Liaise with PO-RALG and MoEST to identify construction projects not completed due to shortage of funds and develop strategies for funding them in order to achieve the intended goals*

MoF was supposed to liaise with PO-RALG and MoEST to identify projects that were not completed due to a shortage of funds.

MoF planned to instruct PO-RALG and MoEST to identify projects that were not completed due to a shortage of funds. MoF did not provide evidence that shows instruction to PO-RALG and MoEST on the identification of projects not completed.

MoF, through a letter dated 24 March 2021 with reference number FB.37/457/01/175, provided information to PO-RALG and MoEST on this issued recommendation and requested them to submit a list of projects not completed due to shortage of funds.

However, there was no report availed as evidence to show the conducted identification of these projects or a list of these identified projects as requested by MoF. Furthermore, there were no developed strategies for funding these projects in order to achieve the intended goals. Thus, the recommendation was partially implemented.

(iv) Recommendation 5: *Direct PPRA to develop strategies that will ensure that LGAs are capacitated in terms of offering procurement knowledge and administration of Force Account-based projects*

To implement this recommendation, MoF planned to conduct a training program arranged by PPRA that would include procurement knowledge and administration of projects implemented through Force Account.

The evidence provided shows that PPRA has prepared and invited the procuring entities to attend the training in general to public procurement requirements.

The evidence that has been provided shows that from 2021/22 to 2023/24, PPRA has been providing this intervention to capacitate the Procuring Entities. The Audit Team reviewed the training reports submitted and noted that in 2020/21, PPRA conducted tailor-made training to only TASAC and TPA, and in 2022/23 to NBAA, TAA and the National Audit Office of Tanzania (NAO). In these training reports, it was noted that implementation of works through force account and application of force account were among the course programs included in the training contents.

Further review of the contents regarding force account in these tailor-made trainings revealed that, the force account coverage included emphasis on planning and competition in the procurement of materials and equipment, the use of frameworks by GPSA and emphasis on the preferred materials to be procured directly from manufacturers, dealers and agents.

The follow-up audit noted that, MoF, through PPRA, conducted training to the above-mentioned procuring entities, but the were no LGAs that were trained and capacitated in terms of offering procurement knowledge and administration of Force Account-based projects as suggested in the recommendation.

Thus, this recommendation is partially implemented, and MoF is advised to ensure that LGAs are trained and capacitated accordingly.

(c) Details of Recommendations that were not Implemented

The analysis of submitted evidence and Information from MoF indicated that one recommendation was not implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 4****: Direct PPRA to develop and implement strategies for Monitoring and Evaluating the implementation of FA Procurement in order to provide corrective measures. This will include evaluating the effectiveness of applying the issued Force Account Guideline.*

MoF was recommended to direct PPRA to develop strategies for monitoring and evaluation implementation of FA procurement in order to provide corrective measures. Which also included evaluating the effectiveness of applying the FA guideline.

MoF planned to instruct PPRA on this matter, but the status as of 30 August 2024, MoF stated that PPRA would develop and implement an M&E mechanism.

The follow-up audit team reviewed the letter dated 25 March 2021 with reference number FB.41/457/01/60 from MoF to PPRA and noted that, MoF only provided information on this recommendation to PPRA but did not actually provide any directives to PPRA on developing and implementing strategies for monitoring and evaluating implementation of force account. Thus, this recommendation is not implemented.

10.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the fully or partially implemented recommendations.

10.4.1 Impact of Recommendations Issued to MoEST

The recommendations implemented by MoEST had the following impact on the Monitoring and Supervision of the Projects Implemented through Force Accounts in the Education Sector.

Improved Workmanship of the Implemented Works

The implementation of the recommendation on the inclusion of the supervision and monitoring cost on the budget for the project had an impact on the projects implemented under force account due to the facts that it enabled engineers and supervisors to conduct close monitoring of the implementation of the force account projects to avoid various anomalies which occurred before like poor workmanship due to inadequate supervision, this was evidenced through site verification conducted to the visited LGAs in Mpwapwa DC and Morogoro MC, whereby there was noted frequent site visit made by the engineer, and also there is good communication with the construction project committees.

10.4.2 Impact of Recommendations Issued to MoF

The recommendations implemented by MoF had the following impact on the Monitoring and Supervision of the Projects Implemented through Force Accounts in the Education Sector.

Established Threshold Budget for the Projects to be Implemented through the Force Account

The implementation of recommendations which requires MoF to liaise with other responsible entities to set project value limits and the minimum needed resources or cut-off points depending on the size, nature, and complexity of projects to be implemented through the Force Account approach will enable reduced risks of project failure through matching the size and complexity of projects with appropriate needed resources ensures projects to have a higher likelihood of successful completion, reducing cases of stalled or substandard projects.

Also, it will ensure better monitoring and oversight by setting a clear threshold that makes it easier for oversight bodies to monitor and evaluate project implementation, ensuring compliance with regulations and project objectives.

10.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to PO-RALG, MoEST and MoF.

10.5.1 Specific Conclusion

Based on the analysis of the implementation status, the follow-up concluded that PO-RALG, MoEST and MoF did not make adequate efforts to implement the issued recommendations. The management of PO-RALG, MoEST and MoF should ensure that all recommendations are fully implemented as they present valid and actionable solutions to various issues affecting their performance.

10.5.2 Specific Recommendations

The PO-RALG, MoEST and MoF are urged to;

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER ELEVEN

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE CONSTRUCTION OF DAR ES SALAAM BUS RAPID TRANSIT (BRT) INFRASTRUCTURE PHASE II

11.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on the Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure Phase II, tabled to the National Assembly of the United Republic of Tanzania in April 2021. The main objective of the audit was to assess whether Tanzania National Roads Agency (TANROADS) managed the Construction of the second phase BRT with due regard to time, cost and quality (in accordance with conditions of contract, standards, and specification) to enhance traffic movement and eliminate bottlenecks to traffic flow to various centres of economic activities.

The audited entities were Tanzania National Roads Agency (TANROADS), an Agency under the Ministry of Works, which was the main implementer of the project and Dar es Salaam Rapid Transit Agency (DART), which was responsible for the procurement of services for bus operator, fare collection and its systems as well as overseeing operations of BRT system. The Audit covered all construction activities implemented in five financial years from 2016/17 to 2020/21.

11.2 Main Findings during the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Construction of Dar es Salaam Rapid Transit (BRT) Infrastructure Phase II.

(a) Design and Tender Documentation

The audit found that TANROADS did not ensure that the execution of the Consultancy Services Contract meets the timeline for the design of the project. This is because the design of the project was associated with delays of 80 days and partial site handover to the Consultant for the commencement of works. It was further noted that the final Detailed Design

Report and Tender Documentation for Addendum No. 1 was delayed for Eight Months.

Also, the lack of a detailed Master Plan resulted in a Variation of TZS 28,047,114,893.02 (VAT exclusive) for the overpass bridge construction along Bandari - Gerezani Road. Consequently, part of the Works for Bandari Road was omitted from the tender to allow the redesigning of the second overpass bridge.

It was further noted that the final Design Review was delayed for eighty (80) days for Lot 2 due to a change of site since the site was partially compensated during the design period. The final Design Review Report was delayed due to the delay in reviewing the Draft Design Report by the Client and other stakeholders like DART, TRC, and TAZAMA.

(b) Procurement Aspects

The audit found that unsuccessful bidders were not given time to submit Claims. Procurement correspondences showed that the letter of acceptance was sent to the successful bidder (M/s Sinohydro Corporation Limited) on 19th November 2018, and the contract was signed on 10th December 2018, while the letters of notification to unsuccessful bidders were sent on 20th March 2019, about four months later implying that the procurement of contractors was not fully transparent and fair.

(c) Construction Stage Aspect

The audit found that there was slow work progress during the execution of the project. According to the 18th Monthly Progress Report of December 2020, the work's physical progress was 9% against 49%, which was the planned progress, reflecting a delay of 40%. Despite reminders from the Client to the contractor to catch up with the programme, proactive actions were not taken.

Also, the audit noted that there were quality problems in the construction of BRT Lane Rigid Pavement. The rigid pavement had transverse cracks between Ch. 6.480 – Ch. 8.910 on the Left-Hand Side Lane. Based on the investigation report, the major causes for the defects in the concrete pavement were linked to inadequate handling of concrete from the production at batch-plant to the workplace.

In addition, six frames for the terminal shed were not constructed as per the drawings. During the site visit at Kariakoo Terminal A, it was found that six frames for the Terminal shed were not constructed as per drawings, as frame type A was replaced with B. As a result, there was an overpayment of TZS 234,371,760. According to IPC No. 8, which was issued on 22 December 2020, part of the overpayment for Frame Type A was deducted from this IPC. Hence, the remaining overpayment for Frame Type A was TZS 103,477,920. Similarly, columns for Kariakoo Terminal sheds were shorter than the design height, and feeder stations lacked service facilities for passengers.

Furthermore, it was noted that the environmental management programme did not comply with the Environmental and Social Management Plan (ESMP). Based on the specific conditions of the contract, the environmental audit was supposed to be done every six months; therefore, about four reports were expected. Since only one environmental audit was conducted, the employer was limited from having information on the environmental quality of the project, especially water pollution and control, air pollution, solid waste management and safety issues such as accident control.

(d) Financial Aspects

The audit found that there was untimely payment of invoices of the supervising consultant. The delays of payments as of the time of the audit were estimated to attract interest to be paid by the employer to the tune of USD 23,834.38. Also, VAT amounting to USD 30,929.95 was not included in payment vouchers in Lot 1, including late submission of certified IPC No. 1 by both engineer and employer in Lot 1.

11.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in the construction of the Dar es Salaam Bus Rapid Transit (BRT) infrastructure, a total of 34 recommendations were issued in this performance audit, whereby 33 recommendations were directed to National Roads Agency (TANROADs), and 1 recommendation was directed to Dar es Salaam Rapid Transit Agency(DART). Their implementation status was as detailed below;

11.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of 34 recommendations, 22 were fully implemented, nine were partially implemented, two were not implemented, and one was overtaken by an event. **Table 11.1** details the level of implementation of the issued audit recommendations.

Table 11.1: Level of Implementation of Recommendations by TANROADS

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
TANROADS	33	22	8	2	1
DART	1	0	1	0	0
TOTAL	34	22	9	2	1

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 11.1 shows that, out of 34 issued recommendations in this Performance Audit; 33 recommendations were issued to TANROADS, whereby 22 recommendations were fully implemented, eight were partially implemented, two were not implemented, and one was overtaken by the event. DART was issued with one recommendation, and it was partially implemented.

Further analysis of the issued recommendations for each recommendation category was made based on the four implementation levels. **Table 11.2** details the implementation level for all issued audit recommendations based on these categories.

Table 11.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	2	2	0	0	0
Implementation/ Execution	31	20	8	2	1
Coordination	1	0	1	0	0
Monitoring and Evaluation	0	0	0	0	0
Development	0	0	0	0	0
Total	**34**	**22**	**9**	**2**	**1**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 11.2 shows that 31 out of 34 issued recommendations were in the execution category, two were in the planning category, and one was in the coordination category.

The audit noted that fully implemented recommendations were 22 out of 34, equivalent to 64.71%; partially implemented recommendations were nine out of 34, equivalent to 26.47%. Recommendations that were not implemented were two out of 34, which is equivalent to 5.88%, and that overtaken by events was one out of 34, which is equivalent to 2.94%.

11.3.2 Implementation Status of the Audit Recommendations by TANROADS

The detailed analysis of 34 issued recommendations indicates that their implementation status fell under all four levels of implementation, namely; fully implemented, partially implemented, not implemented, and overtaken by event, as detailed below.

(a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and information from TANROADS indicated that out of 33 recommendations issued, 22 recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1:*** *TANROADS should ensure that the design period is carried out on time and that the site is handed over to the Contractor promptly and fully to avoid any inconveniences.*

According to the action plan submitted by TANROADS to implement this recommendation, they promised to liaise with DART to ensure that designs and their modifications are carried out in a timely manner.

A review of TANROADS' responses on the implementation status of issued recommendations further declared that this was to be a one-time circumstance related to land acquisition done before commencing the Works. Also, TANROADS showed that Liaison with DART was done for future projects.

Review of the letter with Ref. No. DA.39/278/08/N08/BIM.6724 dated 7 June 2022 showed that the Employer informed the Consultant that the Employer intended to hand over the Site to the Contractor on 15 June 2022. However, the actual handover was on 17 June 2022 as per the Site Possession and Kick-off Meeting dated 17 June 2022, with a delay of two days. The Site handover is planned to start with a Site visit followed by a meeting between the Employer and Contractor in the presence of the Engineer.

Further, the letter showed that Sub-Clause 8.1 of Particular Conditions required notification of the Commencement Date by the Engineer to the Contractor after precedent conditions stated therein being fulfilled, including the Contractor to have been given effective access to and possession of the Site. The Engineer was invited to participate in the planned Site visit and meeting to record the agreement on the fulfilment of precedent conditions to enable her to proceed with the issuance of a Notice to the Contractor on the Commencement Date.

Further review of Minutes of Meeting No.1 for Site Possession and Kick-off Meeting dated 17 June 2022 for Contract No. TRD/HQ/1047/2021/22 entered between TANROADS and M/s Synohydro for the Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure – Phase 3; Lot 1: Road Works (23.33 Km) Including Bus Stations Along Azikiwe /Maktaba, Bibi Titi/Nyerere Road, Tazara/Uhuru Road and Shaurimoyo/Lindi Streets showed that both parties visited the whole project area before the kick-off meeting for handing over the site.

Furthermore, a review of the letter with Ref No. SMEC/5087074/2022/RE.009 dated 17 June 2022 from the Consultant to the Contractor showed that the meeting between the Parties was held on 17 June 2022, and there was an agreement about the fulfilment of conditions precedent for the Commencement Date, as stipulated under Sub-Clause 8.1 of Particular Conditions of Contract stated above.

Hence, the Engineer notified the Contractor that the Commencement Date, as referred to in Sub-Clause 8.1 of Particular Conditions of Contract, was 1 July 2022 after the conditions were met. Therefore, TANROADS showed that there was an improvement in giving the Contractor site possession in a timely manner.

On the other hand, DART managed to handle the disputes to enable the completion of BRT Phase 2 Lot 2, although the compensation process was still ongoing. The Audit Team ranked the recommendation as fully implemented.

(ii) ***Recommendation 2:*** *TANROADS should review the Draft Design Report timely with other stakeholders (DART).*

According to the action plan submitted by TANROADS to implement this recommendation, they promised to maintain compliance. Further response to the recommendation and on the implementation status of this recommendation, TANROADS promised no further action other than maintaining fairness and good faith provisions under the Contract.

As explained earlier in TANROADS comments, the nature and quality of the original design under the urban environment called for a substantial number of iterations on submission, reviews, presentations, and additions of new activities. All those changes were shifting submission deadlines. Therefore, the imposition of liquidated damages for extended submission of the finally accepted Design Review Report would not be fair, which is contrary to the General Conditions of the Contract Clause 47.1 [Fairness and Good Faith]. That is, the liquidated damage for the design review report was not imposed. Based on the lesson learnt, an appropriate practical time frame will be estimated.

Further review of the report from the consultant, namely M/s Logit, showed that DART conducted a review on demand, and the recommendations for the whole BRT system, including phases 3, 4 and 5, were issued. Also, based on those recommendations, TANROADS hired M/s Dohwa Engineering Co. Ltd in association with M/s Unitec Civil Consultants Ltd to provide Consultancy Services on Design Review and Supervision of the Construction of Dar es Salaam Bus Rapid Transit System (BRT) Infrastructure Phase 3; Lot 1: Road Works through Contract No. TRD/HQ/1027/2017/18.

However, due to the failure of the consultant to timely provide deliverables in the design review phase of the contract, TANROADS issued a Termination of Consultancy Contract for Supervision Phase through a letter dated 18th December 2019 with Ref No. TRD/HQ/11/257/01Nol.02/39/BIM.451. This indicates that TANROADS took action against the consultant who indicated failure in the review phase, hence rescuing the possible failures in the supervision phase.

Furthermore, a review of the Minutes of the High-Level Management Meeting Ahead of Contract Signing indicated that, the Works Contract for the Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure - Phase 3 - Lot 1: Road Works (23.33 Km), Including Bus Stations Along Azikiwe/Maktaba, Bibi Titi/Nyerere Road, Tazara/Uhuru Road and Shaurimoyo/Lindi Streets, Tender No. AE/001/2019-20/HQIW/03 was not yet signed. This implies that the review of the design was conducted in a timely manner before engaging the contractor to implement the construction of the project. Therefore, based on the above explanations, this recommendation was considered fully implemented.

(iii) ***Recommendation 3:*** *TANROADS should hand over the site to ease the design process.*

According to the action plan submitted by TANROADS on implementing the recommendation, it was to maintain compliance. A review of the implementation status submitted in October 2022 also pointed out that this was also a “one-off” incidence among one-time circumstances related to land acquisition done before commencing the Works.

As explained earlier in TANROADS response to the BRT 2 project, the delays of approximately six months from the planned start date, which was on 1 August 2019, to 23 February 2020, which was the actual start date, there was reluctance by some landlords to release/surrender their plots at Mbagala site for the Project. Therefore, it took substantial time to persuade them, hence the noted delay in accomplishing the designs.

TANROADS promised to observe compliance with future projects, i.e., initiating and completing the land acquisition process well in advance. Further review of evidence showed timely handover for BRT Phases 3 as stated in Recommendation 1 (a) above, which indicates the site was handed over on 17 June 2022 as per Site Possession and Kick-off Meeting dated 17 June 2022, with a delay of two days from the planned handover on 17 June 2022. Therefore, this recommendation was considered fully implemented as there were no significant noted delays on site handover.

(iv) ***Recommendation 4:*** *TANROADS should ensure proper documentation and well record-keeping system.*

According to the Action Plan submitted by TANROADS in implementing this recommendation, they committed to maintaining compliance. In addition, TANROADS promised to advise DART on the audit recommendation for proper documentation and record-keeping system.

A review of responses revealed that TANROADS, in implementing the recommendation, has introduced an electronic documentation management system (EDMS). The audit team verified the presence of the mentioned system at TANROADS Headquarters in Dar es Salaam. The system was found to be functional and stored various information on the infrastructure, including project management information.

The system is integrated in the sense that it collects information from all TANROADS regions and other stakeholders, who are provided with access accounts to fill in the data and, therefore, update them through centralized servers located at TANROADS.

Auditors witnessed the ongoing process of scanning and storing documents in the system. The activity of storing the documents in the system was expected to be completed by December 2022.

Therefore, this recommendation is fully implemented since TANROADS has managed to implement the planned action and has satisfied the recommendation's requirements.

(v) **Recommendation 6**: *TANROADS should ensure the feasibility studies for the future BRT Phases are reviewed thoroughly in collaboration with other associates in the BRT corridors.*

The Action Plan prepared by TANROADS shows commitment to maintaining compliance.

Reviewed responses on implementation of recommendations noted that the city master planning for BRT phases was developed and refined by DART as needs arose. Therefore, DART is responsible for collaborating with other associates in the BRT corridor for harmonization.

TANROADS further committed themselves to compliance to be observed for future projects.

Further, a review of the Progress Report for November 2022 indicated that DART engaged a consultant, namely M/s Logit of Brazil, through the financing of the International Development Association (IDA) to study and review the whole BRT system in Dar es Salaam. The Audit Team was availed of the Concept Design Review Report, 2019, conducted by the consultant (M/s Logit), which issued recommendations for the improvement of the BRT system, including phases 3, 4 and 5. Because of that, the team ranked the recommendation as fully implemented.

(vi) **Recommendation 7**: *TANROADS should ensure that they enhance contract management to comply with the Contract conditions and assurance of the Project.*

This recommendation resulted from the delay in conducting and submitting the Design Review Report of BRT Phase 2 by the Consultant for 215 days, contrary to contract conditions. The Audit recommended TANROADS to take action based on the Conditions of the Contract.

The response from TANROADS indicated that they maintain compliance and would set more practical timelines in the future based on lessons learned.

Further, TANROADS indicated that following a comprehensive review by DART on BRT Phase 3, TANROADS engaged M/s Dohwa Engineering and M/s Unitec Civil Consultants to undertake the design review and supervision of the BRT Phase 3 infrastructure. However, due to delays in the submission of deliverables, namely the Design Review Report by the Consultant, TANROADS decided to terminate the consultancy contract for the supervision phase in December 2019, which was aimed at preventing potential future project failures.

Additionally, high-level Meeting Minutes dated 15 March 2022 that were undertaken before Contract signing confirmed that the contract for the works on BRT Phase 3 (Lot 1) infrastructure was not signed, whereas the Contract was signed on 17 March 2022, indicating that design reviews were completed before contractor engagement. Consequently, the recommendation was deemed fully implemented because TANROADS took action by terminating the contract of M/s Dohwa Engineering and M/s Unitec Civil Consultants for the supervision part.

(vii) ***Recommendation 9:*** *TANROADS should make strategic plans with both the Contractor and Consultant that analyse the mitigation measures to encounter the slippage progress*

The response from TANROADS indicated that works reached 98% by the revised completion date of 9 October 2023. Further, they indicated that the works were considered substantially complete except for traffic signals that were not installed, which rendered the road unsafe for public use.

