



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



GOVERNMENT PROCUREMENT SERVICES AGENCY

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR
ENDED 30 JUNE, 2023**

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2321245,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

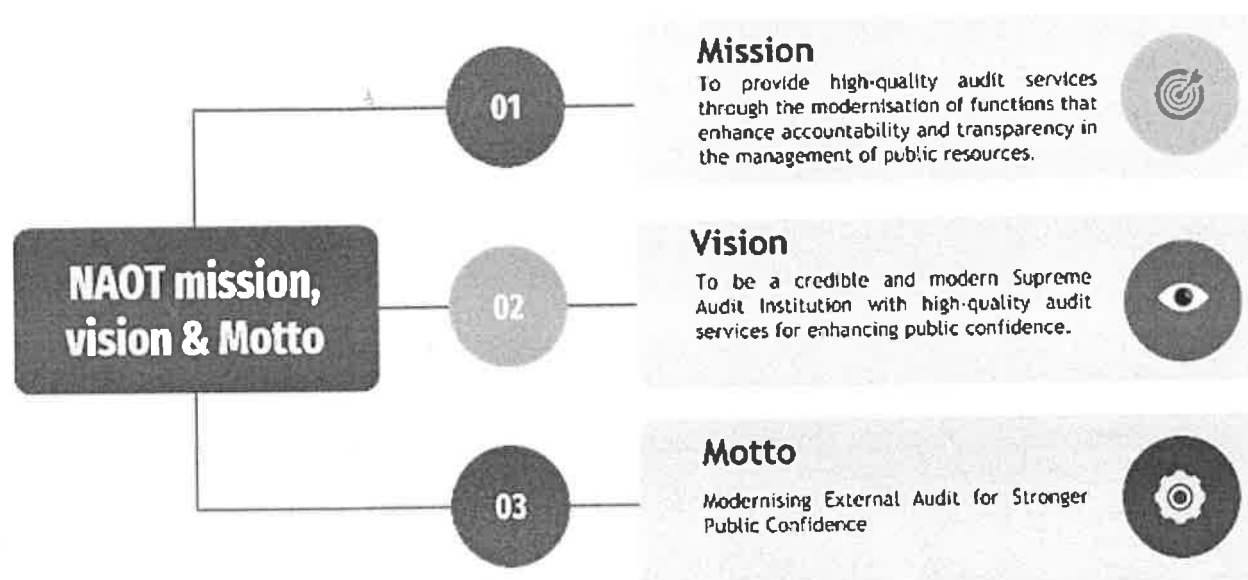
March 2024

AR/NA/GPSA/2022/23

About the National Audit Office

Mandate

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



Independence and objectivity

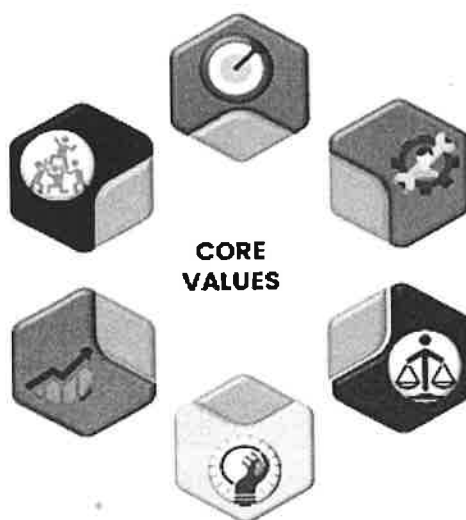
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

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

Creativity and Innovation

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

© This audit report is intended to be used by GPSA and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

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Abbreviations

APP	Annual Procurement Plan
AR	Audit Report
BoT	Bank of Tanzania
CAG	Controller and Auditor General
CEO	Chief Executive Officer
CSP4	Fourth Corporate Strategic Plan for the years 2018/19 - 2022/23
CUIS	Common Use Items and services
FMIS	Fuel Management Information System
FYDP	Five Year Development Programme
GIMIS	GPSA Integrated Management Information System
G.N	Government Notice
GPSA	Government Procurement Services Agency
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ISA	International Accounting on Auditing
IFRS	International Financial Reporting Standards
ISSAI	International Standards of Supreme Audit Institutions
MAB	Ministerial Advisory Board
MDA	Ministries, Departments and Agencies
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
NIC	National Insurance Corporation of Tanzania Limited
NSSF	National Social Security Fund
PAYE	Pay as You Earn
PFA	Public Finance Act, Cap 348 [R.E 2020]
PMU	Procurement Management Unit
PPA	Public Procurement Act No. 7 of 2011
PPR	Public Procurement Regulations of 2013
PSSSF	Public Service Social Security Fund
Reg.	Regulation
RGP	Recommended Practice Guideline
SRP	Social Responsibility Plan

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chief Executive officer,
Government Procurement Services Agency,
P.O. Box 9150,
Dar es Salaam,
Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Government Procurement Services Agency, which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Government Procurement Services Agency as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Government Procurement Services Agency in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Report by Those Charged with Governance and the Declaration by the Head of Finance but does not include the Financial Statements and my audit report thereon.

My opinion on the Financial Statements does not cover the other information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the Financial Statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 [R.E 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap 410 [R.E 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods, and services

I performed a compliance audit on the procurement of works, goods, and services in the Government Procurement Services Agency for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of goods, works and services of GPSA is generally in compliance with the requirements of the Public Procurement laws.

Performance Security requirements greater than rates prescribed by guidelines

Clause 8 of the Special Condition of the Contracts for the Supply of fuel at GPSA for the year 2022/23 between GPSA and various suppliers requires that the amount of performance security as a percentage of the contract price to be 20% of the contract price and be submitted after being requested. This rate exceeding the required amount specified Para 11.3 of the Guideline for Securities in Public Procurements of February 2022 requires the amount of Performance Security to be equal to ten (10) percent of the tender amount for Bank Guarantee and fifteen (15) percent for Insurance Bond.

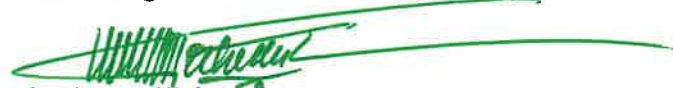
1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

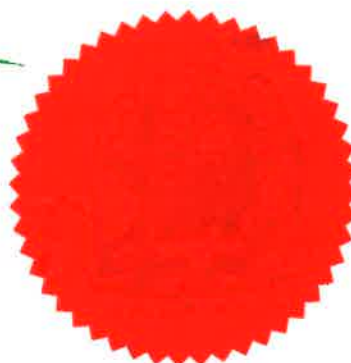
I performed a compliance audit on budget formulation and execution in the GPSA for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the budget formulation and execution of the GPSA, is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2024



2.0 FINANCIAL STATEMENTS

AGENCY'S INFORMATION

PRINCIPAL PLACE OF BUSINESS:

Government Procurement Services Agency [GPSA],
4 Bohari Kuu Road,
P.O. Box 9150,
15104 Keko Mwanga "A", Temeke,
Dar Es Salaam, Tanzania.
Tel: +255 22 2861617/ +255 22 2866071
Fax: +255 22 2866072
Email: ceo@gpsa.go.tz
Website: www.gpsa.go.tz

LEADERSHIP:

Prof. Geraldine A. Rasheli,
Chief Executive Officer,
Government Procurement Services Agency,
P.O. Box 9150,
Dar es Salaam, Tanzania

PARENT MINISTRY:

Ministry of Finance and Planning,
Treasury Square Building,
18 Jakaya Kikwete Road,
P. O. Box 2802,
40468 Dodoma, Tanzania

AUDITORS:

Controller and Auditor General,
National Audit Office, Audit House,
4 Ukaguzi Road,
P. O. Box 950,
**41104 Tambukareli,
DODOMA**

BANKERS:

Bank of Tanzania (BOT),
2 Mirambo Street,
11884 Dar Es Salaam,
P.O. Box 2939,
Dar es Salaam, Tanzania.

National Microfinance Bank,
Bank House,
P.O. Box 9021,
Dar es Salaam, Tanzania.

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CRDB Bank Limited,
Vijana Branch,
P.O. Box 268,
Dar es Salaam, Tanzania.

Azania Bank Limited,
P.O. Box 9271,
Dar es Salaam, Tanzania

National Bank of Commerce,
Corporate and Investment Branch,
P.O. Box 1863,
Dar es Salaam, Tanzania

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1. INTRODUCTION

Pursuant to Tanzania Financial Reporting Standard (TFRS) No.1 issued by the National Board of Accountants and Auditors (NBAA) in June 2020 and became effective on 1st January 2021, Government Procurement Services Agency (hereto referred as “GPSA” or “the Agency”) presents “*The Report by those charged with Governance*” for period ended 30 June 2023. The report is presented along with GPSA Financial Statements. The presented Financial Statements disclose results of operations and state of affairs of the Agency.

Presentation of the Financial Statements is in accordance with the provisions of the Public Audit Act, Cap 418 [R.E 2021], Public Finance Act, Cap 348 [R.E 2020] and its regulation, the Executive Agencies Act No. 30 of 1997, The Executive Agencies (Government Procurement Services Agency) Establishment Order, 2007 (Government Notice No. 235 of 7th December 2007 as amended by GN No. 133 of 13th April 2012), of the Laws of Tanzania, and the requirement of International Public Sector Accounting standards (IPSAS Accrual) pursuant to Regulation 53 of the Public Finance Regulations 2001. The Financial Statements disclose the affairs of the Agency for the year ended 30 June 2023 and implementation of its Five Year Corporate Strategic Plan covering the period from 2018/19 to 2022/23.

The Report by those charged with Governance that has been prepared by GPSA discloses key information that assist GPSA Stakeholders in understanding Agency’s operations, strategies, financial and governance matters. Further, the report provides information that assist GPSA Stakeholders in understanding future looking of the Agency. Considering the aforementioned disclosures and the accompanied Financial Statements, the Agency is confident that its Stakeholders will be in a position of making informed decisions as far as their stake in GPSA is concerned.

2. MISSION, VISION AND CORE VALUES

In the financial year 2022/23, GPSA completed the implementation of its five years (2018/19 - 2022/23) fourth Corporate Strategic Plan (CSP4). The CSP4 provides an opportunity for GPSA to align strategic direction that provides long term solution to the prevailing challenges in operation. Consequently, attaining optimal revenue mobilization in line with national and international development agenda. Implementation of the plan is guided by the following key components:

2.1 GPSA Vision

The CSP4 is guided by an inspirational vision “*to be a centre of excellence in procurement, supplies, clearing and forwarding services*”. This intends to build coalition with stakeholders in order to improve Agency’s ability in raising more revenue for its sustainability. In daily operations, the Vision Statement provides Agency’s future directions that allows staff to carry out their tasks with a shared corporate goal.

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2.2 GPSA Mission

Along with the defined GPSA Vision, the Agency has described a Mission Statement that summarizes GPSA's purpose of existence and how customers' expectations will be met. GPSA mission is *"to promote economic growth through value for money procurement to the Government and non-government institutions"*. The mission blends well with GPSA vision as easiness and voluntary compliance culture to PEs will increase service delivery and enable various national development strategies to come into reality and sustainable.

2.3 GPSA Core values

The building of cohesive and binding organizational culture is a fundamental prerequisite for the sustainable development of the Agency. In order to achieve its vision and accomplish its mission, the Agency has put the following core values which are accountability, professionalism, teamwork, creativity and innovativeness, transparency and respect for others. The values describe the culture of the workplace ensuring that all employees and customers of the Agency have a common understanding of how they will be treated and what is expected from them.

Each value is detailed as follows:

(i) Accountability

We are servants of the public and responsible for our decisions and actions. We pay timely and appropriate attention to our stakeholders' needs and requirements, and also to the community for the mandate and responsibilities bestowed upon us.

(ii) Professionalism

We demonstrate the highest level of competence and efficiency guided by ethical behaviour and professional etiquette.

(iii) Teamwork

We work together, share experiences and respect each other to realize our common goal.

(iv) Creativity and innovativeness

We invigorate the culture of innovation to take on board new technological changes.

(v) Transparency

We conduct our business with openness.

(vi) Respect for others

We always respect personal opinion.

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3. NATURE OF GPSA OPERATIONS

GPSA is an agency of the Government of the United Republic of Tanzania established by virtue of the Executive Agencies Act No. 30 of 1997, The Executive Agencies (Government Procurement Services Agency) Establishment Order, 2007 (Government Notice No. 235 of 7th December 2007 as amended by GN No. 133 of 13th April 2012). The official inauguration of the Agency took place 16th June, 2008 where GPSA took over the functions that were performed by the Supplies and Services Department under the then Ministry of Infrastructure Development.

3.1 Functions of GPSA

The Agency is mandated to ensure availability of adequate and quality procurement services to the Government and Non-Governmental institutions as stipulated in Public Procurement Act Cap 410. The main functions of the Agency include the following:

- (a) To provide adequate quality supplies at competitive prices;
- (b) To provide Clearing and Forwarding and Consultancy Services that ensure value for money;
- (c) To provide safe and secure warehousing and storage facilities;
- (d) To arrange for procurement of Common Use Items and Services (CUIS) using framework contracts; and
- (e) To ensure a well-managed and sustainable Agency.

3.2 The Legislative and Regulatory Environment in which GPSA Operates

In execution of its noble function of ensuring availability of adequate and quality procurement services to the Government and Non-Governmental institutions, GPSA is guided by procurement laws. The procurement laws are made by Supreme Legislature of the country i.e. Tanzania Parliament. Any decision to amend existing procurement laws or enact new procurement laws has direct impact to GPSA performance; laws that ensure high compliance by the PEs have positive impact towards GPSA performance while the ones that defiance are likely to have adverse impact. Therefore, GPSA is striving to ensure enactment and/or amendment of procurement laws and statutes are in line with Government's desire to ensuring availability of adequate and quality procurement services and improve the business environment. Also, GPSA is enhancing its engagement in the National Procurement Task Force Forum together with other procurement multi-stakeholders in reforming the procurement space regularly.

Further, GPSA is keen to astutely comply with the procurement laws in pursuit of its mandate to ensure that the Agency save a considerable amount of the government budget which can be used to foster other social related activities through common procurement of goods and services. This is one of the factors that contributes towards attainment of Agency's objectives.

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3.3 The industries in which GPSA Operates

GPSA is an agency of the Government of the United Republic of Tanzania with the mandate of ensuring availability of adequate and quality procurement services to the Government and Non-Governmental institutions as stipulated in Public Procurement Act Cap 410. The Agency's operational offices are distributed in various areas of the Tanzania Mainland. This enables the Agency to position itself in a manner that ease accessibility of its services. Consequently, enhancing easy accessibility of services by the PEs which is among key elements for sustainability of the Agency.

3.4 Structure of GPSA Operations

The Agency is structured in a manner that enables it to execute its functions effectively and efficiently country wide. The Agency is structured in the following manner:

3.4.1 Management of GPSA

The Management Committee is responsible for overseeing the execution of all the decisions of the Agency, except those specifically entrusted by or under the Executive Agencies Act. The Committee is chaired by the Accounting Officer who is the Chief Executive Officer of the Agency. The overall Management of GPSA is vested in the Chief Executive Officer who is responsible for the day-to-day operations of the Agency; the management of funds, property and business of the Agency; and for the administration, organisation and control of the other officers and staff of the Agency.

The Management Committee has the prerequisite skills and competencies and hence, can handle all procurement, administrative and financial matters of the Agency efficiently and effectively.

The Chief Executive Officer is assisted by 3 Directors and 5 Heads of Units, 8 Section Managers and twenty-seven (27) Regional Managers. For smooth execution of duties there is a clear organizational structure detailing lines of Agency. In addition, the head of Internal Audit Unit reports administratively to the Chief Executive Officer and functionally to Audit Committee of the Agency.

3.4.2 GPSA Departments

The Agency is organized into departments, units, sections, and regional offices as follows: -

- (a) Director of Business Support Services;
- (b) Director of Operations;
- (c) Director of Procurement Management;
- (d) Head of Internal Audit Unit (Chief Internal Auditor);
- (e) Head of Legal Services Unit;
- (f) Head of Planning, Monitoring and Evaluation Unit;
- (g) Head of Communication and Marketing Unit;
- (h) Head of Information, Communication, Technology and Statistics; and

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- (i) Section Managers; and
- (j) Regional Managers.

The Chief Executive Officer, the Directors of Divisions, Heads of Units, Sections and Regional Managers constitute the Management Team of the Agency

3.5 GPSA Model

The semi-autonomous procurement model has been used in designing GPSA. This implies that GPSA is a body corporate with perpetual succession and a common seal. In this regard, GPSA is capable of suing and being sued in its corporate name; may acquire and dispose of property; and may do all other things which a body corporate may lawfully do. Moreover, GPSA is operating under a Ministerial Advisory Board whose members are nominated from a diversity of sources from inside government as stipulated in the Executive Agencies (the (Government Procurement Services Agency) establishment Order, 2007. The autonomy under this model does not make GPSA fully independent of the government and cease to be part of the public sector. Thus, general oversight on the part of minister responsible for finance is involved.

3.6 Overview of Main GPSA Operating Offices and their Locations

The main GPSA register office and principal place of business is GPSA Headquarters (GPSA HQ). The address for GPSA HQ is:

Government Procurement Services Agency [GPSA],
4 Bohari Kuu Road,
P.O. Box 9150,
15104 Keko Mwanga "A", Temeke,
Dar Es Salaam, Tanzania.
Tel: +255 22 2861617/ +255 22 2866071
Fax: +255 22 2866072
Email: ceo@gpsa.go.tz
Website: www.gpsa.go.tz

In addition to GPSA HQ where key administrative, financial and procurement matters are handled, the Agency has other operational regional offices located countrywide (Tanzania Mainland). The offices are directly dealing with provision of procurement professional Assistance in the Regions, ensuring availability of adequate supplies in the region and representing the Chief Executive at all Regional meetings that require the input of the Chief Executive.

