

Tanzania

Executive Agencies Act

Executive Agencies (Finance, Procurement and Stores) Regulations, 1999

Government Notice 77 of 1999

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Executive Agencies (Finance, Procurement and Stores) Regulations, 1999

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[Section 18; G.N. No. 77 of 1999]

Part I – Preliminary provisions (regs. 1-5)

1. Citation

These Regulations may be cited as the Executive Agencies (Finance, Procurement and Stores) Regulations.

2. Scope of Regulations

- (1) These Regulations shall—
 - (a) provide guidance to employees responsible for the finances of executive Agencies with regard to receipts and payments whether of revenue, recurrent or capital expenditure and for other related matters.
 - (b) provide guidance for the efficient management of financial transactions, procurement and stores procedures of executive agencies.
- (2) Notwithstanding subregulation (1) where these regulations do not cater for a particular matter which the Chief executive considers important as regards the operations, of the Agency, he may consult the relevant Government Regulation, for guidance or seek the guidance of the Public Service Department or the Ministry of Finance.
- (3) Each Chief executives financial authority shall be divided on the basis of the agency's business, need, and its managerial and productive ability.

3. Operational principles of Executive Agencies

An Executive Agency shall—

- (a) perform its functions in accordance with commercial principles and ensure that its revenue is sufficient to meet its expenditure;
- (b) provide its service in the most effective manner; and
- (c) charge and collect fees or commissions for the provision of any goods or services to enable it meet its expenditure in accordance with its business plan.

4. Discipline in financial management

Every agency shall have the duty to maintain strict financial discipline and control in conduct of its affairs.

5. Financial autonomy

The scope for charging fees and commissions may vary from one agency to another depending on the current and potential customer base. Other agencies may remain partially or wholly dependent upon direct Government funding.

Part II – Financial matters (regs. 6-12)

6. Financial responsibilities of the Chief Executive

- (1) The general financial responsibilities of a Chief Executive shall include the responsibilities set out in this regulation.
- (2) The Chief Executive is the Accounting Officer of his Agency and he shall be responsible for implementing all policies pertaining to the functions laid down by the Agency and shall act within the scope of the Act. He shall have the duty to control the Agency's financial expenditure within the approved budget estimates.
- (3) The Chief Executive shall:
 - (a) in financial matters relating to the business of the Agency, act in accordance with the Framework Document of the Agency and all other regulations;
 - (b) operate the bank accounts and banking transactions as one of the authorised signatories;
 - (c) prepare and, not later than three months before the end of each financial year, submit to the Permanent Secretary for approval, Strategic and Business Plans that include the estimates of income and expenditure for the next ensuing year;
 - (d) at any time before the end of a financial year, prepare and submit to the Permanent Secretary for approval any estimates supplementary to the estimates of the current year.
- (4) In exercising better control of expenditure, the Chief Executive shall be empowered to authorise all payments whether of a capital or revenue nature, provided that the payments are within the approved budget estimates. In the absence of the Chief Executive, all powers shall be exercised by his nominee who shall normally be of the rank of head of department.
- (5) In order to enable the Ministerial Advisory Board to perform its role effectively, the Chief Executive shall keep the Board informed regularly on any important matters that have a bearing on the functions of the Board as set out in section 7 of the Act.

7. Financial responsibilities of Head of Finance Department

- (1) The financial responsibilities of the Head of Finance Department shall be to ensure that—
 - (a) payments made are in accordance with commercial accounting principles;
 - (b) debit notes and bills are raised against debtors and employees correctly and promptly;
 - (c) proper records are maintained to account for all types of receipts and payments;
 - (d) bank accounts and other banking transactions are operated in accordance with best practice;
 - (e) all liabilities are incorporated into the books of accounts and registered;
 - (f) a register for capital commitments is maintained;

- (g) all dues to the Agency are promptly collected and outstanding debts are regularly followed up and recovered.
- (2) An Agency may insure its property against risks and losses under an insurance policy.

8. The budget

- (1) The Finance department shall obtain the forecasts and estimates from the directors or managers concerned and consolidate them for consideration by the Management Team.
- (2) The Finance department shall maintain detailed and proper records with regard to all types of expenditure. Whenever the actual expenditure exceeds or is likely to exceed the approved budget, the situation shall be brought to the attention of the Chief Executive and the director or manager concerned, for corrective action.
- (3) The Chief Executive as Accounting Officer shall be accountable for all the expenditure falling under the Agency and, may, from time to time, give further guidelines and instructions as he finds appropriate for the proper management and control of funds vested in him.
- (4) In building up the budget, standard cost items shall be identified in the Agency's Accounting Manual.

9. Revenue budget

- (1) The budget shall include estimates of the revenue to be earned by the Executive Agency. Detailed explanations for causes of any increases of shortfalls in revenue compared to the previous financial year shall be given in the business plan.
- (2) The Management Team shall, at least once in every quarter, review the revenue budget, capital budget and cash flow statements by comparing the actuals with estimates and giving reasons for any variations.
- (3) The time schedule and format in which annual budgets shall be prepared are shown in the Executive Agency's Accounting Manual.