A review of the submitted evidence by TANROADS indicated that the Engineer determined liquidated damages for delay in project implementation, which was not accepted by the contractor. As a result, TANROADS, through a letter with Ref. No. CA.463/563/33/B/69/BIM.8934, dated 4 September 2024, invited the contractor to attend a high-level meeting to discuss his dissatisfaction with the Engineer's determination on the liquidated damages due to delays in project completion.

Also, review of the Substantial Completion Report submitted by the Engineer with a Cover letter with Ref. No: TZ/321 0/TNHD/RE/2024/989 dated 13 November 2024 indicated that Taking Over of the Works could not be affected by the Completion Date because vital components of the project were not yet completed. These components included installing and commissioning the traffic lights system, installing the turnstile gates in the bus stations (which was later omitted from the Contract) and remedial works on the defective concrete panels along the BRT lanes. Other outstanding works were finishing works at all bus stations, completion of entire road lighting, completion of road works along Bandari-Gerezani and Chang'ombe-Kawawa roads, completion of drainage works, and completion of the entire ancillary road works including road marking and road signs.

On the other hand, the Substantial Completion Report indicated that the outstanding works were fully completed by 31 August 2024, when the project was considered to be substantially completed. The Taking Over Certificate was issued to the Contractor, and the defect notification period commenced on 1 September 2024.

Upon the site visit by the Audit Team for verification, it was revealed that the traffic signals/lights were installed. Also, a review of the taking over certificate indicates that TANROADS took over the projects on 31 August 2024.

Further review of the High-level Meeting Minutes indicated that TANROADS agreed with the contractor to apply delay damages to the Works which were not completed by the completion date of 9 October 2023, including BRT lanes and Traffic Signals/Lights. Also, in a review of IPC No. 31, it was noted that the liquidated damages for the delayed completion of the works were deducted from the contractors' payment.

Therefore, this recommendation is fully implemented, the project is completed, and the Contractor is penalized as per the contract terms for delays.

(viii) ***Recommendation 10:*** *TANROADS should grant an extension of time for the additional works from the Addendum No. 1*

According to the action plan submitted by TANROADS, the engineer at the time of this audit assessed the effect of the additional work through Addendum No. 1 as well as design modifications. These were to be carried out immediately after the commencement of work. Upon receipt of the Engineer's recommendations, TANROADS, in collaboration with Africa Development Bank (AfDB), would have decided accordingly.

A review of responses noted that the Engineer's assessment of the Contractor's claim for Time Extension had been completed. The revised completion date was 27 March 2023.

A review of contract evidence, such as progress reports, revealed that the completion time was extended to 27 March 2023. Therefore, this recommendation was ranked as fully implemented.

(ix) ***Recommendation 11:*** *TANROADS should ensure that the consultant prepares a mitigation measure on how to rectify the distress on the Rigid pavements and supervise its implementation*

According to the Action Plan, TANROADS promised to continue making close follow-ups to ensure compliance. A review of responses on the status of implementation of issued recommendations indicated that the Contractor had so far reconstructed all the distressed defective rigid pavement.

The Audit Team made a site visit on 17 November 2022 at Mbagala Kizuiani and found ongoing rectification activity, as indicated in **Photo 11.1**.

Photo 11.1: **Contractor removing the defective rigid pavement sections as preparation for reconstructing them as they appear at Mbagala - Kizuiani between 6+480 – 8+910 LHS. The Photos were taken by Auditors on 17 November 2022.**

Photo 11.1 indicates the rectification of defective rigid pavement was ongoing. Further, the Audit Team reviewed Para 1.1 of the Project Substantial Completion Report, 2024, submitted by the Consultant to TANROADS via letter with Ref. No. TZ/3210/TNRD/RE/2024/989 dated 13 November 2024. The Audit Team noted that the report indicated that it was concluded that the construction of cement concrete rigid pavement and associated remedial works along the BRT lanes was substantially completed by 31 August 2024, and the Defects Notification Period Commenced on 1 September 2024.

Unrepaired defects were included in the snag list for attendance during the Defects Notification Period (DNP) after the Employer's Taking Over the Works. The Audit Team conducted a site visit on 29 November 2024 for verification on BRT Phase 2 and noted that the rectifications on the rigid pavements that previously had distress were done as indicated in **Photo 11.2**.

***Photo 11. 2*:** Status of the Rectified rigid pavement sections at Mbagala-Kizuiani between 6+480 – 8+910 LHS. The Photos were taken by Auditors on 29 November 2024

Based on the provided evidence, the recommendation was considered fully implemented.

(x) ***Recommendation 12*:** *TANROADS should ensure that the contractor stops immediately using the natural sand sieve truck and be instructed to adopt a new technology sieving machine with adequate control*

According to the Action Plan prepared by TANROADS, the Contractor procured special equipment to wash/clean sand from deleterious materials as part of her strategy to mitigate the premature distress that appeared in the rigid pavement back in July 2020.

Furthermore, the Audit Team visited the Contractor's campsite to verify the existence of the procured machine. **Photo 11.3** shows the procured machine for sand sieving on BRT Phase 2.

Photo 11. 3: Special equipment to wash/clean sand from deleterious materials for BRT Phase 2. The Photo taken by Auditors at Mbagala Contractor's Campsite on 16 November 2022

The Audit Team conducted further site verification on BRT Phase 3 and noted that the equipment for cleaning sand from deleterious materials was at the Contractor's Campsite, as indicated in **Photo 11.4**.

Photo 11. 4: **Special equipment to wash/clean sand from deleterious materials for BRT Phase 3. The Photo was taken by Auditors at Buza Contractor's Campsite on 29 November 2024**

Based on the existence of a special machine at the site, the Audit Team ranked the recommendation as fully implemented.

(xi) ***Recommendation 13:*** *TANROADS should ensure that the storage of stockpile material conforms with the requirements of the special specifications. This is possible because the contractor's campsite has enough space for storing materials, and TANROADS should enhance site inspection and supervision of the stockpile material.*

According to the Action Plan, TANROADS is committed to maintaining regular visits to the site and inspecting all aspects of the work.

A review of responses of 30 September 2024 revealed that this recommendation was implemented in the particular project, BRT 2, which was Substantially Completed and Handed Over to TANROADS.

The Audit Team visited the BRT 3 project for verification on 29 November 2024 at Buza Contractor's Camp Site. The assessment noted that the storage of stockpile materials adhered to the requirements since aggregates were not stored in a coning shape, sand was kept under a shed, and dust was not exposed. **Photo 11.5** indicates stored sand and aggregates under a shed and not in coning shape, respectively.

Photo 11. 5: The Photo taken by Auditors at Buza Contractor's Camp (BRT 3) on 29 November 2024

As shown in **Photo 11.5**, the aggregates were not kept in a conning shape, and the sand was free from dust as it was kept under the shade. Therefore, this recommendation was ranked as fully implemented.

(xii) ***Recommendation 14:*** *TANROADS should ensure they comply with Clause 20.2.1 of the General Conditions of the Contract to avoid any difficulties when disputes arise*

The recommendation was issued to address the noted weakness where TANROADS did not form a Dispute Board for the BRT Phase 2 project as per General Conditions of the Contract Clause 20.2.1, which required the appointment of a Dispute Board Member within 56 days after the commencement date of the Contract or as agreed by both parties.

The response from TANROADS in October 2024 indicated that following the Contractor's request to form a Dispute Board (DB), the Parties agreed to use the Dispute Avoidance/Adjudication Board's(DAAB's) services that were formed for BRT Phase 3 Lot 1. The letters with Ref. No. DA.39/71/08/01/BIM.7638,DA.39/71/08/01/BIM.7639,andDA.39/71/08/01 /BIM.7640, all dated 11 May 2023 from TANROADS to proposed members to form Dispute Board, were the submitted evidence for review. These letters indicated that TANROADS proposed involving them in the formation of a Dispute Board. A review of Correspondence from the proposed members to TANROADS indicated that the proposals were accepted.

Further, the Audit Team was availed of the Dispute Board Proceedings, which were undertaken by the Board on the Decision of the Dispute Avoidance/Adjudication Board on Dispute Referral No. 1 dated 29 April 2024. This indicates that the Dispute board had been formed and performed a task that was associated with a dispute between TANROADS and the Contractor for the BRT Phase 2 Project. Therefore, this recommendation is fully implemented.

(xiii) ***Recommendation 15:*** *TANROADS should instruct the Consultant to conduct an environmental audit on the Environmental and Social Management Plan (ESMP)*

According to the Action Plan submitted by TANROADS in implementing this recommendation, it was indicated that Inspections/audits are conducted quarterly. This was also indicated in their responses submitted to auditors in October 2024.

Furthermore, a review of Quarterly Inspection reports and interviews with TANROADS officials during the technical audit of BRT Phase 2 noted that the environmental audits were conducted. Further, the audit reviewed the Report for Periodic Environmental Measurements for Air Quality, Noise, Vibrations and Water Quality for BRT Phase 2 Project, 2022 and found that the report addressed the requirement of Para 4.3 of the Environmental and Social Management Plan (ESMP) of 2022 for Environmental Protection

Measures. Therefore, the Audit Team ranked this recommendation as fully implemented.

(xiv) ***Recommendation 17:*** *TANROADS should enhance the supervision and inspection of measured works and ensure the overpaid costs are recovered on the future IPCs. This includes the overpaid cost of TZS 91,138,320*

The Action Plan for implementing this recommendation indicated that TANROADS continues reminding Consultants of their obligation at the site and making regular visits to the site.

A review of TANROADS' response to this noted that the status of their previous response remains the same, and they continued to remind the Consultant to fulfil their obligations. Although TANROADS did not provide regular reminders to ensure measured works were inspected, the overpaid amount was recovered. Interviews held with TANROADS officials revealed that the overpaid cost of TZS 91,138,320 was recovered. Also, a review of IPC No. 8 of 31 July 2021 indicated that TANROADS recovered money and therefore, the recommendation ranked as fully implemented.

(xv) ***Recommendation 19****: TANROADS should ensure that they maintain consistency in the Design of stations to avoid overdesign in the future BRT Phases*

According to the TANROADS Action Plan, in order to implement the recommendation, they committed to continuously considering all design parameters during the design stage.

Reviewed working design drawings of feeder stations at Mombasa (Km 15+330) and Jet Club (Km 9+550) on Nyerere Road for BRT 3 indicated that the stations were designed with the Super Structures designed with block work walls as consistency being considered to avoid overdesign, unlike the feeder stations in BRT Phase 2. Further, the audit reviewed the working design drawings for Mnazi Mmoja Bus Terminal and found that the superstructure walls were also designed by block work and beams. An interview with TANROADS officials noted that they maintain consistency in designs by considering different design parameters.

The site visit made by the Audit Team on 29 November 2024 on bus stations for the BRT Phase 3 Lot 1 project noted that the bus stations were built with block works on superstructures with ring beams. The Audit noted that the bus stations were built according to the reviewed design drawings, which avoided overdesign; hence, the recommendation is ranked as fully implemented.

(xvi) ***Recommendation 21:*** *TANROADS management is advised to make sure insurance covers are submitted on time as per clauses to avoid any project risks in future*

TANROADS planned to maintain compliance to implement this recommendation. However, their response indicated that the Project was completed by then, and the matter was considered closed.

A review of the submitted copy of the insurance cover indicated that the Contractor updated the project risk insurance cover for BRT Phase 2 Lot 2 after expiry. During the verification exercise at TANROADs, the audit reviewed the subsequent insurance covers for BRT Phase 3 Lot 1 and found that the insurance covers were active at the time of the exit meeting of the follow-up audit.

Therefore, though responses from TANROADS and the submitted copies of insurance cover for BRT 2 Lot 2 indicated that the project was completed with the insurance covers updated, and for BRT Phase 3 the insurance covers were active, this recommendation is ranked as fully implemented.

(xvii) ***Recommendation 23:*** *TANROADS should correct the approved Payment Voucher figure to avoid any overpayment to the consultant*

During the audit, it was noted that the approved Amount not yet paid, under PV 000005235 of AfDB, was USD 53,998.66, and PV 000005236 of AGTF was USD 24,487.76. The two amounts indicated in these PVs are higher than the certified amount by USD 2,969.3 for the AfDB certificate and USD 1,346.54 for the AGTF certificate.

According to the Action plan submitted by TANROADS in implementing this recommendation, they promised that the overpaid amount would be recovered in the subsequent IPC.

A review of responses on the implementation status of the issued recommendation noted that the overpaid amount of USD 4,315.84 was recovered from Payment Certificate No. 31 for February 2021.

In light of the above, and upon confirmation of recovery of the overpaid amount and evidence review, the recommendation has been considered implemented. Therefore, the Audit Team ranked the recommendation as fully implemented.

(xviii) ***Recommendation 25:*** *TANROADS Management should make sure the Engineer submits the certified certificate within the days specified in the contract*

The audit noted a delay in the certification of the contractor's payments by the engineer. TANROADS' action plan for implementing the recommendation was to ensure that the Engineer certifies payments within the duration specified under the Contract as required.

A review of responses on the implementation status of the issued recommendation by TANROADS showed that compliance would be maintained.

Review of the correspondences for submission of approvals of the Interim Payment Certificates (IPCs) of the Contractor for the Construction of the BRT phase 2 noted that up to IPC No. 29 dated 22 November 2023, the engineering submitted them within the contractual time provided.

On the basis that TANROADS had ensured that the consultant submitted the IPCs on time, and the audit considered this recommendation fully implemented.

(xix) ***Recommendation 26:*** *TANROADS should cross-check the correctness of engineer computations and ensure accurate figures of interest payable before payment*

There was a miscalculation of interest by an Engineer, who over-calculated it by TZS 13,143,232.97. According to the action plan for implementing the recommendation and the review of responses on the implementation status of issued recommendations, TANROADS is committed to maintaining compliance. In ensuring that engineers' computations are realistic and correct, TANROADs enhanced review processes where each engineer's interests computations are verified and approved and that the computed interests resulting from the engineer's computations reflect the correct figures. TANROADs further indicated that correction was made and incorporated in IPC No. 5.

During verification, and based on the submitted evidence, it was noted that TANROADs had accordingly made deductions of the amount over-certified in IPC No. 5. Therefore, this recommendation was considered fully implemented.

(xx) ***Recommendation 28****: TANROADS Management should ensure that project risks are insured in accordance with GCC Clause 24.1, which requires insurance to be active up to the completion of works*

TANROADS planned to maintain compliance to implement this recommendation. However, their response indicated that the Project was completed by then, and the matter was considered closed.

A review of the submitted Insurance Cover for BRT Phase 2 Lot 2 indicated that the Contractor updated the insurance cover to cover the extended time for the execution of the project. During the verification exercise at TANROADs, the audit inquired about the subsequent insurance covers for BRT Phase 3 Lot 1 with the view of assessing the amount of cover submitted by the contractor as well as the timeliness of the cover. Upon the audit review of the submitted insurance covers by TANROADS for BRT Phase 3 Lot 1, it was noted that insurance covers were active as of 13 February 2025. Hence, this recommendation was considered fully implemented

(xxi) ***Recommendation 29****: TANROADS should ensure materials in the stockpile have adequate strength to fit for use in road works. This includes conducting more tests to assess the suitability of the stockpiled materials before further use.*

According to the Action Plan by TANROADS, in order to implement this recommendation, they promised to maintain compliance with materials storage. A review of responses from TANROADS submitted during the follow-up made on the implementation status of the issued recommendation while conducting a technical audit on BRT 2 in 2022 noted that tests carried out were summarized and discussed in monthly Progress Meetings of the respective month.

The Audit Team reviewed documents such as requests and approvals of stockpiled materials before and after they were brought to the site to verify that there were controls in place as recommended. These controls included the use of Request for Inspection (RFI) forms filled out by the Contractor for the Consultant to approve continuing with the works and the use of the approved materials and instructions from the Consultant to the Contractor. The audit team found that the contractor could only proceed using material after it was approved, and because of that, the audit team ranked the recommendation as being fully implemented.

(xxii) ***Recommendation 30**: TANROADS should ensure that it protects the stabilised subbase to avoid a risk of traffic using the stabilised subbase, rectify failed sections, and achieve the required minimum specifications before placing rigid pavement on the stabilised subbase*

The response indicates that a technical audit was conducted, and samples were taken and tested to attain the required quality. By the time the technical audit was conducted, the rigid pavement had already been fixed on the BRT 2 project.

The Audit Team visited the BRT 3 project for verification and observed that the stabilised subbases were protected by not allowing vehicles to pass through the stabilised sub-base by showing the diversion signs, flagmen and barrier blocks from the use by traffic.

Based on the response from TANROADS and verification of the BRT 3 project, this recommendation was fully implemented and was overtaken by the event because the observed unprotected sub-base was covered by pavement.

In the long run, the constructed roads will last longer as the stabilized subbase will be stronger. This will prevent the possible occurrence of premature road pavement failure caused by deteriorated subbase due to traffic.

(b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from TANROADS indicated that eight recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 5:*** *TANROADS should ensure they comply with the Terms of References (ToR) on seconding Engineers before the completion of works*

Review of the Technical Audit on the Construction of Dar Es Salaam Bus Rapid Transit (BRT) Infrastructure- Phase 2, 2023 indicated that TANROADS responded that they implemented this recommendation by seconding graduate Engineers through "Structured Engineers Apprenticeship Programme (SEAP)" who were later absorbed into construction industry.

Further, it was indicated that SEAP was initiated by the Engineers Registration Board (ERB) in Tanzania with the aim of facilitating the transition of Graduate Engineers into becoming Professional Engineers, as can be seen in Para 1.1 of the Structured Engineers Apprenticeship Programme (SEAP) Volume 1: Programme Implementation Document (PID).

Furthermore, the Technical Audit Report indicated that TANROADs opted to hire second-grader engineers for the project to enhance their skills and experience in the construction industry. It was indicated that TANROADS opted to use the graduate engineers instead of the TANROADS staff due to a shortage of staff at TANROADS, which would cause TANROADS to lack daily operational engineers and staff.

Due to the fact that the secondment requirements were included in the ToR as part of the item in the consultant contract, verification conducted noted that there was no payment item for the counterpart staff training since it was left as a provision for future needs. The audit team reviewed the letter of correspondence with Ref. No. TRD/HQ/11/272/01/VOL.07/41/BIM.5103 dated 3 September 2020 and noted that TANROADS requested the Consultant for placement of four Graduate Engineers to acquire professional experience under the Structured Engineers Apprenticeship Programme (SEAP) at the BRT Phase 2, Lot 1: Roadworks Project.

Because of the above, TANROADS did not manage to second counterpart staff but rather managed to acquire a placement of four graduate engineers as trainees who are not guaranteed to be recruited by TANROADS upon the completion of the program and qualification to registration to the Engineers' Registration Board through this program. Because of that, the Audit Team ranked the recommendation as partially implemented.

(ii) ***Recommendation 8:*** *TANROADS should recover the liquidated damage amount in the future certificates and ensure that the Consultant submits the progress report on time*

In its submitted Action Plan, TANROADS committed itself to evaluating the noted delays and appropriate actions implemented.

A review of responses on the implementation status of issued recommendations noted that TANROADS, through its letter of 8 June 2021 with Ref. No. DA.39/278/06/28/BIM.5792 (IPC 33 to 40, Amicable Meeting Minutes) had notified the commencement of deduction of liquidated damages. The total amount of liquidated damages for the delayed submission of the Monthly Progress Report was USD 272,116.55 and was to be paid in monthly instalments of USD 20,000 effective from the April 2021 payment (PC 33) until the whole amount is fully deducted through the subsequent IPCs.

Through a review of IPC numbers 33 to 40, a total amount of USD 10,000 out of USD 272,116.55 had been deducted from the consultant payments until the consultant disputed the deductions through a letter with Ref No. TZ/3210/EG/142 dated 6 September 2021. Further, the consultant, through a letter with ref No. TZ/3210/EG/188, dated 16 September 2024, requested the charged liquidated damages to be refunded. The Consultant considered that imposition of the liquidated damage was a penalty which was unfair and would have no benefit to the Government as it threatened to paralyze the Consultant's financial ability to supervise the continuing Works and even frustrate the Contract and lead to non-attainment of the overall objective of the assignment.

Rather than taking this disastrous route, TANROADS agreed to resolve the matter amicably to avoid landing into disputes that may eventually involve arbitration in accordance with Clauses 48.1 of General Conditions of the Contract [Settlement of Disputes]. Therefore, the deduction was put on hold pending the conclusion of the amicable settlement.

Furthermore, interviews with TANROADS officials noted the same status of implementation during the audit period (Technical Audit of BRT Phase 2). In view of the above, TANROADS managed to deduct USD 140,000 out of USD 272,116.55; hence, the remaining amount of USD 132,116.55 as liquidated damages amount was not deducted. Since the deduction was not made fully and the conclusion of the amicable settlement was still pending, the audit team ranked the recommendation as partially implemented.

(iii) ***Recommendation 18**: TANROADS should consider providing Feeder stations with common service facilities not only in the future but also before the service of the BRT Phase 2 begins*

According to the Action Plan by TANROADS, the provision of toilets and ticketing booths at Feeder Stations were to be considered, and the outcome was to be communicated in due course. DART was to make provisions for toilets under different arrangements.