3.7 Accountability for Effectiveness and Efficient Utilization of the Agency Resources

In fulfilling its statutory obligations, the Agency is using resources (financial, human resources, software, hardware etc.). The resources are financed mainly by the Government of United Republic of Tanzania. In utilizing the given resources, the Agency is accountable for ensuring that the resources made available are utilized efficiently

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and effectively for attainment of the intended objectives. The Government of United Republic of Tanzania has specific resource accountability requirements as explained here under:

Government of United Republic of Tanzania Requirement

The Agency is accountable for ensuring the given resources are utilized efficiently and effectively in attainment of predetermine objectives and that the given resources are maintained and utilized in line with provisions of relevant Government Acts (Public Finance Act, Public Audit Act, Public Procurement Act, Public Service Act, and The Executive Agencies Act etc.). Among others, the provisions include the preparation of annual financial statements and auditing of the financial statements by Controller and Auditor General (CAG) by virtue of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), Sections 30 - 33 of the Public Audit Act No. 11 of 2008 (as revised in 2020).

3.8 Macro and Micro Economic Conditions Correlating with GPSA Operation

The economic analysis is meant to monitor performance of the economy at the aggregate level and correlate it with service delivery performance recorded by GPSA. It gives an early indication of the trend of the economy and assists in determining the course of action to be undertaken as regards to desired administrative interventions. In the year 2022/23, performance of economic factors is as analysed hereunder:

(a) General Overview of the Economy

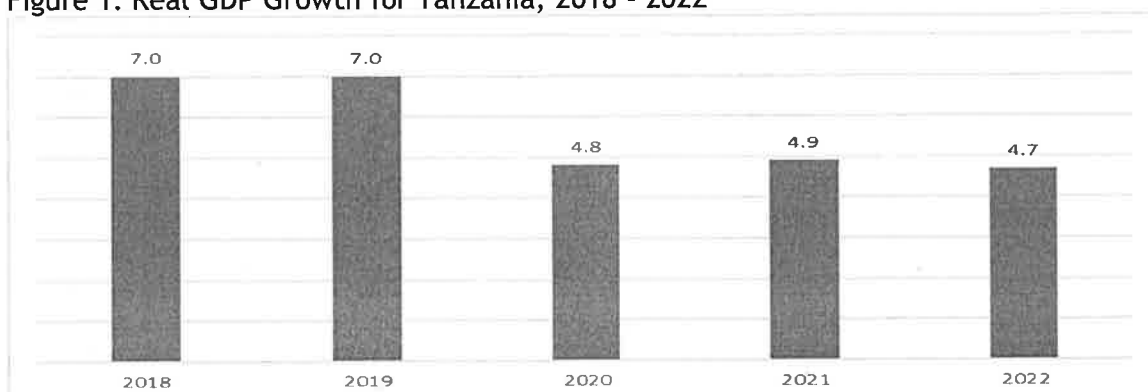
Tanzania's economy continues to maintain a positive growth rate in 2022 despite the challenges caused by the war in Ukraine and the residual impact of COVID - 19. Real GDP grew by 4.7% in 2022 compared with 4.9% recorded in 2021. This performance was attributed to interventions made to cushion the economy from the effect of global shocks; implementation of prudent monetary policies; increase in private sector investment associated with improved business environment and Government measures to improve business climate; and ongoing public and private investment in strategic areas especially in energy, water, health, education, road construction and railways.

In year 2023, the economy is expected to grow by 5.2%. This is supported by implementation of strategic projects and successful implementation of FYDP III that is expected to stimulate industrialization. The main risk to the economy is the negative effects on trade due to disruption in supply chains caused by ongoing war in Ukraine.

In Economic/Regional Integration perspective, Tanzania has integrated into both Regional Economic Groupings and Bilateral Agreements with a focus of improving business environment and enhancement of economic development. The predicted rewards from multilateral agreements include disruption of procurement supply chain of goods and services resulting from trade diversion and reduction or elimination of tariffs.

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Figure 1: Real GDP Growth for Tanzania, 2018 - 2022

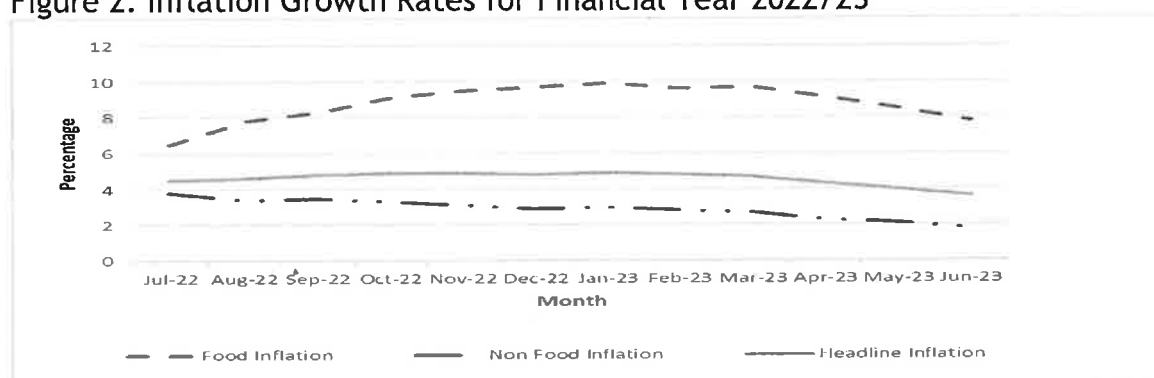


Source: National Bureau of Statistics (2023)

(b) Inflation

During the financial year 2022/23, annual headline inflation averaged to 4.6% compared to an average of 4.0% recorded in the preceded financial year 2021/22. The increase in average headline inflation was attributed to the increase in prices mainly on energy (fuels) and food items. Inflation for food averaged 8.9% compared to 5.2% recorded in the financial year 2021/22. On the other hand, non-food inflation averaged at 2.9% in the financial 2022/23 compared to 3.5% recorded in 2021/22. In financial year 2023/24, annual headline inflation is projected to remain within the medium-term target of 3% - 5%. This is in line with EAC convergence criteria of not more than 8.0%. However, the upward risk to the inflation remains due to increased oil prices in the world market resulted from Russia - Ukraine conflict.

Figure 2: Inflation Growth Rates for Financial Year 2022/23



Source: National Bureau of Statistics

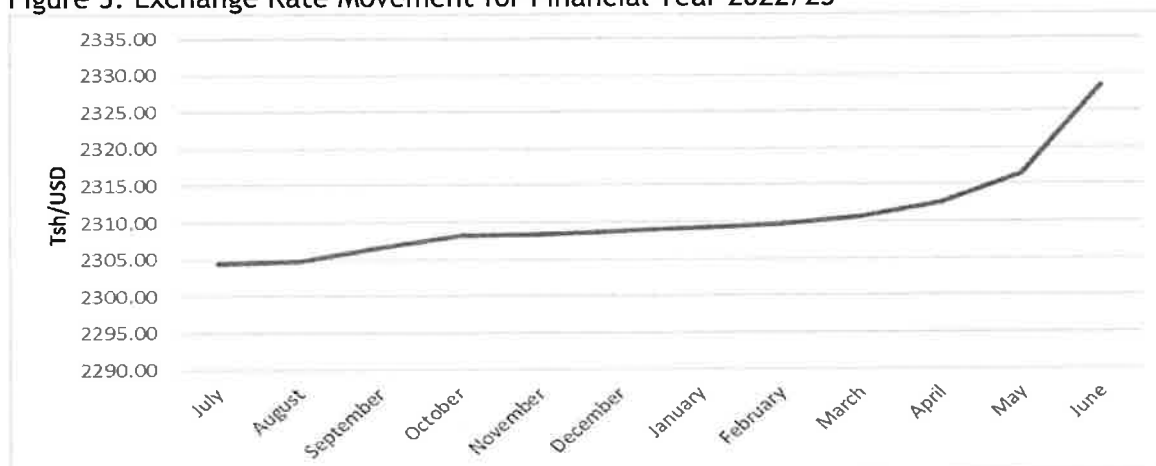
(c) Exchange Rate

The Tanzanian Shilling was exchanged at an average rate of TZS 2,310.22 per US Dollar in 2022/23 compared to the average rate of TZS 2,298.12 per US Dollar in the corresponding period of 2021/22. During the year ended 30 June 2023, the Tanzanian Shilling depreciated at the rate of 0.5% compared to an appreciation rate of 0.001% registered in the corresponding period of financial year 2021/22. The depreciation of Tanzanian Shilling against US dollar was largely due to increase in demand for foreign

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exchange in the market. The increased demand emanated from high commodity prices in the world market and low foreign exchange inflow attributable to monetary policy tightening in advanced economy. Exchange Rate Movement for the period under review is shown in **Figure 3**.

Figure 3: Exchange Rate Movement for Financial Year 2022/23



Source: Bank of Tanzania

3.9 Market Forces

Market forces such as technological advancements, economic growth, and government policies/regulations have direct impact to GPSA operations. The effects are mainly in GPSA operations as well as in the way PEs responses to the changes. The effect of technological change is provided in Para 3.10 while that government regulations and economic growth are provided in Para 3.14.

3.10 Speed and Effect of Technological Changes in GPSA Operations

Technological developments have exposed the Agency to rapid changes through digitalization of the economy and emergence of new business models and ways of working. Availability of new technologies, new data sources, and increasing international cooperation are providing new opportunities to better manage the Agency and reduce administrative burdens. GPSA has seized the opportunities and is currently enhancing its ICT and GIMIS system. Upon completion of the enhancements, it is anticipated that efficiency and effectiveness in administering service delivery and operations will improve. Eventually, this will increase revenue collections and reduce cost of collection. GPSA is also taking advantage of having a dedicated e-Government Agency (eGA) in advancing its service delivery platforms and offer state-of-the art product to the PEs.

3.11 Societal Issues

TRA's desire is to have PEs with positive attitude toward compliance through creating awareness on their rights and obligations in carrying out this duty. This includes adopting a comprehensive business compliance strategy with combination of enforcement,

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facilitation, awareness, education campaigns and Corporate Social Responsibility that encourage and promote voluntary compliance among the PEs.

3.12 Environmental Challenges

The natural environment directly or indirectly affects the operations of GPSA by influencing the economy and trade. Changes in natural resources, manufacturing industries due to factors like weather events and climatic change can impact economic activities, and imports. These changes in turn affect availability of stocks being distributed by GPSA. To minimise the mentioned effects, the Agency adapts its strategies, forecast revenue changes and collaborate with other parent Ministry and the Agency to ensure its sustainability.

3.13 Political Environment

The prevailing political stability is essential for promoting social economic development and growth of a nation especially when the Government resources support economic activities which have multiplier effect to realization of Government savings. GPSA continues to rely on Government's support for future success in terms of budget financing, procurement policy reviews, enforcement measures and political will to undertake those policy reforms.

In the Geopolitical environment, prevailing peace and security within EAC region is important in providing conducive environment for business and investments to grow. Also, GPSA is expected to benefit from on-going and emerging cross border initiative that will enable the Agency to undertake Clearing and Forwarding services for the landlocked countries. Any instability within the EAC region even if it is not happening in Tanzania may affect the Agency. This distorts the supply chain across the countries and affects the sustainability of the Agency.

3.14 Compliance with Laws and Regulation

GPSA is committed to uphold highest standard of compliance with all applicable laws and regulations. Further, the Agency recognises that non-compliance with applicable laws and regulations tarnishes Agency's reputation. This impairs Agency's trust and affects its relationship with PEs and other key stakeholders (General public, Development Partners etc.). Consequently, affecting Agency's performance and its contribution to the growth and development of the national economy. The said Laws and Regulations are mainly grouped into:

- (i) Laws and regulations governing core business of the Agency. These include Public Procurement Act and its regulations.
- (ii) Laws and respective regulations governing control and management of Agency's resources (Financial resources, human resources, capital resources, Social and Relationship Resources and Other Resources). These include those that are issued by central Government to provide general guidance on control and management of Government Resources (Public Finance Act, Budget Act, Public Service Act, Workers

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Compensation Act, Occupational Health and Safety Act, Workers' compensation Act, the Public Finance Acts, Income Tax Act. etc.)

In addition to the aforementioned main groups, the Agency is complying with laws and regulations pertaining to cross cutting issues in areas such as:

- (a) Corruption - To comply with Government laws and regulations in fighting corruption, the Agency's policy affirms zero tolerance to all acts of corruption and enhance compliance to laws, regulations and guidelines.
- (b) HIV/AIDS Policy and Non-Communicable Diseases (NCD) - GPSA as a Public Institution is observing Government directives issued via President's office- Public Services Management (PO-PSM) through Circular No. 2 of 2014 followed by the Guidelines of 2014 to address HIV/AIDS and NCDs. To ensure implementation of the given directive the Agency has a policy in place that create an equal opportunity for all employees, regardless of their sero-status. Also, the Agency is meeting costs of medical services as stipulated in the PO-PSM guideline for employees who have disclosed their health status
- (c) Environment - the Agency is observing requirements of the Environmental Management Act in its dealings.

Further to the laws and regulations explained in the preceded paragraphs, the Agency is observing the Constitution of the United Republic of Tanzania 1977 in its dealings.

Compliance to the aforementioned Laws/Regulations is assessed by Internal Audit Unit periodically as part of their routine activities. Further, the assessment is done by independent organs (Controller and Auditor General (CAG), Public Procurement Regulatory Agency; Occupational Safety and Health Agency etc).

The Agency is continuing to comply with existing laws and regulations pertaining to its operations. This is evidenced by CAG audit report for the period ended 30 June 2022 where there was no key audit matter communicated by CAG and he issued unqualified audit opinion on the Financial Statements of the Agency. Further, CAG concluded that procurement of goods, services and works of the Agency is generally in compliance with the requirements of Public Procurement Laws in Tanzania. Also, CAG concluded that Budget formulation and execution of GPSA is generally in compliance with the requirements of Budget Act and other Budget Guidelines.

4. SERVICE PERFORMANCE INFORMATION

In addition to KPIs described in Para 10, GPSA has other quantified measures for measuring and assessing operations, efficiency and effectiveness of its service delivery. Definition of the measures, calculation, results for year ended 30 June 2023 are shown in Table 1.

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Table 1: GPSA Summarised Service Performance for the Period Ended 30 June 2023

Objectives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
											(TZS 'Million")	(TZS 'Million")
Non communicable Diseases, HIV/AIDS infections reduced, and supportive services improved.	Reduce new infections of HIV and AIDS (FYDP)	HIV and AIDS preventive programs reviewed and implemented by June, 2023	Failure to implement awareness programs	Moderate	Provide HIV/AIDS awareness Seminars to staff	Financial resources, Human Resources, Assets (Software, Machine, etc.)	Implemented preventive awareness programs	Reduced HIV/AIDS and NCDs prevalence rate at workplace	Number of employees attended	Implemented	286.87	118.85
	Formulate mechanism to support staffs LWHIV	Program to support HIV and AIDS to infected staff reviewed and implemented by June, 2023	Failure to implement awareness programs	Moderate	Functioning HIV/AIDS awareness committee	Resources, Assets (Software, Machine, etc.)	Implemented awareness programs		Number of infected staff supported	Implemented		
	Management of NCDs, particularly obesity-related illnesses (FYDP)	Non-Communicable diseases program developed and implemented by June, 2023.	Failure to implement awareness programs	Moderate	Provide awareness Seminars to staff	Computers, Buildings, Motor vehicle, etc.)	Implemented awareness programs		Number of fitness exercises conducted	Implemented		
Implementation of National Anti-corruption Strategy Enhanced and Corruption incidences reduced	Implement National Anti-corruption strategy	Framework to curb corruption developed and implemented by June, 2023	Increased corruption incidences in service delivery	Moderate	Review and implement Client Service Charter, Conduct regular Seminars on ethics and good governance to all staff	Other Resources	Reduced corruption incidences	Reduced prevalence rate of staff sanctioned for involvement in corruption	Number of corruption cases reported	Implemented	464.28	432.38
	Ensure good governance, leadership, accountability, and	Management accountability and transparency provided by June, 2023	Possibility of having low staff morale	Moderate	Create attractive package		Enhanced high staff morale		Number of workers council meetings convened	Implemented		

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Objectives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
											(TZS 'Million')	(TZS 'Million')
Procurement and Supplies Management services improved	transparency (FYDP)	Oversight, leadership, and guidance provided by June, 2023	Absence of MAB or unfunctional MAB	Moderate	Regular follow ups mandated Authorities concerning appointment		Functioning MAB		Number of MAB and MAB committee meetings convened	Implemented		
	Improve stock availability and service delivery	Provide logistics towards making available stocks to customers by June, 2023.	Improper management of stock control	High	To seek depot transfers from nearby GPSA regional depots		Managed stock items	Increase in government saving, value of stock items procured and distributed	Percentage of distribution facilities acquired	Implemented	2,693.85	1,708.71
		Storage capacity and customers service delivery provided by June, 2023	Failure to deliver stock items on time	High	To acquire more storage equipment and facilities		Availability of stock items		Number of acquired storage equipment and facilities	Implemented		
	Improve clearing and forwarding services	Clearing and forwarding services provided to all PEs by June, 2023	Failure to provide Clearing and forwarding services effectively	Moderate	Awareness to all PEs on early submission of shipping documents		Clearing and forwarding services provided	Increased, availability of goods and services to PEs	Percentage increase of C&F efficient level	Implemented		
	Procurement process for CUIS and unallocated stores strengthened	Procurement of CUIS for PEs provided annually by June, 2023	Late award of framework agreements	Moderate	Liaising with PPRA to issue guidelines to stakeholders		Early awards of framework agreements		Increased number of participants in CUIS with framework agreements	Implemented		
		Procurement plan developed and implemented annually by June, 2023	Possibility of contracts not to be implemented accordingly	Moderate			Enhanced contract management		Percentage of contract implemented on time	Implemented		