10. Expenditure budget

- (1) Estimates for both operating and capital expenditure shall be prepared by the Finance department based on the Information furnished by departmental heads or managers and shall be reviewed by the Management Team.
- (2) Prescribed time schedules for preparation of the budget shall be strictly followed as required by these Regulations.

11. The master budget

- (1) The master budget shall consist of—
 - (a) the revenue budget;
 - (b) the capital budget;
 - (c) the expenditure budget;
 - (d) projected balance sheet statement of income and expenditure; and
 - (e) project cash flow statements.
- (2) The master budget as part of the Business Plan shall be submitted to the Permanent Secretary for approval and the Permanent Secretary shall refer the budget to the Ministerial Advisory Board for advice.

12. Financial control

- (1) An Executive Agency shall conduct its business so as to ensure that its revenue is sufficient for meeting charges, contractual obligations and other expenditure properly chargeable to revenue.
- (2) Senior managers shall, as far as practicable, delegate responsibilities and authorities over departmental budgets to the respective heads of departments or sections as appropriate.
- (3) It is the responsibility of each manager to control expenditure under all items.

Material requisitions shall be approved by the Finance department or a person to whom the powers have been delegated before they are sent to the purchasing section for execution.

- (4) Approval of expenditure or commitments shall be made against balances in the appropriate budget line. No expenditure shall be approved, and no commitment shall be entered into, unless there is a credit balance in the budget for that purpose.

Part III – Revenue and expenditure (regs. 13-26)

13. Sources of revenue

The main sources of the revenue of Executive Agencies consist of the sale of goods and services, fees, commissions and royalties.

14. Acknowledgement of receipt of funds

All receipts of funds will be acknowledged by official receipts.

15. Recording of funds received

In accordance with accounting principles an Agency shall record all funds received, and this shall be done promptly and transparently such that an overall picture of all funds received by the Agency is known and records shall be readily available for all accounting purposes.

16. Use of funds

The funds of an Executive Agency shall only be used for discharging its functions as set out in the Order establishing the Agency, its Framework Document and Strategic and Business Plans.

17. Investment of surplus funds

The surplus of income over expenditure after incurring the necessary capital expenditure may be invested by an Executive Agency in facilities, equipment, bank deposits or securities which are likely to produce the best returns.

18. Borrowing from banks and other institutions

- (1) The bank accounts shall as far as possible be operated on a credit basis and a deficit that is of a purely temporary nature may, depending upon the cash forecast be financed by making necessary arrangements with the bank for a temporary overdraft.
- (2) If loans have to be secured by an Agency from a bank or lending institution, necessary arrangements shall be made in advance. Any type of long-term borrowing shall be foreseen in advance and included in the annual budget estimates and shall have the specific approval of the Permanent Secretary on such terms and conditions as he may specify.
- (3) The power of an Agency to borrow money is subject to the approval of the Permanent Secretary and other requirements set out in section 3(6) of the Act.

19. Capital expenditure

- (1) The capital expenditure for the year shall be incurred only within the limits of the authorised budget.
- (2) The Chief Executive shall determine the levels of official authorised to approve capital expenditure and the maximum amount within their authority.

20. Recurrent expenditure

- (1) The Head of Finance Department shall, in accordance with the terms approved by the Chief Executive and Chief accountant, pass for payment all recurrent expenditure within the approved budget estimates.
- (2) Subregulation (2) of Regulation 14 shall also apply to recurrent expenditure.

21. Loan repayments

- (1) Loan repayments are contractual obligations which must be met according to agreed repayment schedules.
- (2) A schedule and calendar for loan repayments shall be maintained so that payment can be made on the due dates in order to avoid default or delays that may attract interest charges.

22. Renting of property

An Agency may rent office space for its headquarters, branches, warehouses, and residential accommodation for staff of the Agency. The rent shall be paid according to the specific rental agreements.

23. Board expenses

The Ministry responsible for an Executive Agency shall meet the costs of the meetings of its Ministerial Advisory Board. The Board meet not less than twice a year but as often as the Chairman may determine.

24. Fees and external services

An Agency may from time to time hire consultants, or temporary, or casual staff for specific services, projects and assignments.

25. Security arrangements

- (1) An employee in charge of secure storage facilities shall be responsible for the contents therein and shall ensure that the contents are secured against possible loss or damage. Negligence in that respect shall result in disciplinary or legal proceedings, as appropriate.
- (2) Cash and cheques shall always be locked in a safe or cash box and the keys, including spare keys, shall be kept in a secure place. The officer to whom a safe key has been issued is personally responsible for its safekeeping.
- (3) The room in which a cash box or safe is kept must have secure doors, windows and locks.
- (4) It is imperative that all security arrangements of the Agency are frequently reviewed so as to ensure that changing circumstances have not rendered particular security measures obsolete or unsafe.
- (5) The Chief Executive shall make proper arrangements to ensure that the premises and property of, or used by, an Agency are secure at all times.