According to interviews with DART officials on the provision of toilet facilities, TANROADs had not taken into consideration stakeholders' opinions, including those of DART and the financiers, when insisting on the provision of such facilities.

Further review of design drawings for feeder stations on BRT Phase 2 and interviews held with TANROADS officials indicated that the facilities were not provided. Though the provision of toilet facilities for BRT Phase 2 was not considered, a review of drawings noted that it was different for BRT Phase 3 where toilets were considered. Since the design of BRT Phase 3 provided the toilet facilities at feeder stations, therefore this recommendation was ranked partially implemented.

(iv) ***Recommendation 22:*** *TANROADS Management, in collaboration with the Ministry of Finance, is advised to reduce the time of cross-checking invoices to meet due dates and make sure that outstanding invoices are paid to avoid interest penalty on the remaining payments*

The recommendation required TANROADS Management, in collaboration with the Ministry of Finance, to reduce the time of cross-checking invoices in order to meet due dates and make sure that outstanding invoices are paid to avoid interest on penalty on the remaining payments.

TANROADS responded that they had been reporting in different forums on the negative consequences caused by the newly introduced control system for approving payment certificates.

TANROADS, through a letter with Ref. DA.39/200/01/A/18/BIM.6819 dated 13 July 2022 informed the Ministry of Works (MoW) on this matter. MoW, in turn, informed the Ministry of Finance accordingly.

A review of the evidence submitted indicated that MoW wrote a letter to TANROADS with Ref No. CAB.186/2015/05A/68 dated 4 January 2023. The letter invited TANROADS to attend a meeting with the Ministry of Finance to discuss issues of delay of payments. During analysis of the submitted response and evidence and following further inquiry, it was noted that despite the fact that MoF had written to TANROADS requesting a meeting to discuss delays in payments, TANROADS did not produce either the response letter to MoF nor did it provide evidence of attendance to the called meeting.

Further, a review of an extract of the payment tracking sheet for the Contractor on BRT Phase 3 indicated that there were delays in payment to the Contractor on 10 out of 21 IPCs which were issued between 23 June 2022 and 23 December 2024. Further, a review of IPC No. 22 dated 31 January 2025 indicated that there was a cumulative interest amounting to TZS 90,441,924.72 due to delayed payments for BRT Phase 3 Lot 1. Based on the presented facts, this recommendation is partially implemented since it does not show if MoW, MoF and TANROADS arrived at the conclusion to reduce the delay of payment.

(v) ***Recommendation 31:*** *TANROADS should Ensure all key staff have adequate educational qualifications and professional registration and Involve TCU in assessing the qualifications of the foreign key staff to approve the key staff in the project*

In their response to the initial planned action, TANROADS responded that it would ensure that the assessment of each key staff member was aligned with the requirement.

A review of an extract with a list of key staff submitted by TANROADS indicated that it had obtained the registration of 11 key foreign staff who worked for BRT Phase 3 Lot 1 and had them registered with professional boards, which were ERB (9), NEMC (1) and OSHA (1). The extract showed the type of professional boards and their respective registration numbers.However, TANROADs did not provide the registration certificates and practising licences granted by the respective professional boards. Accordingly, this recommendation was considered partially implemented.

(vi) ***Recommendation 32:*** *TANROADS should ensure that all key staff supervising projects possess practising license*

In their response to the initial planned action, TANROADS responded that it would ensure that the assessment of each key staff member was aligned with the requirement.

A review of the extract with a list of staff submitted by TANROADS indicated that it had obtained registration of 11 key staff and had them registered with professional boards, which were ERB (9), NEMC (1) and OSHA (1) for BRT Phase 3 lot project. The extract showed the type of professional boards and their respective registration numbers.

(vii) ***Recommendation 33:*** *TANROADS should ensure all foreign key staff supervising construction projects in the country possess valid working permits*

In their response to the planned action, TANROADS responded that it would follow up with other responsible government authorities to ensure that the working permits are issued in a timely manner.

A review of the submitted evidence from TANROADS showed that TANROADS had secured working permits for foreign staff for the construction of the BRT 3 project. The submitted list enclosed included 38 foreign staff, whereas 30 staff had secured their working permits, which were expected to expire between 10 October 2024 and 20 March 2025. 8 staff were noted to work under Business Visa as they were waiting for their working permits, which were applied between 10 October 2023 and 2 March 2024. This was because multiple applications were made during the implementation of the BRT Phase 3 project.

Further review of correspondence letters with Ref. No. DA.39/278/06/79/BIM.6138 dated 18 September 2021 and Ref. No. CA.64/329/01/44/BIM.9153 dated 19 November 2024 indicated that TANROADs facilitated the Consultant's and the Contractor's personnel for obtaining work permits through introduction to the Permanent Secretary, Prime Minister's Office, Labour, Youth, Employment and Persons with Disabilities. On the other hand, the audit noted that working permits for 8 staff were still pending, though their application was in progress.

Therefore, since the working permits were not yet acquired, this recommendation is ranked as partially implemented.

(viii) ***Recommendation 34:*** *The Management of TANROADS should ensure that all key staff possess the required qualifications and registration with local professional boards*

The recommendation required TANSROADS to ensure that all key staff have adequate professional qualifications and are registered with relevant registration boards.

In response to the initial planned action, TANROADS stated that it would ensure that the assessment of each key staff member is done in line with the requirement.

A review of an extract with a list of key staff submitted by TANROADS indicated that it had obtained the registration of 11 key foreign staff and had them registered with professional boards, which were ERB (9), NEMC (1) and OSHA (1).

However, TANROADs did not provide the registration certificates and practising licences granted by the respective professional boards. Accordingly, this recommendation was considered partially implemented.

(c) Details of Recommendations that were not Implemented

The analysis of submitted evidence and Information from TANROADS indicated that two recommendations were not implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 20:*** *TANROADS management is advised to follow the terms of the contract by deducting liquidated damages caused by delays in submitting the design review reports*

To implement this recommendation, TANROADS indicated that they planned to review the causes of the delay and act accordingly.

TANROADS stated that they notified the Consultant about the commencement of deductions for liquidated damages due to the delayed submission of Monthly Progress Reports through a letter with Ref. No. DA.39/278/06/28/BIM.5792 dated 8 June 2021. Further, TANROADS notified the Consultant that these deductions would begin from payment for April 2021 (Invoice No. 33) and were expected to be done until the whole amount of USD 272,116.52 was fully deducted. However, the notification did not cover liquidated damages for the delay in submitting the Design Review Report, as the deductions were solely related to the Monthly Progress Reports. The notification issued to the Consultant only referenced deductions for the delayed Monthly Progress Reports and did not include any mention of liquidated damages for delays in the submission of the Design Review Report.

On the other hand, in the review of payments done to the Consultant, it was noted that a total amount of USD 140,000 was specifically for the delayed submission of Monthly Progress Reports and not for the delay in submission of the Design Review Reports. While the initial recommendation proposed deductions for delays in the Design Review Report, TANROADS only applied deductions for Monthly Progress Reports.

Furthermore, TANROADS indicated that this matter was included in the amicable settlement together with the issue of liquidated damages due to the delayed submission of monthly progress reports, the conclusion of which was still pending. Therefore, this recommendation has not been implemented because the response did not address delays in the submission of Design Review Reports, and the deductions were not related to the damages due to the delayed submission of the Design Review Report, while the amicable settlement was not yet concluded.

(ii) ***Recommendation 24:*** *TANROADS Management should ensure that all tax liabilities arising out of the contract are paid and correct by adding the difference of VAT amount in the future IPCs*

A review of the responses from TANROADS on the status of implementation of the recommendation revealed that TANROADS implemented by introducing the new PV.NO.00032672, which added all VAT amounts not included in Previous PVs. The VAT amounts were verified by the Ministry of Finance team, and funds were released and paid in March 2021.

However, the audit team made further inquiries by requesting the newly introduced PV for verification. The purpose of this was to verify whether the PV so stated was valid and realistic and the corresponding VAT amount that was added to it sufficed the amount of tax liabilities so claimed.

However, up to the end of the follow-up verification exercise on 3 December 2024, TANROADs did not present the respective PV for verification; hence, this recommendation was not implemented.

(d) Details of Recommendation that was Overtaken by Event

The analysis of submitted evidence and Information from TANROADS indicated that one recommendation was overtaken by an event. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 27:*** *AFDB Bank should pay the requested amount on time to avoid additional costs of interest penalty to TANROADS*

The audit noted a delay in payment to the contractor, which resulted in the payment of interest charges amounting to TZS 215,070,334.89. The recommendation has been overtaken by events as it was not directed to the audited entity rather, it was directed to the financier, AfDB Bank, who was not supplied with the report in order to respond to the issued recommendation.

11.3.3 Implementation Status of Recommendations at the Dar es Salaam Rapid Transit Agency (DART)

The detailed analysis of one recommendation issued to DART indicates that its implementation status fell under one out of four levels of implementation, which was partially implemented, as detailed below.

(a) Details of the Recommendation that was Partially Implemented

(i) ***Recommendation 1:*** *DART should ensure that they settle all land disputes and compensation to avoid further delay*

This recommendation was issued to DART due to delays caused by unsettled land disputes. A review of evidence from the project and the analysis carried out by the audit team indicated that DART was issued with one recommendation, and it was partially implemented. The status of the implementation of the recommendation is as detailed hereunder.

According to the Action Plan submitted by TANROADS, they promised to liaise with DART.

A review of responses for the implementation status of this recommendation pointed out that it has been finalized, as stated in earlier comments. A review of the Technical Audit Report on the Construction of BRT Phase 2 of 2023 noted that, although the project was handed over to DART, there were still two out of seven un-cleared disputes regarding land for BRT Phase 2 Lot 2. Discussions with officials from TANROADS in November 2024 indicated that all compensation was completed and that the project was completed without submitting compensation documents to indicate that all were compensated.

Further, officials from DART indicated that two people were not paid their compensation since the issue was under dispute. Therefore, this recommendation was partially implemented as DART managed to hand over the site to the Contractor while handling the disputes for BRT Phase 2 Lot 2 and the ongoing compensation process.

On the other hand, a review of the Monthly Progress Report No. 27 of the BRT Phase 3 Project[2] for October 2024 indicated that there were issues with obstructions to progress, particularly due to land owned by the TPDF at Gongo la Mboto, which had largely been resolved with a new design. Further, it was indicated that challenges persisted at the upstream end of Gongo la Mboto. Furthermore, it was noted that the contractor identified land acquisition issues during design modifications, which were addressed through those design modifications.

Further review of the Progress Report indicated that potential challenges remain at Azikiwe/Maktaba Streets, where adjustments to the mixed traffic lanes may be required to avoid acquiring high-value commercial properties.

Additionally, a review of the Monthly Progress Report indicated that obstructions along Nyerere Road (Km 0 to Km 1+600) were resolved through pavement modifications and side drain relocations. Therefore, DART, in collaboration with TANROADS, dealt with issues related to compensations through design modifications while the BRT Phase 3 project was ongoing. Accordingly, this recommendation was ranked as partially implemented.

11.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the fully or partially implemented recommendations.

11.4.1 Impact of Recommendations Issued to TANROADS

The recommendations implemented by TANROADS had the following impact on the Construction of Dar es Salaam Bus Rapid Transit Infrastructure.

a) Timeline for Site Handling Over Improved

Following the full implementation of the recommendation, which requires TANROADS to ensure that the design period is carried out on time and that the site is handed over to the Contractor in a timely and full manner to

[2]Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure – Phase 3 - Lot 1: Roadworks (23.3kms) including Bus Stations

avoid any inconveniences, TANROADS, the Contractor and the Consultant visited the whole project area for BRT Phase 3 before the kick-off meeting for handing over the site.

Furthermore, a review of the letter with Ref No. SMEC/5087074/2022/RE.009 dated 17 June 2022 from the Consultant to the Contractor showed that the meeting between the parties was held on 17 June 2022, and the site was fully handed over to the contractor. Therefore, TANROADS showed that there was an improvement in giving the Contractor site possession.

b) Timely Review of the Draft Design Report

Following the full implementation of the recommendation, which requires TANROADS to review the Draft Design Report in a timely manner with other stakeholders (DART), the audit team established the impacts realized by the government concerning the implementation of the issued recommendation.

The assessment conducted by the Audit team on BRT Phase 3 projects noted that the recommendation provided on BRT Phase 2 is being applied to BRT Phase 3. It was noted that in BRT Phase 3, TANROADS reviewed the design before signing the contract and took action against the consultant who did not review the design in a timely manner. This prevented potential delays in the execution of construction works which could happen.

The assessment of the long-term impact of the implementation of this recommendation can be verified in the subsequent phases of BRT Phase 4, 5 and 6.

c) Timely Handover of the Site to Ease the Design Process

Following the full implementation of the recommendation, which requires TANROADS to ensure a timely handover of the site to ease the design process it resulted in a timely handover of the site for BRT Phase 3.

d) Documentation Management System (EMDS) Developed

Following the full implementation of the recommendation, which requires

TANROADS to ensure proper documentation and a good record-keeping system, the audit noted that TANROADS has established an electronic documentation management system (EDMS) which enables quick access to information.

e) Thoroughly Reviewed Feasibility Report

The implementation of the recommendation requires TANROADS to ensure the feasibility studies for the future BRT Phases are reviewed thoroughly in collaboration with other associates in the BRT Phases corridors. This resulted in the review of the Dar es Salaam BRT system by engaging a consultant, namely M/s Logit from Brazil, through the financing of the International Development Association (IDA) to study and review the whole BRT system in Dar es Salaam.

f) Elimination of the Potential Delays that Could have Arisen from the Design Review Process

The implementation of the recommendation requires TANROADS to ensure that they enhance contract management to comply with the Contract conditions and assurance of the Project, has enabled TANROADS to take action based on the terms and conditions of the Contract where the Contract for Consultancy Services was terminated due to delays in delivering the services as required by the Contract. The design reviews were completed before the start of construction, as seen in the case of the BRT Phase 3 design review, which was conducted before the works contract was signed. This approach helped TANROADS to eliminate potential delays that could have arisen from the design review process.

g) Liquidated Damage Applied to Contractors due to Delaying the Project

Following the implementation of the recommendation, which required TANROADS to make strategic plans with both the Contractor and Consultant that analyse the mitigation measures to encounter the slippage progress and its impact has been seen by TANROADS deducting TZS 1,695,945,124.37 as Liquidated Damages to the Contractor's Payments through IPC No. 31 due to delayed completion of works.

h) Rectification of the Distress on the Rigid Pavements

The full implementation of the recommendation that required TANROADS to ensure that the consultant prepares a mitigation measure on how to rectify the distress on the rigid pavements and supervise its implementation resulted in the rectification of the distressed pavement by dismantling the defective one and reconstructing a pavement that met the required quality standards and specifications. In the long run, it is expected that the reconstructed pavement will last longer compared to the dismantled pavement that was distressed.

i) Quality of Sand Used for the Construction of the BRT Project Improved

Following the full implementation of the recommendation, which requires TANROADS to ensure that the contractor stops immediately using the natural sand sieve truck and be instructed to adopt a new technology sieving machine with adequate control, TANROADS installed special machines for sand sieving, which improved the quality of sand to be used in the construction of BRT projects. This was also observed on the ongoing project of the BRT Phase 3 Project.

j) Improved the Storage of Materials during the Project Implementation

Following the full implementation of the recommendation, which requires TANROADS to ensure that the storing of stockpile material conforms with the requirement of the special specifications, TANROADS improved the storage of materials during the implementation of BRT Phase 3, whereby materials are stored in areas that are free from dust and in a way that cannot lead to aggregate separation.

k) Compliance with the General Conditions of the Contract Requirements Improved

The full implementation of the recommendation, which requires TANROADS to ensure they comply with Clause 20.2.1 of the General Conditions of the Contract to avoid any difficulties when disputes arise, has significantly improved TANROADS' compliance with the General Conditions of the

Contract requirements. By forming the Dispute Board and using it to address disputes, TANROADS has enhanced its contract management processes and strengthened its dispute resolution mechanisms.

l) Recover of Overpaid Amount

Following the full implementation of the recommendation, which requires TANROADS to enhance the supervision and inspection of measured works and ensure the overpaid costs are recovered in the future IPCs, TANROADS managed to recover the overpaid amount of TZS 91,138,320. Further, the certification of the IPCs was done based on measured work after inspection.

m) Proper Adherence to the Design Drawings during Construction

Following the full implementation of the recommendation, which requires TANROADS to ensure that they maintain consistency in the Design of stations to avoid overdesign in the future BRT Phases, TANROADS has applied this recommendation on BRT Phase 3 where bus stations were built according to the reviewed design drawings which avoided overdesign. In the long run, TANROADS indicated that designs should be reviewed to avoid overdesign for the whole BRT System, including the subsequent phases.

n) Recovered Overpayment Amount from the Consultant Payment

Following the full implementation of the recommendation, which requires TANROADS to correct the approved Payment Voucher figure to avoid any overpayment to the consultant, TANRODS has managed to recover USD 4,315.84, which was overpaid to the consultant in the cause of implementing this recommendation.

o) Timeline for Payment Certificate Approval by the Engineer Improved

Following the full implementation of the recommendation, which requires TANROADS to make sure the Engineer submits the certified certificate within the days specified in the contract, there was no delay of approval by the engineer that was reported in BRT Phase 2 and 3. This prevents TANROADS from paying interest charges as a result of penalties due to delayed payments caused by the Engineer for failure to certify and submit

IPCs on time.

p) Rectification of Errors from Engineer Computations on Payable Interest

Following the full implementation of the recommendation, which requires TANROADS to cross-check the correctness of engineer computations and ensure accurate figures of interest payable before payment, the immediate impact on the implementation of this recommendation was the rectification of errors by deduction of TZS 13,143,232.97.

q) Enhanced Quality Assurance for the Construction Works

Following the full implementation of the recommendation, which requires TANROADS to ensure materials in the stockpile have adequate strength to fit for use in road works, TANROADS managed to conduct tests to verify the strength and quality of materials used for the works. In the long run, it is expected that the roads constructed with materials that are strong and of the required standard, quality, and specifications will last longer and be free from premature failure.

r) Improved Control of Traffic Passing on the Stabilized Layer Before Laying the Pavement

Following the full implementation of the recommendation, which requires TANROADS to ensure it protects the stabilised subbase by avoiding traffic passing on the stabilised subbase so as to achieve the required minimum specifications before placing rigid pavement, has enabled TANRODS not to allow vehicles to pass through the stabilized sub-base before laying the pavement layer. This is being done by having diversions as alternative ways for traffic movement and provision of temporary road signs, flagmen who direct traffic and placement of road barrier blocks from the use by traffic to avoid weakening the stabilized sub-base.

In the long run, the constructed roads will last longer as the stabilized subbase will be stronger. This will prevent the possible occurrence of premature road pavement failure caused by deteriorated sub-base due to traffic.

11.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to TANROADS.

11.5.1 Specific Conclusion

Based on the analysis of the implementation status, the follow-up concluded that TANROADS did not make adequate efforts to implement the issued recommendations. The analysis shows that out of the 34 issued recommendations, 20 were fully implemented, six were partially implemented, seven were not implemented, and one was overtaken by events. Because these recommendations offer sound and practical solutions to the numerous problems that impact TANROADS' performance on its construction projects, TANROADS needs to exert more effort to ensure that all recommendations are implemented.

11.6.2 Specific Recommendations

TANROADS is urged to:

a) Make sure all the recommendations that are not or partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER TWELVE

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE REGISTRATION AND ISSUANCE OF NATIONAL IDENTIFICATION CARDS BY NATIONAL IDENTIFICATION AUTHORITY

12.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on the Registration and Issuance of National Identification Cards, tabled to the National Assembly of the United Republic of Tanzania in April 2021. The main objective of the audit was to assess whether the Ministry of Home Affairs (MoHA), through the National Identification Authority (NIDA), has ensured that all Tanzanians aged 18 and above were registered and issued with National Identification Cards in order to enhance their access to socio-economic activities.

The main audited entity was the National Identification Cards Authority (NIDA), which is responsible for registering and issuing National Identification Cards to eligible citizens in the country, and the Ministry of Home Affairs (MoHA), which is responsible for overseeing the performance of NIDA with regards to registration and issuance of National Identification Cards. The audit focused on the measures taken by the government to ensure that all eligible Tanzanians are registered and issued National Identification Cards. The assessment covered a period of six financial years from 2014/15 to 2019/20.

12.2 Main Findings During the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Registration and Issuance of National Identification Cards.

(a) Low Pace of Issuing National Identification Cards

According to the National Five-year Development Plan (2016/17 – 2020/21), NIDA was required to issue National Identification Cards to all Tanzanians aged 18 and above by June 2020. However, the following findings were noted with regard to the Issuance of National Identification Cards.

A Significant Number of Citizens in Regions had no NID Cards

The Audit Team noted that Mjini Magharibi had 82% of registered citizens who had been issued with National Identification Cards. Dar es Salaam Region had 70% of the registered citizens, Kagera had only 3% of the registered citizens who had been issued with NID Card; Dodoma had 20%; Tabora had 3%; and Tanga had 43% of the registered citizens who had received the National Identification Cards.

