

**THE EFFECTIVENESS OF PROCUREMENT MANAGEMENT
UNIT IN DELIVERING SERVICES TO LOCAL
GOVERNMENT. A CASE STUDY OF MTWARA
DISTRICT COUNCIL. TANZANIA**

A Thesis

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**In Partial Fulfillment of the Requirements for the Degree
Master of Business Administration in
Supplies and Procurement**

By:

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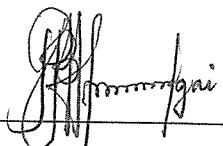
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DECLARATION A

I hereby, declare that this work is the result of my own effort and has never been submitted to any other university or institution of higher learning. Where works of other people have been used, acknowledgement have been duly made and in some cases quotations made. Whatever, shortcomings that may be detected in this work, I hold myself entirely responsible



Patrick John Almasi

23/09/2010


Date

DECLARATION B

"I/We confirm that the work reported in this dissertation was carried out by the candidate under my/our supervision".

Name and Signature of Supervisor

Date


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Date

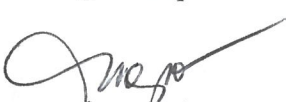
APPROVAL SHEET

This thesis entitled "The Effectiveness of Procurement Management Unit in Delivering Services to Local Government. A Case Study for Mtwara District (Tanzania). Prepared and submitted by Patrick John Almasi in partial fulfillment of the requirements for the degree of Masters of Business Administration in Supplies and Procurement has been examined and approved by the panel on oral examination with a grade of PASSED.




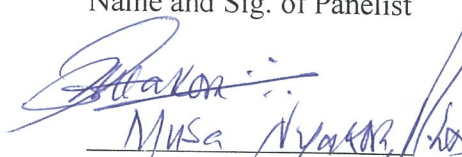
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DEDICATION

My special dedication is to my family, and all those who have contributed to this thesis. They have been a great source of inspiration and support in my academic career. Indeed they are unequalled as lovely as motivator to my ambition.

ACKNOWLEDGEMENTS

First and foremost, I thank the Almighty God because without his grace all dreams for compilation research report could never become true. I would also like to acknowledge the support of the following people for their tireless contribution towards the successful completion of this study.

Special thanks to Rev. Dr. Chandy who took all necessary devotion to assist in putting this document to value for benefit of those who will use it as a reference and guide for the accumulation and dissemination of knowledge to others. I also wish to extend my thanks to former director of school of post graduate and research Prof. Owolabi Director of school of post graduate and research Madam Dr. Sumil, Deputy Director SPGS academic Dr. Java Tunde, Dean of Business studies Dr. Bosire., Associate Dean faculty of Business studies madam Dr. Canene, Dr. Alex Ijjo, Dr. Musime ,A., Dr. Kayongo, Dr. Okurut, Prof. Macibi, A, Prof. Kazingo, Mr. Mugasa and Miss. Ouma, Mr. Matovu and other lecturers of the school of post of graduate studies and research and my fellow post graduate students who accorded with all the necessary learning materials or moral support that positively contributed successes in this programme. Thanks to management of Mtwara District Council for all support and cooperation shown to me the time I was collecting data. Special thanks to Minister of state, President's office, Public service Management Hon. Hawa A. Ghasia, for all support she gave to me in my preliminary plan of studies hoping that knowledge I was after will not only benefit me as individual but Nation at large. Last but not least my friends for moral, financial and material support. May God bless you all.

ABSTRACT

This study investigated the effectiveness of Procurement Management Unit (PMU) in delivering service to Local Government a case of Mtwara District Council. The study was conceived due to the fact that there was no adequate information about effectiveness of Procurement Management Unit. Specific research questions were: Was PMU established in accordance with Public Procurement Act? What roles did PMU played in Mtwara District Council, What community attitude towards PMU and its significant to Mtwara District Council? And what had to be done to improve effectiveness of PMU?

The study used descriptive design qualitative of a case study based on questionnaires, interview and documentary review. The sampling units were workers within procurement entity of Mtwara District Council and stake holders. In order to obtain a representative sample non probability technique (purposive judgment) was used where 87 respondents were selected. The sample included following categories; 6 PMU members, 24 Evaluation committee members, 7 Tender Board members, 12 user Department heads, 10 suppliers, 9 service providers and 19 contractors for proper representation of sub groups .

Data were analyzed using Microsoft Excel table for percentage analysis and graph/charts for comparison. The findings of the study indicated that Procurement management Unit was not effective in delivering services to Mtwara District Council. In the recommendation well staffed PMU is needed ,PMU had to perform tasks as stipulated in PPA(2004) ,budget provision to PMU is necessary and Government should re- visit Public procurement Act (2004) section 34 to clear doubt of PMU's staffing together with structure establishment. Researcher recommended further research to bridge the gap on Impact of effective implementation Public Procurement Act in Local governments.

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ABBREVIATIONS AND ACRONYMS

AO	-	Accounting officer
APPs	-	Annual procurement plans
APPs	-	Annual procurement plans
CAP	-	Chapter
CEO	-	Chief executive officer
CPAR	-	Country procurement annual report
CTB	-	Central tender board
CVI	-	Content validity index
DED	-	District Executive Director
DEO	-	District Education officer
DSM	-	Dar -es -Salaam
DT	-	District Treasurer
ED	-	Education
G.N.No.	-	Government Notice Number
GN	-	Government Notice
I T	-	Internet
ICT	-	Information communication technology
LGA	-	Local Government Authorities
LGATBR, 2007	-	Local Government Authorities Tender Boards (Establishment and Proceedings regulations, 2007)
LGRP	-	Local Government reform programme
LPO	-	Local purchase order
MDAs	-	Ministries, Independent department and agencies
MDC	-	Mtwara District Council
MDS	-	Medical supply Department
MFEA	-	Ministry of finance and economic affairs
PEs	-	Procurement entities
PMU	-	Public Procurement Management Unit

PPA (2004)	-	Public procurement Act 2004
PPRA	-	Public Procurement regulatory Authority
PV	-	Payment Voucher
SPGSR	-	School of Post Graduate Studies and Research
STDs	-	Standards
TB	-	Tender Board
TB	-	Tender Board
Tshs	-	Tanzania Shillings
TSM9	-	Tanzania school form number 9
Vol	-	Volume
WSDP	-	Water sector development programme.

CHAPTER ONE

INTRODUCTION

Background of Study

Globalization and changes by most countries from public sector control to the private sector control have led to new demands and changes in the procurement processes. There is Public procurement and private procurement. The trends within the Government procurement and contracting, including contracting out, have led to increased volumes of work being sought from the private sector. The amount of money in these contracts has increased along with complexity and scarce resources. There is thus an urgent need to have professionally trained people to handle this important management function. Procurement is no longer the secretary-based work, but it has to be placed at a senior managerial level and procurement managers have to be involved in top organizational decision making if the organization is strategically position itself in changing environment (Basheka, 2004)

Over the last eight years, government spending on contracts has doubled to over half trillion dollars. Far too often, the spending is plagued by massive cost overruns, outright fraud, and the absence of oversight and accountability. In some cases, contracts are awarded without competition. Many of these measures are addressed specifically at procurement which has been tremendous cost overrun wasting billions of tax payer dollar to make contractors rich. (Has, 2009)

Based on wide spread corruption, conducting government business degenerated so much by year 2000 this was due to the fact that no serious attention was paid in public service rule, financial regulations and

ethics and norms because of selfish reason. The federal Government noted the urgent need for transparency in Government procedures so as to be able to move the system forward. Hence the federal Government in 2000 commissioned the World Bank to collaborate with some private sector specialists to study financial systems and general procurement-related activities in the country.

The essence of this request to World Bank is to assist Nigeria Government with the process of enthrone efficiency, accountability, integrity and transparency in Government procurement and financial Management systems. It was based on this that the Country Procurement assessment Report was produced through a participatory review approach from key holders including representatives from private sectors and Federal, State and Local Government with assistance from International and National consultants. The Country procurement Assessment Report (CPAR) identified some major weaknesses in Procurement system in Nigeria as follows (Ekpenkhio, 2003)

That Nigeria lacks a modern law on Public Procurement and Procurement oversight and monitor purchasing entities. That the Finance (Control and Management) Act, 1958, together with financial Regulations which set basic rules for managing public expenditure have gaps, deficiencies and faulty implementation of existing regulations on procurement (e.g. lack of permanent arrangements for control and surveillance) which create opportunities for bribery and corruption. That due to inflation and lack of regular adjustments on thresholds of approving limits of Tender Boards, their authorization was constantly being eroded resulting in abuses, prominent among splitting of contracts. There was proliferation of tender boards which were perceived by private sector as source of delay and non transparency. In addition, these tender boards appeared to have limited

mandates with powers to decide contracts de facto resting with permanent secretary and Minister/Commissioner. That custom systems and procedures were cumbersome and major causes of delay in clearing goods, and hence a source of corruption and that Procurement is often carried out by staff that substantially lacks relevant training. Another major problem to existing procurement system and guidelines in Country is difficulty of implementation. The reason for this includes absence of economic cost/benefit analysis of projects. There is lack of genuine competition and transparency since applicable rules are usually titled in favor of predetermined winner. (Ezekwesili, 2004)

The Government's decentralization policy was outlined in 1998 policy paper on Local Government Reform and in 1999 the Local Government Reform programme (LGRP) was launched as a vehicle for operating the decentralization policy. Fiscal decentralization, human resource empowerment, and legal reforms have been singled out as systematic issues lying at the heart of the LGRP. Under the on going decentralization process, political, administrative and financial power have been transferred from the Central to local Government and downwards to the administrative units. Local Government now has powers to implement a large component of the national policies and budget. With the increased grants from Centre to the Local Government Authorities as the result of decentralization policy, the procurement function in LGA has become even more important as LGA engage in procurement of works, goods and services required to implement Nationally Funded Programmes. LGA now handle large amount of funds to procure contracts like feeder roads construction, water supply, construction of health units and primary schools, supplies to district hospitals and lower health units, school furniture and many others. The procurement of goods, services and work in Local Government Authorities is carried out in accordance with local

government finance act 1982, the Local Government(procurement of goods and works) Regulations 2003,the Local Government(selection and employment of consultants) regulation 2003,the Local Authorities Tender Boards (Establishment and proceedings) Regulations,2007 and Public Procurement Act,2004.(Kyaruzi,2008)

According to section 33 of the Public Procurement Act (2004) the overall responsibility for execution of procurement process in procurement entity rest with Accounting Officer as defined by Public Procurement Act (2004) is a Government Officer appointed in accordance with provision of Public Finance Act section 28(1) requires each LGA to establish a Council Tender Board that will handle all matters concerning the procurement of goods services and works. The Council Tender Board has powers to award contracts for procurement of goods, service and works. The main objective of any procurement function is to ensure that the right quality of goods/works/services are procured at the right price, quantities and are delivered at the right time. In Tanzania this is tasked to Procurement management Unit (PMU).Therefore the PMU must ensure that their internal customers (User Departments) are satisfied and their operations are being run efficiently. (Kyaruzi, 2008)

Procurement is procurement whether in Local Government or Central Government. In both Governments, The basic tenet of procurement is the same and straight forward i.e. to acquire the right item at the right time at price from the right source to support Government operations. It sound simple but it is difficult to achieve. Procurement has been the focus of attention and criticism, not only in Tanzania, but also in Countries all over the world. Government procurement system is the bridge between Public requirement (e.g. roads, Hospital, Schools etc) and private sector suppliers. In this sense, procurement and supply management function is a business process within a political system. Effective procurement

provides satisfactory quality, service and price within timely delivery schedule to improve Government performance. Thus so much attention is given to effective Government Procurement. Criticism and improving financial accountability is essential for good Governance. No cry in the World appears to have escaped improper wasteful and corrupt practices in Public Procurement (Ngwallo, 2000)

There some challenges with Procurement Management Unit are facing in implementation of procurement functions. These are internal and external challenges. The internal challenges are lack of cooperation from users departments, incomplete requisition from users departments, incomplete and poor specification, direct purchasing of items without reference to PMU. External challenges are submission of non responsive bids by suppliers/contractors/service providers, lack of knowledge of procurement procedures and regulations, frequent changes in market prices which delay the procurement process i.e. request for price change after awarded tender and availability of fake items in market which are difficult to detect. (Swai, 2008)

On interesting incidence is that both, Local and Central Government are plagued with a lot of activities some are emergency and other are routine. The activities have to be supplies and services of one kind or another. If every Organization allows every member to procure, there will be chaos. Different buyers there will procure items of the same feature at different prices, as they will be no comparison of price obtained from different suppliers. The organization therefore will buy at very uneconomical price and the quality of deliveries will be questionable. (Ngwallo, 2000)

Problem Statement

Despite the effort of Government of Tanzania to make sure that all public procurements comply with Public Procurement Act (2004), there is still inadequate information about effectiveness of Procurement Management Unit in delivering services to local government.

Purpose of the study

The study is expected to contribute to the realization of role of Procurement Management Unit in Local government according to Public Procurement Act (2004) hitherto; no study has been conducted in Mtwara District Council to explain the effectiveness of Procurement Management Unit therefore, need for further information became imperative.

Objective of the study

General objective

To investigate effectiveness of Procurement Management Unit in delivering services to Local Government.

Specific objectives

To identify composition of Procurement Management Unit in Mtwara District Council.

To identify roles of Procurement Management Unit in Mtwara District Council.

To determine community attitude towards Procurement Management Unit and it's significant to Mtwara District Council.

To determine ways of improving effectiveness of Procurement Management Unit in Mtwara District Council

Research questions

The study finding answered the following research questions.

Was Procurement Management Unit established, in accordance with Public Procurement Act (2004)?

What roles did the Procurement Management Unit play in Mtwara District Council?

What was the community attitude towards Procurement Management Unit and its significant to Mtwara District Council.?

What had to be done to improve performance of Procurement Management Unit.?