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Objectives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
											(TZS 'Million")	(TZS 'Million")
Financial Management and Accountability improved	Strengthening transparency and accountability in Financial Management	Agency's legal and regulatory frameworks reviewed by June 2023	Non-involvement of the legal unit in decision making on matters of the Agency	Moderate			Level of Involvement of the Legal Unit in decision making		Number of legal and regulatory frameworks reviewed	Implemented		
		Revenue from internal and external sources increased by 100% by June, 2023	Revenue Collection may not be achieved as anticipated	Moderate	Enhanced supervision of revenue collections through target setting		Increased revenue from internal and external sources	Percentage increase in revenue, Level of stakeholder satisfaction with ICT services	% Increase in revenue generated	Implemented	433.66	357.29
	Develop a Disaster Recovery Strategy (DRS)	Financial reports in compliance with IPSAS accrual basis prepared annually by June, 2023	Submission of unreliable and irrelevant financial statements	Moderate	Awareness training in compliance to standards and regulations i.e. IPSASs		Prepared IPSAS financial statements		Performance Reports	Implemented		
		ICT services provided to 3 directorates, 4 units and 26 regional offices by June, 2023	Failure to manage system changes in timely and controlled manner	High	Implementation of end point antivirus protection on all PC's, penetration testing on critical information systems		Level of ICT services provided		Number of integrated hardware and business systems	Implemented		
	Improve financial control mechanism	Internal control systems reviewed annually by June, 2023	Failure to review internal control systems	Moderate	Training on Audit through computer, Public Procurement, TANEPs, IPSAS and specialized audit		Reviewed Internal control systems		Clean audit report	Implemented		

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Objectives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
											(TZS 'Million")	(TZS 'Million")
	Improving Planning, Budgeting, Monitoring and Evaluation systems	Agency's Plans and Budget prepared and implemented annually by June, 2023	Reporting deadlines might not be met	Moderate	Routine monitoring and evaluation on planned activities		Prepared Agency's Plans and Budget		Approved in MTEF in place	Implemented		
	Design a mechanism to improve monitoring, evaluation, risk and management	Monitoring, Evaluation and Risks Mitigating measures undertaken to 3 Divisions, 4 Units and 26 Regional Offices under GPSA annually by June, 2023	Possibility of Inefficient monitoring and evaluation system	Moderate	Regular follow ups and reminds on timely submission of reports	Level of Monitoring, Evaluation and Risks Mitigating measures undertaken			Risk register in place	Implemented		
	Human Resources and Administrative Services Improved	Improving working environment for GPSA staffs at all levels	Inability to construct and renovate to meet future needs of the Agency	Moderate	All contracts prepared early at starting of the financial year	Developed construction and rehabilitation plan	Level of stakeholder satisfaction with GPSA services	Number of office buildings renovated/constructed	Implemented	21,904.82	17,849.11	
	Enhance human resource development	Human Resources Plan Developed and Implemented by June, 2023	Absence of HR plan	Moderate	Set aside enough budget for staff Training and Development	Developed Human Resources Plan	Developed Human Resources Plan		HR Plan in place	Implemented		
		Statutory and administrative services provided by June, 2023.	Low morale in performing their duties	Moderate	Complaints handling mechanism office established	Statutory and administrative services provided to staff	% of employee remunerated		% of employee remunerated	Implemented		
	Improve training at different levels of skills requirement	Comprehensive Training Program prepared and implemented annually by June, 2023	Absence of training program	Moderate	Implement training program according to its timetable	Prepared Comprehensive Training Program		Training Program in place	Implemented			

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Objectives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Outputs	Outcome	KPIs	Implementation Status	Budget (TZS 'Million')	Actual (TZS 'Million')
Public awareness and consultation on GPSA's functions improved.	Entrench positive work culture and attitudes especially in public service (FYDP)	Communication strategy developed and implemented by June, 2023.	Inadequate marketing strategies to regional managers	Moderate	Increase of budget media coverage		Prepared Communication strategy	Increase in public awareness on GPSA services	Communication strategy in place	Implemented	3,300.59	3,297.28
	Design marketing mechanisms to increase awareness	Comprehensive Marketing and Sales Plan reviewed and implemented by June, 2023	Inadequate marketing strategies to regional managers may occur	Moderate	Sharing of promotional materials like brochures		Reviewed Comprehensive Marketing and Sales Plan		Reviewed Marketing and Sales Plan in place	Implemented		
	Enhance Corporate Social Responsibility	Social Responsibility Plan (SRP) developed and implemented by June, 2023	Absence of Social Responsibility Plan (SRP)	Moderate	Develop and Implement Social Responsibility Plan (SRP)		Prepared Social Responsibility Plan (SRP)		Number of underprivileged groups assisted	Implemented		
GRAND TOTAL											29,084.07	23,763.62

The budget of TZS 29,084.07 million and actual amount of TZS 23,763.62 million includes carry over budget of TZS 4,714.35 million and expenditure on the carried over budget of TZS 3,087.14 million respectively.

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5. OBJECTIVES AND STRATEGIES

In its conducts, GPSA is guided by series of five-years Corporate Plans. The plans have aided the Agency to have a common strategic direction in the course of discharging its mandate. This approach of managing GPSA corporate affairs has enabled the Agency to achieve remarkable performance in mobilization of revenues over the years.

During financial year under review, the Agency was implementing 5th year of its five years 4th Corporate Strategic Plan (CSP4). The CSP4 is built on four key result areas (Strategic Themes) which form the GPSA business model. The Themes form the pillars over which the organisation leans in its endeavour towards attainment of the set vision. The Themes are reinforced with six clearly defined Strategic Objectives and defined strategies that focus in provision of long-term solution to the prevailing Agency's challenges. Further, CSP4 has defined expected output that form basis in defining key performance indicators for measuring performance of the strategic objective. CSP4 Key Results Areas, Strategic Objectives, Strategies and expected output are shown in Table 2.

Table 2: CSP4 Key Result Areas (Strategic Themes), Strategic Objectives, Strategies and Expected Output

Key Result Area (KRA)	Strategic Objective	Planned Strategic Initiatives to Achieve the Objectives	Expected Output
National Agenda: Customization of the strategies of the Tanzania National Multi-Sectoral Strategic Framework for HIV and AIDS 2018/19 to 2022/23 the Agency made interventions to reduce new infections by facilitating HIV/AIDS and non-communicable diseases and National Anti-Corruption Strategy and Action Plan III	Non communicable disease, HIV/AIDS infection reduced and supportive services improved	<ul style="list-style-type: none"> Strengthen prevention and management of HIV/ AIDS and NCDs Strengthen support to staff LWHIV and NCDs. Strengthen staff sensitization and health promotion programmes towards individuals' behavioural changes 	<ul style="list-style-type: none"> Increased response to voluntary testing Increased level of staff awareness on HIV. Reduced stigma rate at workplace
	Implementation of National Anti-corruption Strategy enhanced, and	<ul style="list-style-type: none"> Strengthen capacity to implement NACSAP III. 	<ul style="list-style-type: none"> Increased awareness on anti-corruption strategy among staff

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Key Result Area (KRA)	Strategic Objective	Planned Strategic Initiatives to Achieve the Objectives	Expected Output
	corruption incidences reduced	<ul style="list-style-type: none"> • Ensure good governance, accountability, and transparency. • Promote ethical behavior and compliance with laws, rules, and regulations governing staff 	<ul style="list-style-type: none"> • Reduced cases of corruption • Increased personal integrity
Procurement and Supplies management services: Government spends more than 70% of its budget in procurement of goods, works and services at the expense of other economic and social developments. An efficient and effective procurement and supplies management regime is the one with the minimum possible waste; that is, it must ensure that value for money is obtained through timelines, quality, price, and delivery of the right quantities.	Procurement and Supplies management services improved	<ul style="list-style-type: none"> • Strengthen stock availability and service delivery. • Strengthen clearing and forwarding services. • Strengthen procurement process 	<ul style="list-style-type: none"> • Increase in Agency fee. • Increase in unallocated items and motor vehicles procured direct from manufacturer. • Reduced cost of collection • Reduced clearance time • Increased C&F efficiency level,
Human Resources, financial and administrative Accountability: Good governance promotes accountability, transparency, efficiency and rule of law at all levels and allows efficient management of human, natural, economic and financial resources for equitable and sustainable development of the Agency. Also, Efficient financial and asset	Financial management and Accountability improved	<ul style="list-style-type: none"> • Strengthen financial control systems. • Diversify sources of revenue • Strengthen Planning, Monitoring and Evaluation 	<ul style="list-style-type: none"> • Increased Revenue Collected • Revenue Growth
	Human resources and administrative services improved	<ul style="list-style-type: none"> • Strengthen capacity building program 	<ul style="list-style-type: none"> • Adequacy of working force • Increased skilled staff.

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Key Result Area (KRA)	Strategic Objective	Planned Strategic Initiatives to Achieve the Objectives	Expected Output
management systems are vital to the success of the Agency. A financially healthy Agency will be able to carry out its planned goals in the most effective and timely manner.		<ul style="list-style-type: none"> Promote conducive working environment and proper land utilization Strengthen legal advisory mechanism 	<ul style="list-style-type: none"> Staff Retention
Public awareness and consultations on GPSA's functions: The Agency intends to engage into public awareness and engagement campaign aimed at increasing understanding of the agency's functions and responsibilities. Further it intends to establish a focused corporate social responsibility policy that will promote developmental activities which are sustainable and have long term socio-economic effect. Review and improve logistics services to directly supply to customer's offices.	Public awareness and consultations on GPSA's functions improved	<ul style="list-style-type: none"> Strengthen public awareness programs Strengthen marketing mechanisms Strengthen engagement with customers 	<ul style="list-style-type: none"> Increased revenue collected. Increase number of PEs using GPSA services

6. STAKEHOLDERS' RELATIONSHIP

In executing its noble core function of ensuring availability of adequate and quality procurement services to the Government and Non-Governmental institutions as provided under the Public Procurement Act Cap 410, the Agency interacts with various stakeholders who are likely (directly or indirectly), to influence GPSA performance. In this regard, the Agency has identified key stakeholders, understood their needs/concerns and take action to respond on them as described in **Table 3**.

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Table 3: List of GPSA's key Stakeholders, their needs and expectations and potential impact if their expectations are not met.

S/N	Stakeholder	Service/Product Offered by A Stakeholder To GPSA	Service/Product Offered by The Agency	Stakeholder Expectation	Potential Impact if Expectations are Not Met	Ranking
1.	MDAs/RSs/LGAs	<ul style="list-style-type: none"> Oversight and technical support Funding 	<ul style="list-style-type: none"> Agency plans, budget and reports. 	<ul style="list-style-type: none"> Well managed and sustainable Agency. Timely and accurate reports. Compliance with policies, Acts and Regulations Transparency Innovation Ethical practices 	Failure to achieve Ministry objectives	High
2.	Treasury Register	Oversight and technical support	<ul style="list-style-type: none"> Agency plans, budget and reports. Contributions to government. 	<ul style="list-style-type: none"> Well managed and sustainable Agency. Timely and accurate reports. Compliance with policies, Acts and Regulations Transparency Innovation Ethical practices 	Failure to achieve TR objectives	High
3.	National Audit Office (NAOT)	<ul style="list-style-type: none"> Audit and assurance services Audit recommendations 	<ul style="list-style-type: none"> Financial statements Timely provision of accurate 	<ul style="list-style-type: none"> Quality financial reporting Ethical practices 	Failure to provide audit recommendations	High

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S/N	Stakeholder	Service/Product Offered by A Stakeholder To GPSA	Service/Product Offered by The Agency	Stakeholder Expectation	Potential Impact if Expectations are Not Met	Ranking
			Information			
4.	Procuring Entities	<ul style="list-style-type: none"> Timely submission of requirements Timely deposits of goods and services Timely submission of documents for clearing and forwarding Adherence of PPA and its regulations 	<ul style="list-style-type: none"> Quality products and services Clearing and Forwarding Services List of suppliers for common use items and services Timely provision of accurate Information Advisory services 	<ul style="list-style-type: none"> Quality products and services Timely delivery of products and services Reliable and cost-effective services. Innovation Ethical practices 	<ul style="list-style-type: none"> Long procurement Process Duplication of tendering process among PEs Increase in Procuring cost. 	High
5.	Regulatory and other Authorities	<ul style="list-style-type: none"> Advisory services Technical expertise Provision of rules and guidelines 	Third Party Procurement services	<ul style="list-style-type: none"> Compliance to laws, rules and regulations Quality goods and services Timely delivery of goods and services Timely and accurate reports Ethical practices Payment of fees 	Failure to continue with Agency operations	High
6.	Economic operators (EOs)	<ul style="list-style-type: none"> Quality goods and services Timely delivery of 	Procurement opportunities	<ul style="list-style-type: none"> Prompt payment Fairness and 	<ul style="list-style-type: none"> High cost of tenders' applications Poor quality of 	High

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S/N	Stakeholder	Service/Product Offered by A Stakeholder To GPSA	Service/Product Offered by The Agency	Stakeholder Expectation	Potential Impact if Expectations are Not Met	Ranking
		goods and services • Timely and accurate documents	• Specialized items	transparency • Contracts • Innovation • Ethical practices	products/services	
7.	GPSA Staff	• Expertise and timely services • Customer services • Innovation	• Remunerations and incentives • Working facilities • Employment benefits • Rewards on excelling performance • Capacity building • Career development • Staff welfare	• Recognition • Fairness and transparency • Better working environment • Attractive remuneration and other employment benefits • Opportunities for further studies • Timely payments • Counselling, coaching and mentoring. • Succession plan • Timely confirmation and promotion	• Poor performance • High labour turnover • Demoralization of workers • Loss of value for money • Non-compliance to standards, laws and guidelines • Failure to be independent and objective	High
8.	Private sector, NGOs, CSOs, CBOs	Advisory services	• Clearing and Forwarding Services • List of suppliers for common	• Quality goods and services. • Good governance, transparency, and	• Failure to get approved services providers as required by donor. • Loss of public image	High

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S/N	Stakeholder	Service/Product Offered by A Stakeholder To GPSA	Service/Product Offered by The Agency	Stakeholder Expectation	Potential Impact if Expectations are Not Met	Ranking
			<ul style="list-style-type: none"> use items and services (CUIs). Customer services 	accountability	<ul style="list-style-type: none"> Loss of trust and confidence 	
9.	Media	Advertisement and publicity	<ul style="list-style-type: none"> Customer services Information 	Timely, accurate and reliable information	<ul style="list-style-type: none"> Loss of public image Loss of trust and confidence Poor dissemination of public information Distortion of information disseminated to the public 	High
10.	General Public	Feedback on our goods and services	<ul style="list-style-type: none"> Timely provision of accurate Information Replies to questions and queries raised 	<ul style="list-style-type: none"> Timely provision of information on GPSA's activities Appropriate response to questions and queries raised. Appropriate and accurate services Innovation Ethical practices 	Failure to provide services	Medium

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7. OPERATING AND FINANCIAL REVIEW

7.1 Introduction

The Financial Statements covered all trends in the field of supplies, clearing and forwarding, warehousing and storage facilities, procurement of Common Use Items and Services (CUIs) using Framework Contracts and third-party procurement services during the financial year ended 30 June 2023. The Agency since its inception in February 2008 is discharging its functions. The implementation of 2022/23 annual budget is based on the main objective as indicated in the Executive Agency Act NO. 30 of 1997, The Executive Agencies (Government Procurement Services Agency) Establishment Order, 2007 (GN 235 of 07 December 2007 and amended as per GN 133 Of 13 April 2012). The implementation of its annual budget was based on the Medium-Term Expenditure Framework (MTEF) covering the period of 2020/21, 2021/22 and 2022/23.

The Financial Statements provide information about the financial status, which is useful to the Government and other Stakeholders in measuring transparency and accountability of the Agency. It also provides comparative figures with the actual of the previous year 2021/22, to serve for the purposes of decision making.

7.2 Financial and Operational Overview

During the financial year 2022/23, the Agency final budget for revenue source was TZS 24,369,721,394. Actual amount of revenue generated for the year ended 30 June 2023 was TZS 30,310,859,000 compared to TZS 28,387,999,686 generated for year ended 30 June 2022.

The actual expenditure for financial year 2022/23 was TZS 19,968,542,000 compared to TZS 17,538,846,000 for the financial year 2021/22. The Actual expenditure for current year was more by TZS 2,429,696,000.00 (14%). The increase in expenditure for the financial year 2022/23 by 4 percent, was attributed by the decision of Agency in improving service delivery in terms of economy, quality, efficiency, timeliness, and satisfaction.

7.3 Financial position

The financial position of the Agency is as set out in the statement of financial position. During the year under review, total assets of the Agency were worth TZS 222,506,764,000 (2021/22: TZS 300,118,125,000). This was mainly attributed by decrease in cash and cash equivalent and increase in receivables by TZS 87.9 billion from TZS 236.6 billion in 2021/22 to TZS 148.7 billion in 2022/23 and by TZS 3.32 billion from TZS 8.97 billion in 2021/22 to TZS 12.29 billion in 2022/23 respectively. Inventories increased by TZS 5.22 billion from TZS 8.41 billion in 2021/22 to TZS 13.63 billion in 2022/23. On the other hand, liabilities decreased by TZS 88.00 billion from TZS 230,511,447,263 in 2021/22 to TZS 142,557,769,000 in 2022/23 and equity increased to TZS 79,948,995,079 in 2022/23 from TZS 69,606,678,000 in 2021/22.

