

By Guardian Special Correspondent

THE duties and functions of a procuring entity, be it government or private, are spelt out in the Public Procurement Act.

Thus, a procurement entity should not do anything contrary to the laws by ensuring that any expenditure to be incurred on any procurement of goods, works or services is accounted for by an accounting officer.

So, this means that an accounting officer, as specified under the Local Government Finance Act or in respect of any other public body, has to ensure the procurement of goods, works or services is in accordance with the procedures prescribed under this Act or its Regulations.

The remarks were made recently at a presentation on "The CAG Report 2016/17: What is the state of financial accountability in Tanzania?" during a breakfast debate organised by the Policy Forum and held in Dar es Salaam.

Chairman of Wajibu Institute of Public Accountability (WIPA) Yona Killagane said the Controller and Auditor General's (CAG) latest report discovered that there was serious non-compliance of the Procurement Act by some government officers.

Killagane was speaking on procurement and contracts management where he said more than 70 per cent of government expenditures were on procurement.

He said that non-adherence with the Procurement Act of 2011 and its Regulations of 2013, coupled with poor contract management, increased the operational costs of local government authorities (LGAs).

The retired director general of the Tanzania Petroleum Development Corporation (TPDC) cited some of the weaknesses indicated in the CAG's report as some goods and services which cost the government Sh251.17m and were duly paid for but not delivered to five LGAs.

At least 25 LGAs received procured goods worth Sh644.31m without being inspected by the inspection committees, contrary to Regulations Nos 244 and 245 of the Act, he said.

The CAG Report further revealed that a sum of Sh1.41 billion was paid by 32 LGAs for the procurement of works, goods and services without following competitive bidding processes.

According to the report, as goods and services worth Sh2.70bn were procured without tender board approvals as 27 LGAs paid a total of Sh 936.78m for procurement of goods and services from unapproved suppliers.

Also goods, works and services worth Sh 2.38bn which were not in the procurement plan were procured by 21 LGAs.

Meanwhile, Wajibu has urged the government to implement the public-private partnership (PPP) development model as an effective approach to implementing major projects in the country's development process.

In order to further improve the state of financial accountability in the country, Wajibu concurred with all the CAG's recommendations in his report, and strongly urged duty bearers to implement them fully as a means to improving the state of financial accountability in the public sector.

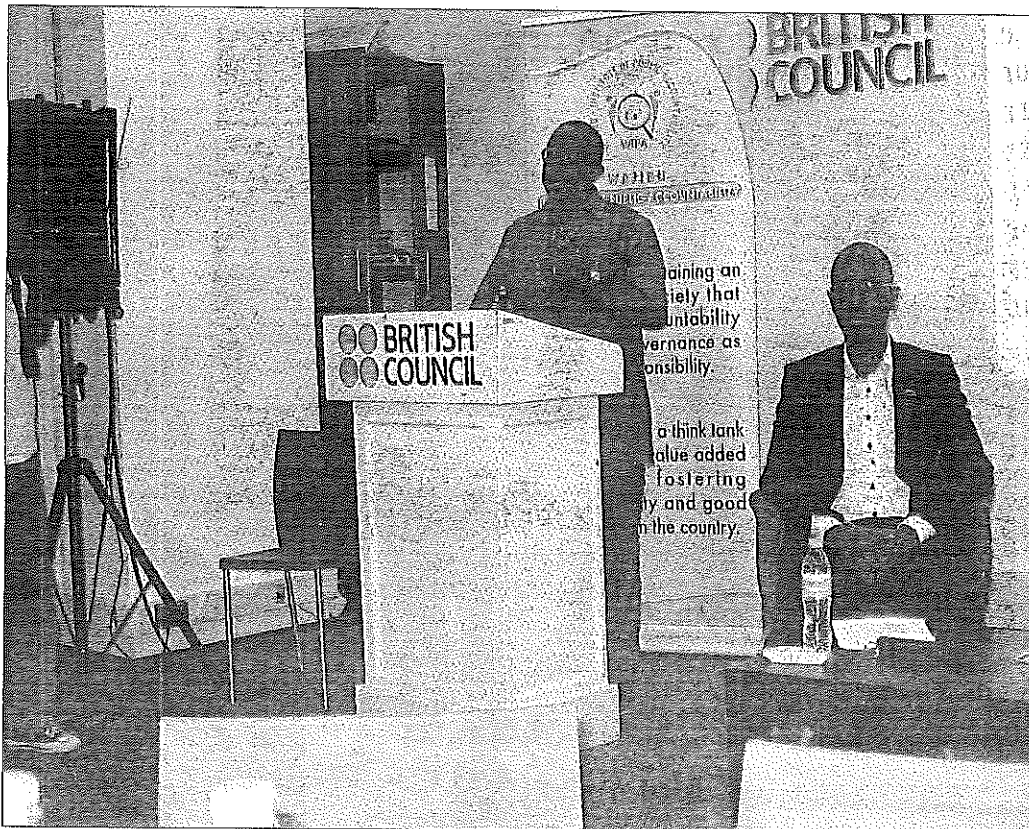
Furthermore, accounting officers were strongly urged to adhere to the legal procedure as stipulated in the Public Audit Act no.11 of 2008 and its Regulations.