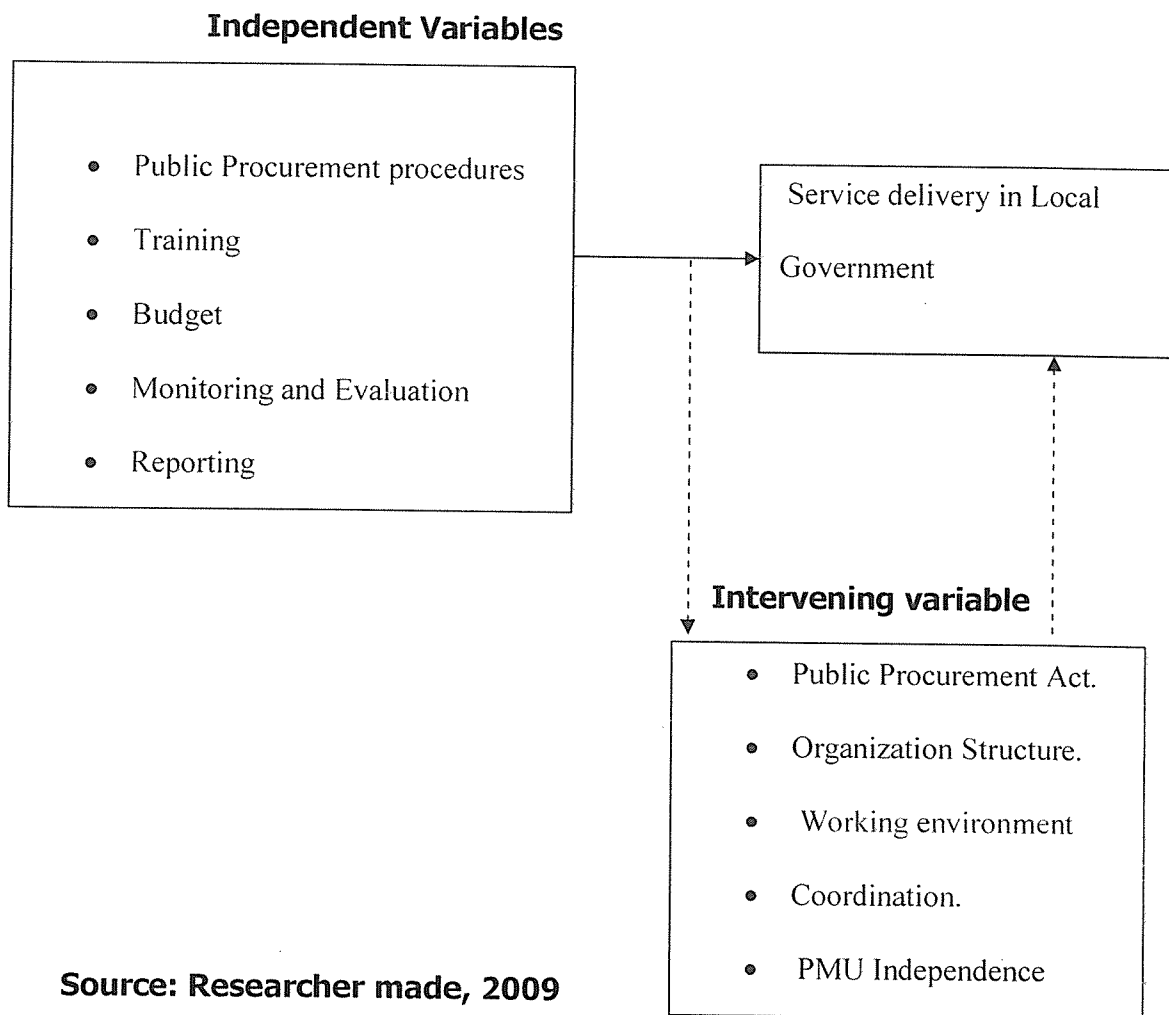
Scope of the study

The study aimed at investigating the effectiveness of Procurement Management Unit, and was conducted in Mtwara District Council in Mtwara Region (Tanzania).The choice of Mtwara District Council was it represented Local Government which use Public Procurement Act (2004) as mandatory and for researcher it was easy to administer all research instruments. The study investigated effectiveness of procurement management Unit of Mtwara District Council only.

Significant of the study

It is hoped that the study would be useful to Mtwara district council in particular, donor community that would find this study helpful as it show training gap that can be filled through their Local Government training programs. Policy makers such as Members of Parliament, Public procurement regulatory Authority and Government at large through improved service delivery to Local level.

Figure 1. 1: CONCEPTUAL FRAME WORK



Source: Researcher made, 2009

The Conceptual frame work described PMU compliance with public procurement procedures, adequate training in procurement to PMU members, budget to facilitate procurement activities, monitoring ,evaluation and reporting procurable works, goods and services to Tender Board and Procurement Regulatory Authority enabled effective service delivery in Local Government. Effective service delivery is influenced by knowledge of Public Procurement Act (2004), organization structure, conducive working environment, coordination with user departments, TB, evaluation committee and independence of PMU in performing tasks.

Chapter Summary

The purpose of this chapter was to present back ground of the study, statement of the problem, purpose of the study, research objectives, scope, significant of the study and Conceptual frame work. Researcher presented back ground of the study by explaining problem with examples globally then narrowed down to African countries and then Local Government of Tanzania where he was interested in his study. The research objectives, the scope and significant of the study were stated. The researcher also described conceptual frame work with all related variables. The next chapter talked about the related literature review in accordance with variables under study.

Operations Definition of Key Terms

Public procurement procedures: Are procedures in procurement applied by Public procurement entities as mandatory.

Training: Skills impacted to procurement management unit members which enhance them to carry out their duties properly.

Budget: A qualitative plan through which management decide how to allocate available money to best accomplish organizational goals.

Monitoring and evaluation: Control system applied by procurement management unit to check if procurement processes are in line with Public procurement act.

Reporting: System of information sharing between public procurement entities and Public procurement Regulatory Authority.

Public procurement act: Act enforced by Government to public procurement entities which govern all procurements.

Organization structure: The vertical and horizontal configuration of departments, authority and jobs within organization.

Working environment: The environment that people are required to work.

Coordination: How user department coordinate with procurement management unit to achieve procurement processes.

PMU independence: Independence of procurement management unit in performing works as stipulated in public procurement section 34.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter reviews the related literature to the variables of the study such as procurement procedures, training, budget, monitoring, evaluation and reporting .In another hand intervening variables such as Public Procurement Act, Organization structure, working environment, coordination and PMU independence.

Procurement procedures

Kasuwi (2008) argues 'Some procurement entities have not established Procurement Management Units. This is contrary to the provision under section 34 of PPA (2004) which requires every procurement entity to establish PMU staffed to appropriate level."

For sure, procurement and supply management in Local Government receive very little attention despite the fact that millions of tax payer's money is being spent annually. Reports of controller and Auditor General in every financial year raise concern over the weak control over procurement accounting of works, stores and services. An Audit report for financial year 1996/1997, for instance raised the following among others, poor selection of contractors, suppliers and consultants resulting to poor performance and non completion of works and non delivery of goods and services. In financial year alone, Local Authorities procure stores but not taken in ledger charge and their utility is questionable amounting to Tshs 157,901,823. Again the same year Local Government paid Tshs 17,670,113 Central Government paid Tshs 9, 180,415 for goods which were not delivered. Both Local and Central Government procure goods on

strength of proforma invoices amounting to Tshs 2,076,704,529 which is contrary to financial orders. Weak supervision of procured items led to losses of items worth Tshs 278,905,560. To make matters worse procurement was conducted without proper authority from relevant bodies. This practice costed Central Government Tshs 377,656,339 and Local Government Tshs 33,840,003 (Ngwallo, 2000)

During the report period, one hundred and forty six (146) procurement entities (PEs) were visited to monitor compliance to Public Procurement Act, Cap 410 and its Regulations. They included Local Government Authorities, Ministries, Independent department and Agencies (MDAs). A number of weaknesses listed below were observed and they were common to almost all visited PEs:

Poor record keeping: there were no proper filing systems and most of the procurement had no complete set of records. Tender and contract documents were found scattered in different user departments and kept in different files which made retrieval of information to be cumbersome. This is contrary to the requirement under Reg.23 (m) of GN.No.97 of 2005 which requires PMU to maintain and archive records of procurement and disposal process.

Lack of established PMUs: PMUs were not established contrary to the provision under section 34 of the PPA Cap.410 which requires procuring entities to establish Procurement Management Unit staffed to appropriate level.

Interference of powers: there were interference of powers and functions between the Accounting officer, Tender Boards, PMUs and user departments contrary to requirements under section 38 of PPA which calls for independence of functions and powers of Accounting Officer, Tender Board, PMU and User departments. Not preparing annual procurement plan: Annual procurement plans (APPs) were not prepared. Preparation of

procurement plan is mandatory requirement under section 45 of PPA, CAP 410 Standard documents were not used contrary to the provisions under Reg.83 (3) of GN.No.97 of 2005 and Regulation 52(2) of GN.No.98 of 2005 which requires PEs to use appropriate standard documents prepared by PPRA.

Inappropriate Tender evaluation: The evaluation of tenders did not follow evaluation guidelines issued by PPRA some of the used evaluation criteria were not stipulated in the tender documents, important documents such as minutes of tender opening, list of firms which purchased bidding documents were not appended were not appended to evaluation report.

Not following appropriate approval channels: There were no approvals by Tender Board on invitation for bidders, draft bidding documents, procurement methods and variation orders. The PMUs prepared invitation to bids and bidding documents, and issue them to bidders without prior approval by Tender Board. This is contrary to Regulation 54 (1), Reg.80 (4) of GN.No.97 of 2005.

Inappropriate contract award communication: The secretaries to Tender Board communicate award decisions to successful bidder contrary to the requirement under section 33 of PPA CAP.410.Award notification to unsuccessful bidders were not done contrary to Regulation 97 (11) of GN.no.97 of 2005 which requires notifications to be issued to unsuccessful bidder by indicating the name and accepted bid price of the successful bidder.

Lack of quality assurance. The Accounting Officers did not appoint Inspection and Acceptance committee to inspect the supplied goods. This is contrary to the provision under Reg.126 and Reg.127 of GN.No.97 of 2005 which requires Accounting Officer to appoint goods inspection and acceptance committee to ascertain the quality of the supplied goods with respect to specifications in the contract. The inspection report then form the basis for certifying payments on received goods.

Not publishing tender award: Tender awards were not published to the public contrary to the requirement of Reg.97 (12) of GN.No.970 of 2005.

Not submitting monthly and quarterly procurement reports to PPRA: Monthly and quarterly procurement reports were not prepared. This is requirement under the checking and monitoring system for procurement activities to all MDAs (A circular was issued by PPRA on 23.July, 2007)

Not submitting tender advert to PPRA: Tender advertisements were not submitted for posting into website. This is the requirement under Reg.9 (a) and 7(a) of GN.No.98 of 2005 respectively.

Using bid security instead of security declaration: A circular issued by PPRA to use Bid security Declaration instead of Bid security to procurements eligible for exclusive preference was ignored.

Poor contract management: There were a number of weakness in contracts administration such as delayed payments, lack of quality control, delayed compilation of the project excessive variation orders, incorrect claims assessment, etc.(Bukuku,2007)

Training

One noted area where PEs are struggling is to get qualified procurement and supplies professionals to work in a new established Procurement Management Units (PMUs).Although the Authority is stepping up its various interventions aimed at improving the capacity of staff working in PMUs, these efforts are hampered by lack of qualified staff in the PEs. The noted low level of compliance could to a large extent be contributed by this lack of qualified staff. We call upon the Ministry of Finance and Economic affairs (MOFEA) as was announced in the budget speech for financial year 2008/09.We also request the government to embark large scale procurement capacity building programme that would ensure quantitative and qualitative increase of procurement staff in the Country.

We can learn from the experience of Accountant General's office in capacity building measures for accountants and auditors. (Bukuku, 2007)

Procurement capacity building is one of the core functions of Public Procurement Regulatory Authority taking into consideration major weaknesses revealed in the various reports, including that of Controller Auditor General and finding of procurement audits conducted by PPRA, there is urgent need to upgrade the skills or bridge the skills gap of those directly or indirectly involved in procurement to enable them perform their tasks more effectively and efficiently in a manner that is in compliance with Public Procurement Act, Cap 410. beginning September, 2008, PPRA will embark on large scale modular based training program to teach as many procurement entities as possible, the primary focus of the program is staff of Procurement Management Unit, members of Tender Boards, and staff of internal Audit Units. There is also a program of dissemination of PPA (2004), Regulation made under it and general procedure for procurement goods, works and services as well as disposal of public asset by tender. The objective of this modular training program is to equip participants with knowledge and skills on the application of PPA (2004) Cap 410 and its regulations, standard tender documents, guidelines and public procurement procedures (Shirima, 2008)

Many donors are now emphasizing that good Public management and administration with strictness on accountability and responsiveness to client needs (citizen needs) should be seen as an aspect of good governance. Similarly, the terms good value for money, maximization of service delivery with less resources and focus on the governed as the consumer, have become buzz-words in recent public sector management reform programmes. An efficient Public Procurement system is an important factor in ensuring good governance. It is with this in mind that the Government established procurement rules, regulations and

procedures. Despite the presence of rules and regulations, public procurement has been very inefficient. A number of donors have been forced to make use of their own systems to avoid the many pitfalls in procurement system. This move has not been without cost to Nation. First, development of human capital in the area of procurement has certainly been affected. Secondly capacity building for National execution of programmes and projects has suffered greatly (Rutashobya, 2000) Trent and Handfield (2002) argue" procurement personnel cannot become expert in all areas of procurement especially as the purchasing function becomes more complex and sophisticated."

Budget

Procurement management has limited resources available to manage the procurement process, and must continuously work toward improved utilization of these resources. Limited resources include employees working within the department; budget funds, time, information and knowledge. Organizations are therefore constantly looking for people who have developed the skills necessary to deal with the wide variety of tasks faced by procurement (Trent & Handfield, 2002)

In every Council there shall be established a Procurement Management Unit staffed to appropriate level. The procurement and other technical specialist and the necessary supporting staff required to carryout its function. The Accounting Officer shall identify all person engaged in procurement within the council and identify the skills need in each post and shall set out strategies to meet the need of Procurement management Unit. The Procurement Management Unit shall be headed by person with sufficient academic qualifications and experience in procurement function. The head of procurement management unit shall ensure that sufficient funds are provided in the Council budget to allow the unit to carry out its responsibilities effectively. (Chenge, 2007)

Monitoring and evaluation

Procurement and supply chain performance evaluation system represents a formal systematic approach to monitor and evaluate procurement performance. While this sound easy, it is often difficult to develop measures that direct behavior or activity exactly as intended. Modern procurement and supply chain performance measurement and evaluation systems contain a variety of measures most of this measure fall into two broad categories effectiveness and efficiency measures. Effectiveness refers to the extent to which, by choosing a certain course of action, management can meet a previously established goal or standard. Efficiency refers to the relationship between planned and actual sacrifices made to realize a previous agreed-upon goal efficiency measures usually relate some input to performance output. Performance measurement is essential for gauging overall effectiveness. It enables procurement and supply chain managers to identify supplier performance and improvement opportunities, performance trends, the best suppliers, both for routine purchase agreements, the best place to commit limited supplier development resources, and the overall effectiveness of supply chain improvement efforts. (Trend & Handfield, 2002)

Contract has to be supervised and monitored properly to ensure good performance. In many LGA's there is tendency of putting a lot of effort in the process of selecting the lowest evaluated supplier and the awarding of contract, but very little effort tends to be directed towards managing the contract once it has been signed. Proper management of contracts is very important to LGA's because it will ensure that the suppliers, service providers or contractors fulfill their contractual requirements. If a contract is well managed, many possible problems can be avoided and solved before they become serious. Public regulatory authority with LGA engineer

are responsible for continuous supervision and evaluation of services and works contracts. The process of contract supervision starts immediately after the signing of the contract agreement and ends with issue of certificate of performance and making of final payment to the contractor. Contract supervision may require crosschecking to actual progress/performance against contracted output in the bills of quantities. The LGA political leadership is responsible for monitoring of service and works contracts. The monitoring process starts immediately the contract agreement is signed and ends with completion of contract. Anomalities noted during the monitoring process should be communicated to technical staff to be handled according to the contract agreement. (Kyaruzi, 2008)

Performance monitoring traditionally this is done by inspection of goods and services delivered. Usually the feedback from beneficiaries of goods and services purchased by the buying organization is used to assess the supplier's performance. In a modern approach procurement contract calls for effective management for all activities and continuous monitoring of performance of each individual supplier, service provider and contractors. Performance monitoring for consultancy service should be done by reporting systems whereby the contacted consultant will be required to submit a performance report on periodical basis. Using financial and management information to measure and evaluate the performance of suppliers and the procurement process enables future purchasing decision to take account of past supplier performance and performance of different procurement methods.

Management of contracts by discussing information on supplier performance with supplier to improve performance during the life of contract. Management of overall expenditure on procurement by allowing questions to be asked about priorities, the need for expenditure and

opportunities for collaboration across the company and with other companies, Identification of good procurement practice which can be applied elsewhere and shared with others in the company, Identification of areas where improvement is necessary. For performance evaluation to become an effective management tool companies need to determine at the beginning of a procurement the information which is needed to assess the supplier's performance and how this is to be collected. Undertake regular evaluation once a contract is in place, consider linking suppliers' enumeration to achieved performance and disseminate and implement lessons from evaluations. (Ishobeza, 2006)

Public procurement and disposal system works best when it is able to reconcile effectively the following objectives. Government agencies established to perform public mission and require goods and services to support these mission. Suppliers conducting commercial operation for their own profits and benefit when supplying goods and services to meet Government Agency needs. Allow suppliers (providers) to deliver satisfactory quality, service and price within timely delivery schedule and public policies established to ensure that procurement and disposal transactions take appropriate consideration of political decisions attached to allocation of resources (Kazingo, 2004)

Reporting

Chenge (2007) argues "procurement Management Unit shall prepare other report for Tender Board as they may be required from time to time."