26. Cash holding in offices

- (1) The amount of cash held in an office shall be kept to the minimum, having regard to imminent payments. Surplus cash shall be remitted or paid into the bank on the following working day.
- (2) The Chief Executive Officer shall determine and review from time to time the maximum amount of cash to be held in any office as petty cash.

Part IV – Accounts and audit (regs. 27-41)**27. Maintenance of books of accounts**

The reconciliation of subsidiary records with the main accounts, including the bank accounts, shall be obtained at least once in a fortnight and reconciliation statements prepared by the tenth day of the following month.

28. Physical verification of cash

- (1) A senior accountant shall—
 - (a) at least once a month on the first working day of the month and at any other time as may be directed by the Head of the Finance Department, check the cash balance; and
 - (b) after checking the cash balance under this regulation, give a certificate in the cash book and a report of his findings to the Head of the Finance Department.
- (2) The main cash book and the petty cash book shall be balanced and closed on a daily basis without fail.

29. Payments arrangements

In effecting payments by Agency under these Regulations—

- (a) all claims accepted against the Agency's funds must be paid promptly;
- (b) as far as possible, all payments relating to a financial year shall be within that year;
- (c) all payments shall be made through duly authorised payment vouchers;
- (d) a payee shall be supplied with a copy of every voucher upon which payment is made to him, except where the payee is one of a number of persons paid on a single voucher (e.g. wages vouchers);
- (e) payments to outsiders for amounts exceeding T.Shs. 100,000 or equivalent shall be made by cheque against duly authorised payment vouchers. A receipt must always be demanded to support the payment, by an Agency, of any amount; and
- (f) all cheques issued to payees shall first be recorded in a cheque remittance register.

30. Remittance of cheques

Where a cheque has been processed and signed, it shall be remitted immediately to the payee after the recipient has signed an appropriate dispatch book, cheque remittance register or in the appropriate place on the payment voucher.

31. Petty cash imprest

- (1) The Head of the Finance department shall ensure that petty cash imprests are given only to authorised officials according to approved limits.

- (2) The Senior Accountant shall, before reimbursements are made, check thoroughly the imprest replenishment or reimbursements as the case may be.
- (3) The authorised limits for petty cash are subject to review from time to time by the Chief Executive on the recommendation of the Head of the Finance Department.
- (4) The imprest shall be replenished periodically on the basis of actual expenditure supported by receipts or certifications.
- (5) All petty cash shall be maintained on an imprest system. Where cash is advanced to staff in the form of I.O.U.s by the cashier, the same should be settled within the agreed time. In case of non-settlement in time the employee concerned shall be debited with the par value of unposted vouchers and recovery measures shall immediately be instituted by deduction from the employee's salary.
- (6) The Chief Executive, on the advice of the Management, Team, shall determine the maximum amount of petty cash in respect of which he or any other officer may authorise payment.

32. Cheque payments

In order to ensure adequate control over cheque payments the procedures in Regulations [37](#) and [38](#) shall be adhered to.

33. Custody of cheque books

The Head of Finance Department or any other person appointed by the Chief Executive shall be the custodian of cheque books and other accountable documents, and shall have a duty to record in a register all cheque books and accountable documents obtained from the bank or other suppliers.

34. Issuance of cheques

- (1) Cheque books shall be issued to the cashier by the Head of Finance Department by filling the details of the cheques, especially the range of cheque book numbers, in the counterfoil register and then the cashier acknowledging by signing against the receiving officer column. On returning the used or unused counterfoils, the cashier will again sign to testify handing over such range of number of used or unused counterfoils.
- (2) In all circumstances the Head of the Finance Department shall sign against the appropriate column to certify the issuance or return of cheques.

35. Operation of bank accounts

- (1) Practical and critical operations of bank accounts shall include the cheque signatories and safe custody of blank cheques.
- (2) Cheque signatories under subregulation [\(1\)](#) shall be of two types as follows:
 - (a) The Chief executive or any other Director or Manager authorised by the Chief Executive;
 - (b) The Head of Finance Department and Chief Accountant.
- (3) Any cheque whose amount exceeds five million shillings (T.Shs. 5,000,000/-) shall be signed by the Head of the Finance Department and counter-signed by the Chief Executive only.
- (4) All unused cheques shall be kept under the safe custody of the Head of the Finance Department or Chief Accountant and shall be issued in writing on a day to day basis against authorised payments.