Further, Killagane said that the CAG's report indicated weaknesses in seven major areas had contributed to the non tax collection of Sh759 trillion, an amount equivalent to 26 per cent of the total budget.

"The uncollected amount is another indicator of the state of financial accountability in the country," he remarked.

The major areas that have weaknesses include non-tax revenue not remitted to the consolidated fund, taxes tied up in the appeal machinery pending rulings, inadequate capacity in handling tax objections, poor controls on exempted fuel imported for consumption in mines among others.

According to him, for the year 2016/17 the government collected only 86 per cent of the



Wajibu Institute of Public Accountability (WIPA) Chairman Yona Killagane presents a paper on the state of financial accountability in Tanzania during a Breakfast Debate organised by Policy Forum in Dar es Salaam on Friday. PHOTO: Guardian Correspondent

CAG exposes blatant non-compliance of Procurement Act

approved budget as opposed to 94 per cent budget collection in the 2015/16 financial year.

"This shows a decrease in the government's capacity to collect up to the approved budget, which is not a sign of improved financial accountability," he said.

The factors that led to the decrease of the government collection was under-collection in non-tax revenues for about 38.30 per cent; the GBS, external borrowing and assistance for 46.55 per cent.

Government agencies own source collections could also cover only 16 per cent of the recurrent and development budget, which defeated the purpose for the establishment of those entities. Hence the government was strongly advised to assess the economic viability of these agencies, he said.

Regarding local government authorities' revenue collection, according to CAG report for 2016/17 financial year, LGAs collected Sh523.56bn from their own sources, equivalent to 83 per cent of the approved budget of Sh628.05bn.

For example, he said, CAG noted payments that were not supported by EFD receipts from five entities amounting to Sh41.83 billion which is an increase of Sh38.85 billion equivalent to 93 per cent increase as compared to the same non-compliance issue reported last year.

Deficiencies in internal control systems lead to the increase in the cost of running the government and nugatory expenditures. In most cases, it leads to repetitive audit queries.

He further retaliated that the CAG's report showed that, approximately only 28 per cent of the Development Projects Budget was utilized by LGAs.

This is Due to: Under release of capital grant by 51 per cent to 167 LGAs. Yet, there was over release of development grants by 41 per cent to 14 LGAs.

Unspent received capital grant by 36 per cent in 168 LGAs. Meanwhile, he said that the unspent amount has increased from 197.61 billion in the year 2015/16 to Sh260.85 billion in the year 2016/17.

60 projects worth Sh782.47 million in 13 LGAs

had been completed but were not put into effective use.

"Therefore, the above situation clearly demonstrates decrease in the state of financial accountability in project management," he pointed out.

He further revealed that more than 70 per cent of the government expenditures is on procurement. The CAG's report indicates the following weaknesses: Goods and services costing Sh251.17 million were paid for but not delivered to 5 LGAs. 25 LGAs received procured goods worth Tsh 644.31 million without being inspected by the Inspection Committees contrary to Regulations 244 and 245 of PPR, 2013.

He also noted that a sum of Sh1.41 billion was paid by 32 LGAs for procurement of works, goods and services without following a competitive bidding process. Goods and services worth Sh 2.70 billion were procured without Tender Board approval.

27 LGAs paid a total of Sh936.78 million for procurement of Goods and services from unapproved Suppliers. Goods, works and services worth Sh2.38 billion were procured by 21 LGAs while not in the annual procurement plan.

The discussant to the breakfast debate Dr Richard Mbunda from the University of Dar es Salaam, commended the CAG for the good report he released recently, saying together as a country there was need to improve the financial accountability.

He however, faulted the central government for not following PPR procurement procedures. "Can we really do good things by ignoring the law," he queried.

Dr Mbunda further said, "Out of the 16 recommendations by the oversight bodies, only one was implemented. We really respect the roles played by oversight committees," he said.

Wajibu Institute of Public Accountability (WIPA) is a recently established institution, founded for the purpose of fostering an environment that supports and promotes public accountability in Tanzania.

This shows a decrease in the government's capacity to collect up to the approved budget, which is not a sign of improved financial accountability