Information collected from 153 out of 357 PEs indicated that contracts worth Tshs1,800,974 million were awarded in F/Y 2007/2008 of which 38% were for goods, 55% were for works, 4% were for consultancy services and 3% were for non consultancy services. On overall there has been poor response by PEs to provide information on awarded tenders

which would have facilitated the collection and provision to the public of this important data on public contracts. This is a good starting point and is expected that many PEs would come forward to provide information once they realize the usefulness of contract award information to the public and for planning purpose. (Bukuku, 2007)

Public Procurement Act

This law came into force on 1 May, 2005, and it governs procurement in all public sectors in Tanzania. All public entities, including LGA's have to follow the relevant provisions of this Act. The act is divided into eight parts which are themselves divided into 91 sections.

The institutional framework based on this Act consists of two key bodies:

The Public Regulatory Authority (The Authority)

The procurement Entities.

The public Procurement Regulatory Authority replaced the Central tender Board (CTB) and its objective are:

Ensuring the application of fair, competitive, transparent, non discriminatory and value for money procurement standards and practices.

Harmonizing of procurement policies, systems practices of central Government, Local Government and statutory bodies.

Setting of standards for public procurement systems in Tanzania.

Monitoring of compliance of procurement entities and building procurement capacity in Tanzania.

The Act requires each Local Governments Authority to establish tender board to handle matters concerning procurement of goods, services and works. And to facilitate the execution of the procurement activities in orderly manner. The Act also requires each LGA to establish a Procurement Management Unit which should consist of procurement and other technical specialist together with necessary supporting and administrative staff. The Act emphasis that PMU should be headed by an

officer with sufficient academic qualifications and experience in procurement functions. Procurement entities consist of Ministries, independent Department of Government, Region, District, local Government Authorities, and parastatal Organization (Kyaruzi, 2008).

The public procurement Regulatory Authority (PPRA) has urged procurement entities (PEs) to equip their procurement personnel with knowledge of public procurement Act(PPA)2004 and its regulations so as to safe guard public funds spent in the procurement of goods, works and services. This call was made by Ms Hirtrudice Jisenge, a procurement expert from PPRA while operating fourteen-day training in Mwanza on behalf of Dr. Ramadhan Mlinga, the CEO of PPRA. The training which is attended by twenty two participants is part of extended large scale capacity building programme on public procurement being carried out by M/S Institute of procurement and supply in Mwanza and Arusha. The programme targets staff of the procurement management unit and members of tender board. It is intended to equip participants with knowledge and skills on the application of PPA 2004 and its Regulations, Standard tender documents, guidelines and public procurement procedures and preparation of annual procurement plan. The knowledge and skills will enable public officials to perform their tasks more effectively and efficiently in a manner that is in compliance with public procurement Act no.21 of 2004. (Jisenge, 2010)

Organization structure

Positioning of procurement and supply management in organization structure of government is the big concern ever since. Many executive have a lot of questions on whether government should maintain authoritative procurement offices in similar way business organization do. Or should government departments or authorities operate as business

entities? Business in the sense of 'commercial activity' and commercial implies having profits as the main aim. To them procurement and materials management function is crucial to private sector or profit making sector and not to the government or public sector which is non profit. Such observers object direct comparison government entities with private business organizations. How could a local authority be linked to a manufacturing company, for example? Government it needs clerks to maintain records and stores officers, not procurement officers to look at stores where there is sizeable stockholding unit. (Ngwallo, 2000)

A major debate is currently underway concerning the best organization structure, including how to organize for integrated supply chain management. Government Procurement some times maintains communication linkage with government with government at different levels and locations. For example, Procurement has an active role in international counter trade and often negotiates directly with foreign Governments when establishing counter trade agreement. Note that the term purchasing and procurement will be used interchangeably in this book (Trent& Handfield, 2002)

It should be obvious by this stage that the most cost ineffective practice in procurement management of Tanzania local Government is actually structural. No provisions have been made for existence of specific organizational structure for procurement activities backed up with a commensurate personnel establishment. This does not mean that procurement activities are insignificant in our Local Government. Remember that District Council case studied spends nearly 30% of their annual budget on procurement of materials, this excluding services and capital items. The exclusion of capitals here is very important because the largest single expenditure of local Government is for construction

contracts. If buying of contraction services were added therefore, the centrality of techniques and skills of procurement management to cost effective running of our local Government would simply be gigantic. It is clear then that the background of procurement in Local Government Tanzania viewed from where we presently stand is ambivalent. The entrenchment of procurement function through centralization of procurement and formation of procurement and supply department envisaged in 1992 design has five years later in 1997 been rejected when procurement activities have been fragmented to all department heads. The 1997 design has nearly ruled out the possibility of presence in our local Governments of specialist in procurement management so that now treasure is the procurement expert (order 225) and contract officer is to be appointed by the council Director. If procurement expert was available she/he would be automatic contracts officer, thereby spearing the Director the difficult task to appointing one from lay officers. (Kamihanda, 2000)

Placement procurement authority refers to how an organization structures its decision making authority. Probably the best way to preface this discussion exists within an organization versus the physical location of personnel. The need for advanced procurement system is increasingly important. The design and coordination of sophisticated procurement system should not be responsibility of individual Units. If each division or Unit is responsible for developing its own procurement, the end result will be a mixture of incompatible systems. A centrally coordinated approach to system development supports system design compatible with all allocations (Trent & Handfield, 2002).

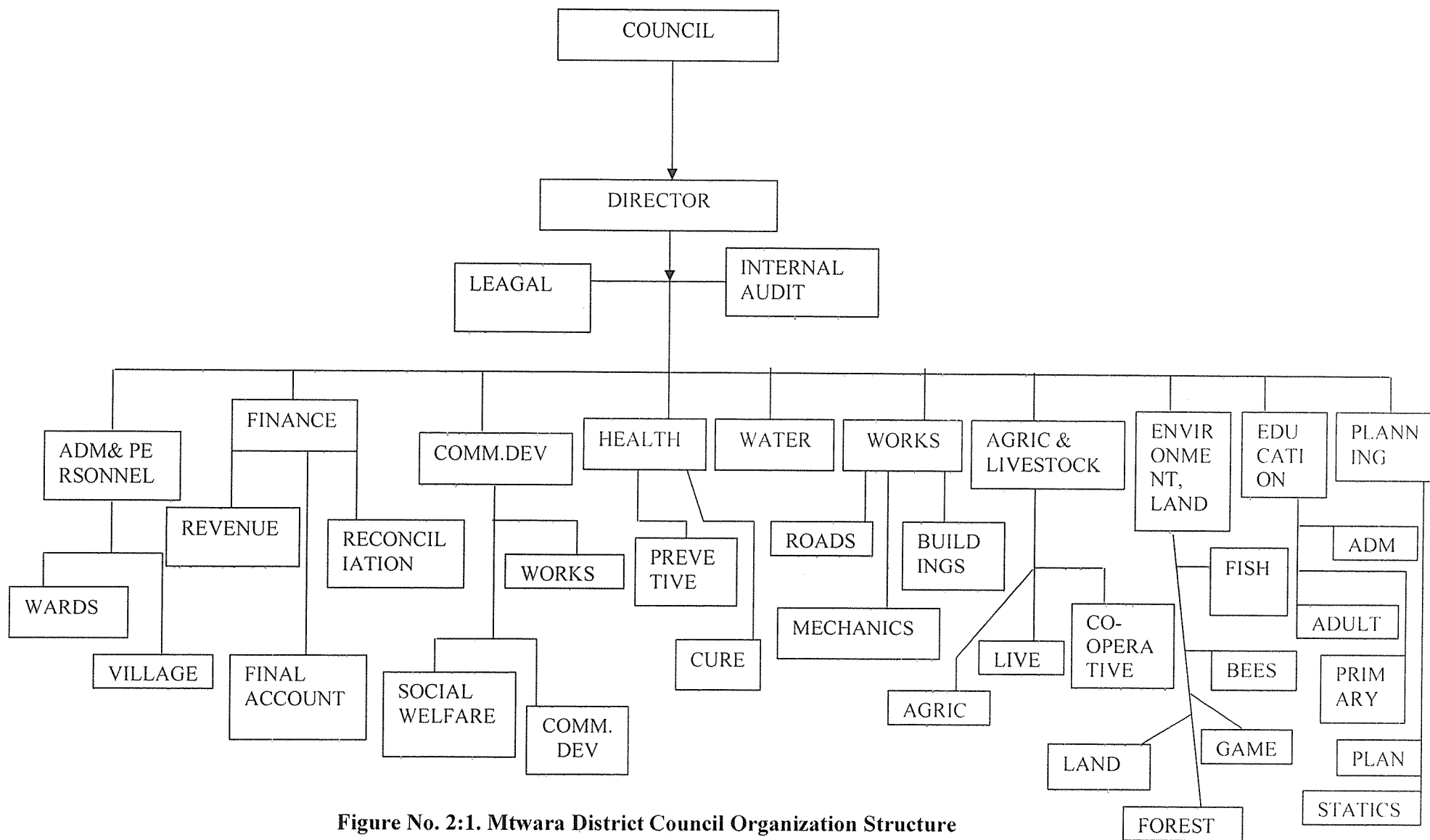


Figure No. 2:1. Mtwara District Council Organization Structure
(Approved by Prime minister 13 August, 2007)

Adopted from Prime Minister Office regional and local government, 2009

Figure no 2:1. Show Mtwara district organization structure which consists of nine departments and three units. Procurement management unit is omitted in structure. Procurement management unit is established according to Public Procurement Act(2004) section 34 and is legal recognized unit which must appear in Mtwara district council organization structure. Is from the structure head of departments or units know the chain of authority. Mtwara district council has council management team meeting every moth which includes all head of departments and units to pass through agendas which are later discussed in finance committee. Quarterly Procurement report is also discussed before is sent to finance committee where is supposed to be presented and defended by head of procurement management unit. Basing on the fact that procurement of goods, services and works in Mtwara district council consume 80% of the budget, structure establishment of PMU is very important that could identify responsible officer and whom is he/she supposed to report to.

According to Local Government Act no.21 of 1982 there shall be established in relation to each district council such member of departments and such sizes as the council may with approval of Minister determine. This gives mandate councils to form structure according to need. In my experience of working with council the essence of unit to appear in organization structure is to support budget provision. Councils prepare budget basing on units and departments which are in organization structure. Due to the fact that procurement management unit in Mtwara district is not in structure therefore, budget provision is questionable to enhance it work as stipulated in Public procurement Act (2004).In that case PMU performance as stipulated in PPA is also questionable.

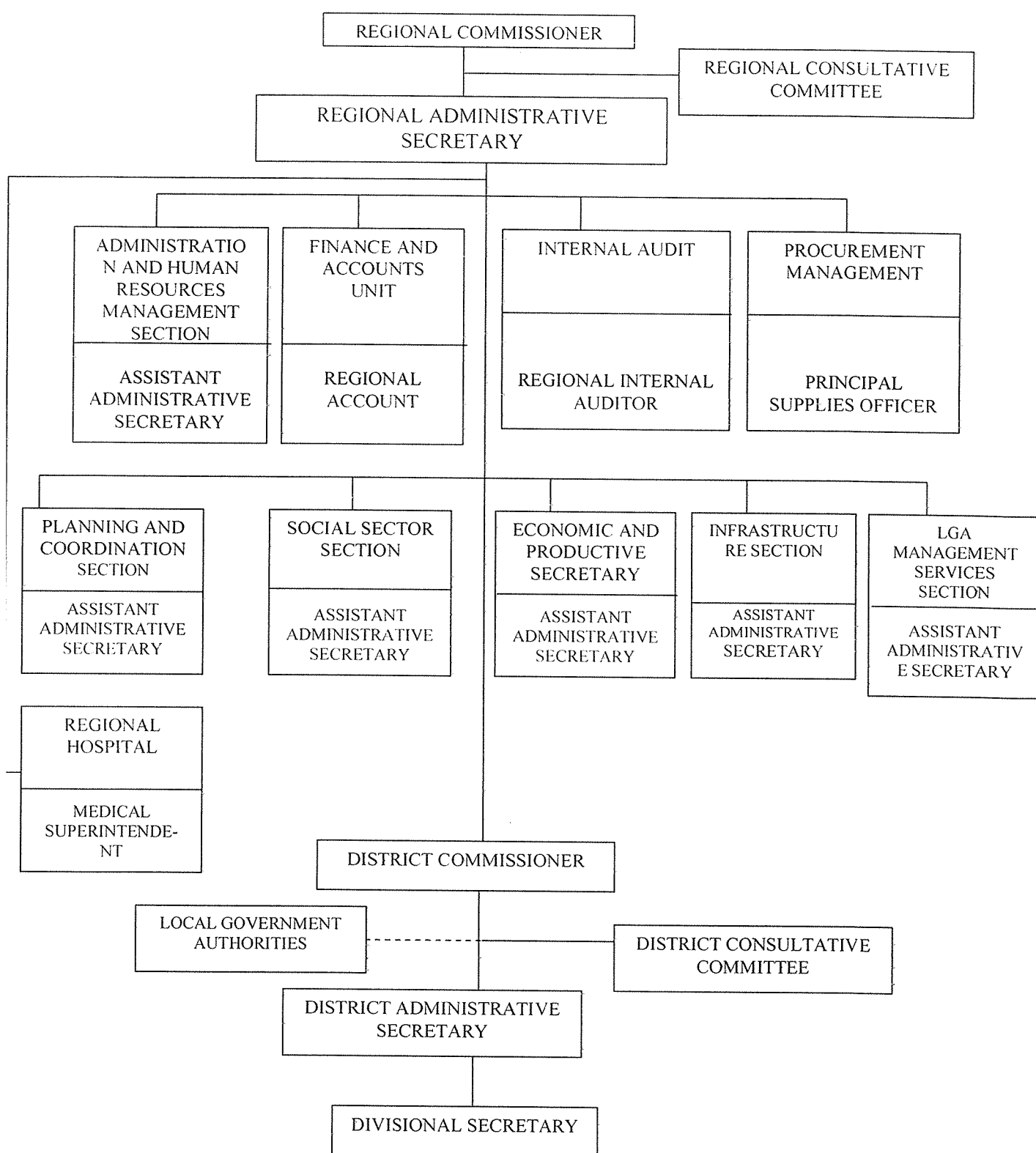


Figure: No.2:2 The Organization Structure Of Regional Secretariat-Regional Commissioner's Office

(Approved by the President on 13th August, 2007)

Adopted from Prime Minister Office regional and local government, 2009

Contrary to figure no 2:1. In figure no 2:2. Show organization structure of Regional Secretariat-Regional Commissioner's Office which has procurement management unit well identified. Regional Secretariat of Mtwara is under Regional commission who is overall controller of all Local Authorities and municipals within the region. For this case there is gap between Central Government and Local government in how Public procurement Act is implemented. However, all are Public procurement entities use Public procurement Act as mandatory. In my experience with council procurement audit does not differentiate between central Government and Local government. Public procurement Regulatory Authority is also making evaluation in public procurement entities to check effective and efficiency use of public fund in procurement. In that benchmarking you find that evaluation guidelines applied in Central Government are the same applied in Local Government. This trend show how important is to have organization structure which can take into account Procurement management unit for the sake of effective and efficient use of public funds for procurable items which consume most of Government budget.