A Significant Number of Citizens in Districts had not Received NID Cards

The Audit Team noted that issuance of National Identification Cards differed across districts. For example, in Ngara District, only three per cent of the registered citizens had received National Identification Cards, which was the lowest rate of all the visited Districts, while the highest percentage was noted in Mjini Magharibi District, where 87% of the citizens had received National Identification Cards. The issuance of National Identification Cards in other districts were Bukoba 6%; Dodoma Urban 38%; Igunga 7%; Ilala 74%; Kilindi 34%; Kondoa 27%; Magharibi 87%; Ngara 3%; Nzega 3%; Tanga 67%; and Ubungo 23%.

(b) Inadequate Allocation and Distribution of Resources for Processing National Identification Cards

The following weaknesses with regard to the distribution and allocation of resources for the registration and issuance of National Identification Cards were noted;

Inadequate Allocation of Funds to Cater for Registration and Issuance of NID Cards.

The Audit Team noted that there was inadequate allocation of funds to cater for the registration and issuance of National Identification Cards. The audit further noted that in the financial years 2018/19, 2019/20 & 2020/21, NIDA allocated less than 38% of the disbursed amount for registration and issuance of National Identification Cards at the Regional and District levels.

Uneven Distribution of Staff for Registration and Issuance of NID Cards

The Audit Team noted that only 38% of 150 districts were equipped with three staff, while more than 62% of the districts had one or 2 staff.

Moreover, 10 districts, mostly rural districts in 9 regions, had only one staff to conduct registration and issuance of National Identification Cards.

(c) Inadequate Monitoring of Registration and Issuance of NID Cards

There was inadequate physical monitoring conducted at the Ministry of Home Affairs (MoHA) and National Identification Authority (NIDA), as indicated below.

Inadequate Monitoring and Evaluation Strategy by MoHA for a Period Covered by the Audit

It was observed that MoHA managed to prepare a monitoring plan for all institutions under its mandate, including NIDA, by indicating timelines, estimated costs, responsible personnel, and the type of physical supervision that was conducted in all regions of the county. However, the Ministry did not conduct any physical monitoring of the activities, such as the Registration and Issuance of National Identification Cards conducted by NIDA. It was also noted that the Ministry of Home Affairs did not effectively monitor and evaluate NIDA activities planned to ensure effective and efficient identification, registration, and issuance of national identification cards. According to interviews held with officials at NIDA, the Ministry of Home Affairs did not conduct any independent evaluation of NIDA's performance in registering and issuing National Identification Cards.

Inadequate Conduct of Monitoring by NIDA

The audit team noted a decline in several physical monitoring activities conducted at NIDA. The Audit Team noted that NIDA did not adequately conduct monitoring and evaluation to assess the attainment of registration and issuance of National Identification Cards. Further, the number of physical monitoring of NIDA activities conducted decreased from 14 in 2014/15 to 4 in 2019/20. At the time of the report in April 2021, the Monitoring and Evaluation Unit relied on quarterly implementation reports from different sections to assess the overall performance of the entity.

12.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in the registration and issuance of the national identification cards, a total of seven recommendations were issued in this performance audit, whereby three recommendations were directed to the MoHA and four (4) to NIDA. Their implementation status is as detailed below;

12.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of seven recommendations, three were fully implemented, and four were partially implemented. No recommendation that was either not implemented or overtaken by an event. **Table 12.1** details the level of implementation of the issued audit recommendations.

Table 12.1: Level of Implementation of Recommendations by NIDA and MoHA

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
NIDA	4	2	2	0	0
MoHA	3	1	2	0	0
Total	7	3	4	0	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 12.1 indicates that out of four recommendations given to NIDA, two were fully implemented, and two were partially implemented. Similarly, out of three recommendations given to MoHA, one was fully implemented, and two recommendations were partially implemented.

Further analysis of the issued recommendations for each recommendation category was made based on the four implementation levels. **Table 12.2** details the implementation level for all issued audit recommendations based on these categories.

Table 12.2: Level of Implementation of Recommendations by Category of Recommendation

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	
Implementation/ Execution	0	0	0	0	0
Monitoring and Evaluation	3	1	2	0	0
Coordination	0	0	0	0	0
Development	4	2	2	0	0
Total	**7**	**3**	**4**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 12.2 indicates that out of seven issued recommendations, three recommendations were in the monitoring and evaluation category, whereby one recommendation was fully implemented and two were partially implemented. The development category had four recommendations, of which two recommendations were fully implemented, and two were partially implemented. There is no recommendation in other categories of planning, execution and coordination.

12.3.2 Implementation Status of Recommendations Issued to NIDA

This section details the implementation status of the issued recommendations to NIDA. A total of four recommendations were issued to NIDA. Two recommendations were fully implemented, two were partially implemented, and there was no recommendation that was not implemented or overtaken by the event. **Table 12.3** summarises the implementation status of the recommendations issued to NIDA by category.

Table 12.3: Level of Implementation of Recommendations by Category of Recommendations by NIDA

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	0	0	0	0	0
Monitoring and Evaluation	1	1	0	0	0
Coordination	0	0	0	0	0
Development	3	1	2	0	0
Total	**4**	**2**	**2**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 12.3 indicates that out of four recommendations issued to NIDA, the three recommendations were under the development category, whereby one recommendation was fully implemented, and the other two were partially implemented. On the other hand, one recommendation, which was under the monitoring and evaluation category, was fully implemented.

Below are the details of the status of implementation of the issued recommendations based on the four implementation levels: fully implemented, partially implemented, not implemented, and overtaken by event.

The analysis of four recommendations issued to the National Identification Authority fell under two out of four levels of implementation, which are fully implemented and partially implemented, as detailed below;

(a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and information from NIDA indicated that two recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1:*** *The National Identification Authority should develop performance indicators on timeliness and efficiency and use them to measure and report on matters regarding Registration and Issuance of National Identification Cards.*

This recommendation required NIDA to develop performance indicators on timeliness and efficiency and use them to measure and report on matters regarding Registration and Issuance of National Identification Cards.

A review of submitted responses indicated that the National Identification Authority managed to develop and include key Performance Indicators in relation to the registration and issuance process of NID cards. These indicators are targeted to assess registration attainment, application processing, and issuance of NID cards.

Additionally, it was noted that NIDA has been conducting monitoring from the financial year 2021/22 to 2023/24, during which reports from 64 districts were issued.

Table 12.4: Established Key Performance Indicators and their Usefulness

Indicator Developed	Its Usefulness in Timeliness and Efficiency
Identification and Registration	• Compare the number of registered citizens with targets for registration. • Disbursement of the financial resources budgeted to assist registration activities
Processing of the Request	• Applications that were timely processed • Number of the requests that were not timely processed with the reason for untimely processing • Disbursement of the financial resources budgeted to assist in the timely processing of the applications
NID cards Issuance	• Number of NID cards received for issuance • Coordination of distribution of issued NID cards • Time of issue NID cards to Ward Executive Offices and Village Executive Offices

Source: Auditors' Analysis from the Monitoring Reports, 2024

The established key performance indicators assist NIDA in assessing the performance of every district visited and identifying non-attainment of set targets. Based on the observation, NIDA issued recommendations on using mass registration to boost the registration in the district. For example, the Monitoring and evaluation report of 2023/24 shows that NIDA targeted to register 371,563 citizens but only managed to register 218,508, equivalent to 59% of the target.

The assessment of the timely processing of requests noted that NIDA identified several districts that did not manage to process the submitted application request for NID cards on time, contrary to the Registration and Identification of Persons Regulations, 2014. These regulations require the application to be processed within 180 days. For instance, a review of the Monitoring and Evaluation Report of the 3rd and 4th quarters of 2023/24 revealed that NIDA managed to process 31% and 32% respectively of the request within the required time frame, respectively.

(i) ***Recommendation 2****: The National Identification Authority should prepare and adequately implement the maintenance plan for tools and equipment used for the registration and issuance of National Identification Cards to ensure that they always function effectively*

This recommendation required NIDA to prepare and adequately implement the maintenance plan for tools and equipment used for registration and issuance of National Identity cards to ensure that they always function effectively.

Through the review of maintenance reports covering the period from 2021/22 to 2023/24, the audit noted the maintenance plan was not developed. However, in 2024/2025, the plan was successfully developed by NIDA, and preventive maintenance was carried out. NIDA conducted maintenance activities on a yearly basis. In 2021/22, a total of 10 regions were visited for maintenance; in 2022/23, maintenance was done in 7 regions; and in 2023/24, a total of 9 regions were visited for maintenance.

However, there were discrepancies in the implementation of the maintenance plan. While the plan required maintenance to be conducted quarterly, NIDA has only been conducting maintenance twice a year, contrary to the outlined plan.

Maintenance conducted in the regions involves coverage of ICT equipment at all levels, including equipment at the data centre, disaster recovery, and district offices. The preventive maintenance activities included disk clean-up, troubleshooting, Biometric Voter Registration (BVR)camera settings, and Mobile Enrolment Unit(MEU) camera settings. NIDA also conducted maintenance on both active and inactive equipment, such as server backup, maintenance on MEU and BVR that were inactive, and removal of dust through foam cleaner or blower.

For the financial year 2024/25, a maintenance plan was developed in July 2024 with a budget of TZS 62,910,000 to cover district offices, the Data centre at Kibaha, NIDA Headquarters and NIDA zonal offices. The plan aimed to improve the operational efficiency of registration and issuance of NID cards.

Timely conduct of maintenance to tools and equipment used during registration and issuance ensures sustainability of the tools used for registration and issuance of National Identification Cards.

Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from NIDA indicated that two recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(ii) ***Recommendation 1:*** *The National Identification Authority should strengthen Regional and District Offices by equipping them with the required resources to enable them to smoothly conduct the Registration and Issuance of NID Cards*

This recommendation required NIDA to strengthen Regional and District Offices by equipping them with the required resources in order to enable them to smoothly conduct the Registration and Issuance of NID Cards.

The review of implementation status noted that in collaboration with the Ministry of Home Affairs, NIDA managed to ensure that resources such as financial, human, tools, and equipment were available for utilisation at regional and district levels.

In terms of human resources, it was noted there was an increase of 40 registration officers. By March 2021, there were 439 registration officers in all registration centres, and by October 2024, the registration officers in registration centres increased to 479.

On the financial aspect, for the period 2021/22 to 2023/24, the audit noted that cumulatively, the total of TZS 228,886,767,547 was budgeted, and TZS 233,237,266,622 was released to NIDA to facilitate registration and issuance of NID card activities. The amount released was from internal sources as well as funds from the Government and donors. **Table 12.5** provides details.

Table 12.5: Percentage of the Released Fund

Financial Year	Budgeted Find (In TZS)	Released Fund (In TZS)	Fund (%)
2021/22	48,233,561,385	48,233,561,385	100
2022/23	97,393,551,421	110,336,985,491	113
2023/24	83,259,654,741	74,666,719,746	90
Total	228,886,767,547	233,237,266,622	102

Source: Auditors' Analysis of the Audited Financial Statements, 2024

Table 12.5 indicates that with the exceptional of the financial year 2023/24, whereby NIDA received 90% of the budgeted funds, in the other two financial years of 2021/22 and 2022/23, NIDA received 100% and 113% of the budgeted funds respectively.

The audit revealed that NIDA had successfully connected 15 out of 23 districts to the National fibre backbone. The remaining eight districts had not yet been connected at the time of the audit. NIDA plans to connect the remaining district offices to the fibre backbone in the second quarter of the financial year 2024/25.

By October 2024, the connection of these 15 districts made a total of 149 districts being connected with the national fibre backbone. In the meantime, an alternative connection for the eight offices will be used to continue providing services to customers.

Further review of evidence, the audit noted deficiencies of Biometric kits where 50 Biometric kits are expected to be procured and delivered by March 2025 out of the required 459 kits.

In the financial year 2022/23 and 2023/24, various ICT equipment were procured to replace obsolete tools. The items acquired included routers, switches, desktop computers, servers, laptops, external hard drives, eight Routers, and eight rack servers to enhance district connectivity. Likewise, for the financial year 2024/25, funds amounting to TZS 1,974,920,000 have been allocated for the acquisition of additional ICT equipment.

NIDA distributed a total of 35 motor vehicles to district offices across 153 districts, resulting in a shortage of 118 motor vehicles for the remaining districts. Additionally, 13 new motor vehicles were procured in the financial year 2023/24 and allocated to six Regional Registration Offices, which are Arusha, Dodoma, Dar es Salaam, Mbeya, Mwanza, and Zanzibar. The remaining seven motor vehicles were waiting to be allocated to other regions. The audit witnessed seven new motor vehicles, as shown in **Photo 12.1.**

Photo: 12.1: Seven newly procured motor vehicles captured by Auditors on 29/11/2024

(iii) ***Recommendation 2:*** *The National Identification Authority should develop and implement a Plan that will guide its efforts to expeditiously clear the backlog of unproduced National Identification Cards and ensure that all eligible citizens receive them within the stipulated timeframe.*

The recommendation required NIDA to develop and implement a Plan that will guide its efforts to expeditiously clear the backlog of unproduced National Identification Cards and ensure that all eligible citizens receive them within the stipulated time frame.

In the review of NIDA's response to the issued recommendation, the Audit acknowledged the efforts that were established by NIDA towards eliminating the backlog of registered applicants. These efforts include planning and financing various operations regarding mass registration and normal registrations from the financial year 2020/21 to 2023/24 and the successful integration of the two new machines, which increased production.

The audit noted that no plan to deal with backlog was developed between 2021/22 and 2023/24, but for the financial year 2024/25, NIDA managed to develop a backlog clearance action plan for Kigoma and Kagera. The plan intended to involve the immigration department specifically for refugees' services and security committees for Kigoma and Kagera regions as main stakeholders. With other functions, the team intends to mobilise people to show up for this registration verification, starting at the village and ward levels in the regions that are located near borders, which could allow the existence of refugees.

The audit noted that for the period from 2021/22 to 2023/24 in Kagera, NIDA had a backlog of 237,118 unproduced NID cards and managed to clear 34,127 applications, equivalent to 14%. Kigoma had a backlog of 225,259 and managed to clear 23,793 equivalents of 9% by 30 August 2024, which implied a slow pace of clearance. However, the recommendation is termed as partially implemented due to existing backlog clearance.

12.3.3 Implementation Status of Recommendations Issued to MoHA

This section details the implementation status of the issued recommendations to the MoHA. A total of three recommendations were issued to MoHA. One recommendation was fully implemented, while the other two recommendations were partially implemented. **Table 12.6** summarises the implementation status of the recommendations issued to MoHA by category.

Table 12.6: Level of Implementation of Recommendations by Category of Recommendations by MoHA

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	0	0	0	0	0
Monitoring and Evaluation	2	0	2	0	0
Coordination	0	0	0	0	0
Development	1	1	0	0	0
Total	**3**	**1**	**2**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 12.6 indicates that among three recommendations issued to MoHA, the monitoring and evaluation category had two recommendations, all of which were partially implemented. The other recommendation was in the development category and was fully implemented.

Below are the details of the implementation status of the issued recommendations based on the four implementation levels: fully implemented, partially implemented, not implemented, and overtaken by event. The analysis of three recommendations issued to MoHA fell under two out of four levels of implementation, which are fully implemented and partially implemented, as detailed below.

(a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and information from MoHA indicated that one recommendation was fully implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 1:*** *The Ministry of Home Affairs should ensure that NIDA has and adequately utilize resources for registration and issuance of National Identification Cards to all eligible citizens*

This recommendation requires MoHA to ensure the allocation and utilization of resources such as financial and human resources to enable prompt conduct of registration and issuance of National Identification Cards.

In terms of financial aspects, the Ministry of Home Affairs, through VOTE 51, successfully included the budget for the National Identification Authority (NIDA)to cater to both Other Charges and the Development Fund. For three years, from 2021/22 to 2023/24, the subvention provided by the Ministry of Home Affairs to the National Identification Authority amounted to TZS 178 billion, compared to a budgeted amount of TZS 163 billion. Details are provided in **Table 12.7.**

Table 12.7: Budgeted and Actual Subvention Released to NIDA

Financial Year	Budget (In Billions TZS	Actual Disbursed (In Billion TZS)	Disbursed Fund (%)
2021/22	11	22	196
2022/23	69	82	164
2023/24	83	74	95
Total	163	178	112

***Source*:** Auditors' Analysis of the Audited Financial Statements, 2024

The reviewed Financial Statement showed that, for the past three years, NIDA had budgeted a total of TZS 163.1 billion, but the amount released was TZS 178 billion. During the financial year (the final year involved in the audit), the funds released were TZS 12 billion (38%) of the budgeted amount of TZS 31.70 billion.

The release budget was influenced by the implementation of registration activities by NIDA that included infrastructure improvement, procurement of tools needed for registration and issuance of NID cards, such as materials for printing cards and connectivity of districts with national fibre, that will ensure promptly conduct of registration activities by NIDA.

Through a letter with Reference No. FA.97/228/01" TEMP"/06 of April 2023 and a letter with Ref. No FA/97/228/01/9 of May 2022, it was revealed that RITA was allowed by the President's Office - Public Service Management and Good Governance to recruit staff.

Therefore, the allocation of registration officers to registration centres changed over time. As of March 2021, NIDA had a total of 439 registration officers, and by October 2024, registration officers in registration centres increased to 479, implying an increase of 40 registration officers in three years. This increase led to the allocation of at least one registration officer to every registration centre across the country, ensuring better coverage and efficiency in the registration process.

(b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from MoHA indicated that two recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1:*** *The Ministry of Home Affairs should regularly monitor the performance progress of NIDA using well-defined performance indicators concerning the registration and issuance of National Identification Cards*

This recommendation required MoHA to regularly monitor the performance progress of NIDA using well-defined performance indicators with regard to registration and issuance of National Identification Cards.

From the review of Monitoring and Evaluation Reports for the period from 2021/22 to 2023/24, it was noted that, MoHA managed to establish Key Performance Indicators related to registration and issuance and also managed to conduct monitoring.

The number of monitoring activities related to registration and issuance of national identification cards, MoHA assessed targets for registration, actual registration, NID received for distribution, actual NID cards taken by eligible citizens, and connectivity to the national fibre.

During the monitoring, MoHA managed to identify various challenges that the National Identification Authority faces, including Non-attainment of Registration Targets, Non-collections of NID Cards, Untimely release of funds to facilitate activities for registration and issuance of NID Cards, and Shortage of tools, equipment, and human resources to assist registration and issuance of NID Cards. **Table 12.8** provides details.

Table 12.8: Monitoring Conducted by MoHA

Financial Year	Number of Planned Monitoring	Number of Actual Monitoring Conducted	Percent of Monitoring Conducted (%)
2021/22	4	1	25
2022/23	4	1	25
2023/24	4	3	75

Source: Auditors' Analysis from Monitoring and Evaluation Reports, 2024

Table 12.8 reveals that from 2021/22 to 2023/24, MoHA managed to conduct five out of the twelve required monitoring. There has been an increase in the conduct of monitoring from one in the year 2021/22 to three in the year 2023/24.

(ii) ***Recommendation 2**: The Ministry of Home Affairs should conduct an independent evaluation of the performance of NIDA using well-defined performance indicators with regard to the registration and issuance of National Identification Cards*

This recommendation required the Ministry of Home Affairs to conduct an independent evaluation in relation to the registration and issuance of NID Cards by using Key Performance Indicators.

A review of Monitoring and evaluation reports from the Ministry of Home Affairs for the period from 2021/22 to 2023/24 reveals that the Ministry of Home Affairs conducted evaluation managed to conduct evaluation regarding the performance of NIDA on registration and issuance of NID cards in every year. For the period from 2021/22 to 2023/24, the Ministry of Home Affairs managed to conduct an evaluation once in the year 2021/22, once in the year 2022/23 and three times in the year 2023/24.

For the financial year 2021/22 to 2023/24, the audit noted that MoHA conducted monitoring in 21 regions to assess the performance of NIDA in registering and issuing national identification cards. These regions were Songwe, Mbeya, Rukwa, Tabora, Shinyanga, Dar es Salaam, Zanzibar, Morogoro, Pwani, Arusha, Manyara, Kilimanjaro, Tanga, Mwanza, Mara, Geita, Ruvuma, Iringa, Mtwara, Lindi, Njombe, Kagera, Kusini Unguja and Unguja Kaskazini.

During the evaluation, several indicators were assessed, including the attainment of registration targets. National Identification cards were received, and the collection of National Identification Cards was completed. These factors were all important in assessing the overall performance of NIDA.

12.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the fully or partially implemented recommendations.