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During the financial year 2022/23, the components of financial position of the Agency have been impacted by various normal operational factors as explained hereunder:

7.3.1 Current Assets

In financial year 2022/23 the current asset position has been affected by decrease in cash and cash equivalent by TZS 87.9 billion resulted from decrease in customers' deposits from 216,572.6 million in 2021/22 to TZS 134,024.8 million in 2022/23 during the Agency normal course of operations. Also, the position of current asset has been impacted by increase in trade and other receivables by TZS 3.32 billion. Furthermore, the current assets have been affected by an increase in inventory by TZS 5.23 billion resulted from more purchases during the year under review. Also, the position was affected by the decrease in prepaid amount by TZS 225.1 million following delivery of various goods and services to the Agency. The services are expected to be rendered in year ending 30 June 2024.

7.3.2 Non -Current Assets

The non-current assets position during the period has been affected by normal wear and tear that resulted into depreciation amounting to TZS 1,508.0 million (TZS 1,798.3 million: 2021/22) for Property, Plants and Equipment (PPE). Further, the Agency acquired new assets worth TZS 3,481.53 million and assets with net book value of zero were held for disposal of which some of them were disposed of during the year.

7.3.3 Liabilities

In the financial year 2022/23, liabilities position has been impacted by decrease in trade and other payables by TZS 5.41 billion following payment of most of dues in respect of procurement of fuel and motor vehicles before the year end. Also, the position was affected by a decrease of customers' deposits by TZS 82.5 billion relating to procurement of government motor vehicles, mechanical and general stores and clearing and forwarding.

7.3.4 Financial Position for Subsequent Periods

Apart from routine operations of GPSA that will affect the Agency's financial position in the subsequent period, the position is also likely to be affected by revision of Agency's assets' useful life. Upon finalization of the assignment, it is anticipated that the carrying amount of the Agency's assets will be affected. Also, successfully implementation of the planned capital projects will improve asset position of the Agency.

7.3.5 Financial performance

The Agency earned a total of TZS 30,310,859,025 during the financial year 2022/23 (2021/22: 28,388,999,686); this includes the Agency revenue from non-exchange transactions of TZS 3,777,027,232 (2021/22: TZS 3,625,109,000), revenue from Exchange transaction of TZS 26,533,832,793 (2021/22: TZS 24,762,890,786).

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The recurrent expenditure for the Agency during the financial year 2022/23 amounted to TZS 19,968,542,599 (2021/22: TZS 17,538,845,612). The revenue, expenditure, and surplus (deficit) for the year as compared to previous year is as shown below:

Revenue	2022/23	2021/22
	TZS	TZS
	"000"	"000"
Revenue from non-Exchange transactions	3,777,027	3,625,109
Revenue from Exchange transactions	26,533,832	24,762,891
Total revenue	30,310,859	28,388,000
Expenses		
Expenses from non-Exchange transactions	3,777,027	3,625,109
Expenses from Exchange transactions	14,683,514	11,331,492
Depreciation and amortization expense	1,508,001	1,798,255
Impairment of Intangible assets (FMIS)	-	783,990
Total Expenses	19,968,542	17,538,846
Net surplus/ (deficit) for the year	10,342,317	10,849,154

The surplus of TZS 10,342,317,426 reported in the Statement of Financial Performance arose from sales of stock items, warehousing and clearing and forwarding which were undertaken by the Agency as part of its services delivery activities.

7.3.6 Analysis of Cash Flows

The Agency cash flow is as set out in the cash flow statement. As at 30 June, 2023 the Agency closed with cash and cash equivalents of TZS 148,719,136,551 (2021/2022: TZS 236,578,895,945). Generally, the decrease is mainly attributed to the decrease in customers' deposits arising from bulk procurement of motor vehicles, mechanical and general stores and clearing and forwarding.

(a) Cash realised from operating activities - TZS 1.74 billion.

The Agency's operations are financed by various sources such as Government Subventions, customers' deposits, framework agreements. As at 30 June, 2023, cash from operating activities decreased to TZS 1.74 billion (2021/22: TZS 6.53 billion).

(b) Utilization of funds for investing activities TZS 3.27 billion

In financial year 2021/22 GPSA closed with outstanding contracted capital commitments amounting to TZS 4,818.14 million whose funds were available in bank accounts under the control of GPSA. Implementation of major projects such as construction/rehabilitation projects continued in year 2022/23 and respective payments were made. Also, implementation of some new projects that were scheduled in year

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2022/23 commenced and respective payments were made during the period. All these have resulted into significant utilization of funds for investing activities. Further, during the period, the Agency disposed of some of its Properties, Plants and equipment (PPE) that met predefined disposal criteria. The affected PPE category is shown in **Note 18** to the Financial Statements. The disposal was done through auction and realized proceeds amounting to TZS 20.308 million as shown in **Note 26** to the Financial Statements.

(c) Cash Flow from Financing activities - TZS 82.5 billion

During the period under review, cash flow from financing activities decreased by TZS 82.5 billion (2021/22: an increase of TZS 102.1 billion) emanating from cash inflow from customer deposits of TZS 134,024.82 million compared to cash outflow from customer deposits of TZS 216,572.58 million.

(d) Exchange Rate loss TZS 297.052 million

In its normal daily operations, the Agency uses currencies other than the one applicable in primary economic environment i.e. Tanzanian Shillings (TZS). Under such circumstances, fluctuations in exchange rates that are used in settlement of monetary liabilities and assets denominated in foreign currency as well translating respective balances at the reporting period to TZS are the causes for the reported loss.

7.3.7 Future Cash Flows from Agency's Operations

(a) Plans for utilisation of unutilised Cash reported on 30 June 2023

The Agency is anticipated to utilise the funds mainly for settlement of current liabilities at the closure of year 2022/23 totalling to TZS 142,557.77 million shown in **Note 21 - 22** to the Financial Statements. Further, the Agency is expecting that the remaining funds will be utilised to liquidate part of liabilities that will emanate from execution of activities relating to contracted commitments shown in **Note 54** to Financial Statements.

(b) Other Factor Likely to impact Cash Flows for 2023/24

• **Implementation of Projects Committed on 30 June 2023**

Implementation of the committed projects referred in **Table 5** and settlement of respective liabilities in year 2023/24 will have negative impact on cash flows from operating and investing activities. This is due to the fact that funds will be utilised during the period, but respective inflows were received in prior periods.

• **Agency's Plan and Budget for 2023/24**

Total budget for 2023/24 has been increased to TZS 27,239.18 million compared to TZS 24,369.72 million for 2022/23 excluding commitments. The increased budget imply increase in cash inflows as well as cash outflows provided budget utilisation pace remained as projected earlier. If the projected income is received but implementation pace is not as anticipated, then there will be a significant increase in Cash and Cash equivalent balance at the closure of year 2023/24.

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(c) Future Cash Flows from Agency's Stewardship Role

In financial year 2023/24, the Agency's targeted collections to increase by TZS 2,869.46 million compared to actual amount recorded in 2022/23. The Agency has set strategies to ensure the target is surpassed.

7.3.8 Budget performance

The Agency prepares its budget in accordance with the Medium-Term Expenditure Framework (MTEF) contained in the Guideline for the Preparation of Budget and Plans issued each year by the Ministry responsible for Finance and Planning which also includes preparation of cash flow for managing of inflows and outflows on quarterly basis. The Cash flow projection includes estimates of inflows and outflows from exchange and non-exchange transactions generated from operating, investing and financing activities.

During the year under review, the Agency had the Budget on revenue to the tune of TZS 24,369,721,394 as compared to the actual received revenue of TZS 30,310,859,000 which is 124% of the budgeted amount. Similarly, the Agency had an expenditure budget of TZS 24,369,721,394 as compared to the actual expenditure of TZS 20,676,484,938 which is 85% of total budgeted expenditure. The comparison between the actual total revenue of TZS 30,293.1 million against the actual total expenditure of TZS 20,676.4 million shows performance spending of 68 percent. The comparison of budget and actual resulted into a favorable net receipt over payment of TZS 9,616.7 million. The summary of the budget and expenditure is as shown below.

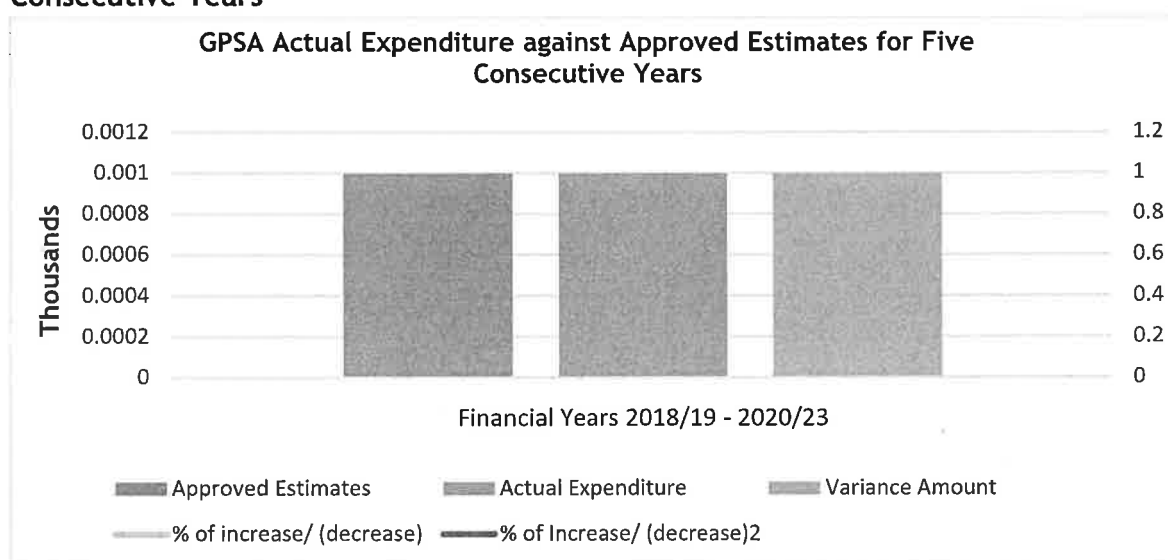
Description	Budget amounts		Actual amounts	Variance	Performance
	Original	Final	on comparabl e basis	Final budget and actual	Final budget vs actual budget
	TZS "000"	TZS "000"	TZS "000"	TZS "000"	%
	A	B	C	D=C-B	E=C/B*100
Total Revenue (A)	24,369,721	24,369,721	30,310,859	5,941,138	124
Total Expenses (B)	24,369,721	24,369,721	20,676,484	3,693,237	85
Net Receipt/ Payment			9,634,375	(9,634,375)	
Performance: Revenue Vs Expenditure (%)			68		

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Table 4: Summary of GPSA Actual Expenditure against Approved Estimates for Five Consecutive Years

Financial Year	Approved Estimates	% of increase/ (decrease)	Actual Expenditure	% of Increase/ (decrease)	Variance	
					Amount	%
2018/19	11,770.25	-12.6	10,283.28	19.8	1,486.97	12.6
2019/20	21,539.00	83.0	10,989.01	6.9	10,549.98	49.0
2020/21	18,416.18	-14.5	16,727.01	52.2	1,689.17	9.2
2021/22	24,136.12	31.1	19,465.73	16.4	4,670.39	19.4
2022/23	24,369.72	1.0	19,968.54	2.6	4,401.18	5.8

Figure 4: Summary of GPSA Actual Expenditure against Approved Estimates for Five Consecutive Years



7.3.9 Comparison of budget and actual amounts

This highlights whether resources were used in accordance with the approved budget. It shows the differences between the actual expenditure and the approved budget appropriation. During the year 2022/23 the Agency had a final budget of TZS 24,369,721,394 and actual expenditure TZS 20,676,484,938 for both recurrent and development expenditure which is 84% of the approved estimates.

(i) Consumables (Purchases)

Consumables comprises of fund used for the procurement of fuel, motor vehicles and stationeries for distribution to regional offices. During the year, the Agency spent a total of TZS 219,453,339,000 for the procurement of these items for distribution to Procuring Entities (PPEs)

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(ii) Wages and salaries

Wages and salaries comprise of salaries and wages for both pensionable and contractual employees. In the financial year 2022/23, the approved budget estimates for Wages and salaries were TZS 4,386,176,362 and the actual expenditure amounted to TZS 4,253,125,112. The amount spent was increased by TZS 133,051,250 (31%) as compared to the previous financial year 2021/22. The variation was caused by new salary paid for both pensionable following the approval of scheme of service and new staff recruited on contractual terms. Also, the management did not utilize the budget amounted to TZS 133,051,250 which were set aside for recruitment of new employees that were not met during the year under review.

(iii) Employment benefits

Employment benefits comprises of domestic leave travel, extra duty allowance, sitting allowances, furniture allowance, utilities etc. In the financial year 2022/23, the approved budget estimates for employment benefits were TZS 3,260,928,800 and the actual expenditure amounted to TZS 3,113,116,089 equivalent to spending of 95% of the total approved budget for the financial year 2022/23. The amount spent increased by TZS 147,812,711 (47%) as compared to the previous financial year 2021/22.

(iv) Motor vehicles running expenses

The approved budget for motor vehicles running expenses was TZS 785,568,000 while the actual expenditure for the year under review was TZS 768,135,267 which is equivalent to 98% of the approved budget.

(v) Maintenance and repair of office equipment

Maintenance and repair of office equipment comprises of expenditure items related to Service and Repair motor vehicles and service and repair equipment. Final budget for Maintenance and repair of office equipment was TZS 417,317,400 while the actual expenditure was TZS 230,736,797 equivalent to 55% of the approved budget.

(vi) Staff welfare and development

Staff welfare and development comprises of expenditure items related to training. Final budget for staff welfare and development was TZS 365,901,500 while the actual expenditure was TZS 251,244,094 equivalent to 69% of the approved budget.

(vii) Administration and office expenses

In the financial year 2022/23, the approved budget estimates to facilitate daily operation of the Agency was TZS 3,138,304 million while the actual expenditure for the year under review was TZS 3,353,936,355 equivalent to burning rate of 99% of the total approved budget. The amount spent increased by TZS 880,220,488 (26%) as compared to the previous financial year 2021/22 due to an increase in various administrative costs.

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(viii) Travelling expenses

The approved budget to facilitate travelling expenses was TZS 1,566,243,500 while the actual expenditure for the year ended 30 June 2023 was TZS 1,396,997,874 equivalent to 89% of the approved budget. The amount spent increased by TZS 305,404,483 (22%) as compared to the previous financial year 2021/22 due to an increase in ground travel expenses.

(ix) Distributions expenditure

The final budget for distribution of expenses was TZS 104,213,240 while the actual expenditure as 30 June 2023 was TZS 36,600,350 equivalent to 35% of the approved budget.

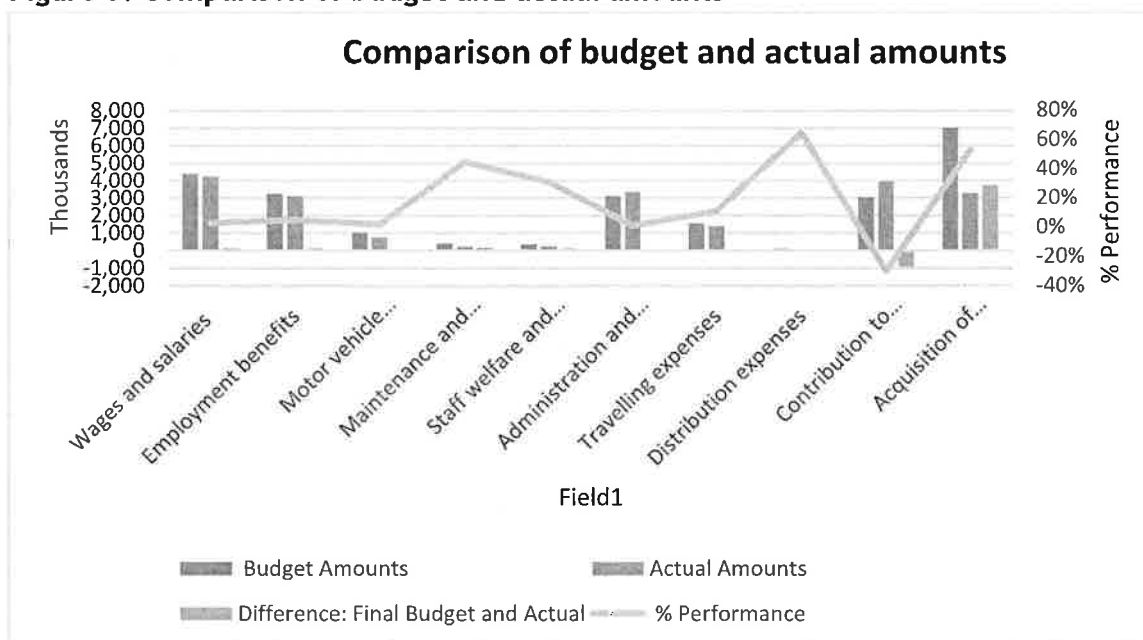
(x) Contribution to exchequer

The budgeted amount for contribution to Consolidated Fund was TZS 3,061,768,892 and the actual transfer for the year ended 30 June, 2023 was TZS 3,061,768,892.00 equivalent to 100 % of the approved budget. However, as at 30 June, 2023, the estimated contribution was TZS 3,977,417,389.50. Hence, the outstanding amount is TZS 915,648,497.50.