The first and foremost avenue for cost effective procurement in the Tanzania government in general and local government in particular, is a pronouncement and installation by the respective governments of functional organization structures for government procurement activities with job descriptions that empower role players in those structures. For cost effective procurement management to be in government therefore, it is not enough to design a procurement management process. The design must be made also of the structure and people. As one author correctly put it, you cannot have a science without scientists. (Kamihanda, 2000)

Working environment

The environment that people are required to work in can have significant impact on their ability to undertake the tasks that they have been asked to do. This can affect productivity and employee health and well being. The key factors fall into two categories, those that are driven by procedures, protocols and management requirements and the other factors that arise from premises, office or factory design. The work environment can also have an impact on an individual's ability to work safely, competently and in compliance with operational performance targets. It is important to address the following: Work space availability. Have you determined whether there is adequate space available for tasks the individual is required to undertake? Are desks/computer terminals being shared and is this affecting productivity or causing stress? (Manning, 2007).

Shane (2003) argues "If the organization cannot secure resources, for instance, the team cannot fulfill its performance targets. Similarly; high demand for the team output creates feeling of success, which motivates team members to stay with the team. A competitive environment can motivate employees to work together closely".

An organization depends on its environment for resources it needs. Because resources are often scarce and many organizations compete for the same resources, obtaining resources is difficult and uncertain. Process in attempting to deal effectively the many components of its uncertain environment, an organization must design its structure and culture in a way that allows organizational members to secure and protect the organization's access to the resources it needs to achieve its goals. For this reason the environment is determinant of organization structure and culture. (George & Jones, 1999)

The Authority recognizes that Information computer technology (ICT) is an important enabler of its day to day operations in order to achieve effectiveness and efficiency. Accordingly; various computer based systems were developed during the review period aimed at improving the way all staff work towards their targets and enhance security of data. The systems developed include internally-hosted mailing system and internet for sharing information, controlled access to all Internet (IT) systems were also carried out to ensure that all IT systems are in good working conditions.

Experience from other countries shows how some innovative arrangements can improve the cost effectiveness in procurement. Joint procurement and the use of ICT are emerging as potential strategies for reduction of typical transaction of administrative costs. Procurement entities and business need to know that cost savings is common interest. Ultimately, what counts is value of goods or services delivered to the public compared with costs incurred in the course of entire process. Both Public and private sector need to move towards reduced paperwork, by working together on the ensuring appropriate ICT infrastructure is in place and both sides are ready. (Shirima, 2008)

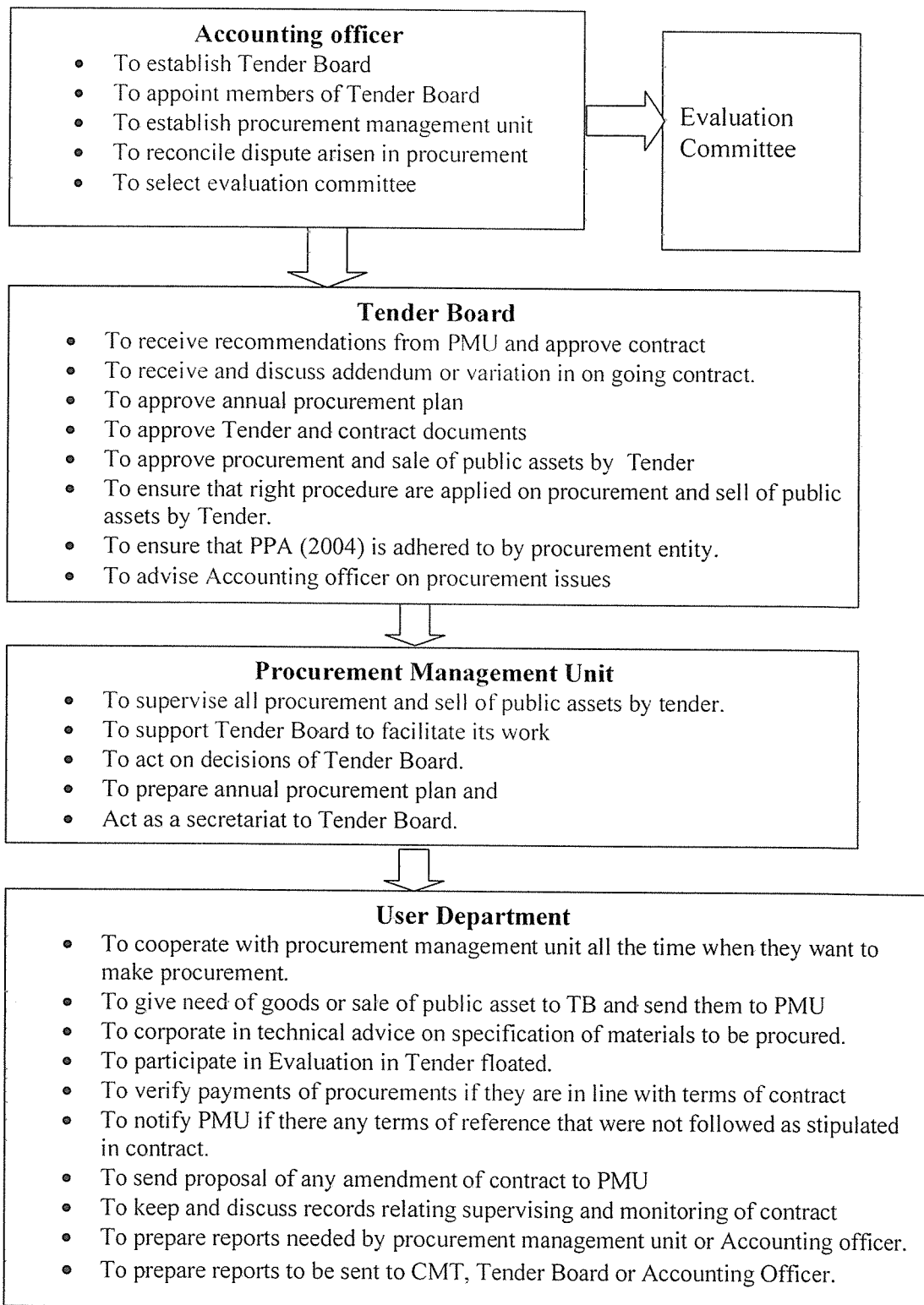
Coordination

With this thinking the procurement and supply Management function is not simply buying. It is a dynamic process of obtain what is required in such a way as to ensure that the best value for money spent. The process needs to be managed by people who are able and well qualified in this specialization. So more enlightened management should begin to accept this fact that effective procurement and supply Management makes diligent use of resources of organization. The function should, therefore, have gained the recognition that is really deserves than the current status.

The function has acquired a new dimension which requires the status of dynamic management that includes able administration, accurate forecasting, effective planning, developed capacity to organize, effective coordinating efforts, better controlling machinery and judicious (Ngwallo, 2000).

Independence

Kasuwi, (2008) argues "in some procurement entities, the head of PMU are reporting to the head of user department contrary to requirement under section 38 of PPA (2004) which call for independence of functions and powers of Accounting Officer, Tender Board, PMU and user departments"



Adapted from principles and procedures of public procurement

Public procurement act (2004) has openly clarified the structure that shall be applied in public procurement for Ministry. Department, parastatal and local Government. This structure has taken into account principles of good governance by ensuring there is separation of power and responsibility as shown in the diagram.

In accordance to diagram it is obvious that Tender board is responsible for all procurement chain and decisions and related public procurement procedures. Together with that responsibility is responsible to accounting officer.

Tender board shall be assisted by Procurement Management unit that shall be established by accounting officer and other responsibilities as shown in the figure. (Mlinga, 2007)

Effectiveness of Procurement Management Unit

The main function of PMU as stipulated under section 35 of PPA,2004 is to manage all procurement activities of the Procurement entities including to plan the procurement activities, support the functioning of tender board including its decisions, coordinate procurement activities of departments, prepare tendering/contract documents and archive procurement records. It is therefore obvious that in the absence of appropriate staffed PMU in terms of number and qualification, it is hardly possible for procurement entity to comply with provisions of PPA (2004) and accompanying regulations.

In assessing the effectiveness of procurement management unit, we have noted the following matters: The head of PMU reports to the City/Municipal/Town/District treasure. This is contrary to the requirements under Regulation.22 (5) of LGATBR, 2007 which requires that the head of procurement management unit to report directly to the accounting officer. The major cause of no compliance with PPA and related regulations is lack of established or effective PMUs within the LGs as procurement entities. In

some cases the existing PMU are not staffed to appropriate level and some staff or members lack appropriate procurement qualifications and training. (Mlinga, 2009)

Chapter Summary

The purpose of this chapter was to present related literature review of variables under study such as procurement procedures, training, budget, monitoring, evaluation and reporting. Also intervening variables such as Public Procurement Act, Organization structure, working environment, coordination and PMU independence. The presentation had been done by providing relevant information with living examples in Tanzania Public Procurement entities where Public procurement Act is applied as mandatory. The next chapter talked about research methodology.

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

This chapter includes various sections that portray how the study was carried out. It represented the methods, techniques and procedures that were used in order to gather data required for the study it comprised of several subsections such as: research design, research population, sampling methods, data collection methods, data collection instruments, data management, data quality control and data type.

Research design

The research was based on a descriptive design qualitative of case study based on questionnaires, interview and documentary review. According to Amin (2005), "case study has been defined as an empirical enquiry that investigates a contemporary phenomenon with its real life context: when the boundaries between phenomenon and context are clearly evident and in which multiple sources of evidences are used (Yin, 1994). Due to the nature of the study, the researcher, used case study which is intensive, descriptive, and holistic analysis of single entity that aimed at studying single entity in depth in order to gain insight into larger cases. This design was used because of its suitability in data collection it enable researcher to study small sample in depth. He went merely describing the variables but also explained the attitudes and behaviors of subjects basing on data which was collected.

Sources of data

The source of the data for this research were primary and secondary sources was described as the data that was observed and recorded by

researcher for the first time to his knowledge and data was collected by using questionnaires , interview methods and documentary review. Primary source data was collected direct from the field and included the following.

Key information collected from PMU members, TB members, evaluation committee members, user Department heads, contractors, suppliers and service providers to Mtwara District Council. In depth, structured questionnaires and interview were administered with dropouts in order to get the core of the problem. In order to establish the impact of existing performance of PMU the researcher looked at procurement records such as, Tender adverts, bid documents, evaluation reports, Tender Board minutes, PMU minutes ,procurement plan, appointment letters, award notification, contract documents and procurement audit reports.

Secondary source: This provided data by reading related documents from other related institutions like Public procurement Regulatory Authority, National Board for material management and National Board for Accounting and Auditing Prime Minister's office Ministry of Local Government. Visiting Libraries, published materials, journals pamphlets and internet.

Study sampling procedure

The purposive method was employed to select the respondents capable of providing the needed information in respect of problem in question. By the use of this study, researcher was assured of getting good information from respondents who are involved in procurement process. The assumption was that who were selected know a great deal about the research under study by virtue of their roles in procurement, community and organization. Under ideal conditions it is appropriate to obtain information from the entire population to ensure maximum coverage of population under study for which generalizations would be made. But

prompted by limitation of resources and the fact that not every respondent could answer the questionnaires, the researcher considered a sample of 87 respondents adequate to carry out the study to provide the necessary information.

According to Stacey (1992) "purposive sampling, a researcher comes up with his/her own judgment about which respondent to choose or picks those who best meet the purpose of the study."

In order to obtain a representative sample non – probability technique (purposive judgment) was used for people involved in procurement process where the researcher decided who to include in sample as it selected typical and useful case only. Sample was stratified in following groups PMU member, Evaluation committee members, TB members, User Department heads, suppliers, contractors and service providers for proper representation of the population in the sample. This ensures that correct and reliable information was got from the relevant people.

Sampling frame

It was carried out in Mtwara District Council south east of Tanzania as a case study and sample unit included staff dealing with procurement process, contractors, suppliers and service providers. The case study parameters are determined by the fact that it is impossible to include all staffs and stake holders of Mtwara District Council. Reliability of data was required for research, the cost of research in light of limited resources and operational limitation of traveling all over Mtwara District council.

Sample size

From purposive sample 87 people were selected in order to achieve the required sample. Then was stratified taking into consideration TB members, PMU members, Evaluation Committee members, User Department heads, suppliers, contractors, and service providers for proper

representation of sub group (stratum) and this ensured that correct and reliable information was obtained from relevant people who are involved in procurement process.

Sample Selection

The study involved all categories TB members, PMU members, Evaluation committee members, user department heads, suppliers, contractors and service providers.

Table 3:1. Indicating the respondents representative sample/method of collecting data

Name of strata	Sample (n)	Method of collecting data
PMU members	6	Purposive/interview and questionnaire
Tender Board member	7	Purposive/interview and questionnaire
Evaluation committee members	24	Purposive/interview and questionnaire
User department heads	12	Purposive/interview and questionnaire
Suppliers	10	Purposive/Questionnaire
Service providers	9	Purposive/Questionnaire
Contractors	19	Purposive/Questionnaire
Total	87	

Data collection methods and instruments.

The researcher used questionnaires, interview and documentary review in the process of collecting primary data. Selection of these tools was

guided by the nature of data that was required, as well as by objectives of the study.

Questionnaires

Were aimed at getting all the necessary data from respondents. This method was used because it was helpful in obtaining specified qualitative information with accuracy and completeness. They were cheap to administer and were convenient for collecting data. The questionnaires were administered by research assistants through head hunting and face to face contacts.

Interview

The interviews were used as basis of investigating to enable the researcher to get the information from 49 key actors in procurement process within procurement entity. Structured interview used were set of predetermined questions this was applied because of the following advantages: More information in greater depth could be obtained, interviewer by his own skill can overcome the resistance, if any of respondents and flexibility and check of questionnaire method to the same respondents if were replied from their understanding.

Documentary review

This method involved reading documents related to procurements. It is advantageous because it enabled the researcher to get first hand information through critical examinations of recorded information received from other research procedures. All questionnaires, interviews and documentary reviews were analyzed and provided a wealth of data on the topic under study. The justification of finding is based on assessing the relevance of what is already there, what workers, stake holders who are involved in procurement process say about Procurement Management Unit

and what should be done to have effective procurement management unit. The findings from questionnaires, interviews and documentary reviews were organized around main objective which was to investigate the effectiveness of procurement Management Unit in delivering services to local Government.

Validity and reliability of research instruments

To measure the validity of research instrument, the researcher used content validity index (CVI) approach. With the help of the supervisor the researcher circulated the research instruments to assess every item in the instrument as valid (V). Then the inter judge coefficient of validity was calculated as:

$$\text{Inter judge coefficient} = \frac{\text{Number of judges declared item valid}}{\text{Total number of judges}}$$

Amin (2005) confirms that that process is repeated for all the items in the instruments. Then the average number of items valid is calculated to get the CVI. According to Amin (2005), if the CVI is 0.70 or above it is accepted. In accordance with that fact it was accepted because the CVI was 0.86 (for calculation see appendix 2)

Reliability of research instrument was concerned with the extent to the research instrument yield the same results. 10% of questionnaire were used in pre-testing and post-testing and yielded the same results on repeated trials after two week to the same respondent and proved to be reliable.

Research procedure

Research topic was handed to supervisor and school of post graduate study for approval. Research instruments too were approved, the researcher then obtained an introductory letter and authorities from

relevant authorities that helped to introduce researcher to the field of study and actual administration of instruments was then done.