36. Valuable documents and keys

- (1) Valuable documents include—
 - (a) title deeds of property;
 - (b) insurance policies;
 - (c) motor vehicle registration books or cards;
 - (d) contracts and similar agreements entered into between an Executive Agency and other parties for the supply of goods or services.
- (2) The Head of Finance Department shall have the duty to ensure that the documents under subregulation (1) are recorded and kept in safe custody.
- (3) Keys for all lockers, including chests of drawers, cupboards, computers, filing cabinets, safes, shall be maintained in, at least, duplicate. One set of the keys shall be kept in sealed envelopes and deposited with the bank of the Agency's choice for safe custody. The keys kept under the safe custody with the bank may be withdrawn only by any two officials who are authorised to operate the bank accounts.
- (4) A register showing the number of the keys and the names of the officials who have custody of such keys shall be maintained by the Chief Accountant.
- (5) There shall be handing over and taking over reports whenever a change takes place of the officials who handle keys.

37. Contract documents

- (1) There shall be written agreements between the Executive Agency and any contractor, consultant, supplier or employee whenever an Executive Agency engages the services of outsiders. These include service level agreements as provided in these Regulations.
- (2) The agreements under subregulation (1) shall contain all the terms and conditions of the contract and shall be signed by the parties concerned, and recorded in the appropriate register of the Executive Agency.

38. Assets

An Agency shall maintain a register of fixed assets. There need be no restrictions on the freedom of an Agency to acquire or dispose of movable items such as machinery and vehicles, but land may be acquired or disposed of only with the approval of the Permanent Secretary.

39. Buildings and premises

Building and premises occupied or owned by the Executive Agency must be well maintained. The Agency shall ensure that routine maintenance and repairs are done regularly.

40. Furniture and other equipment

- (1) The furniture, computers, typewriter, accounting machines, communication equipment, and other equipment, belonging to an Executive Agency shall always be kept in good working condition.
- (2) The Head of Finance Department shall where necessary enter into service agreements with the suppliers so as to ensure that all equipment is well maintained.

41. Preservation and disposal of records

The Chief Executive of an Agency shall ensure that all documents in the custody of the Agency are properly preserved. No accountable documents should be destroyed without authorisation by the Chief Executive before the expiration of 15 years and only after they have been audited. Obsolete accountable documents may be disposed of at any time within the written authority of the Chief Executive.

Part V – Annual reports (regs. 42-44)

42. Submission of annual reports

The Chief Executive shall, within two months after the end of each financial year, submit to the Minister and the Permanent Secretary, an annual report in respect of that year containing—

- (a) a copy of the audited accounts of the Agency, together with the auditor's report on the accounts;
- (b) a report on performance against key targets and any other related information;
- (c) a report on the operations of the Agency during that financial year; and
- (d) such other information as the Permanent Secretary may require;
- (e) the Annual Performance Agreement between the Permanent Secretary and the Chief Executive.

43. Information to be submitted by Chief Accountant

- (1) The Accountant shall prepare and submit monthly cash flow statements and quarterly reports to the Chief Executive.
- (2) The head of department shall—
 - (a) prepare quarterly financial control statements showing actual cash receipts and payment against the budget;
 - (b) give reasons for variations of any.
- (3) The annual performance report comparing the actual expenditure with the budgeted expenditure, both with regard to revenue and capital, shall be prepared by the Head of Finance Department. The performance report shall also compare the physical progress or work targets both with regard to operational activities and acquisition of capital items, and analyse the reasons for variation between the budget and the actual expenditure.
- (4) The Chief Executive shall, after receiving monthly cash flow statements, quarterly reports and any other financial information under this Regulation, submit the documents to the Ministerial Advisory Board.
- (5) The budgetary reports prepared under this Regulation shall be supported by other reports in respect of technical operations, administration, stocks and human resources matters.

44. The Auditor's report

- (1) The Controller and Auditor-General shall prepare and submit his report to the Executive Agency on the accounts examined by him, and the report shall state—
 - (a) whether or not he obtained all the information and explanations he required, for the audit; and
 - (b) whether, in his opinion, the accounts and the balance sheet referred to in his report are properly drawn up so as to reflect a true and correct view of the state of the Executive

Agency's affairs according to the best of the information and explanations given to him and as shown by the books of accounts of the Executive Agency.

- (2) The format of the financial statements of accounts in which the annual accounts shall be compiled are as prescribed in the Executive Agency's accounting manual.

Part VI – Loss of cash or stores and write-offs (regs. 45-47)

45. Loss of cash or stores

For the purpose of these Regulations loss of cash includes loss of revenue, stamps, promissory notes, embossed papers and fixed fee receipts and loss of stores includes the loss of any goods belonging to an Executive Agency.

46. Loss to be reported

- (1) Where it is suspected that there is theft as fraud involved, a supervising officer shall after receiving a report in writing in respect of such loss of cash or stores arrange for an immediate investigation and report the matter to the police.
- (2) In all cases, loss reports and correspondence relating to losses must be transmitted also to the Head of Finance and all losses shall be followed up by the head of department or division with a view to recovery.