12.4.1 Impact of Recommendations Issued to NIDA

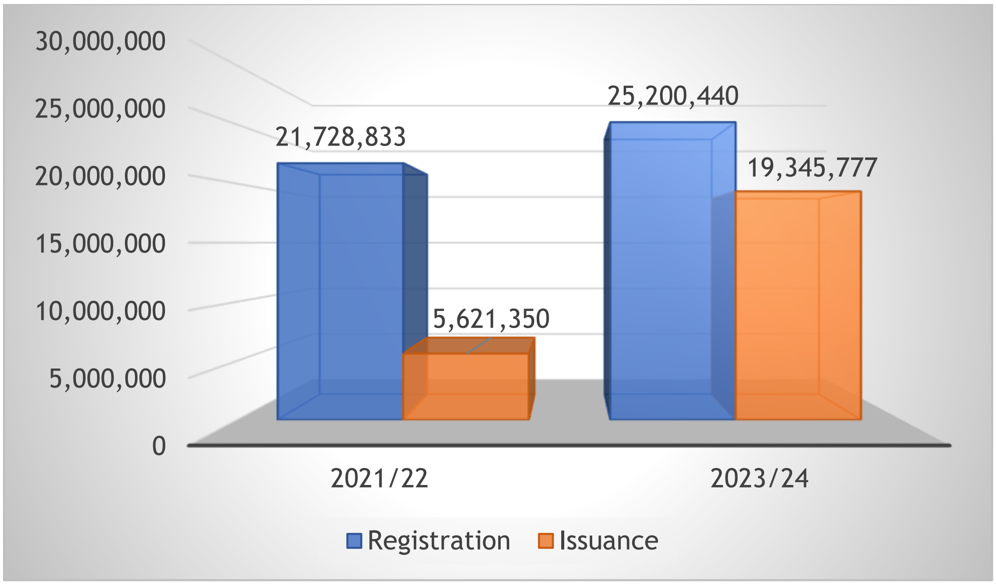
The recommendations implemented by NIDA had the following impact on the Registration and Issuance of the National Identification Cards.

a) **Improved Registration and Issuance of NID Cards**

The full implementation of this recommendation, which requires NIDA to strengthen Regional and District Offices by equipping them with the required resources to enable them to smoothly conduct the Registration and Issuance of NID Cards, NIDA increases the issuance of NID Cards to 244% as required by 2nd National Five Years Development Plan (2016/17– 2020/21) NIDA is required to issue National Identification Cards to all Tanzanians aged 18 years old and above.

For the period from March 2021 to October 2024, the audit noted an increase in NID cards issued, from 5,621,350 in 2021 to 19,345,777 in 2024. An increase equivalent to 244% on issuance of NID cards. Overall improvement in the registration and issuance of NID cards is detailed in **Figure 12.1.**

Figure 12.1: Impact of the Implementation of Recommendations



Source: Auditors' Analysis from Registration and Issuance of NID Cards Reports, 2024

Figure 12.1 shows that there was an increase in the issuance of NID cards as a result of the availability of human and financial resources that were needed for registration and issuance of NID cards.

b) Performance Measurement and Reporting on Matters Regarding the Registration and Issuance of National Identification Cards

The full implementation of recommendations, which require NIDA to develop performance indicators on timeliness and efficiency and use them to measure and report on matters regarding the Registration and Issuance of National Identification Cards, assist NIDA in identifying stages to which there were inefficiencies. The developed indicators allow NIDA to identify districts that were not able to attain registration targets and the number of citizens in the district who were unable to collect their National Identification Cards.

c) Improved Maintenance of Tools and Equipment Used for the Registration and Issuance of National Identification Cards

Regular maintenance of ICT equipment enhances overall system reliability and efficiency. This is due to the reason that regular maintenance extends the lifespan of devices by minimizing wear and tear and boosts performance through timely updates and optimizations. It further strengthens security by addressing vulnerabilities with software patches and safeguarding data through regular backups.

d) Registration Target Attained

Implementation of the recommendation, which requires NIDA to develop and implement a Plan that will guide its efforts to expeditiously clear the backlog of unproduced National Identification Cards and ensure that all eligible citizens receive them within the stipulated timeframe, enables NIDA to attain the registration targets either by issuing a National Identification Number or National Identification Cards to registered applicants that would be used as identification of the eligible citizens.

12.4.2 Impact of Recommendations Issued to MoHA

The recommendations implemented by MoHA had the following impact on the Registration and Issuance of National Identification Cards.

a) Improvement in Registration of Eligible Citizen

The audit team made an impact assessment of registration improvement from the time when the audit was conducted to the time of follow-up due to the implementation of the recommendation, which requires MoHA to ensure that NIDA has adequately utilised resources for registration and issuance of National Identification Cards to all eligible citizens. The audit noted improvement in the registration of eligible citizens, with an increase in Registration of citizens above 18 years old by 16% from April 2021, when the audit was concluded as required by sections 1 and 2 of the Registration and Identification of Persons Regulation of 2014 that require NIDA to ensure that all Tanzanian aged 18 years old and above are registered.

For the period from March 2021 to October 2024, the audit noted improvement in the registration of citizens. Cumulatively, there was an increase of eligible citizens registered from 21,728,833 in March 2021 to 25,200,440 in October 2024, which is equivalent to an increase of 16%.

b) Enhanced Performance Monitoring on the Registration and Issuance of National Identification Cards

Implementation of recommendations that require MoHA to monitor the performance progress of NIDA using well-defined performance indicators concerning the registration and issuance of National Identification Cards allows MoHA to identify the backlog of unregistered eligible citizens to the districts involved in monitoring. Also, it assisted MoHA in identifying districts that were not connected to National Fibre, hence improving the efficiency of the National Identification Authority.

c) Improvement of Registration Resources at the Districts

Following the implementation of the recommendation, which requires MoHA to conduct an independent evaluation of the performance of NIDA using well-defined performance indicators concerning the registration and issuance of National Identification Cards through an evaluation conducted by the National Identification Authority, MoHA issued recommendations that require NIDA to provide resources to districts that are found to have shortage and maintenance of IT registration tools. This improves registration and issuance of national identification cards.

12.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to NIDA and MoH.

12.5.1 Specific Conclusion

The audit acknowledges the effort executed by the management of the Ministry of Home Affairs and National Identification Authority to ensure the implementation of issued recommendations. Out of seven recommendations that were issued in the performance audit on the registration and issuance of National Identification Cards, three recommendations were fully implemented, and four were partially implemented.

Furthermore, due to the implementation of the recommendations, the audit noted that, there was a noticeable improvement in registration and issuance of National Identification Cards from the time of the audit due to the following as the registration of eligible citizens increased from 21,728,833 in 2021 to 25,200,440 in 2024 and the issuance of National Identification Cards increased from 5,621,350 in 2021 to 19,345,777 in 2024.

12.5.2 Specific Recommendations

The Ministry of Home Affairs is urged to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER THIRTEEN

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE CONTROL OF HYGIENIC PRACTICES IN FOOD MARKETS

13.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on the Control of Hygienic Practices in the Food Market, tabled to the National Assembly of the United Republic of Tanzania in April 2021. The main audit objective was to assess whether PO-RALG, through Local Government Authorities, have adequately managed hygienic practices in food markets to ensure the safe delivery of food products to the public.

The main audited entity was the President's Office – Regional Administration and Local Government (PO-RALG), as it is responsible for supervising all matters related to overall public health and food hygiene in marketplaces in the country. The audit also covered Local Government Authorities that own food markets and are responsible for building and maintaining food markets in their areas of jurisdiction. The Audit focused on the efforts undertaken by the PO-RALG to ensure hygiene practices are instituted and adhered to in the food markets. To establish a performance trend of hygiene control as performed by PO-RALG through LGAs. The Audit covered four (4) financial years from July 2016/17 to June 2019/20, as in that period, there were reports of increased poor hygienic practices in food markets.

13.2 Main Findings during the Previous Audit

The following is a summary of the main findings of the Performance Audit on the Control of Hygienic Practices in the Food Market.

(a) Inadequate Controls in Supporting Hygiene

LGAs had uncomprehensive by-laws that did not cover pertinent issues related to hygienic control in markets. These issues included the management of solid and liquid waste, the presence of penalties and fines, food safety, which covered zoning and arrangement of food on the floor, health check-ups for food handlers only and the presence of market committees. This was attributed to the minimal emphasis and priority placed on hygienic issues by LGAs and PO-RALG and the non-involvement of Health Officers in the establishment of by-laws.

The auditors noted that eight out of 20 visited markets with inadequate vendor management, whereby markets had no registers for vendors in their areas. These Markets were Sabasaba in Dodoma CC, Kibaigwa Mbogamboga and Kongwa in Kongwa DC, Rujewa Market in Mbarali DC, Mikaratusini in Kibondo DC, Jioni Market in Sengerema DC, Jioni Market in Kigoma Ujiji MC and Gongo la Mboto in Ilala MC. In addition, two out of five visited specialised markets had no registers for their vendors. These markets were Kibaigwa in Kongwa DC, and Igurusi in Mbarali DC.

Similarly, selling stalls were not allocated according to the standards and capacity of the market due to the addition of selling stalls on pathways and inadequate control of the number of vendors in the market.

Furthermore, seven markets were established in the areas not designated for business by Town Planners, indicating LGAs lacked control over market establishment. Only three out of seven markets were established by LGAs, which included SIDO in Mbeya CC, Mikaratusini in Kibondo DC and Mecco in Ilemela MC. The remaining four markets, which included Sabasaba in Dodoma CC, Gongolamboto in Ilala MC, Jioni in Kigoma Ujiji MC and Sengerema DC, were established by traders. Inadequate control was also evidenced through the extension of markets out of the proposed areas, such as Ilala in Ilala MC, Sabasaba and Majengo in Dodoma CC, TAZARA in Temeke MC and Kibondo in Kibondo DC.

The auditors noted that 18 out of 25 visited markets that were established more than five years ago and did not observe best practices requirements for hygiene. These requirements were zoning, food not to be arranged on the floor based on the Public Health Act, 2009, management of solid and liquid waste, improved water, sanitation and hygiene (WASH) services such as inadequate provision of water, number of toilets, hand washing stations and adequate drainage structures.

The reasons for the established markets not meeting the hygiene requirements were attributed to the non-involvement of health officers at the design stage of the markets and difficulties in controlling markets that were already established without adequate infrastructures in place.

The auditors noted further that six out of 20 visited formal markets, which had no market committees and 12 markets that did not have a market constitution. These markets were Jioni in Kigoma Ujiji MC and Sengerema DC, Mikaratusini in Kibondo DC, and Ilala and Gongo la Mboto in Ilala MC. Furthermore, there were only eight markets where their committees were found functional, while in 12 markets, their committee were non-functional. This was attributed to the absence of market guidelines caused by insufficient control and monitoring by LGAs. The absence of market committees leads to inadequate links between the market managers and traders in enhancing hygiene standards and other matters in the market.

(b) Unsatisfactory Market Infrastructure and Sanitation System

Infrastructures and sanitation systems for 15 out of 25 markets were not functioning well enough to support hygiene requirements. This was due to insufficient funding for development and maintenance. Although LGAs receive adequate revenue from the markets, only two out of ten LGAs allocate funds for infrastructure maintenance and development. In Ilala MC, the allocated funds were less than 15% of the collected revenue, whereas in Ilemela MC, the Kirumba market allocated 9.5%, while the Mwaloni market was given 52.7%.

Poorly designed established markets were found in all 25 visited markets with varying deficiencies. 16 out of 25 markets had drainage deficiency, while 13 markets had roof cover deficiency. In addition, 16 and 15 markets had deficiencies in floor pavement and selling stalls, respectively. Furthermore, there were 14 markets with a deficiency of solid waste, while markets with a deficiency in offloading areas and toilets were 17 and 13, respectively.

12 out of 25 visited markets were found to have not been supplied with water. The worst-case scenario was evidenced at Kibondo Town and Mikaratusini markets in Kibondo DC, where there was no water in the toilets. As a result, traders abandoned the use of public toilets, which contributed to the loss of revenue that could have been obtained from the provision of

toilet service. Additionally, the Auditors noted that 16 out of 25 visited markets had inadequate management of solid wastes. Fifteen of these markets were managed by LGAs, and 10 markets had their services outsourced. This solid waste mismanagement was caused by the untimely removal of waste from the markets, the presence of a collapsed waste storage bay, inadequate design, and inadequate management of contracts.

The Audit Team found that 11 out of 25 markets had no drainage structures to prevent stormwater stagnation and runoff in the markets. Also, six out of 14 markets had deteriorated drainage systems since they were not being periodically maintained. Furthermore, insufficient sanitation facilities were located in urban area markets compared to the ones in rural areas. It was observed that, in urban areas, there was a high ratio of latrines to the number of vendors: 716 vendors to one toilet compared to 169 vendors to one toilet in rural areas. This was caused by improper control of infrastructures in both established markets and expansion.

13.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in the control of hygienic practices in food markets, a total of ten recommendations were issued in this performance audit, whereby all recommendations were directed to the President's Office – Regional Administration and Local Government. Their implementation status was as detailed below;

13.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of ten recommendations, none were fully implemented, three were partially implemented, seven were not implemented, and none were overtaken by events. **Table 13.1** details the level of implementation of the issued audit recommendations.

Table 13. 1: Level of Implementation of Recommendations by PO-RALG

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
PO-RALG	10	0	3	7	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 13.1 indicates that out of ten issued recommendations, none were fully implemented, three were partially implemented, seven were not implemented, and there was no recommendation that has been overtaken by the event.

Further analysis of the issued recommendations for each implementation category was made based on the four implementation levels. **Table 13.2** details the implementation level for all issued audit recommendations based on these categories.

Table 13.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	4	0	2	2	0
Implementation/ Execution	2	0	0	2	0
Coordination	1	0	0	1	0
Monitoring and Evaluation	1	0	1	0	0
Development	2	0	0	2	0
Total	**10**	**0**	**3**	**7**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 13.2 indicates that the planning category had four recommendations whereby none were fully implemented, two were partially implemented, and two were not implemented, and the implementation/executed category had two recommendations which were not implemented; the coordination category had one recommendation which was also not implemented, monitoring and evaluation had one recommendation which was partially implemented and development category had two recommendations which were not implemented.

13.3.2 Implementation Status of the Audit Recommendations

The detailed analysis of ten recommendations issued to PO-RALG indicates that their implementation status fell under two out of four levels of implementation, namely, partially implemented and not implemented, as detailed below.

(a) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from PO-RALG indicated that three recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1:*** *PO-RALG was obliged to enhance adequate efforts to improve hygiene practices in Food Markets.*

In addressing this recommendation, PO-RALG, through RSs and LGAs, planned to enhance market administrations to execute their responsibility to ensure food hygiene and market standards are adhered to.

As of August 2024, PO-RALG, through the Regional Secretariats (RSs) and Local Government Authorities (LGAs), reported strengthening market administration by ensuring each food market has a health officer responsible for inspecting food safety and the overall environment. These health officers also provide health education on food hygiene, handling, storage, and the hygiene of food handlers. In the 2023/24 and 2024/25 financial years, PO-RALG respectively employed 107 and 400 Environmental Health Officers to work at the council and ward levels, focusing on various preventive health interventions, including managing food safety in markets.

The audit analysed the responses from PO-RALG and found that this recommendation was partially implemented. This was primarily due to the fact that the submitted evidence (*Tangazo la Ajira za Afya)* by PO-RALG did not verify the availability of newly employed environmental health officers and their allocation to the council and ward levels.

However, during site verification at LGAs, particularly in the Dodoma region, it was spotted that Dodoma City Council had 31 Health Officers allocated in the wards, where the actual demand was 41.

(ii) ***Recommendation 2:*** *The President's Office – Regional Administration and Local Government should ensure that Regional Secretariats have adequate Hygiene Monitoring Mechanisms in Food Markets.*

To address this recommendation, PO-RALG planned to develop a comprehensive checklist to ensure thorough and consistent monitoring of food markets. This checklist would serve as a tool to assess hygiene practices, compliance with regulations, and overall market conditions, helping to identify areas needing improvement and ensuring that all necessary standards are met regularly.

The response shows that PO-RALG, in collaboration with the Tanzania Bureau of Standards (TBS), has developed eight monitoring tools to enhance food safety and hygiene on various premises. The tools are aimed at enabling LGAs to conduct food safety and hygiene inspections.

The auditor analysed the response and noted that PO-RALG did not ensure RSs undertake monitoring mechanisms in food markets. However, during the verification at PO-RALG, the Audit Team was issued with monitoring tools that lacked indicators to enable monitoring hygiene practices in Food Markets.

Moreover, the site verification at RSs revealed that RSs did not have any evidence to indicate periodic monitoring of food markets, nor did the councils submit monitoring reports to RSs. Therefore, this recommendation was partially implemented.

(iii) ***Recommendation 3:*** *PO-RALG was required to set aside adequate funds for infrastructural development.*

To address these issues, PO-RALG planned to issue an instruction letter and conduct follow-ups. The instruction letter will outline the specific actions required to ensure the utilisation of funds to address infrastructural issues in the food markets.

As of December 2024 PO-RALG had issued a circular letter with reference No. GB.322/492/01 dated 22 April 2021 to the Regional Secretariats and Local Government Authorities. The letter emphasised the importance of using funds collected from various fines and fees for environmental health activities to enhance environmental health services and improve services or infrastructure within the markets.

However, this recommendation was partially implemented because PO-RALG did not indicate whether the RSs implemented the directives on setting aside funds. Moreover, there were no arrangements from PO-RALG to make a follow-up on the implementation.

During site verification and interviews with officials from LGAS, it was revealed that there were no specifications for the fines/fees to be used for environmental health activities. All funds were collected in one system, known as the POS system, and this made it difficult to set aside funds for market infrastructural developments.

(b) Details of Recommendations that were not Implemented

The analysis of submitted evidence and information from PO-RALG indicated that seven recommendations were not implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 4:*** *PO-RALG, in collaboration with the Ministry of Health Community Development Gender, Elderly and Children, should develop regulations, guidelines and checklists for inspection and hygiene requirements at food markets.*

To address this recommendation, PO-RALG planned to collaborate with the Ministry of Health to facilitate the formulation of guidelines for food hygiene in markets.

PO-RALG's response on the implementation of this recommendation indicated that there was a shift in the mandate for food hygiene and safety from the Ministry of Health (MoH) under TFDA to the Ministry responsible for Trade and Industries under TBS resulting in the transfer of all relevant policy documents from MoH to TBS. This transition temporarily slowed the implementation of MoH guidelines related to food safety and hygiene.

To address this, TBS, in collaboration with PO-RALG, has finalized Government Notice No. 680 of 2021 (GN. NA. 680/2021), which clearly defines the roles of TBS and Local Government Authorities (LGAs) in overseeing food safety, hygiene, and premises regulation. Additionally, the GN includes comprehensive checklists for food hygiene inspections and food premise registration.

However, no guidelines or regulations were developed in collaboration with TBS. The evidence provided by PO-RALG defines the roles of TBS and Local Government Authorities in terms of overseeing the inspection of food safety and cosmetics in food premises and not inspection and hygiene at food markets as stated by the PO-RALG.

Additionally, during the verification at PO-RALG, the Audit Team was issued a draft checklist for food market inspection, but the document was not approved by the management of PO-RALG.

Furthermore, it has been three years since the audit report was issued, and PO-RALG has yet to develop or finalise a draft of the guideline. This delay suggests that the recommendation has not been adequately addressed, highlighting the need for further action and evidence to demonstrate compliance. Therefore, this recommendation was not implemented.

(ii) ***Recommendation 5:*** *PO-RALG was required to conduct an adequate need analysis on hygiene requirements during the establishment and expansion of markets.*

To address this recommendation, PO-RALG planned to review the existing requirements for establishing and expanding markets to ensure that they comprehensively address food hygiene standards.

The response of PO-RALG on the implementation of this recommendation was that PO-RALG, through RSs and LGAs, will ensure that the required standards for food markets are adhered to in the establishment/expansion of food markets.

This recommendation was not implemented, as PO-RALG did not provide clear details on how it would ensure that the required standards for food markets are adhered to during the establishment and expansion of food markets. While PO-RALG mentioned the intention to review the existing requirements, there was no indication of specific actions, processes, or mechanisms to ensure that food hygiene and safety standards are consistently enforced in new or expanded markets.

Moreover, the site verification at LGAs indicated that this recommendation was not implemented. For example, the location of the market toilet at Mavunde Food Market in Dodoma City Council was very far from the market, and it was privately owned.

(iii) ***Recommendation 6****: PO-RALG was required to ensure the presence of comprehensive by-laws and the application of sanctions and penalties*

In its response, PO-RALG is to provide directives to LGAs to ensure the inclusion of by-laws regarding food hygiene in markets in their LGA by-laws and their enforcement.

As of August 2024, PO-RALG indicated that the Environmental Health Officers at the Regional Secretariat (RS) and Local Government Authority (LGA) levels continue to enforce compliance with the Public Health Act No. 1 of 2009, Part V, which governs food safety, hygiene, nutrition, and market regulations. Public food market administrations have established health and sanitation committees responsible for overseeing food hygiene in markets. However, management recognizes the need for regular capacity-building initiatives to strengthen the effectiveness of these committees and ensure continuous improvement in food hygiene standards.

However, this recommendation was not implemented, as there was no proof to indicate the facilitation of the development and approval of by-laws by PO-RALG.

During site verification at LGAs, it was further noted that there were no by-laws to manage the application of sanctions and penalties in the markets.