Editing

The importance of editing technique was to remove the unnecessary information and correcting the mistakes. According to Keya (1990) "Editing is the process whereby, errors in a complete interview schedule and questionnaire are identified where possible. Therefore data was given a through check both during fieldwork and after. In the field, those responsible scrutinized the questionnaire to check omissions, inconsistencies, illegible writing and other errors to make sure that the questionnaire were complete in every respect and that the information supplied is consistent and accurate. Again before analysis, the questionnaires were scrutinized and verified in order to remove errors and repetitions. This type of data processing made analysis of data simple and easy.

Coding

The data from the field was coded by clarifying all the respondents gathered. In the process of coding, the responses were translated in numerical term in order to facilitate the analysis. This required all questionnaires to be given unique code under which the data for each questionnaire was entered carefully by reading through the responses one by one.

Interpretation and presentation of data

All the quantitative data was expressed in figures and then calculated and expressed in the form of percentage. Thereafter, this information was transformed into tables, bar charts and pie charts, by use of Microsoft

Excel Programme. From there, everything was ready for analysis and interpretation and conclusion were made.

As for the qualitative data, the researcher read through all the views collected during data gathering by grouping together related view and themes, connecting these view by careful comparison. As a result, a variety of information was realized.

The documentary review involved reading each document, analyzing its contents and summarizing each idea in a specific card these cards were later sorted out according to themes and objectives and later synthesized into meaning information. These three types of information coupled with what was observed by researcher, made it possible to come up with inferences about whether Procurement Management Unit is effective or not.

Ethical consideration

Bearing in mind the ethical issues the researcher provided the respondents with necessary information as regards the main purpose of research, expected duration and procedures to be followed, and be in position to keep privacy and not disclose the confidentiality of the respondents and researcher responsibility.

Limitation

Procurement staff and stake holders were some times scared when needed to answer questions about disputes in procurement and during verification of documents related for existing study done by researcher, thinking it was surprise procurement audit which is done whenever there is miss procurement. This was overcome by giving them reasonable assurance that the response were strictly for academic purposes.

Difficult in accessing the respondents due to their busy schedules however, the researcher used multiple skills like callback, re-arranging appointments intensively mapping appropriate respondents with support of Mtwara District Executive Director (DED)

Chapter Summary

The purpose of this chapter was to present methods, techniques, procedures such as research design, research population sampling methods, data collection methods, instruments, data management, quality control and data type. The sample size comprised 87 respondents. The presentation had been done by providing the relevant information. The next chapter talked about presentation analysis and interpretation of findings.

CHAPTER FOUR

PRESENTATION ANALYSIS AND INTERPRETATION OF DATA

Introduction

The aim of the study was to investigate the effectiveness of Procurement Management Unit in delivering service to local Government a case study of Mtwara District Council. This chapter deals with systematic presentation, analysis and interpretation of the findings. All 87 respondents targeted returned questionnaire. The researcher administered questionnaire, interview and documentary review were successfully conducted and responded to. The main tools used for analysis included tables for percentages analysis and graphs/charts for comparison.

Presentation, analysis and interpretation of findings

The presentation and analysis of the findings was conducted in accordance with objectives set in chapter one.

Background Information of respondents

This part presented the back ground information of respondents who participated in this study. The purpose of presenting the background information was to find out the characteristic of respondents and distribution of population in the study.

Table 4.1: Age by Gender

Age	Male	(%)	Female	(%)	Total	Cumulative percentage
20-30	10	62.5	6	37.5	16	100
31-40	21	70	9	30	30	100
41-50	32	82.05	7	17.95	39	100
51+	2	100	-		2	100
Total	65		22		87	

Source: Primary data

According to data collected majority of the respondents were male between 41-50 followed by between 31-40 then between 20-30 and above 51. The nature of procurement work involved field work and movement most of the time especially for contractors and service providers few women engaged to this type of field due to responsibilities of family keeping, only who secured job in office were prepared to do the job. Most of those engaged in private companies they sometimes back, worked with the Government. On top of that it was anticipated that they were able to make profit in their businesses at the same time provide quality services needed by the Council.

Table 4.2: Academic Level

Qualification	Total No.	Percentage	Cumulative percentage
Certificate	30	34.5	34.5
Diploma	48	55.2	89.7
Degree	5	5.7	95.4
Post graduate	4	4.6	100
Total	87		

Source: Primary data

According to the data most had diploma level education about 52.2 % followed by certificate about 34.5 % few were graduate and post graduate about 5.7 % and 4.6 % respectively. This indicated that education in procurement field is vital due to nature of work that needed professionalism. Findings were in agreement with documentary analysis captured from personal files and Company profiles that attached list of workers and their academic qualification from accredited colleges and Universities. Few numbers of degree holders and post graduate is due to the fact that education at that level is expensive those who secured job at diploma level they decided to be permanent workers under graduates' or post graduate supervision.

Table 4.3: Period worked /experience

Period	Frequency	Percentage	Cumulative percentage
< 1 year	10	11.5	11.5
1-3 years	63	72.4	83.9
3-5 years	12	13.8	97.7
6+ year	2	2.3	100
Total	87		

Source: Primary data

In accordance to the data on the table majority of respondents were between 1-3 years experience about 72.4 % followed by those who were between 3-5 experiences about 13.8 % then less by 1 year about 11.5% and more than 6 years about 2.3 %. This trend shows more training was needed for contractors, suppliers and service providers and mentoring and coaching for workers within the Council so as to empower their capacity due to their short experience. In accordance to this short experience were not aware with some changes which happened in procurement field, procurement Act, and regulations governing Public procurement which

were in place and therefore, compliance with procurement Act was questionable.

In the study conducted in Mtwara District Council one of the objectives was to identify composition of procurement management unit in Mtwara District Council. To achieve this objective, several questions intended to gauge the views of respondent were posed such as: Have you established Procurement management Unit? When was it established? Mention date and year and List staff employed in Procurement Management Unit and their academic qualifications. Data collected was analyzed the researcher presented the results as follows:

Table 4.4: PMU information: Establishment of PMU

Category	Frequency	Percentage (%)	Cumulative percentage (%)
Those who said yes	65	74.7	74.7
Those who said no	22	25.3	100
Total	87		

Source: Primary data

Majority said Yes that established procurement management unit was in place about 74.7 percent and only about 25.3 percent said No. Data analysis and interpretation revealed the following major findings under this objective. PMU was established. Those who said No had their opinion such as no work had been performed by PMU which is significant of PMU existence, report were not prepared, Unit was not in organization structure and PMU establishment and composition according to Act was

still big challenge to Accounting Officer because PPA section 34 was not clear.

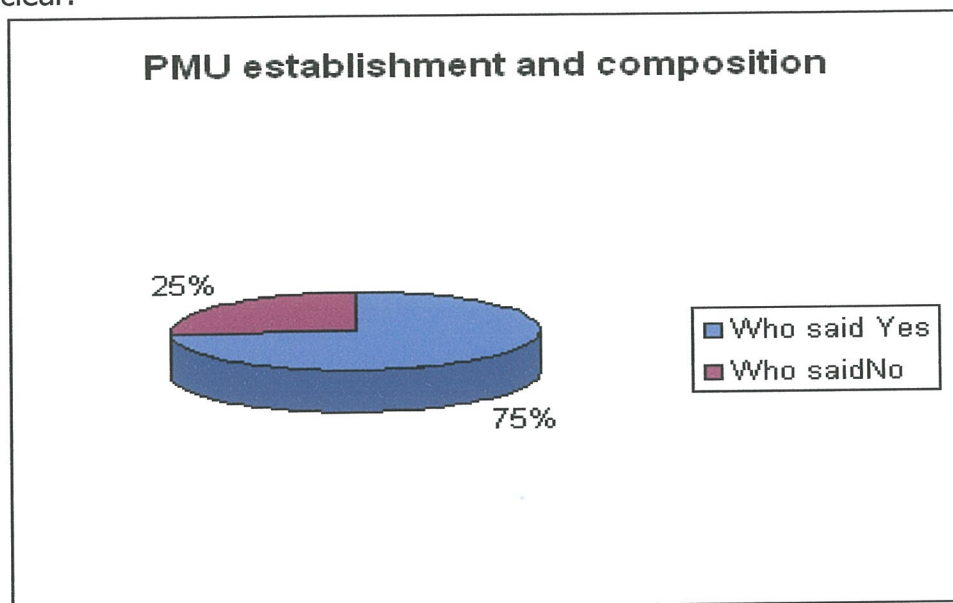


Figure 4.1:PMU establishment and composition according to Public procurement Act

Source: Primary data

Result represented in pie chart fig no.4:4 Show comparisons whereby, big space is

occupied by those who said Yes and small portion who said No. This is in agreement with documentary analysis whereby, the researcher was able to verify appointment letters with reference number:

MTDC/T.30/1/216,MTDC/T.30/217,MTDC/T.30/1/218,MTDC/T.30/1/219,MTDC/T.30/1/220,MTD/1/T.30/221 of PMU members signed by Accounting Officer. However, 3 the respondents about 6% were not aware of PMU when interviewed. This shows that they lacked knowledge of Public Procurement Act where establishment and functions of PMU had been clearly explained in section 34 and as explained in literature review.

Table 4.5: Name, position Department and academic Qualification of PMU members

Full name	Department	Position	Academic Qualification
1. Dickson Benjamin	Water	District water engineer	Advanced diploma in water works
2. Ismail Pele pele	Agriculture/livestock	Live stock officer	BSC in live stock
3. Chiliku Chilumba	Education	Education officer	Diploma in Education
4. Maulidi Mwishwa	Works	Technician/Works	Full technician certificate/works
5. Ally Mbwana	Finance	Procurement officer	Advanced diploma in supplies and procurement
6. C. Bugodore	Health	Health Officer	Diploma in Health

According to data collected Council PMU was not staffed with appropriate officers skilled in procurement and other technical specialists contrary to regulation 22(2) of local Government Authorities Tender Boards (Establishment and Proceedings) Regulations 2007. PMU worked as committee since it composed by appointed members who lacked procurement knowledge and did not have status of either unit or department. The head of the unit was procurement officer the only procurement specialist who was in finance department and reported to District treasure as opposed to regulation 22(5) of Local Government Authorities Tender Boards (Establishment and proceedings) Regulations 2007.

Second objective was to identify the roles of procurement management unit in Mtwara District Council. To achieve this objective several questions intended to gauge the views of respondent were posed those questions

were: Does PMU perform tasks in accordance to annual procurement plan approved by Council? Do you think PMU perform its functions as stipulated in Public Procurement Act (2004)? And does PMU report to Tender Board about procurement as required? Data collected was analyzed the researcher presented the results as follows;

Table 4.6: Does PMU performs its functions as stipulated in public procurement Act (2004)?

Category	Frequency	Percentage (%)	Cumulative percentage (%)
Those who said Yes	8	9.2	9.2
Those who said No	79	90.8	100
Total	87		

Source: Primary data

According to data obtained majority about 90.8% said No only 9.2% said Yes. Data analysis and interpretation revealed the following major findings under this objective PMU was not performing tasks as stipulated in public procurement Act .Causes are lack of knowledge of PPA among members, lack of fund, cocktail member of PMU who lacked knowledge of Public procurement and PMU establishment was only to satisfy PPA requirement which was mandatory for Public Procurement entity.

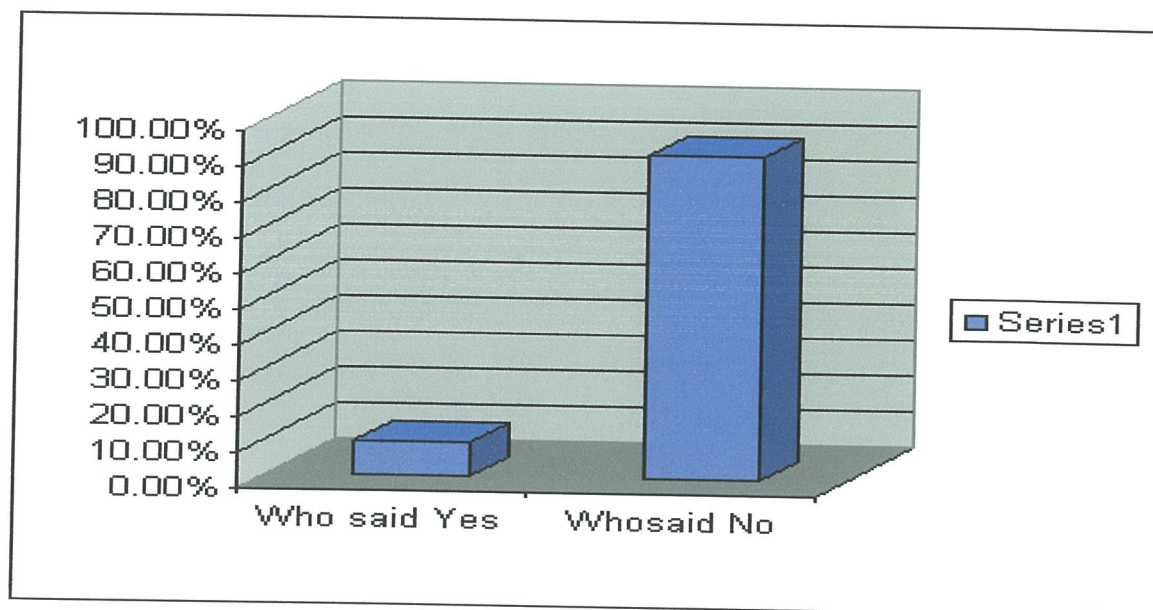


Figure 4.2:PMU performance as stipulated in Public Procurement Act

Source: Primary data

Fig no.4:2 Show represented data in bar chart for comparisons whereby, majority who had big percentage are those who said No. PMU was not performing its duties as stipulated in PPA (2004) this is in agreement with documentary analysis captured in PMU file since 2006.Minutes dated 1/09/2008 where Tender No.MTDC/WSDP/01/2007-expression of interest of Rural Water Project funded by World Bank was discussed. Agenda was to go trough evaluation repot. Minutes dated 27/07/2008 where Tender No.MDC/WS/TB/1/2007/2008 Procurement for water parts for rehabilitation of Ndumbwe water supply. Agenda discussed was preparation of tender document and tender notice. Minutes dated 26/03/2009 where tender No.MDC/RB/TB/5/ 2007/ 2008-rehabilitation of Nanyamba market, MDC/RB/TB/4/2008/2009-rehabilitation of council hall

and MDC/AUCT/TB/2/2007/2008- sell of old vehicles the main agenda discussed was to go through evaluation reports and recommendations. Among 147 contracts awarded financial year 2008/2009 only 5 about 3% discussed by PMU .Bidding documents, tender notice, contract documents were prepared by User departments while are a tasks of PMU. Due to the situation on the ground there were big chance to slanted specification and slanted selection which hindered fair competition to bidders, transparency, value for money procurement and advantage of economic price.

The third objective was to determine community attitude towards procurement management unit and it's significant to Mtwara District Council. To achieve this objective several questions intended to gauge the views of respondent were posed such as Is Procurement Management Unit effective in providing better procurement service?, What type of queries were raised on procurement in your organization by National External Auditor and PPRA for past two years? There is highly demand of having active PMU in Council, Council PMU is well staffed to carry out its tasks as stipulated in PPA(2004),Council has independent functions and powers of Accounting officer, tender board and PMU,PMU have enough budget tools and time to perform its tasks and If Council had no disputes in procurement. Data collected was analyzed and researcher presented in sub sections as follows:

Table 4.7: Is procurement management unit effective in providing better service?

Category	Frequency	Percentage (%)	Cumulative percentage (%)
Those who said Yes	12	13.8	13.8
Those who said No	75	86.2	100
Total	87		

Source: Primary data

According to data collected majority of respondent about 86.2 % said No followed by who said Yes about 13.8 %Data analysis and interpretation revealed that PMU was not effective in delivering better service. This could be caused by lack of enough procurement specialists among PMU members, lack of budget provision to PMU by an organization, lack of working facilities and coordination with user department.