47. Write-off

- (1) The head of department or division shall, where all measures have been taken and it appears the loss cash or stores can not be recovered, report the matter to the head of finance who shall authorise the write-off of such loss after consultation with the Chief Executive.
- (2) The powers to write-off conferred on the head of finance under subregulation (1) shall only be exercised as a last resort.

Part VII – Accounting manual and other instructions (regs. 48-49)

48. Accounting manuals

Operating manual and relevant accounting instructions in respect of accounting, technical aspects, operations, stores, and administrative activities will be issued from time to time to supplement these Regulations.

49. Internal audit

- (1) There shall be a designated internal auditor for each Executive Agency, who shall be responsible to the Chief Executive.
- (2) The functions of the internal auditor shall be—
 - (a) to appraise regularly the financial management with regard to compliance with financial regulations procurement and stores and other procedures; and
 - (b) to submit periodic reports and reports on implementation of his recommendations to the Chief Executive and the Permanent Secretary.
- (3) The internal auditor shall not form part of the normal accounting personnel and shall not be assigned routine accounting work of the agency.

Part VIII – Procurement and stores (regs. 50-57)

50. Principles of procurement

Executive Agencies shall operate according to a simplified internal system of financial, procurement and stores procedures that guarantee transparency, efficiency, cost-effectiveness, quality and promptness of delivery of public services.

51. Procurement and stores

- (1) These purchasing procedures provide the principles that will govern the day to day business transactions in an Executive Agency and lay down conditions to be satisfied before any financial commitment or authorisation of payment for goods or services can be made.
- (2) A procurement department or unit shall be established to ensure that the Agency obtains goods and services in the quantities and quality required in good time, and in a cost-effective manner. The procedures place the responsibility for authorisation and payment on different employees in the Executive Agency, and provide a self-checking system by enhancing managerial responsibility without unnecessary delays and bureaucracy.
- (3) Procurement procedures shall be transparent in order to promote an equal opportunity policy to enable suppliers to compete for orders and bids.
- (4) Proper records of procurement transactions and critical data must be assembled with respect to types of goods and services, suppliers, prices, delivery times, and other information which shall help the Executive Agency manage the business and deliver services efficiently.

52. Obligation of management

Management must ensure that the procurement function is managed competently, responsibly and by trustworthy employees, and that staff adhere to the approved procedures.

53. Justification of expenditure

- (1) Each head of department shall control and approve all expenditure and shall be responsible and accountable for the expenditure of his department.
- (2) Where a need to purchase goods and services arises, approval of the head of department shall be obtained by completing a Material Requisition Form, which is set out in the relevant Accounting Manual.

54. Purchases of small value

- (1) A Chief Executive may issue an imprest to an official assigned with purchasing duties for purchasing goods and services whose value do not exceed such amount as the Chief Executive may, on the advice of the Head of the Finance department, determine.
- (2) Where there are alternative suppliers, the choice of supplier shall be based on scrutiny of quotations and proforma invoices obtained from at least three different suppliers. For the supply of items calling for technical expertise, the choice shall be made from licensed and competent dealers or agents.

55. Purchases of motor vehicles, machinery and other equipment

Where specifications of types of motor vehicles, machinery or equipment to be acquired have to be stipulated and where there are exclusive suppliers for the particular items or types, the relevant agents or

dealers shall be approached and used. All agents and dealers must be able to offer a reasonable guarantee of quality and durability of these items. Where there are alternative suppliers, quotations shall be invited.

56. Service Level Agreements

Purchase of goods or services of substantial value by Executive Agencies from third parties shall be effected through formal contracts that are prepared by legally qualified personnel. Transactions of a contractual nature between an Executive Agency and another Executive Agency or a Ministry or department of the Government shall be governed by Service Level Agreements.

57. Existing contracts

Where contracts already exist on the date of the establishment of an Agency, the Agency is bound to honour those contracts.

Part IX – Procurement procedures (regs. 58-61)

58. Budgetary authority for procurement

- (1) Authority to incur any expenditure shall emanate from the annual or supplementary budget. Each item of expenditure is to be controlled by the relevant head of department.
- (2) The Head of the Finance Department shall control the budget and carry out activities and achieve work targets set out within budgetary provisions of each department.

59. Purchase Requisition

- (1) A request for the purchase of goods or services required by the Executive Agency shall be made in a Purchase Requisition Form prescribed in the relevant Accounting Manual.
- (2) The Purchase Requisition Form shall be completed by the employee requesting the goods or services, in three copies giving the following details—
 - (a) the originating department or section;
 - (b) description of goods or services and quantities required;
 - (c) the manufacturers or agents or stockists;
 - (d) date and place of delivery of the goods; and
 - (e) the signature of the employee.
- (3) The Purchase Requisition Form under subregulation (2) shall, after completion, be submitted to the head of department for approval and the original and duplicate shall be retained in the requisition book for record, inspection and audit purposes.