(iv) ***Recommendation 7****: PO-RALG should Ensure the availability of a structured monitoring plan with adequate indicators on hygiene practices in Food Markets at all levels of RSs, LGAs and PO-RALG*

In addressing this recommendation, PO-RALG planned to communicate with TBS and the Ministry of Health (by then the Ministry of Health Community Development Gender, Elderly and Children) to enhance collaboration and coordination and come out with a harmonised monitoring plan for hygiene in all food markets.

In its response, PO-RALG indicated that it had collaborated with the Tanzania Bureau of Standards (TBS) and developed monitoring tools for food hygiene to be used by Local Government Authorities (LGAs). These tools facilitate systematic oversight and ensure compliance with hygiene standards, with reporting conducted quarterly.

The auditors could not find any monitoring plan from PO-RALG with adequate indicators of hygiene practices apart from the MoU with TBS. Therefore, this recommendation was not implemented. This is attributed to the fact that the MoU is yet to be implemented. Moreover, there were no measures to facilitate the implementation of the MoU. It was moreover noted that the submitted evidence did not have any indicator to enable monitoring hygiene practices in Food Markets rather, it was indicated only in places like restaurants, Butchers, wholesale and retail food shops, slaughterhouses, Bars, etc.

In addition, it has been three years since this audit was tabled, and PO-RALG had no working plans towards monitoring hygiene practices.

(v) ***Recommendation 8****: PO-RALG was required to ensure control over the establishment of markets is enhanced*

Under this recommendation, PO-RALG planned to conduct follow-ups to ensure that control over the establishment of markets is enhanced.

As of August 2024, PO-RALG, through the Regional Secretariats (RSs) and Local Government Authorities (LGAs), responded that they would continue making follow-ups on the establishment of food markets.

The auditors acknowledge the response from PO-RALG; however, this recommendation was not implemented as there was no evidence attached to support the response. While PO-RALG indicated its intention to continue making follow-ups on the establishment of food markets, the absence of supporting documentation, such as progress reports, inspection records, or any other verification materials, made it impossible for the auditors to confirm whether the follow-up actions were actually carried out or whether the required standards were being met.

(vi) ***Recommendation 9:*** *PO-RALG was required to ensure adequate control over the establishment and expansion of markets.*

To address this recommendation, PO-RALG planned to conduct regular follow-ups on the establishment and expansion of markets. These follow-ups will ensure that the development of new markets and the expansion of existing ones are carried out in accordance with the required standards and regulations.

In its response, PO-RALG, through the Regional Secretariats (RSs) and Local Government Authorities (LGAs), is conducting regular inspections of food markets, including ongoing projects, to ensure adherence to established standards. These inspections aim to monitor compliance with health, safety, and infrastructure guidelines and ensure that new and expanding markets meet the necessary requirements.

The auditor analysed the response from PO-RALG and noted that there were no measures (plans) to ensure control over the establishment and expansion of markets.

However, PO-RALG submitted some inspection reports from the Department of Health, Environment and Sanitation (30 October – 04 November 2023).

These reports were not linked to control over the establishment and expansion of markets in the country. Also, there were no reports on the establishment or expansion of the markets.

(vii) ***Recommendation 10****: PO-RALG was required to ensure proper coordination between important stakeholders in the market, mainly market administration and market committees*

Under this recommendation, PO-RALG planned to conduct regular follow-ups to ensure proper coordination between important stakeholders in the market, mainly market administration and market committees.

In response to this recommendation, PO-RALG, through the Regional Secretariats (RSs), will continue to conduct routine follow-ups to strengthen the coordination among market stakeholders.

However, the review and analysis of responses and evidence from PO-RALG indicated that this recommendation was not implemented. While this directive was an initial step in strengthening coordination, no further follow-ups were made to ensure the effective coordination of hygiene matters at the RSs and Local Government Authorities (LGAs) levels. As a result, the intended outcomes of improved coordination and enhanced hygiene standards were not fully realised.

Moreover, during the site verification, it was revealed that there were no follow-up reports from the RSs and no records at the market level indicating an undertaking to follow-up by PO-RALG.

13.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the fully or partially implemented recommendations.

13.4.1 Impact of Recommendations Issued to PO-RALG

The recommendations implemented by PO-RALG had the following impact on the Control of Hygienic Practices in Food Markets.

a) Strengthened Market Administration for Inspecting Food Safety

Following the implementation of recommendations which require PO-RALG to enhance adequate efforts to improve hygiene practices in Food Markets by ensuring that each food market has a health officer responsible for inspecting food safety and the overall environment, the assignment of Health Officers to specific wards by Local Government Authorities (LGAs) reflects a targeted effort to improve hygiene practices in food markets. This initiative if well supervised and monitored, enhances food safety, ultimately promoting a healthier environment and reducing foodborne illnesses.

b) Hygiene Monitoring in Food Markets Enhanced at Regional Secretariats

Following the implementation of recommendations that require PO-RALG to ensure that regional secretariats have adequate hygiene monitoring mechanisms in food markets, PO-RALG developed checklists for the inspection of environmental health premises, including food substances and food premises. Since the checklist has not been approved and implemented, the audit could not find any direct impact towards ensuring the availability of a monitoring plan with adequate indicators of hygiene practices. However, the checklist could serve as an important monitoring tool when fully operationalised.

c) Mechanism for Securing funds for Improved Infrastructural Development

Following the implementation of recommendations which require PO-RALG to set aside adequate funds for infrastructural development through issuing a circular letter with reference No. GB.322/492/01 dated 22 April 2021 to the Regional Secretariats and Local Government Authorities, which emphasised the importance of using funds collected from various fines and fees for environmental health activities, the issuance of the circular letter by PO-RALG is expected to improve market conditions by ensuring that funds collected from fines and fees are reinvested to improve services or infrastructure within the markets. The initiative also promotes accountability in fund usage, ensuring that revenue is directed towards meaningful improvements in market services and facilities.

13.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to PO-RALG.

13.5.1 Specific Conclusion

Based on the analysis of the implementation status, the follow-up concluded that the PO-RALG did not make adequate efforts to implement the issued recommendations. The management of PO-RALG should ensure that all recommendations are fully implemented as they present valid and actionable solutions to various issues affecting their performance.

13.5.2 Specific Recommendations

PO-RALG is urged to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER FOURTEEN

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON THE CONTROL OF PLASTIC WASTE POLLUTION IN MAJOR LAKES AND OCEANS

14.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on the Control of Plastic Waste Pollution in Major Lakes and Oceans, tabled to the National Assembly of the United Republic of Tanzania in April 2021. The audit objective was to determine whether the government has adequately managed to Control Plastic Waste Pollution in Major Lakes and Ocean.

The main audited entities were the Vice President's Office (VPO) through the National Environmental Management Council (NEMC), the overall overseers of environmental management matters in the country, including the management of plastics waste pollution, and the President's Office Regional Administration and Local Government through Local Government (PO-RALG) which is responsible for monitoring the performance of LGAs in the control of plastic waste pollution into Major Lakes and Ocean. The audit mainly focused on the management control of plastic waste pollution in major lakes and oceans over the four financial years (2017/18 to 2020/21).

14.2 Main Findings during the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on the Control of Plastic Waste Pollution in Major Lakes and Oceans.

(a) Inadequate implementation of Awareness Campaigns

LGAs did not adequately conduct education campaigns for the citizens on the implementation of the Reduce, Re-use and Recycle (3Rs) model, indicating the waste hierarchy of reducing, recycling, and re-using waste. It was also noted that, LGAs did not have a well-designed community awareness program since the planned awareness programs were not clear on how often the program should be carried out – weekly, monthly, bi-annually, or annually. It was also not clear who the targeted audience was and in which form it would take (advertisement or notice on TV or radio, consultation, training, pamphlets, internet, etc.). The observed faults affected LGAs' ability to conduct performance assessments to check whether the program was effective and if it contributed to improving plastic waste management.

(b) NEMC and LGAs did not Strictly Enforce Extended Producers' Responsibility

Both NEMC and LGAs did not enforce extended producers' responsibility to manufacturers or producers in protecting plastic waste pollution in major Lakes and ocean. The presence of uncollected plastic bottles, plastic water and soft drink bottles, soft drink cans, and plastic packaging materials in Dar es Salaam, Tanga, and Mtwara coastal areas, particularly in public beaches and river inlet was the confirmation that the action on producers to collect their waste was not done. Among the factors that contributed to the non-implementation of extended plastics producers' responsibility included the inadequate coordination between NEMC and LGAs. There was no sharing of statistical data and environmental findings between them.

(c) LGAs did not Effectively Implement National Solid Waste Strategy for Recycling and Re-use of Plastic Wastes

It was noted that the LGAs did not adopt the National Solid Waste Strategy for Waste Management. Up to the completion of the audit, none of the LGAs had adequately implemented the national solid waste targets on waste recovery (reuse, recycling, composting, and energy recovery). It was also noted that the visited LGAs tend to recover waste by dumping it in landfills without sorting it, particularly plastic materials. Among the factors that contributed to the inadequate implementation of the National Strategy for recycling plastic waste were the lack of integration of National strategy issues into LGAs plans, inadequate facilities to support the segregation of plastic waste at the generation and storage points and lack of reliable systems for predicting the amount of plastics.

(d) LGAs did not Estimate the Amount of Plastic Waste Generated, Collected, and Recycled

It was found that, LGAs did not have data on the amount of plastic waste being generated, collected, and recycled in their areas. The only data recorded was the general municipal waste generated and waste collected. Since they have no data for the specific type of waste, it has been difficult for them to predict the amount of plastic waste which is generated, collected, and recycled. The lack of an estimated amount of plastic waste generated, collected, and recycled was caused by a lack of research for waste quantification and characterization to establish baseline data for waste types, quantities, and generation trends. On the other hand, the existing practice in LGAs for which sorting or segregation is not done at the collection or transfer stations makes it even more difficult to predict the amount of generated plastic waste.

(e) Inadequate Monitoring and Evaluation of Performance of LGAs by PO-RALG

PO-RALG did not adequately monitor the implementation of protecting major lakes and oceans from plastic waste pollution. This was because PORALG did not have Key Performance Indicators for monitoring the control of xiii plastic waste pollution in the environment, particularly in major lakes and the Ocean, in its monitoring and evaluation plan. PO-RALG key performance indicators and plans were focused on water-related issues such as building on-site sanitation facilities and toilets in public institutions. As a result, protection of plastic waste pollution activities was not monitored.

14.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in the control of plastic waste pollution in major lakes and oceans, a total of 16 recommendations were issued in this performance audit, whereby seven recommendations were directed to the President's Office – Regional Administration and Local Government, six to the Vice President's Office, and three to the National Environmental Management Council (NEMC). Their implementation status is as detailed below.

14.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of 16 recommendations, two were fully implemented, ten were partially implemented, and four were not implemented. **Table 14.1** details the level of implementation of the issued audit recommendations.

Table 14.1: Level of Implementation of Recommendations by PO-RALG, NEMC and VPO

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
PO-RALG	7	0	3	4	0
NEMC	3	1	2	0	0
VPO	6	1	5	0	0
Total	16	2	10	4	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 14.1 indicates that out of seven recommendations issued to PO-RALG, three were partially implemented, and four were not implemented. Out of three recommendations issued to NEMC, one was fully implemented, and two were partially implemented. Also, out of six recommendations issued to VPO, one was fully implemented, and five were partially implemented.

Further analysis of the issued recommendations for each recommendation category was made based on the four implementation levels. **Table 14.2** details the implementation level for all issued audit recommendations based on these categories.

Table 14.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	3	1	1	1	0
Implementation/	6	0	5	1	0

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Execution					
Coordination	4	1	1	2	0
Monitoring and Evaluation	3	0	3	0	0
Development	0	0	0	0	0
Total	**16**	**2**	**10**	**4**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations 2024

Table 14.2 indicates that the planning category had three recommendations, whereby one recommendation was at each implementation level fully, partially, and not implemented. The implementation category had six recommendations; five were partially implemented, and one was not implemented. The coordination category had four recommendations: one was partially implemented, one was fully implemented, and two were not implemented. Moreover, the monitoring category had three recommendations, all of which were partially implemented.

14.3.2 Implementation Status of Recommendations Issued to PO-RALG

This section details the implementation status of the issued recommendations to the PO-RALG. A total of seven recommendations were issued to PO-RALG. Three recommendations were partially implemented, and four were not implemented.

The detailed analysis of seven recommendations issued to PO-RALG indicates that their implementation status fell under two out of four levels of implementation, namely, partially implemented and not implemented, as detailed below.

(a) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from PO-RALG indicated that three recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) **Recommendation 3:** *Develop performance indicators to regularly monitor the performance of LGAs in implementing the National Solid Waste Management Strategy.*

This recommendation required PO-RALG to ensure that LGAs carry out periodic comprehensive assessments of the amount of waste being generated according to the major waste type in their respective areas.

In its action plan, PO-RALG planned to issue directives to LGAs through Regional Secretariats to ensure that LGAs carry out a comprehensive assessment of the amount of waste being generated, according to the major waste type in their respective areas.

A review of solid waste management strategies for the period covering the financial years 2020/21 to 2027/28, as well as an analysis of solid waste management reports for the financial year 2023/24 from the visited LGAs, including Kinondoni MC and Ilala MC, revealed that these LGAs have begun quantifying the amount of waste generated based on major waste types in their respective areas. However, other visited LGAs, such as Mwanza City and Ilemela, have developed plans but have not yet started categorizing and quantifying the solid waste generated.

The impact of the mentioned initiative includes improved waste management planning, as LGAs such as Kinondoni MC and Ilala MC, which have begun quantifying waste by type, are now able to develop more targeted and efficient waste management strategies.

(ii) **Recommendation 6:** *PO-RALG, through LGAs, should develop a recognition mechanism for rag pickers to help organize recycling efforts more effectively. This recommendation required PO-RALG through LGAs to develop a recognition mechanism for rag pickers so that recycling work becomes more organized.*

In its action plan, PO-RALG aimed to instruct LGAs to develop a mechanism for supporting rag pickers. A review of solid waste management strategies for the financial years 2020/21 to 2027/28, along with an analysis of solid waste management reports for the 2023/24 financial year from the visited LGAs, including Kinondoni MC, revealed that these municipalities have begun offering incentives to rag pickers, as illustrated in **Photo 14.1**.

Photo 14.1: Waste pickers collecting waste in Kinondoni Municipal Council

Source: Progress Report July 2024 from Kinondoni MC, 2024

The impact of the mentioned initiative includes improved waste management practices, as the support mechanism for rag pickers in LGAs such as Kinondoni MC and Mwanza CC has enhanced waste sorting and collection. Consequently, the areas reported in the audit were found to be cleaner compared to before, as shown in **Photo 14.2**.

Photo 14.2: Condition of Rivers in Kinondoni MC and Milongo River Intake in Mwanza CC

Source: Photo taken by Auditors during verification at Salender Bridge in Kinondoni MC and Milongo River intake in Mwanza CC on 2 January 2025

(iii) **Recommendation 7:** *Develop performance indicators to regularly monitor the performance of LGAs in implementing the National Solid Waste Management Strategy.*

This recommendation called for PO-RALG to establish performance indicators for regularly monitoring the LGAs' progress in implementing the National Solid Waste Management Strategy. In its action plan, PO-RALG outlined the intention to track the performance of the LGAs in executing the strategy once the approved solid waste management strategy and performance indicators were received from the VPO.

A review of the template for collecting quarterly solid waste information noted that PO-RALG had established tools for LGAs to report quarterly, featuring numerous indicators to monitor performance in implementing the national solid waste strategy. The recommendation is partially implemented because PO-RALG did not have any correspondence or documentation confirming the dissemination of the prepared tools to the LGAs for use.

The initiative has the potential to significantly improve monitoring and performance tracking of the national solid waste strategy. However, its effectiveness is compromised by the lack of proper dissemination of the tools, which limits the overall impact and consistency of reporting. Addressing this gap is essential for maximizing the initiative's effectiveness.

(b) Details of Recommendations that were not Implemented

The analysis of submitted evidence and information from PO-RALG indicated that four recommendations were not implemented. These recommendations and their status of implementation are explained below:

(i) **Recommendation 1:** *Prepare short- and long-term plans that align with the National Solid Waste Management Strategy for managing plastic waste pollution with clearly defined targets as well as timelines for the achievement of targets.*

This recommendation required PO-RALG to prepare short- and long-term plans that align with the National Solid Waste Management Strategy for managing plastic waste pollution with clearly defined targets and timelines for achieving targets. In its action plan, PO-RALG planned to prepare short and long-term plans that will be aligned with the National Solid Waste Management Strategy for managing plastic waste pollution after receiving the approved strategy from VPO.

PO-RALG, in its response, indicated that, it has been implementing short-term plans for plastic waste pollution management and inviting NGOs and other state development partners to invest in long-term projects. Furthermore, PO-RALG issued directives to RSs in 26 Regions to enhance cleansing activities as a short-term plan. It also facilitated the construction of three Materials Recovery Facilities (MRFs), six sanitary landfills and one composite facility at Kinondoni in Dar es Salaam.

Despite the above initiatives, it is concluded that the recommendation has not been implemented because none of the indicated plans capture the National Solid Waste Management Strategy with clearly defined targets and timelines for achieving targets. VPO has not yet approved the National Solid Waste Management Strategy.

(ii) **Recommendation 2:** *Ensure that LGAs prepare short- and long-term plans that address the National Solid Waste Management Strategy and ensure that the plans clearly define numerical targets as well as timelines for the achievement of targets.*

This recommendation required PO-RALG to ensure that LGAs prepare short- and long-term plans that address the National Solid Waste Management Strategy and that the plans clearly define numerical targets as well as timelines for the achievement of targets. In its action plan, PO-RALG planned to ensure that LGAs prepare short- and long-term plans that address the National Solid Waste Management Strategy after receiving the approved strategy from the VPO.

PO-RALG, in its response, indicated that, it has already issued the directive for all LGAs to prepare Short - and Long-term plans to ensure the smooth management of solid waste, including plastic waste. However, the recommendation has not been implemented because the submitted evidence does not align with the planned actions outlined by PO-RALG or meet the requirements of the recommendation.

(iii) **Recommendation 4:** *Ensure stakeholders are involved in this exercise so that a comprehensive database is generated for aiding policymaking, strategies, and intervention.*

This recommendation required PO-RALG to ensure stakeholders are involved in this exercise so that a comprehensive database is generated for aiding policymaking, strategies, and intervention. In its action plan, PO-RALG planned to ensure that all key stakeholders were involved during the development of the database.

The recommendation was not implemented because PO-RALG lacked documentation showing stakeholder involvement in supporting policymaking, strategy development, and interventions, as well as the availability of a solid waste database to aid these processes.

(iv) **Recommendation 5:** *Campaigns to the communities in order to educate them about the effects of developing and implementing awareness of plastic waste pollution on the major lakes and oceans and proper implementation of the '3 Rs' (reduce, re-use and recycle).*

This recommendation required PO-RALG to campaign with the communities to educate them about the effects of developing and implementing awareness of plastic waste pollution on the major lakes and ocean and proper implementation of the '3 Rs' (reduce, reuse and recycle). In its action plan, PO-RALG, in collaboration with VPO, planned to develop an awareness campaign for the communities to educate them on the effects of plastic waste pollution for further implementation by LGAs.

A review of the PO-RALG responses indicated that, in collaboration with VPO, it has been coordinating and managing NGO activities, including the campaign to raise community awareness of the effects of plastic waste pollution at the local level. However, this recommendation was not implemented because the awareness campaign in the attachments provided by PO-RALG did not address plastic pollution in major lakes and oceans or the proper implementation of the '3 Rs' (reduce, re-use, recycle). Additionally, the submitted report was prepared by NGOs, not PO-RALG.

14.3.3 Implementation Status of Recommendations Issued to NEMC

A total of three recommendations were issued to NEMC. One recommendation was fully implemented, and two recommendations were partially implemented. Their detailed status is provided below.

(a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and information from NEMC indicated that one recommendation was fully implemented. This recommendation and its status of implementation are explained below:

(i) ***Recommendation 1:*** *Improve coordination, information sharing and communication between NEMC and LGAs by strengthening infrastructure for information sharing.*

This recommendation required NEMC to improve coordination, information sharing, and communication with LGAs through continued awareness creation and the establishment of more zones. In its action plan, NEMC plans to establish more zones and continue creating awareness.

Moreover, the review of the NEMC and National Task Force Deliberation responses indicated that, collaboration between NEMC and LGAs has been enhanced through various meetings and awareness creation programs as indicated in Stakeholder Meetings in various Councils In Dar es Salaam.

This recommendation was considered fully implemented because NEMC conducted National Task Force Deliberation and meetings with stakeholders in various councils.

The noted impact includes conducting Stakeholder Meetings in every Council in Dar es Salaam in April 2023, whereby a total of 1010 local communities were involved in meetings to receive comments on strategies to enhance plastic bag bans.

(b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from NEMC indicated that two recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 2****: Strengthen and implement coordination mechanisms between LGAs and NEMC that will facilitate enforcement to manufacturers/producers to exercise their responsibilities of collecting plastic waste products in the environment.*

This recommendation required the NEMC to strengthen coordination and mechanisms between LGAs and NEMC that will facilitate enforcement to allow manufacturers and producers to exercise their responsibilities of collecting plastic waste.