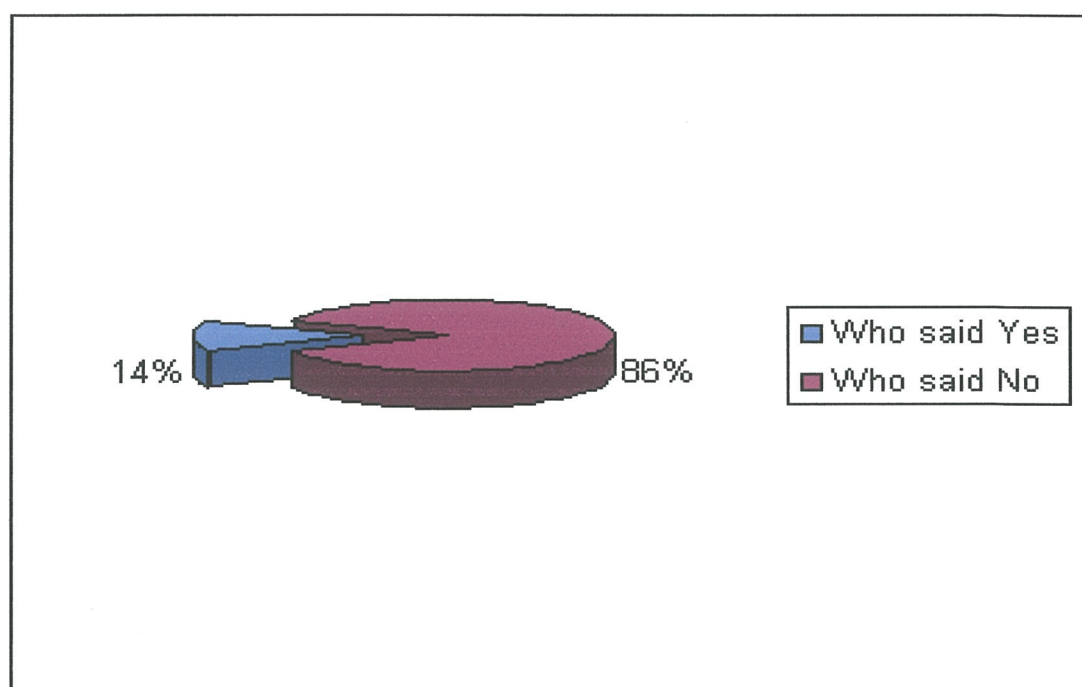


Figure 4.3: Is procurement Management Unit effective in providing services?

Source: Primary data

Data represented on pie chart for comparison fig no.4:3. Majority said No who covered big area this is in agreement with documentary analysis. PMU did not perform work in accordance to approved procurement plan which show aggregated procurable items of the same nature, budget method of procurement and time. Among 147 procurable contracts planned in 2008/2009 only 23 were implemented according to plan about 16% that show ineffective of PMU performance. The total planned

procurement in financial year 2008/2009 was Tshs 2,403,712,173.00 only Tshs1, 290,021,455.00 as per 30 June 2009 were used about 53.7 % according to annual procurement report. The biggest problem was teamwork. PMU members were not fully involved in procurement works due to schedule of work in their respective departments whereby, had to account for activities done to their immediate bosses at the same time procurement works to TB that caused rescheduling procurement processes which de-railed procurement plan.

Most of procurement queries rose show weaknesses on PMU performance. This is in agreement with documentary analysis because, most of the audit procurement report commented on Procurement procedures that were violated hence show that there was lack of monitoring and evaluation to check that all procurement procedures were adhered to and weak internal control and accountability in procurement.

Documentary analysis captured internal audit report of July –Sept 2009 that were not fully replied on time until procurement audit was again done by PPRA (Assessment of performance compliance indicators) caused re-appearing of the same queries in procurement audit report which could have been rectified by PMU. In that assessment the Council scored 531/1300 points which was about 41%.The assessment result of PPRA revealed the following weaknesses:

PMU established as a committee and was not staffed to appropriate level. Bidding documents and contract not approved by Tender Board. Advertisement of Tender opportunities and invitation for tenders were done by secretary of TB instead of accounting officer. Minor value procurements were not endorsed by Member by members of TB and secretary. List of suppliers are not submitted to TB for approval prior submitting quotation. Tender adverts were not submitted to PPRA to be published in website and Journal as per regulations, 2005.Minor value

procurements exceed thresholds set out Tshs.3, 000,000.00 per contract for head of Department and 5,000,000.00 for accounting officer. All works and water projects did not use standard bidding documents issued by PPRA. The MDC has no contracts register for all contract entered by the Council. Information scattered in different files which caused difficult to get the flow of the entire procurement cycle as required by section 56 of PPA 2004 and Reg.19 (1) of GN 97 of 2005.PMU did not maintain and archive the all records of procurement process in systematic order. Payments are made without measurement sheets or valuation sheets or take- off sheet or valuation to justify works done. Inspection and acceptance committee to inspect procured goods.

Report from Office of Controller and Auditor General Mtwara Branch revealed the following as weakness in procurement in report of financial year 2007/2008. Paid for motor vehicle not supplied worth Tsh 47,000,000.The amount was paid to Permanent Secretary Ministry of infrastructure for procurement of participatory forest management programme motor vehicles however, since may, 2008 to time of auditing transaction August, 2008 the said motor vehicle has not been supplied. Uncompetitive hire of motor vehicles Tshs 4, 500, 000, number of days and rates used in travel not known neither contract documents were produced to audit nor were quotations. Questionable repair of motor vehicle Tshs 2,724,000 Job card/delivery note were missing, Log sheet for respective motor vehicle were not produced for audit. The motor vehicle was not certified by engineer after repair services. No record was maintained for maintenance, repair and replacement.

Suspect losses of diesel worth Tshs11,641,600 the Council purchased 5,594.62 Litres while ledger balance was 7,944 Litres making total fuel available for consumption on 2/2/2008 to be 13,538.62.Questionable issues in stores in bulk Tshs 3,500,000.Questionable issues of stores in

bulk Tshs 3,500,000 .The Council paid to M/s K.F.C Investment P.O.Box 459,Mtwara being purchase of stationeries for office use. The stores were taken on ledger charge to general store ledger and then issued in bulk to finance department issue voucher no.0891-0892 dated 20/8/07,the accountability and utility of item could not been confirmed. Questionable maintenance of vehicle Tshs 6,534,090 an amount was paid to M/s Doa Auto Services and Mnarani garage for maintenance and services council motor vehicles with registration no.SM 2699 and STJ no.7487 District mechanical inspection report was not made available. Certificate from District mechanical to certify the work done was not attached. According to this report 6/19 queries were from procurement which was about 31.5 %

.Documentary analysis from audit report from controller audit general Mtwara branch of year 2008/2009 revealed the following: Questionable procurement of training services Tshs 7,469,000 whereby, the LPO was originated by head of department and authorized by head of department .Fruitless expenditure on procurement Tshs 17,995,452 (health) In these procurement, the Council suffered a loss of Tshs 17,993,452 as a result of affecting such procurement from private supplier instead of medical stores Department (MSD) This is contrary to reg.57(1),(2) and(3) and the public procurement regulations,2005.

Questionable issue of diesel to private m/vehicle Tshs 1,750,000. a sum of Tshs 1,800,000 was paid to M/s Mtwara star service station pv 12/4 cheque no. 101707 (Health account) for supplying 1440Lts diesel @1250 as per LPO 8164 of 1/4/2009 and delivery note 17048 of 9/4/09 in respect of Nanyamba health Centre. However scrutiny of delivery note revealed 1400Lts of diesel worth Tshs 1,750,000 was issued to private motor vehicle with registration no.T651AGA.Questionable procurement of sign

board Tsh 2,400,000 M/s Rukohe Enterprises was paid Tshs 2,400,000. was paid Tshs 2,400,000 pv 50/8 for supplying 8 pcs of advertisement sign boards @Tshs 300,000 as per LPO 7789 of 10/8/08, invoice 0478 Of 12.8.2008 and delivery note no.11 Of 18/8/08. the measurement and design of the procured sign boards were not specified hence the amount charged could not been verified. Further more, the allocation/place where sign boards were installed was not given. Discrepancies of stores Tshs 9,851,500. A comparison made between ledgers balances and actual stock balances revealed discrepancies of Tshs 9,851,500 as deficit. Irregular procurement of Hospital materials /Instruments Tshs 45,899,000. A sum of that amount was paid to B&K Lab general supplies for supply of various hospitals equipment. The following irregularities were noted. No approval was obtained from MSD that same items were out of stock or that MSD price was high compared to that provided by local supplier.

Unapproved procurement of medical supplies Tshs 54,046,500. Audit of procurements noted that procurement of medical supplies were made from private supplier without been approved by MSD. Fictitious TSM9 forms procurement contract Tshs 15,419,700. The amount was paid to M/s printing wise (T) Ltd. P.O. Box 7549 DSM in respect of scanning 5711 pcs of TSM 9 @2700(pv.4/12 chq no.090.21 of 5/11/08 LPO No.8629 of 6/10/08 invoice no. o2351 of 8/10/08 note no.0154 signed by DEO. However, audit scrutiny of contract no.MDC/ED/TB/2008/TSM9 of 13/8/8 and tender board evaluation minute no.2 of 29/7/08 revealed the following anomalies: the rate of Tshs 1350 per TSM9 form was quoted in the tender evaluation minutes but quoted in contract was Tshs 2,700 per form causing a difference of Tshs 1350. Procurement made out of annual procurement plan Tshs 197,788,204. The Mtwara District Council procured 2 motor vehicle totaling Tshs 197,788,204 (Education a/c and general fund

a/c) pv 13/2 cheque 099521 and pv 20/3 cheque no.100087 of 10/3/09 respectively. The procurement plan for year could not reflect such procurement contrary to section 45 of PPA No.21 of 2004.

Unapproved procurement of slates (Education a/c) Tshs 10,600,000.The amount was paid to M/s Beneu General Supplies Co. Ltd for purchase of slates @ 2000 pv 23/6 and chq no. 099642-primary schools use. The procurement exceeded limits of accounting officer which is Tshs 3, 00,000 per contract (LPO) made under quotation basis. Purchase of stationery not taken on ledger charge Tshs 3,552,500.The items were noted to have not been accounted for stores ledger. According to that report 11/40 were queries raised in procurement about 27.5%.Comparing the value of procurement queries in this two reports 2008 the value was Tshs.75,899,690 while in 2009 was Tshs 351,352,156 that show the situation was not improving as far as Public procurement is concerned.

Table 4.8: There is highly demand of having procurement management unit in Council

Category	Frequency	Valid percentage (%)	Cumulative percentage (%)
Strongly agree	78	89.7	89.7
Agree	5	5.7	95.4
Undecided	1	1.15	96.55
Disagree	2	2.3	98.85
Strongly disagree	1	1.15	100
Total	87		

Source: Primary data

These findings indicated that majority of the respondents (89.7%) strongly believed that there was demand of active procurement management unit in council that would facilitate procurement activities 5.7 % agree, 1.15 % then 1.15 %strong disagree. PMU was important in Mtwara District Council so as to facilitate procurement activities.

Table 4.9: Council procurement is well staffed to carryout its tasks as stipulated in PPA (2004)

Category	Frequency	Valid percentage (%)	Cumulative percentage (%)
Strongly agree	3	3.4	3.4
Agree	4	4.6	8
Undecided	2	2.3	10.3
Disagree	16	18.4	28.7
Strongly disagree	62	71.3.	100
Total	87		

Source: Primary data

These findings indicated that majority of the respondents (71.3%) strongly believed that council procurement management unit was not well staffed to appropriate level that affected its performance followed by disagree about 18.4 %, agree about4.6 %, strong agree3.4 % and undecided about2.3 %.

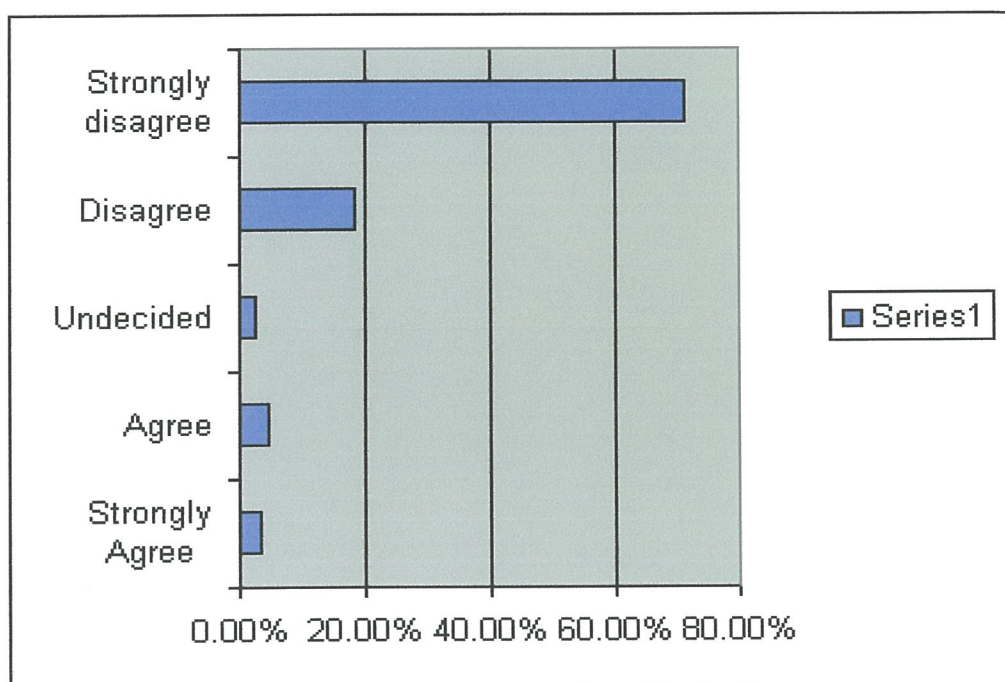


Figure 4.4: Is PMU well staffed to appropriate level

Source: Primary data

Data represented in bar chart fig.no.4:7 .show comparisons on their opinion whereby, the highest percentage was of those who strongly disagree that PMU is well staffed. According to this situation Mtwara District Council could not benefit from PMU performance therefore, delivery was questionable.

Table 4.10: Council Independent functions and powers of the accounting officer, tender board and procurement management unit.