60. Purchase order

- (1) The purchase order being a contractual document as prescribed in the Accounting Manual and shall be used to make orders for supplies of goods or services to the Executive Agency.
- (2) All purchases shall be made through purchase orders signed by the Head of the Finance Department and the purchasing officer or any other officer appointed by the Chief Executive for that purpose.
- (3) The purchase order shall be completed by indicating clearly the name and address of the supplier, full details and description of goods, services required, quantities, unit price or cost and total cost. It will also indicate where and when the goods shall be delivered.

- (4) The purchase order shall be prepared in three copies, for distribution as follows—
 - (a) the first copy shall be sent to the supplier;
 - (b) the second copy shall be retained by the purchasing officer to await receipt of an invoice from the supplier; and
 - (c) the third copy shall remain in the order book for record, inspection and audit purposes.
- (5) A summary of the important conditions of the order shall be noted at the bottom of the purchase order form.

61. Payment vouchers

Payment vouchers shall be used to support and process all types of payments. Approval and authorisation of payment shall be done on the payment voucher which in addition must be supported by other documentary evidence such as contracts and claim invoices. The following requirements also apply to the use of payment vouchers—

- (a) a payment voucher must contain adequate explanation of the payment being made by the Agency, giving references of orders, invoices, files, minutes, correspondences, or any other documents;
 - (b) in order to facilitate periodic accounting, payment vouchers must be serially numbered and batched according to the month under which they were issued and the number of each recorded against the relevant entry;
 - (c) where the payment is made, payment vouchers and supporting documents shall be stamped with the word "paid" and with the date of payment;
 - (d) when a payment is made by cheque, the serial number of the cheque shall be entered in the cash book and on the payment voucher and the serial number of the payment voucher shall also be entered on the counterfoil of the cheque for cross-reference;
 - (e) all payment vouchers must bear the total sum in words as well as in figures;
 - (f) any alteration on a voucher must be initialled by the person making it and no alteration affecting the amount on the payment voucher may be made after it has passed through the cash book. Errors discovered subsequently must be corrected by issue of another payment voucher in the case of underpayment, or another receipt in the case of overpayment when the money is refunded.
- (2) Payment vouchers shall be in the form prescribed in the relevant Accounting Manual.

Part X – The procurement process (regs. 62-79)

62. Purchase through quotations

- (1) An imprest may be issued for purchasing small items to an employee assigned with purchasing duties.
- (2) Supplies of goods or services shall be obtained from approved suppliers. Requests to replenish stocks shall be made by the head of department by completing a purchase requisition form.
- (3) When it is required to purchase goods or services, a senior purchasing official shall obtain quotations from at least three potential suppliers through either of the following methods as may, in each case, be determined by the Management Team—
 - (a) by sending letters inviting quotation from approved suppliers for purchases whose value exceeds Shs. 10,000,000/- but does not exceed Shs. 40,000,000/- for a single transaction or;

- (b) by advertising through the news media inviting quotations for purchases whose value exceeds Shs. 10,000,000/- but does not exceed Shs. 40,000,000/- for a single transaction.
- (4) Approval of purchases based on quotations shall be given by the Management Team.
- (5) The Chief Executive with the approval of the Permanent Secretary of the Ministry of Finance may, by written directives, vary the amounts set out in paragraphs (a) and (b) of subregulation (3).

63. Tenders

Tenders shall be invited in accordance with regulations in Part IV of this Chapter for the purchase of goods or services whose value exceeds the amounts prescribed in that Part.

64. Evaluation criteria for quotations

- (1) Quotations from suppliers shall be evaluated by more than one responsible and competent official and recommendations made to the Management Team for approval after taking into account—
 - (a) the price and terms of payment;
 - (b) quality of the goods, dependability and efficiency of supplier;
 - (c) delivery time;
 - (d) supplier's performance and compliance with specified requirements.
- (2) An Agency shall not be obliged to accept the lowest or any quotation or tender.

65. Single quotations

A single quotation shall only be accepted where—

- (a) the goods or services to be obtained are only available from suppliers of such goods and services which are already in operation in an Agency; or
- (b) only a single bid or quotation is received as a result of a request for quotations; or
- (c) it is shown that there is only one supplier.

66. Selection of supplier

- (1) The evaluated quotations shall be submitted to the Management Team for approval and each evaluation shall include—
 - (a) the name of the supplier selected;
 - (b) the items to be purchased; and
 - (c) the unit cost and total prices.
- (2) Each approval shall be given a unique number chronologically and shall be quoted on all documents that follow after this stage. A minute of approval shall be sent to the senior purchasing officer as authority to effect the purchase.

67. Notification of the award and contract

- (1) The selected supplier shall be notified of the approval of his quotation and invited to conclude a formal contract with the Agency.
- (2) A contract for the supply of goods or services shall be in writing.
- (3) Where appropriate, instead of a formal contract the award may be confirmed by issuing a purchase order to the supplier.