(xi) Withdraw from Customers' Deposits

The TZS 82,547,751,000 is the net of closing and opening balances of customers' deposits.

Figure 5: Comparison of budget and actual amounts



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7.3.10 Cash flow projection

Due to the nature of the Agency's operations most of the cash projections indicate that future cash flows will mostly be generated from operating, investing and financing activities and that the Agency will continue to be a going concern within the foreseeable future.

7.3.11 Commitment

Commitments are future expenses and future liabilities to be incurred on contract that has been entered into at the reporting date. Total outstanding commitment for the year ended 30 June, 2023 were TZS 4,425,499,613. Detailed summary of project commitments as at 30 June 2023 is as follows:

Table 5: Approved Contractual Commitment as at 30 June 2023

S/N	Project Name	Amount Committed (TZS)	Implementation status as at 30 June 2023
1.	Design and Construction of office buildings, rehabilitation of office buildings and fabrication, installation, and commissioning of fuel tanks	3,426,978,863	The Projects are at different stages of implementation
2.	Supply of various office furniture and equipment	278,520,750	The Projects are at different stages of implementation
3.	Supply of Two (2) Units of Truck Tractors and Two (2) Units of Fuel Oil Tanker Semi Trailers	720,000,000	The Projects are at different implementation stages
	Total	4,425,499,613	

7.4 Activities That Took Place in Financial Year 2022/23

GPSA has managed to carry out the obligations which it has been entrusted and has realized remarkable achievements in various aspects including procurement, storage and distribution of stock items for resale to government and non-government institutions, provision of clearing and forwarding, warehousing facilities and arrangement of procurement for commonly used items and services (CUIs) as follows:

(a) Financial Performance

During the year ended 30 June 2023, the Agency generated gross revenue to the tune of TZS 30,310,859,314 (2021/22: 28,388,000,000) comprising of TZS 3,777,027,232 (2021/22: TZS 3,625,018,900) from the Government Subvention (PE), TZS 16,660,602,000 being revenue from sale of stores and TZS 9,873,230,000 generated from other own sources of incomes as shown in the Statement of Financial Performance, Gain on Disposal of Asset TZS 17,716,863, Loss on Foreign Exchange transaction TZS 297,051,903. Expenditure incurred during the year amounted to TZS 19,968,542,000.

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In general, the financial performance results indicate that the Agency's existing sources of revenue can sustain its operations. Further, the Agency will continue to monitor closely its current sources of revenue and explore other sources to enable it to sustain the expansion of its operations.

Detailed financial performance for 2022/23 is provided in the Statement of Financial Performance for the year ended 30 June, 2023.

(b) Procurement, storage and distribution of stock items

During the financial year 2022/23 the Agency has managed to ensure that the Government and Non-Government Institutions are facilitated with stores items all over the country.

- (i) The Agency contributed to Government TZS 3,061,768,892.00 as a remittance to consolidated fund which is 100% of a planned budget of TZS 3,061,768,892.00;
- (ii) Stocks worth of TZS 214,047,413,243.73 was procured and supplied to all Regional Depots for resale in which TZS 17,044,504,338.56 are general stores and TZS 197,002,908,905.17 Mechanical Stores (Diesel and Petrol);
- (iii) The number of consignments cleared during the financial year 2022/23 were 1725 with the value of TZS 1,512,059,878,188.66 and agency fees generated was TZS 5,718,673,818.
- (iv) Installation of systems for bulk procurement of motor vehicles, clearing and forwarding and billing and inventory (GIMIS system) has been completed and it is operational since March, 2022. GIMIS is fully operationalized in all regional offices and HQ;
- (v) 3 Market surveys/ research were conducted, 28 reports on Communications and Marketing activities were prepared, five (5) video clips were prepared and shared, 1 article on newspaper and 110 posts were prepared and updated/shared on social media pages and website, 216 reviews by GPSA Contents and Editorial Committee were made, Clients Service Charter was reviewed and approved, five (5) national exhibitions/ceremonies were attended;
- (vi) Successful tenderers (suppliers and service providers) of CUIS for financial year 2022/23 continued to sign and collect agreements. During the period of implementation, 15,691 Agreements were made available by the use of Procuring Entities. Tenders for inviting suppliers of CUIS for financial year 2022/23 were advertised through TANEPS.

(c) Progress in improving service delivery

The progress made in improving service delivery in terms of quality, efficiency, timeliness, and satisfaction were as follows:

- (i) Office furniture for GPSA Regional Offices were procured at Kinondoni, Pwani, Arusha, Songwe and Singida;
- (ii) Working tools such as ICT Equipment (Computers, printers, Laptops) and motor vehicles (Truck Tractors and Fuel Oil Tanker semi-trailer) were procured;

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- (iii) Fuel Dispensing pumps were procured and installed at Kilimanjaro, Morogoro, Arusha, Katavi, Kagera, Singida and Mwanza.
- (iv) Fabrication, Installation and Commissioning of 40,000 Litres of Fuel Tank with Dispensing Piping at GPSA Shinyanga was completed.
- (v) Construction of fuel station, office and warehouse at the Songwe, Simiyu, Geita, and Mtumba (Dodoma) regional offices are under implementation and;
- (vi) Purchase and installation of two (2) generators for Kinondoni and Rukwa Regional offices

(d) Procurement of motor vehicles on behalf of other procuring entities

The Agency also handled Procurement of Motor Vehicles through Bulk Procurement arrangement whereby as at 30 June 2023, 1036 units of Motor vehicles of various models, 1504 Motorcycles and 15 units of Tricycles worth TZS 176,939,983,712.96 were purchased on behalf of various procuring entities. Through this bulk procurement, the government has served TZS 8,018,145,845.38 through discount obtained from bulk procurement and procurement processes.

(e) Formalization of premises and various resources

The Agency has 26 regional offices all over the country that provide services to the government and non-government entities. In ensuring that effective, efficient and value for money services are facilitated to procuring entities, the Agency has acquired various premises and a piece of land. For proper control and good record keeping, the Agency has formalized the ownership of the land where as at 30 June 2023 two title deeds for Njombe and Kahama regional offices were acquired.

(f) Rehabilitation and construction of fuel stations and office buildings

- (i) Projects for Fabrication, Installation and commissioning of Fuel tanks with a capacity of 40,000 litres for Morogoro, 30,000 litres for Lindi, 60,000 litres for Geita have been completed. Fabrication, Installation and commissioning of Fuel tanks with a capacity of 40,000 litres each for Tabora and Kagera were completed, however, the Construction of Offloading area for Kagera also were completed. Fabrication, Installation and commissioning of Fuel tanks with a capacity of 40,000 litres for Shinyanga is completed;
- (ii) Projects for construction of fuel stations, offices Building and warehouse at Songwe is Completed, Simiyu and Kibaha are at final stage, Mtumba (Dodoma) is completed, while Construction of GPSA Headquarter Office Building at CPB link is still under discussion for Bunge office to take over the premises and find another place for Construction of GPSA Headquarter Office Building. The Project for rehabilitation of GPSA Kinondoni Building was completed;
- (iii) Projects for construction of Office Building, Godown and Fuel Station at Njombe Regional Office is at award of contract, construction of Office Building, Godown and Fuel Station at Kahama District is at award of contract, construction of Office

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Building, Godown and Fuel Station at Nduruma Arusha District is at evaluation stage after being re-tendered, construction of Office Building and Godown at Kigoma is at award of a contract. Rehabilitations of entry/exit road to Dar es Salaam regional office was completed;

- (iv) Rehabilitations of Office Buildings through force account procedures at GPSA Rukwa, Geita, Mwanza, Iringa and Dodoma were completed while Rehabilitations of Office Buildings at GPSA Dar es Salaam and Mara were also completed;
- (v) Minor rehabilitation of fuel stations at GPSA Shinyanga, Ruvuma and Iringa have been completed, whereas Tabora and Kigoma are still on implementation stage;
- (vi) Renovation of underground fuel tank of 31,000 litres for Mwanza and 30,000 litres for Tanga have been completed and handed over;
- (vii) Rehabilitation of fuel filling station, construction of main gate walls and storm water channels at GPSA Mbeya are final stage of implementation.

(g) Implementation of GPSA Integrated Management Information System (GIMIS)

The Agency has engaged the e-Government Agency (e-GA) to develop an electronic information system GIMIS - (GPSA Integrated Management Information System) that facilitates the implementation of core business function of the Agency. The contract for the consultancy was signed on 18th December 2020 and the system became operational on 1st March, 2022. As at 30 June, 2023 TZS 356.80 million has been incurred to develop the system.

The developed information system has facilitated the management of inventory and warehouse, bulk procurement of Government vehicles, clearing and forwarding of consignment at the seaport/airport and border points as well as billing. The GIMIS system took over the function that was to be performed by the FMIS (Fuel Management Information System).

7.5 Future development plans

The future plans of the Agency, as enumerated in its fifth Corporate Strategic Plan (2023/24 - 2027/2028), are geared towards the transformation of the Agency into a reputable procurement Agency by 2025. The Agency plans in the next financial year, to complete construction of offices, fuel stations and warehouses at Arusha, Njombe, Ilemela (Mwanza), Masasi (Mtwara) and Kahama (Shinyanga) and construction of office at Kigoma whereby a total sum of TZS 4,888,537,822 has been budgeted to finance these projects. Furthermore, it intends to procure plots at Ilemela (Mwanza), Masasi (Mtwara), Mbeya, Dodoma and Dar es Salaam and rehabilitation of its regional office fuel stations to meet the requirements of EWURA as well as other buildings with poor condition a total sum of TZS 2,410,000,000 has been budgeted to finance these rehabilitation projects in the financial year 2023/24. Also, a total Sum of TZS 300,000,000.00 was

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budgeted to build fences of GPSA premises at Kibaha, Mtumba, Simiyu, Songwe and Manyara.

The Agency will improve the GIMIS system in such a way it can issue fuel by using cards. To develop and operationalize monitoring and evaluation system, to establish fraud management system and to improve services offered in such a way to reach International standards. Nevertheless, the Agency budgeted TZS 450,000,000 in the coming financial year to procure more computers and printers for all regional offices in support of operationalization of the electronic information systems and will continue with capacity building training to all employees. In this regard, the Agency has planned to:

- (a) Increase efficient level in procuring motor vehicles on time from seventy (70) percent to one hundred (100) percent;
- (b) Increase efficient level in clearing and forwarding services on time from eighty-six (86) percent up to ninety-five (95) percent;
- (c) Increase Agency fee from Clearing and Forwarding Consignments efficiently from five (5) billion up to ten (10) billion shillings;
- (d) Attain Clearing and Forwarding market for three (3) landlocked countries;
- (e) Increase percentage of unallocated items procured direct from manufacturer from forty-two (42%) to eighty (80%);
- (f) Increase number of participants in CUIS with framework agreements from fifteen-thousand (15,000) to twenty- thousand (20,000) ;
- (g) Increase revenue from internal sources from twenty- seven (27) billion to thirty-seven (37) billion shillings;
- (h) Undertake two (2) reviews of GPSA Strategic Plans (mid- term and end-term);
- (i) Annual plans and budget monitored annually by June, 2028
- (j) Integrate the GIMIS with hardware and three (3) other business systems;
- (k) Improve ICT network and communication infrastructures and security services;
- (l) Increase PEs using GPSA services from sixty (60) percent to eight (80) percent.

7.6 GPSA Capital Structure

The capital structure of the Agency is made up of the following:

(i) GPSA Capital Structure - Current Financial Year

The capital structure for Agency's operations is made up of:

- (a) **Capital Contributed by Government of United Republic of Tanzania.** This part comprises of initial capital (TZS 24.58 million). These are properties that were vested to GPSA during its establishment in line with Establishment Order, 2007. Category of assets provided and respective values are detailed in **Note 18** to the Financial Statements.

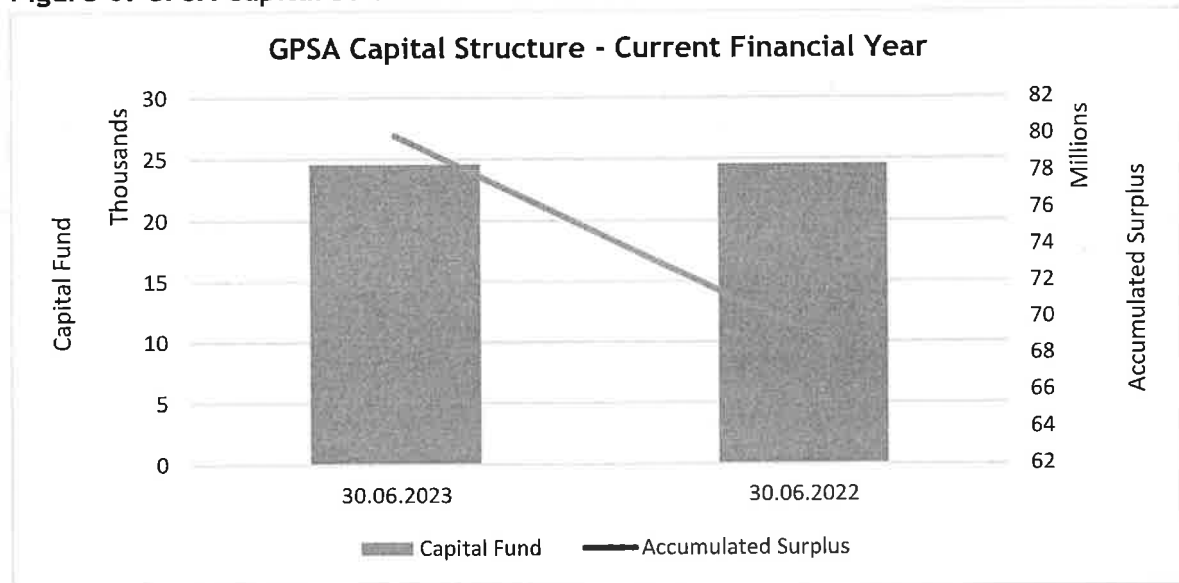
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(b) Accumulated Surplus/Deficit

This emanated from accumulation of periodic GPSA financial performance results i.e. accumulation of surplus or deficit obtained periodically after deducting expenses and other losses from revenues and gains earned during the period. At the closure of the period under review, the accumulated surplus stood at TZS 79,924,413,079 (2022: TZS 69,582,096,319).

	30.06.2023	30.06.2022
	TZS	TZS
	“000”	“000”
Capital Fund	24,582	24,582
Accumulated Surplus	79,924,413	69,582,096
Total Net Assets/Equity	79,948,995	69,606,678

Figure 6: GPSA Capital Structure - Current Financial Year



(ii) Capital Structure - Future Financial Years

Considering the law that establishes GPSA, there is no provision for raising capital of the Agency through other means such as issuance of shares or borrowing. In this regard, the capital structure of GPSA will continue to be financed by components provided in the preceded paragraph. In view of the aforementioned, the funding plans to support the crafted strategies with a focus of attaining Corporate objectives will mainly focus on obtaining funds from Ministry of Finance and Planning in line with planned budgets; raising internally generated income mainly through services that are rendered by GPSA, renting out warehouses, obtaining interest from GPSA bank accounts that are maintained in commercial bank for routine operations and timely disposal of PPEs that met disposal criteria through auction sales.

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7.6 GPSA Treasury Policies and Objectives

The Agency designs, implements and monitors all arrangements for the identification, management and control of the following treasury policies and objectives:

(i) Treasury Policies and Objectives - Current Financial Year

GPSA operations are exposed to certain financial risks that necessitated the Agency to formulate policies that define how it responds to the identified financial risks. Specifically, the Agency has defined policy to respond on the following risks:

- (a) Liquidity Risks - the objective of the policy is to ensure the Agency has ability to meet its obligations in a timely and cost-effective manner.
- (b) Currency Risks - the objective of having the policy in place is to minimise adverse effect when the value of a financial instrument fluctuates due to changes in foreign exchange rates.
- (c) Credit Risks - the objective of the policy is to minimise financial loss to GPSA when its counterparties to financial instruments fails to discharge their obligation.

Further details relating to the policies on Treasury relating to Agency's operations and its stewardship role of service delivery to PEs are provided in **Note 11** to the Financial Statements.

Also, it is worth noting that during the period under review there were no financing transactions with interest implication undertaken by the Agency and as a result there were no interest costs incurred.

(ii) Treasury Policies and Objectives Future Financial Years

Basing on the nature of GPSA Operations, the Agency is expecting to maintain the existing Treasury Policies and Objectives in subsequent periods.

7.7 Solvency and liquidity

(i) Liquidity Position for Current Financial Year

The Management confirms that International Public Sector Accounting Standards (IPSASs) and Public Finance Act Cap. 348 (R.E 2020) have adhered to in the preparation of these financial statements and also the financial statements have been prepared on a going concern basis. The Management has reasonable expectation that the Agency has adequate resources to continue in operational existence for the foreseeable future.

The funding of Agency's operations including Corporate and Operational strategies is mainly contributed by Government, internally generated income (sales of goods and services, rent, interest etc.) and development partners.

The funds from the aforementioned sources are sufficient to cover annual plans and budget that are prepared under Activity Based Budgeting approach with an extensive planning and governance process focused on the Corporate Strategic Plan to determine

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operational and capital requirements. In this regard, at the closure of financial year 2022/23, the Agency did not have any outstanding borrowings or undrawn committed borrowing facilities (2022: NIL).

Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Agency's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Due to the nature of operations, the entire amount of Cash and Cash equivalents is not available to GPSA for use in its normal operation and as per laid down procedures (Note 41). Distribution of the available Cash and Cash equivalent by is provided in Note 14 to the Financial Statements for the period ended 30 June 2023. The liquidity position of GPSA for the period ended 30 June 2023 is supported by favourable financial ratios shown below.

Table 6: GPSA Liquidity Position for Current Financial Year

S/N	Ratio	Calculation method	Results 2022/23	Results 2021/22	Implication
1.	Working capital	Current Assets - Current Liabilities	32,282,165,000	23,438,166,000	This signifies that GPSA has adequate funds to cover short-term maturing obligations. Positive working capital is generally a sign of good short-term financial health and operational efficiency.
2.	Cash Ratio	$\frac{\text{Total Cash and Cash Equivalent}}{\text{Current Liabilities}}$	1.04	1.03	Since the computed ratio is greater than 1, it implies that the available Cash and Cash equivalent is sufficient to fulfil GPSA's short term obligations. Also, in business perspective, holding substantial cash denotes that the institution has not utilised funds to their fullest extent. However, for the case of GPSA, at the closure of the period GPSA had Commitments relating to capital and recurrent expenditure amounting to TZS 142,557.8 million (2022: TZS 230,511.45 million) as detailed in Note 21 and Note 22 to the Financial Statements. These are service delivery obligations and contractual obligations, and respective projects

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S/N	Ratio	Calculation method	Results 2022/23	Results 2021/22	Implication
					were under implementation at the closure of the period. Therefore, the funds will supplement budgeted amount for 2023/24 in fulfilling GPSA contractual obligations
3.	Quick Ratio	$\frac{\text{Current Assets - Inventory}}{\text{Current Liabilities}}$	1.14	1.07	This implies that GPSA is in a better liquidity and financial health. Therefore, it is unlikely for GPSA to struggle in discharging its short-term liabilities.
4.	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.23	1.14	This indicates the GPSA can cover its short - term liabilities with its current assets.
5.	Return on assets	$\frac{\text{Total Assets}}{\text{Surplus}}$	5%	4%	This indicates that GPSA is doing well at increasing its surplus with each investment shillings it spends.
6.	Return on equity	$\frac{\text{Net Income}}{\text{Shareholders' Equity}}$	14%	16%	This indicates the Agency's profitability and how efficiently GPSA generates the surplus.

The Agency's total liabilities as at 30 June 2023 were TZS 142.6 billion as compared to TZS 230.5 billion as on 30 June 2022; and total assets were worth TZS 222.5 billion compared to TZS 300.1 billion as on 30 June 2022. The Agency's state of affairs as on 30 June 2023 is shown in the accompanying statement of financial position. The statement of financial position as on 30 June 2023 showed a net asset/equity of TZS 79.95 billion as compared to TZS 69.61 billion as at 30 June 2022 which indicates that the Agency was a going concern. The Agency Management considers the Agency to be solvent on the basis of the working capital position.

(ii) Prospective Liquidity Position in Year 2023/24

In the financial year 2023/24, the Agency is expecting to experience healthy liquidity position. During the period, the Agency is expecting to collect TZS 31,321.94 million. Out of the expected amount, TZS 4,082.76 (13.03%) is from Government subvention and internally generated income TZS 27,239.18 million (86.97%). The expected amount is sufficient to finance planned corporate strategies and other operational activities for 2023/24. To ensure the healthy liquidity position is maintained, the Agency shall continue to monitor availability of expected funds and amends the planned strategies where necessary in order to avoid committing the Agency without funds and consequently encountering financial difficulties.

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8. RESOURCES

GPSA depends on a number of existed resources that complement each other in attainment of its objectives. Resources available at the closure of financial year 2022/23 are explained below:

8.1 Human resource

The Agency has skilled and experienced employees who are considered as a key resource in pursuing its strategic objectives. Considering the importance of GPSA staff in attainment of Agency's objectives, GPSA has devices means of engaging its staff so as to improve their contribution towards attainment set objectives. Among others, these include:

- (i) involvement of staff in development and implementation of GPSA Corporate plans, departmental plans, management of risks and improvement of GPSA operations.
- (ii) implementation of capacity building programs including coaching and mentoring with a focus of ensuring staff competences cope with ever changing business environment.
- (iii) fairness in handling staff matters whereby terms and conditions of services are clearly defined in GPSA Staff regulations; Relevant provisions in the Public Service Act Cap 298; and Employment and Labour Relations Act Cap 366. As at 30 June 2023, the Agency had a total of 354 staff with diverse experiences and competencies as summarized in Table No. 7 below:

Table 7: Number of staff and their qualifications at GPSA as at 30 June, 2023

Job Type/Qualification	Permanent		Contract		Total Staff
	Male	Female	Male	Female	
PhD		1			1
Masters	21	11			32
Post Grad. Diploma	4				4
Bachelors	46	33	14	11	104
Diploma	39	48	2	3	92
Certificates	16	12	29		57
Form VI	13				13
Form IV/ STD VII	6	9	15	21	51
Total	145	114	60	35	354

8.2 Relationship with stakeholders

GPSA has established and maintains a harmonious relationship with its internal and external stakeholders. The Agency receives cooperation and strong support from suppliers of goods and services and consumers of its products and services. Specifically, the Agency receives continuous support from the Government of Tanzania through the Ministry of Finance and Planning, The Parliament of the United Republic of Tanzania, Development Partners, the surrounding community and the general public. In addition

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to the above, the Agency has established working relationships with various regulatory authorities like the Public Procurement Regulatory Agency (PPRA), Public Procurement Appeals Agency (PPAA) and Supplies Professionals Technician Board (PSPTB), National Board of Accountants and Auditors (NBAA) and the Tanzania Revenue Agency (TRA).

8.3 Financial sustainability

The Agency's sources of revenue consist of:

- (i) Government Subvention for Personal Emoluments (PE),
- (ii) Agency's internally generated income collected from various sources including:
 - (a) Surplus from adequate quality supplies and services at competitive prices,
 - (b) Agency fee from clearing & forwarding
 - (c) Agency fee from Bulk Procurement of Motor Vehicles
 - (d) Rent from provision of safe and secure warehousing and storage facilities,
 - (e) Agency Fee from procurement of common use items and services using framework agreements.

During the year under review, the Agency collected 95% of the approved Budget for Personal Emoluments (P.E.). The internally generated income surpassed the target by 30%. The Agency collected TZS 26,533,832,000 from internal sources compared to TZS 20,411,792,616 that was budgeted. Effective collection of revenue, especially from own sources, enabled the Agency to meet most of its operational expenses.

8.4 Capital Resources

The Agency has Properties, Plant and Equipment (PPE) that are used in day-to-day operation. The PPEs are classified into different categories as shown in **Note 18** of Financial Statements for the period ended on 30 June 2023. Proper utilisation of this resource is enhancing operational efficiency and effectiveness in service delivery. In this regard, GPSA has Financial Regulations which provide guidance on management of PPEs starting from acquisition up to disposal point. Additionally, the Agency has specific guideline for fleet management. At the closure of financial year 2022/23, the Agency had PPEs with total net book value amounting to TZS 47,310.03 million (2022: 45,585.79 million) as indicated in **Note 18** to the Financial Statements.

8.5 Intellectual Resources

Basing on GPSA operations, the resource comprises Computer Software. The Agency has automated most of its operations in order to enhance efficiency and effectiveness in service delivery. To attain this, the Agency has deployed a number of ICT applications (software) that ease its operations. List of software with net book value of TZS 356.80 million (2022: TZS 159.70 million) available at the closure of the reporting period is provided in **Note 19** to the Financial Statements. Successful operation of the software entails efficiency and effectiveness in service delivery and consequently attainment of the set objectives.

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8.6 Others Resources

Under this area, the identified resource are Government policies and regulations. These provide conducive environment to facilitate procurement service delivery; provide guidance on resources that are used in day-to-day operations; and provide clear GPSA mandate. Considering nature of GPSA operations, the aforementioned areas have critical impact towards GPSA performance. During the period under review, the Government policies/regulations continued to support positively to GPSA operations by providing conducive environment for procurement service delivery operations. To sustain the conducive environment in subsequent periods, the Agency shall continue to collaborate with the Government in developing or amending existing policies/regulations with a focus of enhancing procurement service delivery operations.

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9.

PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

GPSA Management is vested with the overall responsibility for risk management and it recognizes that management of risk is an integral part of a sound management system. Therefore, the Management ensures that effective risk management is embedded in all management processes within the Agency. The risk management is coordinated through the Enterprise-wide Risk Management System (ERMS) with a Policy, Framework and Operational Manual as reference documents for consistency. The Heat Map is applied as a standard measure of risk levels. In this regard, GPSA has formulated and adopted the following policy statement:

“GPSA shall identify and manage enterprise risks in support of its vision, mission, and objectives as set out in the Corporate Strategic Plan (CSP4); and is committed to adopting good practices to ensure that risks are minimized to an acceptable level. With the same commitment, the GPSA Management and all employees are charged with responsibilities of ensuring risk management is kept constantly under review and becomes a culture of the Agency”.

9.1

Principal Risks

According to existing framework, GPSA Corporate risks are categorised into Institutional risks and Compliance risks. Explanations for each of the risk as at 30 June 2023 is as provided in the following table.

Table 8: GPSA Institutional Risks as at 30 June 2023

S/N	CSP4 Strategic Objectives	Risks and their Impacts		Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
1	Information and Communication Technology environment improved	Data and information management	The Agency's core business operations are automated and the business data and information must be properly managed in ICT systems. The fact that ICT systems are changed periodically in line with technology advancement, the threat of cyber-attacks	Information and Technology	4	2	8 MODERATE	<ul style="list-style-type: none"> We have, and continue to invest significantly in our data, analytics and cyber-security capabilities to better meet evolving customers' needs and expectations, and to reduce the potential for data breaches.

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S/N	CSP4 Strategic Objectives	Risks and their Impacts	Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
		<p>is becoming more sophisticated and greater numbers of third parties seek to access our business data and remove it from the safety of our systems and firewalls.</p> <p>If the Agency fails to ensure that its information is kept safe and used by intended stakeholders and specific users only, may significantly impact relationships with these stakeholders and the general public.</p>					<ul style="list-style-type: none"> • We actively engage with eGA to ensure that there is appropriate governance in place and that changes in eGA guidelines appropriately balances the value of giving customers control of their data, with our duty to protect customer privacy and security. • We continuously invest in ICT systems security and identity and access management controls to secure the confidentiality, integrity and availability of our data. • Our ICT staff and selected ICT application systems users from other Directorates, Units and Sections undergo mandatory

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S/N	CSP4 Strategic Objectives	Risks and their Impacts	Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
2	Implementation of national Anti-corruption strategy enhanced and corruption incidences reduced.	<p>Reputation</p> <p>Our reputation is of critical importance to us and is directly related to how we conduct our Agency role and exclusive mandate in ensuring availability of adequate and quality procurement services, how we make business decisions and communicate with the Government and other public institutions, customers, regulated service providers and the communities within our working environment.</p> <p>A negative shift in any of our stakeholder's perception may materially undermine our ability to advocate for positive outcomes</p>	Operational	3	2	6 MODERATE	<p>training modules to ensure they understand the importance of data security and their obligations in relation to the data they access.</p> <ul style="list-style-type: none"> We actively focus on improving the transparency of our business decisions and engage with our esteemed customers, employees and the general public especially those around the area in which we operate so as to understand their concerns and balance their needs. We have embedded our Agency's culture which communicates what we expect of our employees in applying our vision, mission and core values as a guide for the Agency's

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S/N	CSP4 Strategic Objectives	Risks and their Impacts	Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
		that align to our vision, mission and core values, and our ability to drive long-term performance. This may also affect the cost and availability of financial resources necessary for the implementation of the Agency's annual plans and budgets.					business management and decision-making. • We continue to drive deeper engagement with the Government, customers and other stakeholders in procurement sector to ensure we deliver better and consistently fair outcomes and remediate issues when we are made aware of them.
3	Procurement management and contract services improved.	Quality Service Delivery	Strategic	4	4	16 - EXTREMELY	<ul style="list-style-type: none"> We actively monitor changes in service providers, customers and stakeholders' preferences, products, technologies, methods of service delivery and continuously improve customer experiences with our products and services.

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S/N	CSP4 Strategic Objectives	Risks and their Impacts	Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
		<p>emerging technologies to improve effectiveness and efficiency in service delivery.</p> <p>Any failure to recognize and adapt to changing competitive forces in the procurement sector in a timely manner could erode our revenue potential and service delivery improvements over a long term.</p>					<ul style="list-style-type: none"> We invest in our employees and building capacity on key areas of technology capability that are critical to our value proposition to service providers, customers and other stakeholders, including training on cyber security, digital channels, business intelligence, data and analytics. We are investing in emerging technologies to ensure that the way we operate and the solutions we provide to our service providers, customers and other stakeholders are leading in the procurement sector. We invest in employees' productivity to

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S/N	CSP4 Strategic Objectives	Risks and their Impacts		Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
4	Human Resources and Administration Services Improved	Employee Capability	Our employees are critical to the success of our strategy and ensuring we are able to continuously find better ways to operate and meet service providers, customers and other stakeholder's needs and expectations.	Operational	3	3	9 MODERATE	<p>optimize our cost base and continue to remain competitive for our service providers, customers and other stakeholders.</p> <ul style="list-style-type: none"> We are investing in our value proposition as an employer, through new ways of working, competitive benefits and a focus on culture and diversity. We develop a sound Scheme of Service, Incentive Scheme and team up with the PO-PSGG on the recruitment of competent staff. We focus on developing and retaining our employee, including management staff, through targeted training programs

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S/N	CSP4 Strategic Objectives	Risks and their Impacts		Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
5	Procurement management and contract services improved.	Compliance with legislation	Compliance with legislation governing procurement sector and implementation of exclusive mandate in procurement business as are critical to how we continue to run our business and interact with our service providers, customers, tax authority and other stakeholders.	Compliance	3	3	9 - MODERATE	<p>and skills upgrading.</p> <ul style="list-style-type: none"> We are assessing how new technologies will impact the future workforce for our businesses. We are building these changes into our long-term people development and capability roadmaps. We allocate a proportion of our expenditure budget to compliance, risk prevention initiatives and engage with policy makers and communities to advocate for appropriate legislation reform. We maintain constructive and proactive relationships with the Government, Parliamentary sectorial

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S/N	CSP4 Strategic Objectives	Risks and their Impacts		Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
			and adapt to legislation change, this could negatively impact the Agency compliance with tax legislation together with ability to serve our service providers, customers and other stakeholders.					committees and the Parliament in general where we get opportunity to share our comments on legislation changes.
6	Communication and customer relationship management improved	Social and Environmental impact	We actively consider the social and environmental impact of our activities and are committed to operating sustainably and making a positive contribution beyond our established objective and statutory functions as stipulated in establishment order. We consider social and environment issues to be significant long-term drivers of both financial and non-financial value. We appreciate the potential impact they have on our relationships with different service providers, customers and other stakeholders.	Operational	3	2	6 MODERATE	<ul style="list-style-type: none"> The Agency's programs take a long-term view to ensure that we conduct business in a sustainable and efficient way, and appropriately use our influence to enhance social and environmental outcomes. We are complying with the National Environment Management Council (NEMC) issues in assessing our relationships with suppliers, our service providers, customers and other stakeholders.

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S/N	CSP4 Strategic Objectives	Risks and their Impacts		Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
7	Financial Management and Accountability improved.	Business Continuity	<p>The resilience and continuity of our operations is critical to providing our customers with the products, services and experiences that they expect from the Agency.</p> <p>Events driven by our external environment, including cyber-attacks, political instability, unfavorable business conditions, global pandemics like COVID-19, the Ukraine-Russian War and adverse weather conditions can significantly disrupt the systems and processes that enable the Agency to serve and protect our service providers, customers and other stakeholders.</p>	Strategic	3	2	6 MODERATE	<ul style="list-style-type: none"> We collaborate with public and private institutions on environmental pollution. We monitor the health of all ICT systems, documented Internal Operating Procedures (IOPs) and perform contingency planning for disruptions to critical systems and processes. We are implementing a number of process and system simplification initiatives through investments in agile capability, automation and ICT systems resilience. We are investing in our technology, processes and employee capabilities to mitigate the impact

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S/N	CSP4 Strategic Objectives	Risks and their Impacts	Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
							<p>of cyber-security risks on our businesses, customers and other stakeholders.</p> <ul style="list-style-type: none"> The Agency policies and standards on supplier governance, selection and management and on outsourcing or offshoring are applied to mitigate the risk and impact of third-party disruptions.
8	Financial Management and Accountability improved.	Financial Management					<p>The Agency's activities are potentially exposed to a variety financial management risk including financial risk, market risk, credit risk and liquidity risk as briefly explained below:</p> <ul style="list-style-type: none"> Financial Risk The financial risk is the possibility that the Agency's cash flow will prove inadequate to meet the Agency's obligations.
			Operational	4	2	8 - MODERATE	<ul style="list-style-type: none"> We prepare our annual plan and budget in line with the Government guidelines on the preparation of Medium-Term Expenditure Framework (MTEF) to address financial risk management.
			Operational	4	2	8 - MODERATE	<ul style="list-style-type: none"> Market Risk Market risk is the risk of changes in market prices, such We opened and operated bank accounts in both Tanzania Shillings

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S/N	CSP4 Strategic Objectives	Risks and their Impacts	Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
		<p>as foreign- exchange rates and interest rates, affecting the Agency's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk.</p> <ul style="list-style-type: none"> • Credit Risk Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Agency is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. 	Operational	4	2	8 - MODERATE	<p>and United States Dollar (USD) to mitigate market risks.</p> <ul style="list-style-type: none"> • We do not regard any significant concentration of credit risk, hence, we mitigate the credit risk by maintaining cash and cash equivalents with the preferred financial institutions; and recovering staff debts, imprest or salary advance in terms of the applicable regulations directly from the

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S/N	CSP4 Strategic Objectives	Risks and their Impacts	Risk Category	Impact (I)	Probability (P)	Risk Ranking (Severity) (I x P)	Risks Mitigation
		<ul style="list-style-type: none"> Liquidity Risk Liquidity risk is the risk of the Agency not being able to meet its obligations as they fall due. The Agency's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Agency's reputation. 	Operational	4	2	8 - MODERATE	<p>employee's salary and/or any other allowances.</p> <ul style="list-style-type: none"> We manage liquidity risk to ensure the Agency can meet estimated expenditure requirements based on approved budget and using cash flow forecasts. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents. Furthermore, the Agency strive to ensure that receivables are settled within 30 days after the due date, and payables are settled within 30 days of invoice.