Category	Frequency	Valid percentage (%)	Cumulative percentage (%)
Strongly agree	1	1.15	1.15
Agree	6	6.9	8.05
Undecided	4	4.6	12.65
Disagree	20	22.98	35.63
Strongly disagree	56	64.37	100
Total	87		

Source: Primary data

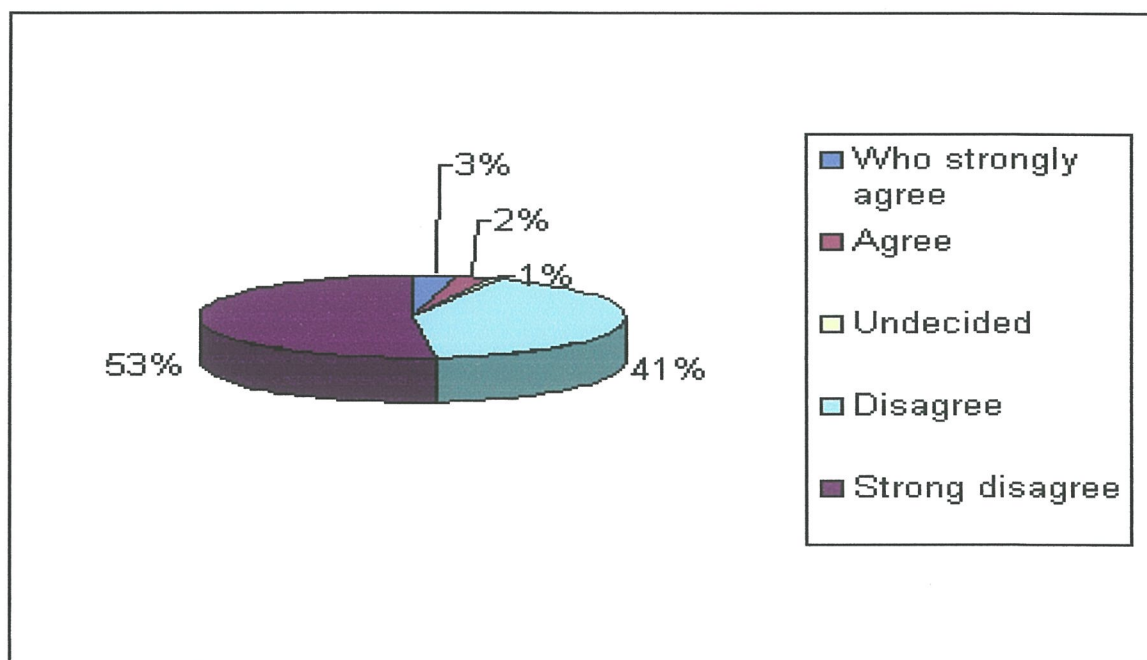
This findings indicated that most of the respondents about 64.37 %strongly believed that there was no independent function and powers of the accounting officer, tender board and procurement management unit followed by disagree about 22.98 %,agree about6.9% un decided about 4.6 and strong agree only 1.15 %.

Table 4.11: Procurement has enough budget, tools and time to perform its tasks

Category	Frequency	Valid percentage (%)	Cumulative percentage (%)
Strongly agree	3	3.45	3.45
Agree	2	2.3	5.75
Undecided	1	1.15	6.9
Disagree	36	41.4	48.3
Strongly disagree	45	51.7	100
Total	87		

Source: Primary data

These findings indicated that most of the respondents (51.7 %) strongly believed that procurement did not have enough budget and working tools had poor working environment to perform its activities as required followed by disagree about 41.4 %,who disagree about 3.45 %, strong agree 2.3 % agree and about 1.15 % un decided.



Source: Primary data

The data was represented in pie chart to compare respondent opinion where majority covered big area strong disagree that there is no procurement budget. This is in agreement with Documentary analysis because researcher was able to reveal requisitions for computer, telephone and internet services for PMU office which were rejected due to the fact that PMU had no budget.

Table 6. 12: Council has no disputes in procurement

Category	Frequency	Valid percentage (%)	Cumulative percentage (%)
Strong agree	1	1.15	1.15
Agree	15	17.24	18.39
Un decided	3	3.45	21.84
Disagree	1	1.15	22.99
Strong disagree	67	77.01	100
Total	87		

Source: Primary data

These findings indicated that majority of respondent about 77.01% strongly disagree that Council has no disputes in Procurement followed by about 17.24 % who agree, 3.4 % who were undecided, 1.15% who strong agree and 1.5 % who disagree.

This is in agreement with documentary analysis due to the fact that, Mtwara District Council terminated construction of Kilambo International market awarded to Safre General Enterprise Ref no.MDC/UJ/BW/1/2006,contract that had value of Tshs 49,375,600.00 where by, contractor was paid 37,375,600.00 about 76% ,rehabilitation of Nanyamba market awarded to Nela Construction co. Ref no.MDC/UJ/BW/4/2008 with contract value of Tshs 12,720,000 where by, contractor was paid 4,050,000,as part payment about 32%, rehabilitation of Dihimba water supply Ref no.MDC/WS/TB/9/2008/2009 awarded to Roby traders Ltd. with contract value of Tshs 55,187,150 contractors was paid Tshs 36,168,435 about 65.5% . Inability of contractors to observe terms of contract and ignorance of scope of work for project caused not fulfilling obligation that forced Council to terminate contracts according to general condition of contract section 36.1 (iv) and (v).

Other disputes were those relating to procurable items from frame work contract. Some short listed companies (frame work contract) were not routed quotations for the whole financial year 2008/2009 so that they could compete with others in supplies and service providing to Mtwara District council. Services and supplies were indicated in annual procurement plan and 147 contracts were awarded to different suppliers, contractors and service providers. Comparison done between short listed companies against company awarded contracts revealed Machinda general enterprises supplier of stationeries, Mtwara Computronics service supplier of office equipment, Aluta engineering fire services supplier of fire appliances, Mitesh general enterprises and 4M 2006 supplier of electrical and building for the whole financial year 2008/2009 were not routed quotations for no reason, This was un fare competition because suppliers and service providers had equal chance to compete so that Council could benefit from quality and economic price.

The forth objective was to determine ways to improve effectiveness of procurement management unit in Mtwara District Council:

To achieve this objective several questions intended to gauge that were posed such as What do you think are the major problems of PMU in your Council?, what do you think should be done to improve effectiveness of PMU in your Council? And how PPRA help to improve effectiveness of PMU in your Council? And what Ministry of Local Government should do to improve effectiveness of PMU? Data collected was analyzed and the results are presented in sub sections:

Training is needed to PMU members to improve their working ability

Data collected from respondent view insisted on training so as to build capacity to PMU members. This is in agreement with Documentary analysis because from Council training files there about 5 procurement training invitations most of them organized by PPRA bearing reference no.PPRA/BD.54/2001/01/111 dated 31 Dec 2009,BD-54/200/01/151 dated 20 May 2009,PPRA/BD.54/2000/01/145 dated 13 May 2009,PPRA/BD.54/2000/01/144 dated 4 June 2009 and PPRA/LGA/95/Vol 11/42 dated 15 June 2007 but procurement Management Unit attended only one that was held in Mtwara town justification for not attending was lack of fund as commented in most of invitation letters by Accounting Officer.

Proper composition of PMU and procurement procedures and roles of PMU must comply with PPA (2004).

Data collected as view of respondent on procurement procedures insisted on following Public proper composition so as to improve effectiveness of PMU. Public procurement procedures would provide fair play, economy and value for money procurement. This is in agreement with documentary analysis because, among 147 contracts 82 contracts about 56% recommendations were accepted after necessary corrections, technicalities and procurement procedures were rectified. This was caused by, incorrectness/inaccuracy of submissions, lack of justification for decision made when passing evaluation reports, personal or conflict of interest, procedure not followed and incompetence of part of the team as recommended by TB and as preliminary explained in literature review.

Roles of PMU are not supposed to be interfered so as PMU may have independence in performing tasks.

Budget to procurement management unit is important so as may carry its tasks effectively and efficiency:

Data collected from respondent as their view about budget they insisted on Council budget to PMU to enable it to work effectively. From documentary analysis annual procurement report of financial year 2008/2009 that was presented to finance committee and then full Council. Mtwara District Council procured goods, services and works amounted Tshs 1,290,021,455.00 .In accordance with the fact that volume of procurement was big it could not be possible for PMU to handle effectively without budget. This is in agreement with documentary analysis because in budget preparation procurement management unit was not taken into account. .PMU was under finance department hence did not appear in budget only procurement documents and common used items were included in accounts department budget.

Monitoring and evaluation must be done to eliminate procurement disputes:

Data collected from respondent as their opinion pin pointed on improving monitoring and evaluation because is a measure of suppliers, contractors and service providers performance in another hand PMU effectiveness. This is in agreement with documental analysis monitoring and evaluation were not done once the contract was awarded monitoring and evaluation was left to Head of user Department. The only reports obtained were of disputed contracts whereby legal officer was forced to intervene for Council interest. Respondent insisted on monitoring and evaluation to

insure value for money procurement and early time completion of projects this could be done by having contract management team.

Reporting:

According to data collected from respondent as their opinion Reporting writing of procurement done is condition of PPRA and finance committee therefore, PMU must report so as to satisfy requirement whereby, PPRA will be able to establish a data base of procured contracts at National level and take corrective measures at the reasonable time before was too late and Cancellers could be able to follow up development projects of people in their respective area.

Chapter Summary

The purpose of this chapter was to present research finding and analysis in accordance to objectives which were to identify the composition of PMU in Mtwara District Council, to identify the roles of PMU in Mtwara District Council, to determine community attitude towards PMU and its significant to Mtwara District and to determine ways of improving effectiveness of PMU in Mtwara District Council. The presentation has been done by providing relevant analyzed data related to objectives under study from opinion captured from respondent. Tables for analysis and chart for comparison were used. Next chapter talked about Discussion, conclusion and recommendation.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATION

Introduction

In this chapter, the findings are discussed with respect to the four objectives. In addition, conclusion and recommendations are drawn from the findings of the study.

Discussion of the findings

According to the findings of the study, the first objective was to identify composition of procurement management unit in Mtwara District Council. The findings indicated that procurement management unit is in place about 74.7% respondent said Yes and were able to list their names and academic qualifications. This is in agreement with documentary analysis where letters of appointment signed by accounting officer were verified by researcher.

To have established procurement management unit is one and to have procurement management unit well staffed in appropriate level is another very important requirement of Public Procurement Act. According to table no.4:5. PMU was not well staffed. This is in agreement with preliminary identified literature review one noted area where PEs are struggling is to get qualified procurement and supplies professionals to work in a new established Procurement Management unit. Although the Authority is stepping up its various intervention aimed at improving the capacity of staff working in PMUs, these efforts are hampered by lack of qualified staff in PEs. (Bukuku, 2007)

The second objective investigated was the roles of procurement management unit in Mtwara District Council. The findings indicated that about 90.8 % who answered the question do you think procurement management unit perform its function as stipulated in public procurement Act 2004 said No this again is in agreement with preliminary identified literature review where roles have been explained as follows: To supervise all public procurement and sell of public assets after approval by Tender Board, to support TB in performing its work to implement on all decisions about procurement done by TB, to prepare annual procurement plan and to act as secretariat to TB, (Mlinga, 2007).

The third objective was to determine community attitude towards procurement management unit and its significance to Mtwara District Council. The findings indicated that about 86.2% of respondents who answered question. Is procurement management unit effective in performing its work? Said No.

This is in agreement with preliminary identified literature review there some challenges with procurement management unit in the implementing of procurement functions. These are internal and external challenges. The internal challenges are, lack of co-operation from users departments, incomplete requisitions from user departments, incomplete and poor specification, direct purchase of items without reference to procurement management unit, committing suppliers to provide services without informing the procurement management unit and sourcing to provide services without reference to the procurement management unit. External challenges are submission of responsive bids by supplier/contractors/service providers, providers lack of knowledge in procurement and regulations, frequent changes in market process which delay the procurement process i.e. request for price changes after a

warded and availability of fake items in the markets which are difficult to detect (Swai, 2008).

The fourth objective was to determine ways of improving effectiveness of procurement management unit in Mtwara District. The data collected from those who answered the question what do you think should be done to improve effectiveness of PMU in your Council as opinions indicate that there major important areas are compliance with PPA (2004), adequate training to procurement management unit members, budget, monitoring, evaluation and reporting. Other supporting and critical issues are knowledge of PPA, organization structure that will include procurement management unit, independence and coordination with user departments. This is in agreement with preliminary literature review Ngwallo (2000) argues "For sure, procurement and supply in local and in central government receive very little attention despite the fact that million of tax payer's money is being spent annually".

Participants to the training seminar will be TB members, staff of procurement management unit and Internal Auditors. The purpose of focusing on this group is that procurement management unit are where the procurement process are managed, while Tender Boards are responsible for approving various actions process, (Shirima, 2008)

Conclusion

This study investigated the effectiveness of PMU in delivering services to Local Government. Despite the effort of Government of Tanzania to make sure that all Public procurements comply with Public Procurement Act (2004), there was still inadequate information about effectiveness of Procurement Management Unit in delivering services to local Government. The study was expected to contribute to the realization of role of

Procurement Management Unit in local Government according to Public Procurement Act (2004).The study used descriptive design qualitative of a case study based on questionnaires, interviews and documentary reviews. Data were analyzed using Microsoft Excel table for percentage analysis and charts for comparison.

The study specifically sought to:

Identify composition of Procurement management Unit in Mtwara District Council.

The study established that PMU though established as stipulated in PPA section 34 but was not well staffed to appropriate level. This is in accordance with the fact that It had only one procurement specialist among 6 members.

The second objective was to identify the roles of PMU in Mtwara District Council. According to findings roles performed are not complying with those stipulated in Public procurement Act. Most of roles are performed by user departments such as bid preparation, advertisement for bids and contract document preparation.

The third objective was to determine community attitude towards Procurement Management Unit and it's significant to Mtwara District Council. According to findings obtained most believed that PMU did not perform as required by PPA due to some causes such as Lack of proper composition of PMU members, procurement procedures were not followed as evidenced by audit reports from documentary analysis, lack of budget, monitoring and evaluation which is very important in gauging effectiveness of PMU, supplier contractors and service provider performance.

The fourth objective was to determine ways of improving effectiveness of Procurement management Unit in Mtwara District Council. According to findings the way of improving effectiveness of PMU in Mtwara District Council including proper composition of PMU member with structure establishment, knowledge in procurement. Roles of PMU must be performed as stipulated in PPA, compliance with Public procurement procedures, and independence in performing tasks so as to achieve required goals of effective service delivery to Mtwara district council as far as public procurement is concerned.

In view of these findings the study concluded that Procurement Management Unit in Mtwara District Council is not effective in delivering services. This is in accordance to my findings as analyzed. The study therefore suggests recommendations and mechanisms Mtwara District Council can employ to minimize those challenges and achieve effective

Recommendations

As the changes are going on in Public Procurement and effort of Central Government to empower Local Government so as to make sure majority of people receive quality public goods and services. Also basing generalizations on the findings of this study, the researcher recommends that:

Mtwara District Council must compose PMU that is well staffed to appropriate level. The composition has to be supported with structure establishment. Ministry of Local Government and PPRA should work jointly to make sure Local Government have the right composition of PMU members with organization structure in place.

The roles of PMU must be performed as stipulated in PPA. Mtwara District Council must make sure PMU members are procurement professionals and attended training on Public procurement Act. That will help to be conversant with their roles. Council must ensure that PMU has budget provision to carry out its tasks and work independently. Council must ensure that in any case roles of PMU are not delegated to User departments.

Mtwara District Council have to make sure PMU develop procurement plan in accordance with work plan, every need area (user department) are informed early, specification should involve dynamic interaction at all levels and it should be a cross function process. Procurement should contribute its need and specialized knowledge. Procurement should facilitate providers, contractors and suppliers involvement to promise innovation, economic price and value for money procurement.

Mtwara District Council through PMU must make sure procurement of goods and services are handled under outline Public guidelines and procedures. The process should be made as transparent as possible to ensure that comparison between actual and budgeted purchases tally in order to determine efficiency.

Mtwara District Council should arrange training programme and courses that target internal control as means of building capacity of the PMU staff in regard to quality and execution and delivery of their duties.

Government and PPRA should revisit PPA section 34 (2) on composition of PMU members which states "The procurement Management Unit shall consist of appropriate procurement and other technical specialists and necessary supporting staff required to carry out its function". This gave ambiguity to accounting officer who appointed PMU members.

In this competitive world of telecommunication working environment of PMU members must be improved so as to improve effectiveness and efficiency this can be done by Mtwara District Council to provide nice office to PMU that has all necessary working facilities such as computers and internet services.

Mtwara District must make sure PPA is taken into account and stake holders within Mtwara rural benefit from PMU in fair competition, quality services, economic and value for money procurement. This will ensure money raised from tax is properly used.

Recommendation for further study

Further investigation should be done to bridge the gap identified by this research to enhance and widen the view on the Impact of effective implementation of Public Procurement Act in Local Government.