The review of the Confederation of Tanzania Industries (CTI) engagement meeting report and report from coordinated Special committee responses indicated that, a collaboration between NEMC and LGAs has been enhanced through various meetings that deliberated on the preparation of Guidelines Extended Producer Responsibility. However, the draft of the Guideline for Extended Producer Responsibility has not been availed.

This recommendation was partially implemented because NEMC provided a CTI engagement report that deliberated on the presence of Extended Producer Responsibility (EPR) guidelines. However, the audit was not availed with the guidelines.

The noted impact of the recommendation is that, entrepreneurs and groups have been established to produce paper bags, clothing, and baskets. As of February 2024, 2,772 groups engaged in the production of alternative bags have been formed across the country. Similarly, factories producing alternative bags have been established, creating 1,545 direct jobs and 2,700 indirect jobs in 56 factories located in different regions.

(ii) ***Recommendation 3****: Enforce mechanisms to prohibit the use of plastic as wrapping materials and recommend appropriate carry products that are accessible and affordable.*

This recommendation requires NEMC to enforce the principles of environmental protection effectively, such as polluter pay principles and producer extended responsibility, and promote the use of biodegradable packaging materials.

A review of the Summary of the plastics operation of September 2022 noted that, On 29 August 2022, the Council embarked on a Special Plastic Operation named "***Tokomeza Mifuko ya Plastiki Nchi Nzima"***, which involved, among others, the Local Government Authorities, Tanzania Bureau of Standards, Police Force, Regional Secretariats, Market Leaders, Media and other stakeholders.

This recommendation was considered partially implemented because NEMC planned to effectively enforce the principles of environmental protection, such as polluter pays principles and producer extended responsibility. However, the Extended Producer Responsibility (EPR) guidelines were not available.

The noted impact of this recommendation is that, the state of cleanliness has continued to improve due to the ban on plastic bags. However, the increase in the use of packaging materials such as carrier bags needs to be properly regulated.

14.3.4 Results of Follow-Up on Implementation of Recommendations Issued to VPO

This section details the implementation status of the issued recommendations to the VPO. A total of six recommendations were issued to VPO. One recommendation was fully implemented, and five recommendations were partially implemented. The detailed implementation status is explained below.

(a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and information from VPO indicated that one recommendation was fully implemented. This recommendation and its status of implementation are explained below:

(i) **Recommendation** ***6****: Encourage the government to develop an economic incentive for those who are involved in the plastic recycling business.*

This recommendation required the VPO to encourage the government to develop an economic incentive for those who are involved in the plastic recycling business. In its action plan, VPO planned to consider the issues of Plastic recycling in the Environmental conservation awards.

The review of the Guidelines for National Conservation and Environmental Management Award and the President's Award for Environmental Protection from the VPO noted that it has included plastic recycling as a consideration in the Environmental Conservation Awards, recognizing and rewarding efforts in recycling and waste management during World Environmental Day.

The recommendation has been fully implemented, as evidenced by the correspondences showing the inclusion of plastic recycling as a consideration in environmental conservation awards.

Based on the score for this recommendation, the impact established includes a reduced risk of nuisance to surroundings, interference with natural infiltration of water in the ground, blockage of drainage and danger to animals when swallowed due to initiatives on recycling plastic bags.

(b) Details of Recommendations that were Partially Implemented

The analysis of the submitted evidence and information from VPO indicated that five recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) **Recommendation 1:** *Develop and implement a formal mechanism to involve PO-RALG in implementing the National strategies for Solid Waste Management, including plastic waste management.*

This recommendation required the VPO to develop and implement a formal mechanism to involve PO-RALG in implementing the National strategies for Solid Waste Management, including plastic waste management. In its action, the VPO planned to implement several initiatives by July 2022 to improve waste management. These included developing a comprehensive waste management strategy and directing PO-RALG to create an action plan for its implementation.

Additionally, the VPO aimed to develop guidelines for integrating waste management into LGAs' plans, enhance capacity building in waste management, and train Regional Environmental Management Experts(REME), District Environmental Management Officers (DEMO), and Municipal Environmental Management Officers (MEMO) on implementing strategic interventions outlined in the waste management strategy.

The review of the Draft of the National Waste Management Strategy 2025 – 2030 noted that VPO, in collaboration with stakeholders, including PO-RALG, is in the process of finalizing the strategy to align with emerging challenges of plastic waste management.

Therefore, based on the above, it is concluded that the recommendation is partially implemented because the National Waste Management Strategy has yet to be approved and implemented.

Based on the score for this recommendation, no impact has been established due to the noted status of implementation, as the National Waste Management Strategy has not yet been approved.

(ii) **Recommendation** *2: Develop and implement mechanisms for monitoring the performance of LGAs through PO- RALG on the implementation of the National Solid Waste Strategy and ensure the Aforementioned mechanism is effectively implemented and reported*

This recommendation required the VPO to develop and implement mechanisms for monitoring the performance of LGAs through PO- RALG on the implementation of the National Solid Waste Strategy and ensure the aforesaid mechanism is effectively implemented and reported. In its action plan, VPO planned to develop monitoring and evaluation guidelines for LGAs' performance in managing solid waste, including plastics.

The review of VPO correspondence to PO-RALG via a letter dated 4 October 2024 with Reference Number: CBA.10/78/01 noted that the VPO is planning to conduct monitoring of LGAs' performance through 26 Regional Focal Points (RFPs) in environmental management, including waste-related practice.

Moreover, the review of the Integrated Environmental Management Information System (IEMIS) Project Proposal 2024 noted that VPO, in collaboration with e-GA, aims to develop an Integrated Environmental Management Information System (IEMIS) in order to automate the division of environment and blue economy functions that will monitor LGAs implementation of Environmental instruments including Policy, Law, Regulations and Strategies and display real-time data on key environmental issues.

Furthermore, the VPO provided evidence regarding the meeting held with e-GA and NEMC in July 2024 regarding the establishment of the Central Environmental Information System, Waste Management and Online Legal Environmental Database Systems. However, the system has not yet been launched. As a result, the recommendation has been partially implemented.

(iii) **Recommendation 3:** *Strengthen the strategies to ensure effective collaboration with regional and international bodies to address the issues of plastic waste pollution in major lakes and ocean*

This recommendation required the VPO to Strengthen the strategies to ensure effective collaboration with regional and international bodies to address the issues of plastic waste pollution in major lakes and ocean. In its action plan, VPO planned to domesticate the already Developed Regional Marine Litter Action Plan.

The review of the Contract for the provision of Consultancy Services to Develop a National Plan for the Control of Marine Pollution, signed on 29 November 2024, revealed the VPO is in the early stages of implementing the recommendation through the signed contract.

However, it is concluded that, this recommendation is partially implemented because VPO did not have evidence, such as implementation reports on the developed national marine litter action plan, to substantiate the full implementation of the contract and the recommendation.

No impact has been established from the partial implementation of this recommendation, as Tanzania is currently in the process of integrating and implementing the Regional Marine Litter Action Plan into national policies and local practices.

(iv) **Recommendation 4:** *Consider carrying out Strategic Environmental Assessment and research on macro- and microplastics in potential environmental compartments such as water, sediments, and organisms of all major and small lakes and ocean, including rivers and estuaries, and use data obtained to guide the formulation of sustainable solutions*

This recommendation required VPO to Consider carrying out Strategic Environmental Assessment and research on macro- and microplastics in potential environmental compartments such as water, sediments, and organisms of all major and small lakes and ocean, including rivers and estuaries, and use data obtained to guide formulation of sustainable solutions. In its action plan, VPO planned to develop mechanisms to promote research on macro and microplastic in water bodies and to develop status updates on plastic pollution in aquatic environments.

The review of the National Environmental Policy 2021 noted proposed interventions, including strengthening national capacity for research and upgrading laboratories through the National Environment Management Council (NEMC) and Academic and Research Institutions. Moreover, the review of the National Environmental Master Plan for Strategic Interventions (NEMPSI) through proposed interventions to reverse marine, coastal and wetlands degradation has noted that the VPO has set initiatives to enhance research on wetlands resources and build capacity to collect information and data for assessment of wetlands status by 2028.

Moreover, the review of the Draft of the Fourth Report of the State of Environment covering a period of five years (2019-2024) revealed the updated status of plastic pollution as provided in chapter 12 of the Environmental Pollution Sub-chapter of Coastal and Marine Environment.

From the above, it is concluded that, this recommendation is partially implemented because the Fourth Report of the State of Environment is in the final stages and has not yet been published.

The impact noted is that the VPO now updated status updates on plastic pollution in the aquatic environment as provided in the Draft of the Fourth Report of State of Environment, 2019-2024, as a result of enhancing mechanisms to promote research on macro and microplastics in water bodies including collaborations with academic and environmental institutions.

(v) **Recommendation 5:** *Issues and ensures the implementation of the directives that require the designer of plastic and packaging material to produce recyclable plastics.*

This recommendation called on the VPO to issue and enforce directives requiring designers of plastic and packaging materials to produce recyclable plastics. As part of its action plan, the VPO aimed to finalize guidelines for the "Reduce, Re-use, Recycle" (3R) approach and to request TBS to establish standards for recycled plastics.

Review of the Environmental Management (Prohibition of Plastic Carrier Bags and Plastic Bottle Cap Seals) Regulations, 2022 noted that, VPO prepared these regulations applied to the import, export, manufacturing, sale, supply, storage and use of plastic carrier bags within Mainland Tanzania; and the import, export, manufacturing, sale and use beverages with plastic bottle cap seal.

The review of the 2021 Reduce, Re-use, Recycle (3Rs) guidelines revealed that they have been developed and distributed to various stakeholders, including PO-RALG, to help minimize the generation of solid waste.

The recommendation is partially implemented based on the above responses since the directive has been issued through legislation, but it lacks supportive evidence, such as implementation reports on the directives issued to the designers of plastic and packaging materials, to validate the role of VPO in ensuring the issued directives are implemented.

The impact of this recommendation is reflected in the implementation of the Reduce, Re-use, Recycle guidelines and the Environmental Management (Prohibition of Plastic Carrier Bags and Plastic Bottle Cap Seals) Regulations, 2022. These measures have helped reduce the risk of environmental nuisances, interference with natural water infiltration into the ground, drainage blockages, and harm to animals caused by the ingestion of unauthorized plastic carrier bags.

The potential impact of the recommendation is evident, as industries, such as those in Mwanza, have begun designing a portion of plastic products for recyclability. However, non-recyclable plastic waste remains in circulation.

14.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the recommendations that were fully implemented or partially implemented.

14.4.1 Impact of Recommendations Issued to NEMC

The recommendations implemented by NEMC had the following impact on the Control of Plastic Waste Pollution in Major Lakes and Ocean.

a) Conducted Stakeholder Meetings in every Council in Dar es Salaam in April 2023 whereby a total of 1010 local communities were involved in meetings to receive comments on strategies to enhance plastic bag bans.

b) Entrepreneurs and groups have been established to produce paper bags, clothing, and baskets. As of February 2024, a total of 2,772 groups engaged in the production of alternative bags have been formed across the country. Similarly, factories producing alternative bags have been established, creating a total of 1,545 direct jobs and 2,700 indirect jobs in 56 factories located in different regions.

14.4.2 Impact of Recommendations Issued to VPO

Overall, the successful implementation of these recommendations has improved waste management practices and reduced plastic pollution.

14.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to PO-RALG, NEMC and VPO.

14.5.1 Specific Conclusion

The overall conclusion of this follow-up is that the Vice President's Office (VPO), the President's Office - Regional Administration and Local Government (PO-RALG) through Local Government Authorities, and the National Environment Management Council (NEMC) did not adequately implement the issued recommendations on the conducted performance audit on the implementation of the Control of Plastic Waste Pollution in Major Lakes and Ocean. The follow-up results indicate that nearly 25% of the issued recommendations were not implemented. The management of VPO, PO-RALG and NEMC should ensure that all recommendations are fully implemented as they present valid and actionable solutions to various issues affecting their performance.

14.5.2 Specific Recommendations

The Vice President's Office (VPO), the President's Office - Regional Administration and Local Government (Po-RALG), and the National Environment Management Council (NEMC) are urged to:

a) Make sure all the recommendations that are not implemented and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER FIFTEEN

IMPLEMENTATION STATUS OF RECOMMENDATIONS ON FLOOD CONTROL MEASURES IN TANZANIA

15.1 Introduction

This part presents the status of the implementation of the recommendations issued in the Performance Audit Report on Flood Control Measures in Tanzania, tabled to the National Assembly of the United Republic of Tanzania in April 2021. The main objective of the audit was to determine whether or not the Prime Minister's Office has effectively discharged a coordination function to ensure measures for flood control are appropriately managed by the relevant authorities/institutions to minimise risks and impacts brought about by floods in the country.

The main audited entity was the Prime Minister's Office (PMO), which is responsible for the overall implementation of the policy and coordination of programs, operations, and plans regarding disaster management in the country. The audit focused mainly on assessing the available government measures in managing flood-related risks and impacts as well as the effectiveness of actions taken to implement those measures. Particularly the adequacy in the execution of the flood control measures, effectiveness in coordination during implementation, and monitoring and evaluation. It specifically examined flood control operations over five financial years (2015/16 to 2019/20) to assess the performance trends in these areas.

15.2 Main Findings during the Previous Audit

The following is the summary of the main audit findings on the Performance Audit on Flood Control Measures in Tanzania.

(a) Increased Number of Reported Cases of Deaths due to Floods

The audit revealed that for the years 2016 to 2020, there has been an increase in the number of reported deaths due to floods, ranging between 17 in 2017 and 122 deaths in 2020. On the other hand, it was found that the proportion of the number of reported deaths due to floods compared to the cases reported from all other disasters was high in the year 2017 (77%) and for the year 2020 (91%).

In addition, within the same period, we noted an increasing trend in the number of reported destructive events, such as complete or partial house demolitions, in various households, ranging between 182 and 22,680 in the years 2016 and 2020, respectively, due to floods. However, there was a decline in the reported number of flood-related destructive events to road infrastructures, such as bridge destruction and partial wash away of road sections, ranging between 96 and 74 in the years 2018 and 2020, respectively.

(b) Insufficient Supervision of Measures for Floods Control in Urban Planning Schemes

Despite being considered in Urban Planning Schemes, this audit noted weaknesses in the supervision during the implementation of the prepared plans for measures to control flood impacts by the respective Planning Authorities. It was further noted that even for the well-thought-out planned areas, plot allocations took place before setting up common utility services such as stormwater drainage systems.

Moreover, the audit revealed that allocation and development of plots in flood-prone areas were observed more in urban LGAs, particularly Mwanza CC, Tabora MC, Kinondoni MC, and Ilala MC.

It was further noted that the frequently reported floods in flood-prone areas in Kinondoni and Ilala Municipal Councils were attributed to weaknesses in development control.

Additionally, it was noted that despite being considered in the early stages of Urban Planning Schemes, recommendations derived from reconnaissance survey reports were insufficiently implemented.

(c) Inadequate Implementation of Flood Control Measures Prepared in Urban Planning Schemes

The audit noted that despite being mentioned in the preparation of General Urban Planning Schemes, there is inadequate consideration of the opinions regarding provisions for public utilities' infrastructure, such as Storm Water

Drainage Systems, during the actual implementation of the prepared detailed Town Planning Schemes.

(d) Lack of an Integrated Communication System between Sector Ministries

The audit noted that currently, there is no guideline to provide for communication between the Prime Minister's Office, Sector Ministries and Local Government Authorities regarding the management of flood control measures. Lack of communication guidelines contributed much to the delays in the exchange of disaster early warning information. It was further noted that in other circumstances, the issued early warning information and/or directives were received by responsible disaster personnel and/or end-users after the warning period had expired.

15.3 Results of the Follow-up on the Implementation of Recommendations

To ensure improvement in the flood control measures in the country, a total of eight recommendations were issued in this performance audit, and all recommendations were directed to the Prime Minister's Office – Disaster Management Department. Their implementation status is as detailed below;

15.3.1 Overall Implementation of Issued Recommendations

The overall follow-up results indicated that out of eight recommendations, two recommendations were fully implemented, and six were partially implemented. No recommendation was not implemented or overtaken by events. **Table 15.1** details the level of implementation of the issued audit recommendations.

Table 15.1: Level of Implementation of Recommendations by PMO

Audited Entity	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
PMO	8	2	6	0	0

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 15.1 indicates that out of eight issued recommendations, two were fully implemented, and six were partially implemented. There was no recommendation which was neither implemented nor overtaken by the event.

Further analysis of the issued recommendations for each implementation category was made based on the four implementation levels. **Table 15.2** details the implementation level for all issued audit recommendations based on these categories.

Table 15.2: Level of Implementation of Recommendations

Category of Recommendation	Total Number of Issued Recommendations	Level of Implementation of Recommendations			
		Fully Implemented	Partially Implemented	Not Implemented	Overtaken by Event
Planning	0	0	0	0	0
Implementation/ Execution	3	1	2	0	0
Monitoring and Evaluation	0	0	0	0	0
Coordination	1	0	1	0	0
Development	4	1	3	0	0
Total	**8**	**2**	**6**	**0**	**0**

Source: Auditors' Analysis of the Implementation Status of the Issued Recommendations, 2024

Table 15.2 indicates that the implementation category had three recommendations, whereby one recommendation was fully implemented, and two were partially implemented. The coordination category had one recommendation, which was partially implemented, while the development category had four recommendations, of which one was fully implemented, and three were partially implemented.

15.3.2 Implementation Status of the Audit Recommendations

The detailed analysis of eight recommendations issued to the PMO indicates that their implementation status fell under two out of four levels of implementation, namely, fully implemented and partially implemented, as detailed below.

(a) Details of Recommendations that were Fully Implemented

The analysis of submitted evidence and Information from the Prime Minister's Office (PMO) indicated that two recommendations were fully implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 3****: Develop a mechanism to ensure there is effectiveness in the coordination of the available measures for flood control across sectors and other levels of government operations.*

The recommendation calls for the Prime Minister's Office (PMO) to develop mechanisms for effective coordination of flood control measures across various sectors and levels of government operations.

In response, the Government, in collaboration with stakeholders, has developed several critical documents, including the National Disaster Management Act, No. 6 of 2022, its Regulations, the National Disaster Communication Strategy (NDCS 2022), the National Disaster Preparedness and Response Plan (NDPRP-2022), the National One Health Strategic Plan (2022-2027), and the National Framework Coordination Mechanism for Tackling Illegal Maritime Activities (2022).

These frameworks provide a robust foundation for the coordination and mainstreaming of disaster control measures across government operations. As a result, the audit team concludes that the recommendation is fully implemented, as the necessary mechanisms have been developed and put in place to ensure coordination and effective flood control measures.

(ii) ***Recommendation 4:*** *Develop mechanism(s) that will ensure effective use of the available disaster focal personnel to coordinate measures for flood control.*

The audit recommended that the Prime Minister's Office - Disaster Management Department (PMO-DMD) develop mechanism(s) that will ensure the effective use of the available disaster focal personnel to coordinate measures for flood control. This mechanism is important for ensuring that the available flood control measures are effective by using and involving the disaster focal personnel in respective sector ministries and regional and district levels to coordinate flooding disaster issues before their occurrence.

A review of the PMO-DMD action plans showed progress in developing a coordination framework, with clear roles and responsibilities for disaster focal personnel outlined in key documents such as the National Disaster Management Act No. 6 of 2022, its regulations, the National Disaster Communication Strategy (NDCS) 2022, and the National Disaster Preparedness and Response Plan (NDPRP-2022). The framework also includes mechanisms for regular communication and coordination across ministries, agencies, and disaster focal persons at local, regional, and national levels and a system to track and assess flood control preparedness.

These efforts have enhanced coordination and response to flood-related disasters, with better-organised personnel improving collaboration across government levels and enabling more proactive and effective flood risk management.

Moreover, the development of this mechanism has strengthened the national flood control framework, improved disaster preparedness, and ultimately reduced the negative impact of floods on communities and infrastructure.

(b) Details of Recommendations that were Partially Implemented

The analysis of submitted evidence and information from PMO indicated that six recommendations were partially implemented. These recommendations and their status of implementation are explained below:

(i) ***Recommendation 1****: Promote awareness of measures to mitigate the effects of floods in sectors and other levels of government operations for flood control.*

This recommendation has been partially implemented. The Prime Minister's Office (PMO) was tasked with promoting awareness of flood mitigation measures across various sectors and levels of government operations. The government has made notable efforts to build disaster management capacity, particularly for Regional Disaster Management Committees and preparedness teams. A total of 817 members from 18 regions, including 14 regions at risk of El Nino, as identified by the Tanzania Meteorological

Authority (TMA), have received capacity-building training. These regions include Dar es Salaam, Pwani, Morogoro, Tanga, Manyara, Arusha, Kilimanjaro, Simiyu, Mwanza, Mara, Geita, Lindi, Ruvuma, Singida, and Tanga.

At the district level, training was conducted for 665 members of 19 District Disaster Management Committees. These districts, such as Longido, Monduli, Simanjiro, and others, benefited from this capacity-building initiative. This training aimed to enhance disaster preparedness and create a network of trained professionals at the regional and district levels to address flood risks and other disaster challenges.