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9.2 Opportunities

In course of assessing GPSA's risks, the Agency has identified a number of key opportunities. If the Agency take full advantage of the identified opportunities, then there is likelihood of adding value towards attainment of its Corporate Strategic objectives. The identified opportunities are shown in **Table 9**.

Table 9: Key Agency's Opportunities

Area	Identified Opportunity
Information and Technology	<ul style="list-style-type: none"> • Existence of ICT regulatory board • Existence of National Data Centre • Availability of ICT products and services in the global markets • Existence for National ICT Policy
Financial and procurement management	<ul style="list-style-type: none"> • Legal regulatory framework support • Existence of Government goodwill • Guaranteed customer • Growing economy • Free market economy
Leadership and management	<ul style="list-style-type: none"> • Direct link with the Ministry of Finance and Planning • Existence of Political stability • Supportive national legal framework • Support from stakeholders
Laws and Procedures	<ul style="list-style-type: none"> • Existence of oversight bodies • Existence of Public Finance Act • Existence of Public Procurement Act. • Existence of Public Private Partnership Act and its Regulations • Existence of Industrialization Policy • Government commitment to enhance accountability and transparency in Public Financial and Procurement Management

9.3 Uncertainties

Uncertainties refer to factors or variables that can affect GPSA's ability to accurately predict in service delivery. This can be derived from changes in external factors such as natural disasters, political instability, and other external events that can disrupt economic activities. During the period under review, there was no uncertainty that threatened the ability of the Agency to perform its functions.

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10.

KEY PERFORMANCE INDICATORS (KPIs)

Key Performance Indicators measure the nature and the scope of efficiency and effectiveness of the Agency operations. KPIs are as per Recommended Practice Guideline (RPG) on reporting services performance information that assists users of the Financial Statements to assess the Agency services efficiency and effectiveness. The Annual Action Plan for the financial year 2022/23 has set 26 targets which were spread across all the 6 strategic objectives to be attained by 30 June, 2023. The Implementation of the plan is evaluated on quarterly basis, basing on key performance indicators and its report compiled in semi-annual and annual basis. The assessment of performance includes both financial and non-financial aspects. On average, by 30 June, 2023, 67% of the annual targets were completed, 27% were in progress and 6% has not yet started.

Table 10: The Agency's KPIs and achievements for the period under review

Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
STRATEGIC OBJECTIVE A - Non communicable Diseases, HIV/AIDS infections reduced, and supportive services improved.	Reduce new infections of HIV and AIDS (FYDP) and Management of NCDs, particularly obesity-related illnesses (FYDP)	Two employees sensitized with HIV/AIDS and Non communicable diseases seminars, one in a month fitness exercise and twenty meetings of HIV/AIDS and Non communicable committee conducted by June 2023	120 employees sensitized with HIV/AIDS and Non communicable diseases seminars, one fitness exercise in a month and 4 meetings of HIV/AIDS and Non communicable committee conducted by June 2023.	Number of employees attended HIV/AIDS and non-communicable diseases seminars.	190 Staff attended HIV/AIDS and non-communicable diseases seminars at HQ, Dar es Salaam, Kinondoni and Simiyu	100%	93%
				Number of fitness exercises conducted	Two fitness exercises were conducted to all staff.	20%	0%
	Formulate mechanism to support staffs LWHIV	Staff leaving with HIV and AIDS supported by June 2023	Program to Support HIV and AIDS to infected staff	Number of infected staff supported	Budgeted, but no infected employee reported	100%	100%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
STRATEGIC OBJECTIVE B - Implementation of National Anti-corruption Strategy Enhanced Corruption incidences reduced	Implement National Anti-corruption strategy	Anti-corruption action plan developed, and cases reported and attended by June 2023	implemented by June 2023.				
			Workshop on corruption conducted once to 120 employees and four meetings of integrity committee conducted by June 2023.	Number of staffs attended seminar	190 Staff attended anti-corruption awareness seminars at HQ, Dar es Salaam, Kinondoni and Simiyu	100%	78%
	Ensure good governance, leadership, accountability and transparency (FYDP)	Ten (10) workers council, twenty (20) MAB meeting and forty (40) MAB committee meetings conducted by June 2023	Two workers council, four MAB meeting and eight MAB committee meetings conducted by June 2023	Number of corruption cases reported	No case of corruption reported	100%	100%
				Number of workers council meetings convened	Two workers council meetings were conducted	100%	100%
STRATEGIC OBJECTIVE C - Procurement and supplies management services improved	Improve clearing and forwarding services	Consignments with a value of three hundred billion (300,000,000,000) cleared and forwarded annually by June 2023	Consignments with a value of 60 billion cleared and forwarded by June 2023	Number of MAB and MAB committee meetings convened	Three (3) MAB meetings and eight (8) MAB committee meeting were convened.	100%	25%
				Percentage increase in number of consignments cleared	The number of consignments cleared increased by 7% from 1608 consignments in 2021/22 to 1725 consignments in 2022/23	100%	100%
	Procurement process for	Five (5) Procurement plan	Procurement Plan and	Implementation reports	Agency prepared 12 monthly procurement	100%	100%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
	CUIS including government motor vehicles and unallocated stores strengthened	and framework arrangement developed and implemented by June 2023	framework arrangement developed and implemented annually by June 2023.		reports, 4 Quarterly procurement reports and annual procurement reports which were submitted to the TB, budget approving Agency and PPRA		
				Number of agreements awarded and signed	During the period of implementation, The Agency conducted and coordinated procurement process for CUIS in two phases of which a total of 15,691 suppliers /service providers were awarded a framework agreement for the Financial Year 2022/23.	100%	100%
				% of PE using Framework Agreement	During the period of implementation, 667 procuring entities (PE) were registered and solicited services and supplies through TANePS	100%	100%
				Percentage increase in amount saved from bulk procurement of motor vehicles	Savings from bulk procurement of motor vehicles decreased by 38 percent from TZS 12,882,517,805 in 2021/22 to TZS	38%	48%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
					8,018,145,845 in 2022/23.		
				Percentage of vehicles procured within timeline	Under procurement of motor vehicles arrangement, a total of 1036 motor vehicles, 1519 motor circles were purchased with value of TZS 176,939,938,713 on behalf of 664 government institution. The savings from bulk procurement of motor vehicles is TZS 8,018,145,845 where by 49% were procured within timeline.	49%	41.72%
				Number of vehicles rejected by PEs	None	100%	100%
				Annual Procurement Plan in place	Annual procurement for financial year 2023/24 was prepared, approved and submitted to PPRA as required	100%	93.91%
		Agency's legal and regulatory	Agency's legal and regulatory	Number of legal and regulatory	None	0%	0%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
	Improve stock availability and service delivery.	frameworks reviewed by June 2023	frameworks reviewed by June, 2022	frameworks reviewed			
				Number of contracts reviewed	15,691 framework and rent contracts were reviewed	100%	100%
				Number of cases attended and cleared	No cases were reported against the Agency	100%	100%
		Ten (10) trucks, twenty (20) trolleys and five (5) pallet jets acquired, and re-order level maintained by June 2023	2 trucks, 4 trolleys and 1 pallet jets and security devices acquired by June 2023	Re-order level plan in place	Re-order levels for unallocated items was prepared and is operational	100%	100%
		Stock operation manual developed, and quality of goods and supplies ensured and maintained by June 2023.	Stores operation manual developed, and quality of goods and supplies ensured and maintained by June 2023	Percentage of distribution facilities acquired	The procurement of Trucks, trolleys and jet are at negotiation stage.	50%	100%
STRATEGIC OBJECTIVE D - Financial Management and	Strengthening transparency and accountability	Revenue from internal sources increased annually up to twenty-five	Revenue from internal sources increased up to 5 billion by June, 2023	Stock operation manual in place	Stock operational manual prepared, waiting for approval	80%	80%
				Number of handling equipment acquired	The procurement of Trucks, trolleys and jet are at negotiation stage.	50%	100%
				% Increase in revenue generated	Revenue from internal sources increased by 7 percent from TZS 26,009,644,526 in 2021/22 to TZS	100%	100%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
Accountability improved	in Financial Management	billion (25 billion) by June, 2023			27,948,207,056, in 2022/23		
		Five (5) financial reports in compliance with IPSAS accrual basis prepared by June, 2023	Financial report in compliance with IPSAS Accrual basis prepared annually by June, 2023	Performance Reports	IPSAS compliant Financial Statements for year 2022/23 prepared.	100%	100%
	To ensure fair value of Agency Assets	Updated and verified asset register and ten (10) title deeds acquired by June 2023	To update and verify asset register and acquire 2 title deeds by June 2023	Updated asset register in place Number of title deeds acquired	Agency's Asset Register in place No title deeds acquired.	100%	99%
	Support in developing systems and Disaster Recovery Strategy (DRS)	Five (5) Business processes automated, and Disaster recovery site facilitated by June 2023	1 Business process automated and ICT Services and Disaster recovery facilitated by June 2023	Number of business processes automated Systems disaster Recovery plan in place	5 Main business processes were automated through GIMIS (Clearing and forwarding, store, billing and inventories as well as procurement of motor vehicles) Disaster recovery facilitated	100%	80%
	Improve financial	One hundred and fifteen (115)	23 Internal audits, 15	Clean audit report	Various audits were conducted in following areas:	80%	75%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
	control mechanism	Internal audits, seventy (75) verifications and twenty (20) audit committee meetings conducted by June 2023	verifications and 4 committee meetings conducted by June 2023		<p>i. Clearing and forwarding audit;</p> <p>ii. Expenditure audit for first; second and third quarters of 2022/23;</p> <p>iii. Non-current asset audit;</p> <p>iv. Risk management audit;</p> <p>v. Allocated stores audit;</p> <p>vi. Unallocated stores audit;</p> <p>vii. Review of Financial Statements for financial year 2021/22;</p> <p>viii. Seven (7) Regional audits out of 14 planned i.e. Dar-es-salaam, Kilimanjaro, Arusha, Kigoma, Katavi, Njombe and Iringa;</p> <p>ix. Fourteen (14) verifications on audit responses of Head Office on Expenditure, Procurement, Clearing and</p>		

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
					forwarding, Non-current asset, Risk management, allocated stores, unallocated stores and Regional audit responses of i.e. Dar-es-salaam, Kilimanjaro, Arusha, Kigoma, Katavi, Njombe and Iringa;		
				No. of Audit Committee meetings convened	Three ordinary meetings and one extraordinary meeting were conducted.	100%	75%
	Improving Planning, Budgeting, Monitoring and Evaluation systems	Strategic plan reviewed, five (5) Budget (MTEF) prepared and implemented by June 2023	Strategic plan reviewed and 1-MTEF prepared and implemented by June 2023	Approved MTEF in place	Budget for financial year 2023/24 was prepared and approved	100%	85%
				Reviewed SP	Strategic Plan for financial year 2023/24 to 2027/28 were prepared, approved.	100%	0%
	Design a mechanism to improve monitoring,	Monitoring, Evaluation and Risks Mitigating measures	Monitoring, evaluation and risk mitigating measures	Risk register in place	Risk registers for financial year 2023/24 was prepared and submitted.	100%	95%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
	evaluation and risk management	undertaken to GPSA Head Office and Regional Offices annually by June, 2023	undertaken to 3 Divisions, 4 Units and 26 Regional Offices annually by June, 2023	M&E reports	Performance reports for financial year 2022/23 was prepared, approved and submitted to Treasurer Register and Ministry of Finance and Planning timely as required	100%	95%
				Risk implementation report	Risk implementation reports for all quarters for 2022/23 were prepared.	100%	75%
STRATEGIC OBJECTIVE E - Human Resources and Administration Services Improved		Head office building, six (6) new regional offices, one (1) fuel depot constructed, ten (10) fuel tanks installed and ten (10) regional offices rehabilitated by June 2023	Construction and rehabilitation plan developed and implemented by June, 2023	Construction plan in place	Construction plan prepared and approved.	100%	100%
	Improving working environment for GPSA staffs at all levels			Number of office buildings renovated/constructed	Offices, warehouses and fuel stations at Pwani (Kibaha), Mtumba (Dodoma), Simiyu and Songwe construction on progress at 95 percent of completion on average, Contracts for Construction of GPSA head office at Dodoma signed but could not be carried out waiting for some approvals from	95%	100%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
	Enhance human resource development	Budget for Personal Emoluments, twenty (20) disciplinary and recruitment committee, five (5) induction and vetting seminars conducted and incentive scheme	Four disciplinary and recruitment committees and one induction seminars conducted also Personal Emoluments, human resource plan and incentive scheme		Prime minister office. Four office buildings were renovated at Kinondoni, Dodoma, Arusha and Singida.		
				Number of fuel tanks installed	Installation of two (2) fuel tanks each at capacity of 40,000 liters at GPSA Mbeya and Shinyanga were completed. Also, four (4) offloading areas were constructed at GPSA Morogoro, Lindi, Kagera and Shinyanga.	100%	100%
				HR Plan in place	HR plan in place and operational	100%	100%
				Number of staff recruited	13 new staff were recruited.	100%	100%
				Incentive scheme in place	Incentive scheme prepared and in use	100%	100%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
	Improve training at different levels of skills requirement	prepared by June 2023	prepared once by June 2023				
		Statutory and administrative services provided by June, 2023.	Statutory and administrative services provided by June, 2023.	% of employee remunerated	100% of employee were remunerated	100%	100%
		Training plan developed and two hundred and fifty-six thousand (256) employees attend short courses by June 2023	Training plan prepared and 100 employees attend short, long-term courses and professional trainings by June 2023	% of the amount spent in procured working facilities	100% of the amount was spent in procured working facilities	100%	100%
				Training Program in place	Training manual is in place	100%	90%
				% of staff trained	90% of staff were trained in various courses	100%	90%
STRATEGIC OBJECTIVE F - Public awareness on GPSA's functions improved.	(Improve Visibility, credibility and accurate understanding by its stake holders)	Communication strategy developed and implemented by June 2023.	Communication strategy developed and implemented by June, 2023	% of amount spent in training of staff	0.4 % of the amount was spent on training of staffs	100%	90%
				Communication strategy in place	(i) 1-Article on newspaper. (ii) 110-Posts were prepared and updated/ shared on social media pages and website. (iii) 216- Review of GPSA contents by Editorial Committee. (iv) 1-GPSA Clients Service Charter	100%	90%

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
					reviewed and approved. (v) 5-national exhibitions/ ceremony attended		
					(i) 18.4% increase in fuel and stock items sales for 2022/23 compared to the previous year average in 2021/22.		
					(ii) 23 market surveys/research conducted.		
					(iii) 28 reports on Communications and Marketing activities were prepared.	95%	100%
					(iv) 5 video clips were prepared and shared.		
					(v) 4 adverts on newspaper.		
					(vi) 6 branding of fuel stations/vehicle		
	Design marketing mechanisms to increase sales	Marketing and sales plan reviewed and sales increased by hundred percent (100%) by June 2023	Marketing and sales reviewed and sales increased by 20 percent by June 2023	Reviewed Marketing and Sales Plan in place			

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Objective	Strategy	SP Target	Annual targets	Key Performance Indicators	Actual achievements	2022/23	2021/22
					and Printing of GPSA banners		
	Enhance Corporate Social Responsibility	Social responsibilities plan prepared, and fifteen (15) underprivileged groups assisted by June 2023	Social Responsibility Plan prepared, and 3 underprivileged groups assisted by June, 2023	Number of underprivileged groups assisted	10 CSR activities were conducted in Simiyu, Mbeya, Kigoma and Dar es Salaam.	99%	100%

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11. CORPORATE GOVERNANCE MATTERS

GPSA is committed to the principles of effective Corporate Governance across the organisation. This is fostered by undisputed support from the MAB which is committed to the principles of good Corporate Governance.

The Agency operates under the Ministry of Finance and Planning. The governance, control and administration of the Agency are vested in the Management and the Ministerial Advisory Board. The Management takes the overall responsibility for the Agency, which includes the responsibility of identifying key risk areas, considering and monitoring development decisions for significant financial matters and reviewing the performance of Management action plans and budgets. The Management therefore is responsible for ensuring that a comprehensive system of internal controls, policies and procedures is operative and of compliance with sound corporate governance principles.

The MAB meets at least four times a year and has delegated the day-to-day management of the Agency to the Chief Executive Officer who is assisted by the Management Team. The Management Team whenever invited attends MAB meetings and facilitates the effective control of all the Agency's operational activities.