68. Effecting the purchase

- (1) The senior stores official shall prepare and issue to the supplier a purchase order in accordance with the minute of approval after ensuring that there is provision for the expenditure in the budget.
- (2) The senior purchasing official shall have the duty to follow up the order so that the goods are delivered or the services are performed according to the agreed terms in the order unless alternative terms have been agreed in writing.

69. Delivery of goods

- (1) Imported goods shall be cleared by an approved licensed clearing agent. The delivery of goods shall be supported by a delivery note issued by the supplier in two copies containing description, quantities and number of packages of items delivered.
- (2) The goods shall be inspected jointly by the purchasing officer and the stores officer against the purchase order and the delivery note. All goods shall be properly stored.

70. Examination of stores on receiving

- (1) On receiving stores, the receiving officer shall—
 - (a) check to ensure that the purchase number is correct;
 - (b) examine the packages for external signs of rough handling, damage or having been tampered with in transit;
 - (c) ascertain that a damage or loss certificate has been completed if any of the weight or counts do not tally, or signs of damage or tampering are observed;
 - (d) initiate claims where appropriate;
 - (e) check the stores against the particulars shown on the issue notes, delivery notes, or invoices; and
 - (f) where necessary ensure that goods received are inspected by a competent technical or other suitable qualified employee or other person and passed as to conditions quantity and suitability for use prior to being taken on charge.
- (2) Defective goods or goods which do not meet required specifications shall be rejected and returned with an endorsement on a duplicate copy of the delivery note stating the reasons for their return, to enable a debit note to be issued by the supplier.

71. Ledger records

A complete and up-to-date record of receipts and issues of stores must be maintained in a stores ledger to be kept in the stores section. This record should be posted daily and each receipt or issue must be supported by the relevant documents.

72. Erasures and alterations

No erasures shall be allowed in any ledger, register, requisition note or vouchers. To correct any errors a line should be drawn through the erroneous entry and the correct entry written above it. All alterations shall be signed by the storekeeper and the recipient of the stores.

73. Approval for the issue of stores

The storekeeper shall not issue stores unless the issue has been duly authorised by the senior stores official or any other official authorities by the Head of Finance Department.

74. "Goods received" and "goods issued" notes

- (1) A "goods received" note shall be prepared and signed by the stores official, or the head of department receiving the goods direct for use. A copy shall be sent to the senior stores official in order to be matched with and attached to the invoice received from the supplier.
- (2) A "goods issued" note for stock items shall be prepared when the items are issued for use by departments, up-country stations, at sites or for sale to customers.

75. Performance of service

The provisions of Regulation 82 shall as far as practicable apply to the services rendered to the Agency as they apply to the provision of goods.

76. Procurement contracts and Service Level Agreements

Transactions for the provision of goods and services between Executive Agencies, Government Ministries, and departments shall be effected through Service Level Agreements.

Any disputes between or among parties to a Service Level Agreement are to be resolved through conciliation and arbitration as provided for in the Executive Agencies (Conciliation and Arbitration) Regulations ¹.

77. Inspection of stores and verification of stock

- (1) The stores officer shall arrange periodic formal store inspection under his supervision and shall submit a report to the senior stores official at least twice a year.
- (2) Inspections shall be carried out by a person other than the one responsible for stores and may include—
 - (a) a test verification of computations in the stores and a comparison of ledger entries with relevant vouchers;
 - (b) a test verification of the ledger balances with physical stock;
 - (c) an inspection of warehouses, storerooms, yards, locks and gates;
 - (d) an inspection of the loan register to ensure that stores have not been issued on loan without proper authority, and that no stores have been on loan for longer than the agreed period without the knowledge of the senior stores official.
- (3) Stock verification shall be carried out periodically as determined by the Chief Executive.
- (4) Without prejudice to the power of the Chief Executive to cause a stock verification to be carried out, the Permanent Secretary, Ministry of Finance, after consultation with the Chief Executive, may at any time order a stock verification to be carried out in accordance with Stores Regulations made under the Exchequer and Audit Ordinance.

78. Stores inspection report

The report of the stores inspections carried out in accordance with Regulation 77 shall be in the form prescribed in the relevant accounting manual and shall set out the following—

- (a) the findings in respect of the matters specified in paragraph (2) of regulation 81;
- (b) whether ledgers are properly kept and entered up to date;

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- (c) whether vouchers, etc., supporting ledger entries are properly filed;
- (d) whether any stores are held in excess of requirement;
- (e) whether any unserviceable or obsolete stocks are held;
- (f) the instructions issued to the stores official or the storekeeper as a result of the inspection; and
- (g) any recommendations as to the manner in which the operation of the store may be improved.

79. Duties and responsibilities of storekeepers

- (1) A storekeeper in charge of a store, or part of a store, shall be held personally responsible for—
 - (a) checking, handling and storage of stores received;
 - (b) checking and packing of stores issued;
 - (c) maintaining stocks of items at levels laid down;
 - (d) liability through losses or waste of stores or irregular issues;
- (2) A storekeeper shall—
 - (a) visit all storerooms, warehouses at least once daily;
 - (b) arrange for any instances of loss, leakage, damage or deterioration to be brought to the attention of a senior manager immediately; and
 - (c) ensure that storerooms are kept clean and properly ventilated and that stocks are well arranged and accessible to users.