However, the PMO did not leverage other communication channels like radio, TV, brochures, and social media to increase awareness of flood control measures. These platforms could have broadened the reach of disaster management messages, ensuring they reached a wider audience across different regions and communities. The absence of these communication efforts limits the overall effectiveness of the awareness campaign.

Furthermore, while training was conducted, the absence of attendance registers and documentation for the participants was a key shortcoming. Without these records, verifying the scope of the training and its full impact is challenging. Additionally, the training was primarily focused at the regional and district levels, whereas disaster events also affected communities at the village and ward levels, where awareness efforts were less focused.

Although PMO-DMD has made strides in building disaster management capacity at the regional and district levels, the recommendation remains partially implemented. To fully implement it, the PMO should expand its awareness efforts through various communication media and ensure that all training activities are well-documented. Moreover, increasing outreach to lower levels of government, such as village and ward levels, would ensure a more inclusive and comprehensive approach to disaster risk management.

(ii) ***Recommendation 2:*** *Invest in efforts to coordinate and ensure the mainstreaming of disaster management issues in respective sectors and other levels of government operations.*

This recommendation has been partially implemented. The Prime Minister's Office (PMO) was tasked with investing in efforts to coordinate and mainstream disaster management issues across various sectors and levels of government. The PMO progressed by developing 18 District Emergency Preparedness and Response Plans and capacitating 18 Regional and 97 District Disaster Management Committees. Additionally, measures to mitigate the effects of floods were included in various sectors, reflecting an effort to integrate disaster management into broader governmental operations.

However, despite these efforts, gaps remain in fully implementing the recommendation. The Proposed National Disaster Risk Management Framework was drafted in June 2021, but only 18 out of 184 Local Government Authorities (LGAs), approximately 10%, have developed their own emergency preparedness and response plans. This low coverage indicates that disaster management issues have not been adequately mainstreamed across all levels of government.

Moreover, the capacity-building initiatives conducted by the PMO lacked sufficient documentation, such as training reports and attendance registers, making it difficult to verify the extent and effectiveness of these activities. Additionally, the PMO did not provide coordination reports to demonstrate its efforts to work with other sectors and government levels, which hinders the ability to assess the comprehensiveness of the mainstreaming process.

Through site verifications and interviews with officials from the visited regions of Dar es Salaam and Morogoro, it was also found that the developed emergency preparedness and response plans had not been approved. As a result, no budgetary allocations were made for disaster response at the local level. This lack of formal approval and funding further undermines the effectiveness of these plans.

(iii) ***Recommendation 5***: *Ensure there is effective coordination on the efforts to realise potential benefits in Disaster Risk Reduction investment through the construction of the multipurpose strategic dam.*

This recommendation has been partially implemented. The PMO was tasked with coordinating efforts to maximise the benefits of Disaster Risk Reduction (DRR) through the construction of multipurpose strategic dams. In response, the PMO coordinated with the Ministry of Water to construct multipurpose dams aimed at reducing flood impacts through water harvesting, including multipurpose dams in Songwe, Kidunda, Farkwa, and Ndembela. Additionally, the Ministry is implementing a Strategic Framework for Rehabilitating and Constructing Dams (2022–2026) in various parts of the country.

However, despite these efforts, key aspects of the recommendation were not fully addressed. A review of the strategy for constructing multipurpose strategic dams did not show clear evidence that the Prime Minister's Office was actively involved as a key stakeholder in ensuring that the constructed multipurpose dams were strategically located in flood-prone areas. This raises concerns about whether the dams were effectively placed to minimise the impact of floods, as intended by the DRR goals.

Furthermore, no coordination reports were made available to the auditors, which would have demonstrated that the dams were designed to serve the dual purpose of flood reduction and water provision for villages. Instead, the construction of charco dams, while important for water retention, seems to have been primarily focused on addressing drought issues during the dry season, particularly along the main roads from 2021/2022 to 2024/2025. This was confirmed during a site visit to the Mtamba dam in the Dodoma region, where the focus appeared to be on mitigating drought rather than flood reduction.

While the PMO has made strides in coordinating with the Ministry of Water for the construction of strategic dams, the recommendation remains partially implemented. The lack of coordination reports and the unclear alignment of the dam locations with flood reduction objectives suggest that more work is needed. To fully implement the recommendation, the PMO should ensure active involvement in the planning and siting of dams in flood-prone areas, provide clear documentation of coordination efforts, and ensure that the dams are designed to serve both flood reduction and water provision purposes.

(iv) ***Recommendation 6:*** *Develop a mechanism that will ensure effective coordination in the implementation of measures to control impacts from floods.*

This recommendation has been partially implemented. The PMO was tasked with developing a mechanism to ensure effective coordination in the implementation of flood control measures. In response, PMO-DMD pointed out that, in line with the National El Nino Contingency Plan (2023–2024), there were El Nino Contingency Plans developed for 14 out of 26 regions (approximately 54%) in Tanzania, along with plans for other sectors. The Ministry of Water (MoW) has also been constructing Charco dams along main roads since 2021/2022–2024/2025, primarily to address drought issues during the dry season. The MoW has also been constructing multipurpose strategic dams in areas such as Songwe, Kidunda, Farkwa, and Ndembela with the goal of rainwater harvesting.

However, despite these efforts, the implementation of the recommendation remains incomplete. A review of the El Nino Contingency Plans revealed that not all regions were covered, and the plans did not include all the stakeholders responsible for disaster management, which is crucial for ensuring a coordinated and comprehensive approach to flood control.

Furthermore, while the PMO highlighted coordination efforts with the Ministry of Water in constructing Charco dams, these dams were primarily intended to provide water for villages along the roads during the dry season rather than specifically to control floods. Additionally, the dams were not constructed in areas identified as flood-prone, undermining their potential effectiveness in minimising flood impacts.

The audit team found that there were no coordination reports or meeting minutes provided by PMO-DMD to substantiate the claimed efforts and coordination with other stakeholders. This lack of documentation makes it difficult to verify the implementation of the recommended actions.

During site visits to Dar es Salaam and Morogoro, the audit team found that PMO-DMD did not adequately coordinate the interventions made in these regions and did not specifically focus on minimising flood events. Interviews with officials confirmed that PMO-DMD was supposed to coordinate the construction of dams in flood-prone areas, but this was not effectively carried out.

While the PMO made some progress in responding to the recommendation, the coordination efforts were not fully realised. The recommendation remains partially implemented due to the limited scope of the El Nino Contingency Plans, the inadequate stakeholder involvement, and the mismatch between the locations of the Charco dams and areas prone to flooding. To fully implement this recommendation, PMO-DMD should ensure that all regions are included in contingency plans, that all relevant stakeholders are engaged in disaster management efforts, and that flood control measures, such as dams, are strategically located in flood-prone areas. Furthermore, clear documentation of coordination efforts should be provided to substantiate the implementation process.

(v) ***Recommendation 7:*** *Roll out and make use of the National Disaster Risk Management Framework along with the strategy that will provide the basis to monitor the effectiveness of the available measures.*

This recommendation has been partially implemented. The Prime Minister's Office (PMO) was tasked with rolling out and utilising the National Disaster Risk Management Framework along with a strategy to monitor the effectiveness of disaster risk management measures.

In response, the PMO developed a National Disaster Risk Management Framework and an associated Implementation Strategy intended to serve as the foundation for monitoring the effectiveness of disaster management measures. However, the PMO indicated that the framework remains in draft form and has not yet been fully implemented.

The lack of implementation of the framework means that the necessary systems for monitoring and assessing the effectiveness of disaster risk management measures have not been fully established or put into operation. Without the finalisation and execution of the framework, it is impossible to evaluate the effectiveness of the current disaster management measures comprehensively.

While some progress has been made in developing the framework and strategy, the absence of full implementation means the recommendation is only partially implemented. To fully implement this recommendation, the PMO must finalise the framework, roll it out, and establish a monitoring system to ensure the effectiveness of the disaster risk management measures. Additionally, efforts should be made to provide regular reports on the effectiveness of these measures to ensure continued improvements in disaster risk management. Hence, the recommendation is partially implemented. This is because the PMO has started implementing the recommendations by preparation of the National Disaster Risk Management Framework. However, it has not yet been rolled out.

(vi) ***Recommendation 8****: Develop a mechanism that will ensure effective coordination in monitoring activities focused on mitigating impacts from floods.*

This recommendation has been partially implemented. The PMO was tasked with developing a mechanism to ensure effective coordination in monitoring activities to mitigate the impacts of floods.

In response, the government has developed a National Disaster Risk Management Framework and a Strategy for Implementation to serve as the basis for monitoring the effectiveness of flood mitigation efforts. However, the PMO indicated that the framework is still in draft form. Although the strategy is intended to guide monitoring activities, it has not been fully rolled out or operationalised.

Furthermore, while the PMO has developed the framework, no coordination reports were available to substantiate the actual monitoring of flood mitigation activities. This lack of documentation and coordination reports limits the ability to assess the true extent of monitoring and coordination in flood impact mitigation efforts.

While the National Disaster Risk Management Framework and its associated strategy for implementation have been developed, the absence of a fully functional mechanism for coordinating and monitoring these activities means the recommendation has been partially implemented. For full implementation, the PMO must finalise the framework, operationalise the strategy, and ensure proper coordination and reporting mechanisms are in place to effectively monitor and evaluate flood mitigation activities.

15.4 Impact of the Implemented Recommendations

This section presents the noted impacts from the recommendations that were fully implemented or partially implemented.

15.4.1 Impact of Recommendations Issued to Prime Minister's Office

The recommendations implemented by the Prime Minister's Office had the following impact on the Floods Control Measures in Tanzania.

a) Mainstreaming of Disaster Management Issues in Districts

The implementation of the recommendation, which requires the PMO to Invest in efforts to coordinate and ensure the mainstreaming of disaster management issues in the respective sectors and other levels of government operations, has resulted in the development of 18 District Emergency Preparedness and Response Plans (DEPRP). The development of these DEPRPs has enabled the district to assess its capacity to respond to flood events by identifying all potential resources within its districts. The early identification of resources is one of the key preparation stages that enables an immediate response and effective coordination of resources during flood events, thereby reducing the impact of floods, such as loss of life and property damage.

b) Effectiveness in the Coordination of the Available Measures for Flood Control Across Sectors and Other Levels of Government Operations Increased

The implementation of the recommendation, which requires PMO to develop a mechanism to ensure there is effectiveness in the coordination of the available measures for flood control across sectors and other levels of government operations, is attributed to the amendment of the Disaster Management Act, 2015 in 2022. In the Disaster Management Act, 2022 various stakeholder platforms for Disaster Management were identified at all levels, from the national level to the village level, in managing disaster activities. Also, the development of this act has helped to clearly identify the roles of each stakeholder in disaster management, thereby easing coordination for flood control across sectors at all levels.

c) Improved Coordination and Timely Response to Floor-related Disasters

The implementation of this recommendation, which requires PMO to develop mechanism(s) that will ensure effective use of the available disaster focal personnel to coordinate measures for flood control, has enhanced coordination and timely response to flood-related disasters, with better-organised personnel, improving collaboration across government levels and enabling more proactive and effective flood risk management. This was observed during the response to a mud flood event at Hanang', Manyara, in December 2023. Well-coordinated efforts among disaster committees and focal personnel contributed to the reduction of mud flood effects by reducing response time and ensuring all necessary rescuing tools were availed timely. Moreover, the development of this mechanism has strengthened the national flood control framework, improved disaster preparedness, and ultimately reduced the negative impact of floods on communities and infrastructure.

15.5 Specific Conclusion and Recommendations

This section presents the follow-up conclusion and recommendations on the implementation status of the recommendations issued to the Prime Minister's Office.

15.5.1 Specific Conclusion

Based on the analysis of the implementation status, the follow-up concluded that the Prime Minister's Office did not make adequate efforts to implement the issued recommendations. The management of the Prime Minister's Office should ensure that all recommendations are fully implemented as they present valid and actionable solutions to various issues affecting their performance.

15.5.2 Specific Recommendations

Prime Minister's Office is urged to:

a) Make sure all the recommendations that are not and partially implemented are fully implemented to enhance accountability and improve service delivery;

b) Establish sound governance structures and mechanisms for tracking and monitoring the implementation of performance audit recommendations; and

c) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations are regularly checked and reported in a timely manner for necessary actions.

CHAPTER SIXTEEN

GOVERNANCE ARRANGEMENTS FOR THE IMPLEMENTATION OF PERFORMANCE AUDIT RECOMMENDATIONS

16.1 Introduction

This chapter describes the governance arrangements within the audited entities for the implementation of the performance audit recommendations. It details how the existing governance arrangement has contributed to the insufficient implementation of the issued performance audit recommendations.

16.2 Insufficient Implementation of the Issued Audit Recommendations

The overall status indicates that there was insufficient implementation of the recommendations issued from the Performance audit reports tabled to the National Assembly in April 2021. The analysis indicates that out of 213 issued recommendations, only 66 recommendations, equivalent to 31%, were fully implemented. On the other hand, 48 recommendations (equivalent to 22.5%) were not implemented at all.

16.3 Reasons for Insufficient Implementation of the Issued Recommendations

Insufficiently implemented recommendations were assessed by observing the existing governance arrangements within the audited entities. The assessment focused on the available systems to monitor the implementation of the issued audit recommendations and processes used to guarantee the implementation of the previously issued audit recommendations. The following were the reasons for the ineffective implementation of the issued audit recommendations.

(a) Inadequate System for Monitoring the Implementation of Issued Recommendations

The follow-up noted that the entities did not have a well-defined system for monitoring the implementation of issued audit recommendations. This was evident from the non-involvement of top management and audit committees in the implementation of audit recommendations and insufficient reporting mechanisms for the performance audit recommendations. The following details highlight the key issues identified:

(i) Absence of a Unit or Section Responsible for Overseeing the Implementation of Recommendations

The audit team noted that among the 18 entities included in this follow-up, 11 entities did not have a specific Section or Department responsible for monitoring and supervising the execution of issued recommendations. In the other nine entities, internal audit divisions were tasked to oversee the implementation of the issued performance audit recommendations. There was no evidence that the divisions conducted a close oversight of the implementation of the audit recommendations. Due to the absence of a dedicated section or official to oversee the implementation of the audit recommendations, the implementation of the issued recommendations remained unmonitored, hence lowering the possibility of attaining a full implementation status.

(ii) Lack of Monitoring Plans and Key Performance Indicators

It was observed that all 18 entities did establish effective monitoring plans and performance indicators essential for evaluating the extent of implementation of the provided recommendations. Also, no key performance indicators were established to measure the efficiency of implementing the performance audit recommendations. As a result, the implementation of issued audit recommendations remained unmonitored.

(iii) Inadequate Involvement of Top Management and Audit Committees in the Monitoring of Implementation of Audit Recommendations

The follow-up revealed that top management and audit committees were not involved in discussing the progress on the implementation of the performance audit recommendations. There were no records or meeting minutes to indicate whether top management or the audit committees had addressed or discussed the implementation status of the audit recommendations. As a result, during follow-up, the audited entities took a considerable amount of time to respond to the implementation status of the recommendations because its implementation status was not on record.

(iv) Absence of Defined Reporting Mechanisms on Implementation of Performance Audit Recommendations

Interviews with officials from the audited entities revealed that in all 18 entities, there was no clearly defined mechanism for reporting the status of the implementation of issued performance audit recommendations. The lack of a structured reporting system affects management's ability to monitor and track the implementation of recommendations effectively. As a result, the recommendations have not been adequately implemented in line with the action plan and timelines committed to when the audit report was issued.

(b) Absence of a Defined Process for Managing the Implementation of Previously Issued Performance Audit Recommendations

The follow-up revealed that Ministries and Agencies under this follow-up did not establish a defined process for managing the implementation of the issued performance audit recommendations as detailed.

(i) Absence of a Detailed Implementation Plan for the Implementation of the Issued Performance Audit Recommendations

Interviews with officials revealed that none of them had prepared a detailed implementation plan after receiving the issued recommendations. The follow-up noted that after being received, the issued recommendations were disseminated to the responsible division/ section for implementation without preparing a detailed plan that would indicate the milestone on the implementation of the recommendations. This gap was attributed to a lack of awareness of the importance of preparing a detailed implementation plan, which could facilitate a continuous track of the progress made on the implementation of these performance audit recommendations to effectively address them.

(ii) Absence of Recommendation Registry

The audit noted that the audited entities did not have a recommendations registry to capture all the issued performance audit recommendations. As a result, key issues and actions required to address the recommendations were not identified.

The lack of recommendations registers within the ministries and agencies largely made it difficult for them to respond and provide timely answers on the audit recommendations' implementation status. This was evidenced by the fact that even when they were issued with letters requesting the status of implementation of the audit recommendations, they had no records in place at their offices.

(iii) Inadequate Coordination and Communication on the Implementation of Issued Recommendations

Interviews with officials revealed that the standard practice involves disseminating the issued Performance Audit recommendations to the departments or Divisions responsible for the implementation. However, the process ends there, with no regular follow-up or communication on the implementation status.

During the follow-up, it was noted that the Internal Audit Division within the Ministries, Independent Departments and Agencies covered by this follow-up was unaware of issues regarding implementing performance audit recommendations. Also, Interviews held by Officials at the Ministries and Agencies covered by this follow-up revealed that most of the staff were unaware of the follow-up. In that case, even the assigned staff in the respective Ministry or Agency could not promptly respond to matters raised in the shared recommendations matrix. This indicates that there was no effective coordination and communication within the entities in the course of implementation.

CHAPTER SEVENTEEN

CONCLUSION AND RECOMMENDATIONS

17.1 Introduction

This chapter concludes on the implementation status of the previously issued recommendations, covered in this report from Chapter Two through Chapter Fifteen. The conclusion is based on the overall objectives of the follow-up on the implementation of recommendations as presented in Chapter One of this report. Likewise, this Chapter provides general recommendations to the Government Ministries, Independent Departments, Agencies, and Local Government Authorities on how to improve the current state regarding the implementation of CAG's recommendations.

17.2 General Conclusion

The overall conclusion of this follow-up is that the actions taken by the Audited Entities in response to the previously issued performance audit recommendations have partially addressed the issues to which the recommendations were made. The analysis indicates that about 62% of all recommendations were not fully implemented. This indicates the insufficiencies in implementing the recommendations issued from 14 performance audit reports tabled to the National Assembly in April 2021.

Furthermore, based on the conducted analysis, the follow-up concludes the following;

The Audited Entities have not Fully Implemented a Large Number of the Audit Recommendations issued by CAG

The large number of recommendations that were issued have not been fully implemented. The results of the follow-ups showed that only 36.6% of the issued recommendations were fully implemented. This indicates that 62% of the issued recommendations were either not implemented or partially implemented. This insufficient implementation of the issued recommendation was largely attributed to a lack of a monitoring system to help track the implementation status of each recommendation in the respective Ministries, Independent Departments and Agencies. Inadequate efforts to implement the issued audit recommendations have largely denied those audited entities room to enhance the quality of the services they provide and ultimately denied the public the opportunity to receive high-quality services from these entities.

The Audited Entities are Lacking an Effective Governance System for Monitoring the Implementation of the Performance Audit Recommendations

The Ministries, Independent Departments and Agencies covered in these follow-ups lack a well-defined system for monitoring the implementation of issued audit recommendations. They lack Monitoring Plans and Key Performance Indicators, a Unit or Section Responsible for Overseeing the Implementation of Recommendations, defined Reporting Mechanisms for Implementation of the Issued Performance audit recommendations, and the Top Management and Audit Committees not involved in the Monitoring of Implementation of Issued Performance Audit Recommendations. As a result, the implementation of the issued performance audit recommendations remained unmonitored, hence lowering the possibility of attaining a full implementation.

Additionally, ministries, independent departments, and agencies under these follow-ups have not established a defined process for managing the implementation of the issued performance audit recommendations. They lack detailed implementation plans for the implementation of the issued performance audit recommendations, a recommendations registry, and effective coordination and communication regarding the implementation of the issued performance audit recommendations. This gap lowers the possibility of ensuring continuous track of the progress made on the implementation of these performance audit recommendations to effectively address them.

17.3 Overall Recommendations

The Prime Minister's Office is urged to ensure that all Ministries, Independent Departments, Agencies and Local Government Authorities:

a) Establish sound governance structures and mechanisms for tracking and monitoring the implementations of Performance Audit recommendations;

b) Ensure that the submitted Performance Audit Reports are effectively disseminated to the responsible Divisions or Departments within the Audited Entities and explain what they are out to do. Where possible, the Reports should also be communicated to the existing governance systems, such as Internal Audit and audit Committees, for proper follow-ups and actions;

c) Prepare action plans stating how the Audited Entities will ensure that the partially implemented and not implemented recommendations are addressed on a timely basis; and

d) Establish monitoring mechanisms or tracking systems to ensure the implementation status of all issued audit recommendations is regularly checked and reported promptly to the management of the audited entities for necessary actions.

National Audit Office of Tanzania (NAOT)
4 Mahakama Road, Tambukareli
P. O. Box 950, 41104 Dodoma
Tel: +255 (026) 2161200
Fax: +255 (026) 2321245
Email: ocag@nao.go.tz

ISO 9001:2015 Certified