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APPENDIX A: SELECTION OF SAMPLE

Name of strata	Sample (n)	Method of collecting data
PMU members	6	Purposive/interview and questionnaire
Tender Board member	7	Purposive/interview and questionnaire
Evaluation committee members	24	Purposive/interview and questionnaire
User department heads	12	Purposive/interview and questionnaire
Suppliers	10	Purposive/Questionnaire
Service providers	9	Purposive/Questionnaire
Contractors	19	Purposive/Questionnaire
Total	87	

APPENDIX B: CALCULATION OF CONTENTS OF VALIDITY INDEX

Questionnaire for respondents

$$\text{CVI} = \frac{\text{Number of all relevant questions}}{\text{Total number of Questions}}$$

SECTION: 1

$$\begin{aligned} \text{CVI} &= 3 \\ \frac{\quad}{3} &= 1 \end{aligned}$$

SECTION: 2

$$\begin{aligned} \text{CVI} &= 6 \\ \frac{\quad}{9} &= 0.66 \end{aligned}$$

SECTION: 3

$$\begin{aligned} \text{CVI} &= 3 \\ \frac{\quad}{3} &= 1 \end{aligned}$$

SECTION: 4

$$\begin{aligned} \text{CVI} &= 10 \\ \frac{\quad}{11} &= 0.90 \end{aligned}$$



SECTION: 5

$$CVI = 3$$

$$\frac{\quad}{4} = 0.75$$

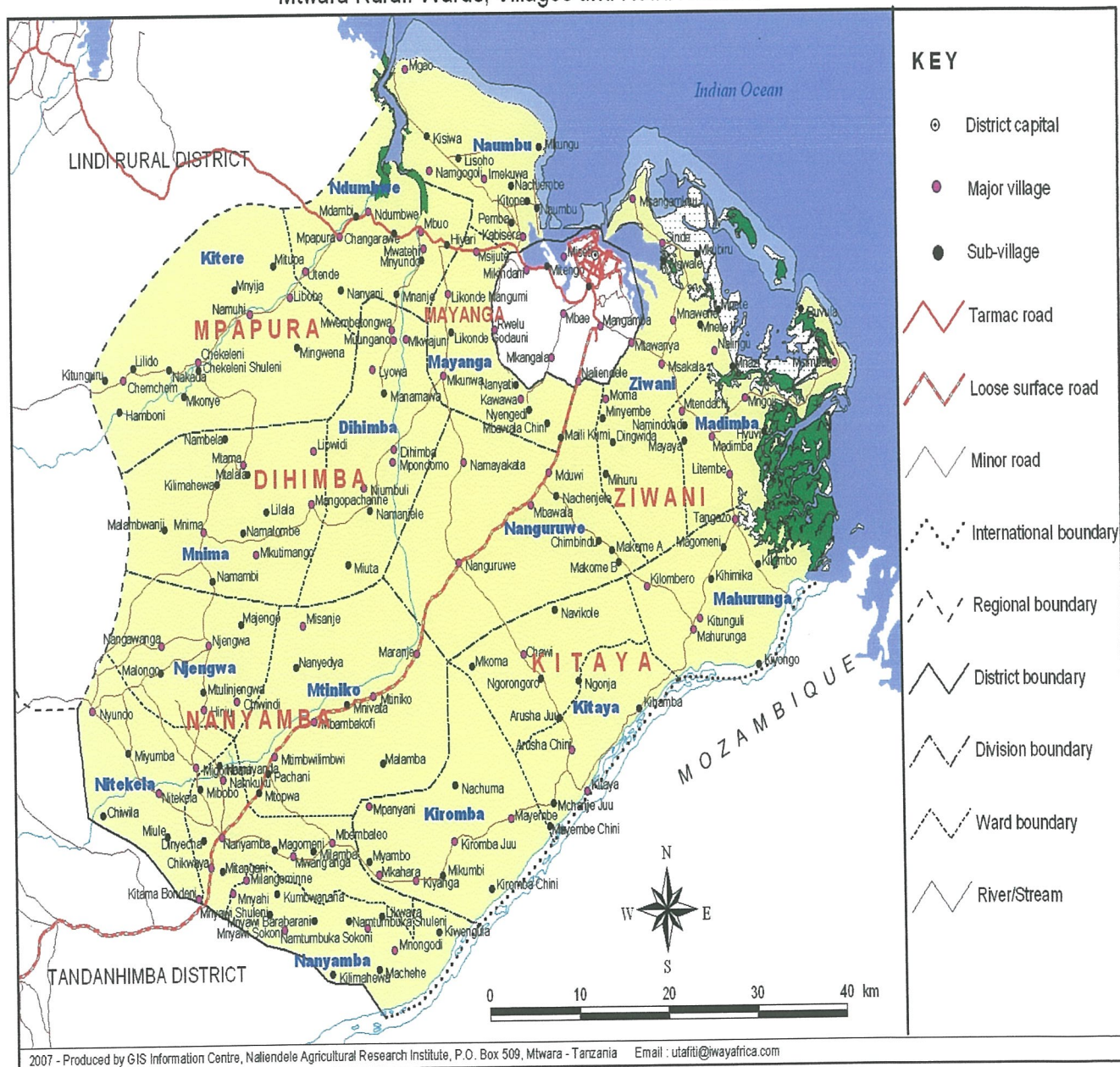
Therefore, the above average is:

$$CVI = 4.31$$

$$\frac{\quad}{5} = 0.86$$

APPENDIX C: MTWARA RURAL MAP

Mtwara Rural: Wards, Villages and Road Network



APPENDIX D: COUNCIL PROFILE

Location: Mtwara district council is one of the five Councils in Mtwara region. It is located between 10° - 105° of latitude south of Equator and between 41° - 38.8° of longitude degrees East of Greenwich. The District is bordered by the Indian Ocean to East, Lindi region to the North, Tandahimba District to the West and the Ruvuma River on the border between Tanzania and Mozambique to the South. The District covers total area of 3,597 Square Kilometres.

Population: According to the National population census conducted in 2002 the District had a total of 204,770 populations, of which 107,901 are females and 96,869 males. The district has 50,637 households with an average of 4 people per household and the average growth rate is approximately 1.4

Climate: The average annual rainfall is estimated at between 800mm to 900mm and with average temperature of 23°C - 31°C . The average altitude of the District is about 350 metres above the sea level.

Administration/Administrative Structure: The District has six divisions, 18 wards, 155 Villages and 638 Vitongoji (Hamlets) institutionally the council operates under several public sectors and it has one constituency.

Vision

"To have a sustained social and economic development for the people of Mtwara District Council by the year 2011".

Mission: "Create conducive environment for social and economic development to Mtwara District Council".

APPENDIX E: MTWARA DISTRICT COUNCIL ADMINISTRATIN

BLOCK PICTURE



APPENDIX F: PMU OFFICE



APPENDIX G: INTRODUCTION LETTER



**KAMPALA
INTERNATIONAL UNIVERSITY**

P.O.BOX 20000
KAMPALA- UGANDA.
TEL:-041-266813

OFFICE OF THE ASSOCIATE DEAN-POSTGRADUATE STUDIES AND RESEARCH SCHOOL OF BUSINESS MANAGEMENT

October 22, 2009

The Executive Director,
Mtwara District Council,
Mtwara Region,
Tanzania.

Dear Sir/Madam,

RE: INTRODUCTION FOR ALMASI JOHN PATRICK

This is to inform you that the above named is our registered student
(**MBA/10029/81/DF**) in the School of Post Graduate Studies pursuing a Master of
Business Administration (MBA-Procurement and Supplies).

He is interested in carrying out Research in your organization entitled " **The
Effectiveness of Procurement Management Unit in Delivering Services to
Local Government: A case Study of Mtwara District Council, Mtwara Region,
Tanzania**".

Any assistance rendered to him regarding his Research, will be highly appreciated.

Yours faithfully,


Dr. Kerosi Bosire

ASSOCIATE DEAN-POSTGRADUATE STUDIES AND RESEARCH

APPENDIX H: ACCEPTANCE LETTER

MTWARA DISTRICT COUNCIL

(All correspondence to be addressed to the District Executive Director)



District Executive Director
P.O Box 528
MTWARA

Phone: 023-2333928

Ref. No. MT/E.10/77/40

23th Disemba 2009.

Associate Dean Post
Graduate Studies & Research
P.O Box 20000
Kampala – Uganda.

RE: REQUEST FOR CARRYING RESEARCH ACTIVITIES.

Refer to the heading above in relation to your letter dated 26th June, 2009 requesting a place for carrying out research activities for Mr. PATRICK JOHN ALMASI.

For this letter we have agreed and we will assure him good cooperation during the whole time of conducting research.

Thanks

Juma. Issa

FOR DISTRICT EXECUTIVE DIRECTOR

Copy: Mr. Patrick John Almasi

APPENDIX I: INSTRUMENT

QUESTIONNAIRE

Respondent NO Date

Dear friend,

Please spare a few minutes and complete this questionnaire that will help my understanding of Procurement management unit function to improve its effectiveness. Your input will highly be valued and treated with anonymity. Thanks for your cooperation.

SECTION 1: RESPONDENTS GENERAL INFORMATION

Please tick appropriately

- a) PMU member ☐ b) T.B member ☐ c) Evaluation committee ☐
d) User Dpt. head ☐ e) Supplier ☐ f) Service provider ☐
g) Contractor ☐

1. Age (a) 20 – 30 ☐ (b) 31 – 40 ☐ (c) 41-50 ☐
(d) 51+ ☐

Sex (a) Male ☐ (b) Female ☐

2. Period worked/Experience (a) <1yr ☐ (b) 1-3yrs ☐ (c) 3-5yrs ☐
(d) 6+ ☐

3. Academic level (a) certificate ☐ (b) Diploma ☐ (c) Degree ☐
(d) Post graduate ☐

SECTION 2: RESPONDENTS PMU COMPOSITION INFORMATION

(Please tick appropriately or briefly explain)

4. Is Mtwara District Council having established PMU?

a) Yes ☐ b) No ☐

5. If no why, Give reasons

6. If yes in 4 when was it established? Moth..... Day.....
Year.....

7. List the staff employed in Mtwara District Council PMU and their qualification?

S/N	Name of staff	Position in organization	Department	Academic Qualification

8. (a) Is the staffing level of your PMU adequate to handle procurement functions in Mtwara District Council?

a) Yes ☐ b) No ☐

(b) If no in 8(a) indicate what you think is your PMU Staffing requirement

.....
.....

9. According to MDC Organization structure whom does the head of the PMU report to?

- a) District Executive Director ☐
b) Tender Board ☐
c) District Treasurer ☐
c) Other specify ☐

10.(a) Did PMU receive training in procurement? a)Yes ☐ b) No ☐

(b) If yes in 10 (a) what type of training?

.....

11(a) Does training offered to PMU satisfactory? a)Yes ☐ b) No ☐

(b) If no in 11(a) what type of addition training is needed?

.....

12.(a) Does Council provide budget to enable procurement management Unit Carry out its activities as required? a)Yes ☐ b) No ☐

(b) If no in 12(a) what do you think could be the cause?

.....

.....

SECTION: 3.THE ROLE OF PMU

13. (a) Does PMU perform tasks in accordance to annual procurement plan approved by Mtwara District Council?

a)Yes ☐ b) No ☐

(b) If no in 13(a) what do you think could be the cause?

.....

.....
14.(a) Do you think PMU perform roles as stipulated in Public procurement Act 2004? a) Yes ☐ b) No ☐

(b) If no in no. 19 what do you think could be the main causes?

.....

15. Does Mtwara District Council PMU report to Tender Board about procurements as required?

a) Yes ☐ b) No ☐

**SECTION 4: RESPONDENTS COMMUNITY ATTITUDES TOWARDS
EFFECTIVENESS OF PROCUREMENT MANAGEMENT
UNIT**

Please tick number from the scale to how you agree or disagree with each of statements

1= strongly agree, 2 = agree, 3 = undecided, 4 = disagree, 5 = strongly disagree

S/NO	ITEM	SA	A	UN	D	HD
16	There is highly demand of having active procurement management unit in Council					
17	Council P.M.U is well staffed to carry out its tasks as stipulated in PPA 2004					
18	Council has Independent functions and powers of the accounting officer, tender board, and PMU.					
19	PMU have enough budget tools and time to perform its tasks.					
20	Council has no disputes in procurement					

21. What do you think are the benefit of having effective PMU in Mtwara District Council?

.....
.....

22. What are disadvantages of not having effective procurement management unit in Mtwara District Council?

.....

.....

23. How often does the tender board of Mtwara District Council reject the recommendations submitted by the Procurement Management Unit?

a) Frequently ☐ b) Rarely ☐

c) Never ☐

24. Have there been any disagreements between

	Frequently	Rarely	Never
a) Evaluation team and PMU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) PMU and Tender board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) PMU and accounting officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

25. What were the main reasons for disagreement?

- a) In completeness of report ☐
- b) Incorrectness / Inaccuracy of submissions ☐
- c) Lack of justification for decisions made ☐
- d) Personal or conflict of interest ☐
- e) Procedure not followed ☐
- f) Incompetence of part of the team ☐

26. What type of queries were raised on procurement in your organization by National External Auditor and PPRA for the past two years to Mtwara District Council?

.....

.....

27. Is Mtwara Procurement Management Unit effective in providing better procurement service?

a) Yes ☐ b) No ☐

SECTION 5: IMPROVEMENT OF PMU

28. What do you think are the major problems of PMU in Mtwara District Council?

.....
.....

29. What do you think are the major area of weakness that must be highlighted in improving effectiveness of PMU in Mtwara District Council?

.....
.....

30. How should PPRA help to improve effectiveness of PMU in Mtwara District Council?

.....
.....

31. How should Ministry of Local Government help to improve PMU in Mtwara District Council?

.....
.....

Thanks for your cooperation

APPENDIX J: INSTRUMENT

INTERVIEW GUIDE

Respondent NO Date

Dear friend,

Please spare a few minutes and answer this questionnaire that will help my understanding of Procurement management unit function to improve its effectiveness. You among key people who have been selected from TB members, PMU members, Evaluation committee members and user Department heads. Your input will highly be valued and treated with anonymity. Thanks for your cooperation.

SECTION 1: RESPONDENTS GENERAL INFORMATION

Please tick appropriately

- PMU member ☐ T.B member ☐ Evaluation committee ☐
Supplier ☐ Service provider ☐ Contractor ☐
1. Age (a) 20 – 30 ☐ (b) 31 – 40 ☐ (c) 41-50 ☐ (d) 51+ ☐
Sex (a) Male ☐ (b) Female ☐
2. Period worked/Experience (a) <1yr ☐ (b) 1-3yrs ☐ (c) 3-5yrs ☐
(d) 6+ ☐
3. Academic level (a) certificate ☐ (b) Diploma ☐ (c) Degree ☐
(d) Post graduate ☐

SECTION: 2.THE ROLE OF PMU

SECTION 5: IMPROVEMENT OF PMU

28. What do you think are the major problems of PMU in your Council?

.....
.....

29. Mention the major area of weaknesses that impede effectiveness of PMU in your Council?

.....
.....

30. How should PPRA help to improve effectiveness of PMU in your Council?

.....
.....

31. How should Ministry of Local Government help to improve PMU in your Council?

.....
.....

Thanks for your cooperation

KJE5632
K55
2009



SECTION 5: IMPROVEMENT OF PMU

28. What do you think are the major problems of PMU in your Council?

.....
.....

29. Mention the major area of weaknesses that impede effectiveness of PMU in your Council?

.....
.....

30. How should PPRA help to improve effectiveness of PMU in your Council?

.....
.....

31. How should Ministry of Local Government help to improve PMU in your Council?

.....
.....

Thanks for your cooperation

