ERETO LTD

ERETO LTD is a global development network, an organization advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. Currently the company operates in 200 countries, working with them on their own solutions to global and national development challenges. As countries develop, they draw on experts of ERETO LTD and wide range of partners, which includes Governments, Civil Society Organisations (CSO) and Community Based Organisations (CBO) among others. In the context of ERETO LTD operations, procurement is defined as the overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services' contract or the useful life of an asset.

Since ERETO LTD retains a decentralized organizational approach to procurement, Country Offices are made responsible for the acquisition of goods, civil works and services. These are undertaken based on the Procurement Manual which serves as the comprehensive framework of procurement and its respective policies as well as procedures. The country offices are granted different levels of delegated procurement authority. In the event of emergencies and special situations, some country offices may be granted up to TZS 200 Million, with the majority having only the standard procurement authority of up to TZS 100 Million quarterly. As part of the review process of ERETO LTD, a procurement audit is mandatory in cases of country offices and out-posted units which have been given delegated procurement authority of TZS 100 Million. Such tremendous transactions and stakeholders involved, procurement audit must be conducted meticulously with great care and due diligence.

In order to undertake the procurement audits across the country offices, ERETO LTD managed to employ a reputable procurement audit consultants named Reliable Consults from Qatar. The auditors made a random sample of 10 country offices with voluminous transactions. Among the findings the report indicated that in some offices there was no independence of functions among the established procurement governance organs. The organs were not autonomous as some meddled the functions/duties of other organs which affected overall performance particularly for issues requiring professional practices. The Budget Approval Committee intervened the functions of evaluation committee, by recommending award and proceeding with appointment to most of competitive quotations contrary procurement directives. User Departments prepared bidding documents without involving PMU. Nonetheless, the PMU is marginalized as it was not recognized as an independent department within the organisation structure despite the requirements. In some correspondences available, for example "the CEO of Kihesa Country Office informed the Head of PMU not to be Head of Department as PMU is not a department" which is contrary to definition of PMU provided in the Procurement Manual.

With respect to procurement plans, it was established that the annual procurement plan was not comprehensive enough as it did not cover substantial number of procurements for goods, works and employment of consultants that were implemented by the country offices. There was no analysis of requirements to link the procurement plan with the approved country offices budget. Some planned procurements were not implemented according to the plan particularly on the proposed procurement methods. To concretise their findings auditors noted that the Tender Provision of Consultancy for Design and Supervision of New Building in Kitale Country Office was cancelled after evaluation of Technical proposal using Quality Cost Based Selection (QCBS) procedure. However immediately, thereafter, Manyunyu Consultants LTD was seen employed either using Single Source Selection method without any justification for the change of method.

Regarding procurement contracts management, the major finding observed was non submission of performance bonds by the service provider and contractor although contracts specified 10% of contract sums. This laxity left the most of the country offices with no security for non-performing contractor or service providers. Furthermore, the current procurement procedures did not consolidate procurement contracts records in a single file from initiation of procurement up to completion with updates of the contract. Tenders and contracts records had not been properly filed and there was no tender with complete records. The retrieval of information was time consuming as records could not be obtained from one place and completeness of records was uncertain.