Part XI – Purchase by tender (regs. 80-89)

80. Establishment of Internal Tender Boards

- (1) Each Executive Agency shall have an Internal Tender Board. The membership of an Internal Tender Board shall include—
 - (a) the Chief Executive who shall be a Chairman;
 - (b) Head of the Finance Department;
 - (c) Chief Accountant;
 - (d) a representative of the Ministry of Finance; and
 - (e) a Senior Purchasing Official who shall be the Secretary to the Board.
- (2) An Internal Tender Board shall have authority to approve the purchase of goods or services exceeding Shs. 40,000,000/- but not exceeding Shs. 100,000,000/- approval for the purchase of goods or services exceeding Shs. 100,000,000/- shall be the responsibility of the Central Tender Board established under the Financial Orders of the Government.
- (3) The Board shall meet as often as it is required by the Chairman, and shall conduct and regulate its meetings in accordance with the procedure prescribed by the Chief Executive or, in any particular matter, with such procedure agreed upon by the members.

81. Tendering procedures

- (1) Tender documents shall be prepared by the Agency, and where appropriate, with the assistance of external technical expertise.

- (2) Tender documents must be checked to make sure they are complete in every respect and consistent with the decisions leading to the purchase.
- (3) Instructions to tenderers and tender documents shall be clear, showing where the documents may be obtained the cost of purchasing the documents, the dates for the submission of tenders, the manner and mode in which they shall be submitted and the place where tenders are to be submitted.
- (4) Tenderers must be allowed to attend the opening of the tenders.

82. Tender documents

- (1) The availability of tender documents shall be made known to the public and other interested parties in any one or both of the following methods:
 - (a) by advertisement through the media;
 - (b) by sending invitation letters to selected registered suppliers.
- (2) Adequate time shall be given between the date a tender is advertised and the closing date, bearing in mind the complexity of its requirements and whether overseas tenderers may be involved.
- (3) Tender documents shall only be released to tenderers who pay the prescribed charges.

83. Receipt of bids

Tenders shall be received by the Secretary of the Tender Board, who shall endorse on the envelope its date of arrival, and note the status of the envelope and the sealing. Any irregularities regarding the tender must be reported to the Chairman. All envelopes shall be kept under maximum security until the opening date.

84. Opening of tenders

- (1) A date, time and place shall be set for the opening of tenders. A record of tenderers, or their representatives, who attend the opening shall be prepared. Procedures to be followed during the opening process shall be explained to the tenderers by the Chairman of the Tender Board.
- (2) Each tender shall be examined by the Chairman who shall announce the status of the envelope before it is opened and the following information shall be read out aloud and noted by the Secretary, in respect of every tender opened—
 - (a) tenderer's name and address;
 - (b) the price quoted;
 - (c) statement of compliance with the tender conditions;
 - (d) bid bond where required.
- (3) The Chairman may invite tenderers to ask any questions regarding the opening of the tenders.

85. Evaluation of quotations and bids

The tenders received by Internal Tender Board may be submitted to an expert or special team for evaluation in accordance with the following criteria—

- (a) compliance with technical specifications;
- (b) compliance with commercial and financial conditions;
- (c) compliance with delivery requirements; and
- (d) price comparisons.

86. Notification of award

The selected tenderer shall be notified of the award of the tender and invited for contract negotiations. The final award shall be effected by the signing of the contract.

87. Invoice and payment

- (1) An invoice for the supply of goods or services shall be obtained by the purchasing official from the supplier, together with a copy of the delivery note. The invoice shall be for the items of goods or services supplied and must agree with the delivery note.
- (2) The purchasing official shall associate the invoice with duplicate copies of purchased order, purchase requisition and minute of approval and forward them to the Accounts Section for payment.

88. Payment voucher

- (1) The Head of the Finance Department shall be responsible for ensuring that all payments by the Executive Agency are within the approved budget and have been duly authorised. Documents supporting the purchase must be attached to the payment voucher for the purpose of effecting payment.
- (2) The payment voucher shall contain the following details—
 - (a) the name of the supplier;
 - (b) description of goods;
 - (c) amount to be paid; and
 - (d) allocation of the expense to its proper account code.
- (3) The payment voucher shall be approved and signed by the Head of Finance and the following documents shall be attached to it—
 - (a) duplicate copy of the purchase requisition;
 - (b) minute of approval by the relevant authority;
 - (c) duplicate copy of the purchasing order;

89. Payment by cheque

A cheque for the amount shown on the payment voucher shall be written in the name of the supplier using permanent ink. The counterfoils of the chequebook must also be completed with the same details appearing on the cheque.