11.1 How GPSA Complies with the Principles and Codes of Best Practice

To ensure existence of good Corporate Governance in GPSA, among others the Agency upholds the following key best practices for good Corporate Governance:

11.1.1 Existence of an Effective Ministerial Advisory Board (MAB)

Executive Agencies Act No. 30 of 1997 and the Executive Agencies (The Government Procurement Services Agency) Establishment, 2007, provides for establishment of a Board that advice the Minister on the direction and performance of the Agency. The effectiveness of the existing Board is exhibited by:

(i) Diversity Composition of the GPSA MAB

The appointment of GPSA Board members is guided by Executive Agencies Act No. 30 of 1997. In this regard, the composition of the Board involves members with different academic discipline. Details regarding membership of the GPSA MAB are provided in Para 12.2.

(ii) Clearly Defined Functions of the Board

There is clear distinction between the roles of the GPSA Management and that of the Board. The functions of the Ministerial Advisory Board have been clearly defined in the Executive Agencies Act No. 30 of 1997. In this regard, the Board shall give advice to the Minister *on the*:

- The development and maintenance of a policy framework
- The objectives of GPSA

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- The acceptability of the General Strategic and Business Plans and associated budgets
- Setting of priorities and annual performance targets for the Agency
- The acceptability of the Annual Reports and Financial Statements
- The evaluation of the Agency's performance
- And any other matter provided for under the Executive Agencies Act No.30 of 1997
- Much other matters affecting GPSA as the Chief Executive Officer may from time to time refer to the Board.

(iii) Existence of Specific MAB Committees

GPSA is operating in a complex and dynamic environment which calls for existence of specific Committees that analyses matters in depth and reports to the Board. Through this, the Board has become more effective in overseeing specific areas of interest. Consequently, give more time to the Board for handling more complex issues in a more efficient manner. The Committees of the GPSA MAB is shown in **Para 12.3**.

(iv) Organizing and Holding Effective MAB and Committee Meetings

Among others, the effectiveness of the Board and its Committees depends on the organisation of their meetings. Thus, the Board Secretary is observing the following key elements when convening the meetings in order to ensure effectiveness of the Board:

- (a) Agenda are clearly defined
- (b) Complete set of materials to be discussed are sent to Members in advance to enable them to make informed decisions
- (c) Advance notifications regarding the meetings are sent to Members
- (d) Quorum of the meetings are observed.
 - (i) Proper recording of the meeting minutes and timely communication of matters arising

11.1.2 Purpose and Strategy

The Agency has clearly articulated its vision and purpose that have been endorsed by the Board. The Vision and Mission of the Agency are indicated in **Para 2**. Along with this, GPSA has developed five years Corporate Strategic Plan comprising of initiatives that are geared towards attainment of its vision. Details relating to the approved GPSA Corporate Strategic Plan, Strategic Themes and objectives are provided in **Para 5**. Further, implementation status of the initiative under the 5th Corporate Strategic Plan for the period ended 30 June 2023 is provided in **Para 5** while results of key performance indicators are provided in **Para 10**.

11.1.3 Recognition and Management of Risks

GPSA Management recognises Risk Management as an integral aspect of good Corporate Governance. In this regard, the Management has put in place an appropriate system of risk oversight and internal controls. GPSA has adopted Enterprise-Wide Risk Management system which enables the Agency to deal effectively and efficiently with uncertainties

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and associated risks. The Management oversee implementation of the system on quarterly basis through its Audit Committee. The adopted Risk Management System including Agency's Risk Appetite statement are frequently reviewed to ensure the risk tolerances of the Agency are appropriate at all times. Detailed information regarding risk management is provided in Para 9.

11.1.4 Integrity, Transparency and Accountability

The MAB has in place a system whereby:

- (a) There is a flow of information to the Board that assists Members to fulfil their role and carry out their responsibilities with integrity and ensure appropriate accountability. Under such system, GPSA Management is obliged to provide various performance reports that aid in assessing financial and non-financial position and performance of GPSA. The reports are provided on quarterly basis through Committees of the Board.
- (b) The integrity of Financial Statements and other key information is safeguarded. The MAB is achieving this through the existence of Internal Audit Unit that is guided by Internal Audit Charter and international auditing standards. The Unit reviews operations including the Financial Statements and advises GPSA Management and the Audit Committee accordingly. Also, Financial Statements and other key information are subjected to an independent external auditing through the office of the Controller and Auditor General. The Audit Committee is responsible for overseeing the system for safeguarding the integrity of Financial Statements.
- (c) There is transparency and accountability to Stakeholders. This is achieved through existence of Client Service Charter. The Charter clearly sets out the respective rights and obligations and spells out the service standards that GPSA will observe when dealing with PEs and other stakeholders. Further, the Agency has developed and implement a Comprehensive Communication and Marketing Strategy. The strategy ensures in-depth availability of information through all GPSA communication channels and outreach programs in line with stakeholders' needs.
- (d) There are integrated tools for promoting staff and corporate integrity. These include:
 - (i) GPSA Code of Ethics - this helps GPSA employees to understand the right and wrong conducts and behaviour in their day-to-day decisions and actions.
 - (ii) GPSA Anti-Corruption Policy - this declares zero-tolerance to corruption. It enhances compliance to all laws, regulations and guidelines and maintenance of honest staff in all functional areas. The policy promotes internal controls and involvement of external stakeholders in the fight against corruption.
 - (iii) Ethics Committees - these are responsible for enhancement of staff compliance to laws, regulations and the Code of Ethics; oversee implementation of the Agency's Anti-Corruption Strategy and Action Plan; devise an effective

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complaint handling mechanism for integrity related cases as well as advising Management on proactive and reactive ethics and anti-corruption initiatives that will help the Agency to attain the desired level of ethical compliance.

- (iv) Whistle Blowing Mechanism - This is a strategic tool that involves GPSA stakeholders in the fight against corruption, fraud, embezzlement and other malpractices. Stakeholders lodge their integrity related concerns through available reporting avenues (letters, emails, physical contacts, telephone, mobile and text messages). The Agency protects whistle blowers by treating the reported information in a highly confidential manner.

11.2 The Ministerial Advisory Board (MAB)

GPSA is an Executive Agency which inter-alia operates within the framework of the Executive Agencies Act, Cap 245 and the Executive Agencies (Government Procurement Services Agency) Establishment Order, 2007. The Ministerial Advisory Board (MAB) was established under this Act. MAB members including the Chairperson are appointed by the Minister responsible for Finance. The main role of MAB is to advise the Minister on strategic and operational performance of GPSA.

The Chairman and other Members of MAB serve for a tenure of three years and are eligible for re-appointment. Currently, there are six members who have been appointed and the Chief Executive Officer (CEO) of GPSA serves as the Secretary to the MAB. The current composition of MAB is as follows:

Table 11: Members and Secretary of the Agency Ministerial Advisory Board as at 30 June, 2023

S/ N	Name	Age	Position	Qualification	Appointment/ Resignation	Nationality
1	Ms. Dorothy Stanley Mwanyika	63	Chairman	MSc. Agricultural Economics, B.A. Economics	31/3/2022 - 30/3/2025	Tanzanian
2	Eng. Japhet Yared Massele	66	Member	Bachelor of Science Degree in Mechanical Engineering	11/7/2020-10/7/2023	Tanzanian
3	Dr. Mussa Budeba	46	Member	PhD (Mining), Master of Engineering, BSc. Engineering	11/7/2020-10/7/2023	Tanzanian
4	Dr. Mnaku Honest Maganya	42	Member	PhD (Economics)	11/7/2020-10/7/2023	Tanzanian
5	Mr. Dickson Kaambwa Austin	41	Member	MSc. (Accounting and Finance)	11/7/2020-10/7/2023	Tanzanian
6	Ms. Zawadi Maginga	49	Member	Master of Laws, LLB	11/7/2020-10/7/2023	Tanzanian

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S/ N	Name	Age	Position	Qualification	Appointment/ Resignation	Nationality
7	Prof. Geraldine A. Rasheli	50	Secretary	PhD (Agri- Economics), MSc. Economics, MSc. PSCM, CPSP, Advanced Dip. in Materials Management, Dip. in Ed.	11/7/2020	Tanzanian

The functions of the MAB are to advise the Minister on the following;

- (i) The development and maintenance of a strategic framework of the Agency;
- (ii) The objectives of the Agency;
- (iii) The acceptability of the Chief Executive's plans and associated budgets;
- (iv) The setting of priorities and annual performance targets for the Agency;
- (v) The Agency's annual reports and accounts; and
- (vi) The evaluation of the Agency's performance.

During the year, no conflict of interest existed between the MAB and the Agency. The MAB held three (3) meetings during the year ended 30 June, 2023. In this meeting the following important matters were deliberated.

- (a) Review and discuss on the Agency's financial statement for financial year 2021/22;
- (b) Review and discuss on the bulk procurement report of motor vehicles on behalf of the government;
- (c) Review and discuss on the Annual Procurement Plan for financial year 2023/24 and implementation of procurement plan for financial 2021/22;
- (d) Review and discuss on the Agency performance evaluation report;
- (e) Review and discuss on establishment of board committees;
- (f) Review and discuss on the first quarter implementation report for financial year 2022/23;
- (g) Review and discuss on the Agency financial statement for financial year 2021/22;
- (h) Review and discuss on the Performance Contract between Treasury Registrar and MAB;
- (i) Review and discuss on the Internal Audit Committee report;
- (j) Discuss on the first quarter implementation report for ICT, Communication and Marketing for financial year 2022/23;
- (k) Review and discuss on the second quarter implementation report for financial year 2022/23;
- (l) Review and discuss on Agency Strategic Plan from 2023/24 - 2027/28;
- (m) Review and discuss Board Charter Guidelines and Board of Directors Code of Ethics and Conduct;
- (n) Review and discuss on the Agency's health insurance plan;
- (o) Discuss on the second quarter implementation report for ICT, Communication and Marketing for financial year 2022/23;

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(p) Review and discuss on the matters approved by Institutional ICT Steering Committee

The attendance of the MAB Members from 1st July 2022 to 30 June 2023 is as shown in Table 12:

Table 12: Attendance of the MAB Members and Secretary from 1st July 2022 to 30 June 2023

S/N	Name	Meeting		
		15/07/2022	25/11/2022	10/03/2023
1.	Ms. Dorothy Stanley Mwanyika	P	P	P
2.	Eng. Japhet Yared Maselle	P	P	P
3.	Dr. Mussa Budeba	P	P	A
4.	Dr. Mnaku Honest Maganya	P	P	P
5.	Mr. Dickson Kaambwa Austin	P	P	P
6.	Ms. Zawadi Maginga	P	A	P
7.	Prof. Geraldine A. Rasheli	P	P	P

KEY: P=Present; A=Absent with apology

11.3 The Agency committees

The agency is operating in a complex and dynamic environment which calls for existence of specific Committees that analyse matters in depth and reports to the Chief Executive Officer. Through this, the CEO has become more effective in overseeing specific areas of interest. Consequently, give more time to the CEO for handling more complex issues in a more efficient manner. In the execution of its policy and decision-making roles, the Agency is assisted by various technical committees. These include the Audit Committee, Tender Board, Staff Development Committee, Goods inspection and Acceptance and Management Committee.

11.3.1 Audit committee

The Agency has its Audit Committee appointed by the Chief Executive Officer as mandated by Section 31(1) of the Public Finance Act No. 6 of 2001 (revised 2020) and its Public Finance (Amendment) Regulations, 2022 and one senior member is appointed by the Permanent Secretary Treasury from outside the Agency. The Committee has the objective of enhancing internal controls by assisting the CEO to fulfil stewardship, leadership and control in managing the Agency's resources. The Audit Committee also assists the CEO in fulfilling its oversight responsibilities on risk management, financial reporting process, system of internal control, audit process and the Agency's process for monitoring compliance with laws and regulations.

The Agency Audit Committee reviews significant accounting policies and financial reporting systems to ensure that they are adequate and always are complied at all times. The committee also reviews adequacy of internal control systems and monitors

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implementation of actions to address issues raised by internal and external auditors. The committee consists of four members; two members from the Agency and two independent members.

The Agency Audit Committee's functions as enumerated in the Public Finance Regulations, 2001 as amended in 2022 are to:

- (i) Approve the Annual risk-based internal audit plans;
- (ii) Review all internal and external audit reports involving matters of concern to Chief Executive Officer of the Agency, including the identification and dissemination of good practices;
- (iii) Provide advice to the Chief Executive Officer on action to be taken on matters of concern raised in a report of the internal auditor or in a report of the Controller and Auditor General concerning the Agency;
- (iv) Receive feedback from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters including internal audit report;
- (v) Provide advice to the Chief Internal Auditor on the preparation and review of financial statements of the Agency; and
- (vi) Prepare an annual report on its functions, copies of which shall be sent to the Permanent Secretary, the Accountant-General and the Controller and Auditor General

The Chief Internal Auditor functionally reports to the committee. The following were members of the Audit Committee who served the Agency during the year under review:

Table 13: Members and Secretary of the Audit Committee as at 30 June, 2023

S/N	Name	Position	Nationality	Qualification	Appointment/ Resignation
1.	CPA Barikiel Nkinda	Chairperson	Tanzanian	CPA (T) (PP), MSc. Accounting and Finance	3/8/2022-3/08/2025
2.	Rustica Sanga	Member	Tanzanian	MBA-Procurement	3/8/2022 - 3/08/2025
3.	Musanga Etimba	Member	Tanzanian	MPhil in Public Adm, PGD in International Trade Law	3/8/2022-3/08/2025
4.	Mr. Benezeth Ruta	Member	Tanzania	MBA. Finance, CPSP (T), CPA (T), LLB	3/8/2022-12/05/2023
5.	CPA Mussa Mnkande	Member	Tanzania	MFA - Oil and Gas, CPA (T), Diploma in IPSAS	04/04/2023 - 3/08/2025
6.	Mr. Erasto Raphael	Secretary	Tanzanian	MBA in Information Technology Management	3/8/2022-3/08/2025

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During the year under review, the Committee held a total of four (4) meetings. Three (3) ordinary meetings and one extra ordinary meeting. The meetings convened, deliberated, reviewed, and approved and recommended to the CEO and the MAB the following:

- (i) The Agency's Financial Statements for the year 2021/22;
- (ii) Quarterly Internal Audit reports for the financial year 2022/23;
- (iii) Annual Internal Audit Report for the Financial year 2021/22;
- (iv) Annual Internal Audit Plan for financial year 2022/23 and;
- (v) Annual Audit committee report for financial year 2021/22.

Also, during the period under review, the Committee monitored internal control systems through discussions with Management, review of internal audit reports which focused on areas of greatest risks and review of external audit reports as part of year-end audits all of which highlighted key areas of control weaknesses. All weaknesses identified were discussed with Management and appropriate corrective action plans were put in place and implementation for the same.

Table 14: Attendance of the Audit Committee Members and secretary from 1st July 2022 to 30 June 2023

S/ N	Name	Ordinary Meetings			Extra Ordinary Meetings
		1 st	2 nd	3 rd	1 st
		27/12/2023	17/02/2023	12/05/2023	02/09/2022
1.	CPA Barikieli Nkinda	P	P	P	P
2.	Rustica Sanga	P	P	P	P
3.	Mussanga Etimba	P	P	P	P
4.	Benezeth Rutta	P	P	P	P
5.	Mussa Mnkande	A	A	P	A
6.	Erasto Raphael	P	P	P	P

KEY: P=Present; A=Absent with apology

11.3.2 Tender Board (TB)

The Agency has its Tender Board for facilitation in the tendering process and contract documents; approving procurement and disposal by tender procedures; ensuring that the best practice in relation to procurement and disposal by tender are strictly adhered by the Agency; and ensuring compliance with the Public Procurement Act CAP 410 R.E 2022 and Procurement Regulations 2013, GN. No. 446 and Public Procurement (amendments) Regulations 2016, 2018 & 2019. The members of the Tender Board are appointed by the Chief Executive Officer as mandated by section 31(5) of the Public Procurement Act CAP 410 R.E 2022.

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The principal functions of the Agency Tender Board as stipulated in Section 33 (1) of the Public Procurement Act CAP 410 R.E 2022 are to:

- (a) Deliberate on the recommendations from the Procurement Management Unit and approve award of contracts,
- (b) Review all applications for variations, addenda or amendments to ongoing contracts;
- (c) Approve tendering and contract documents;
- (d) Approve procurement and disposal by tender procedures; and
- (e) Ensure that best practices in relation to procurement and disposal by tender are strictly adhered to by procuring entities.

Members of the Tender Board who served the Agency during the year under review are shown in Table 15 :-

Table 15: Members of the Tender Board as at 30 June, 2023

S/ N	Name	Position	Nationality	Qualification	Appointment
1	Mr. Salum Masenga	Chairman	Tanzanian	BA Economics	10/03/2022
2	Ms. Etimba Musanga	Member	Tanzanian	MPhil in Public Administration, PGD in International Trade Policy and Trade Laws, Advanced Dip. In Public Administration.	03/11/2021
3	Ms. Adela Mayenga	Member	Tanzanian	CPA (T), MSc. Accounting and Finance, ADA	26/10/2021
4	Mr. Benson Andy	Member	Tanzanian	CPA (T), PGD in Accountancy, ADGA	03/08/2022
5	Mr. Jimmy Abraham	Member	Tanzanian	BA PCM, CPSP, MSc IT	22/09/2020
6	Mr. Almachus Raphael	Member	Tanzanian	CPSP, ADPS	18/06/2020
7	Mr. Presley Muro	Member	Tanzanian	CPSP, ADPS	15/08/2022
8	Ms. Liipu N.Rweyemamu	Secretary	Tanzania	MBA - International Business (IB), CPSP, Advance Diploma in Materials Management (ADMA).	12/10/2018

During the year under review, the Tender Board held a total of four (4) ordinary meetings and two (2) extraordinary meetings while decisions made through circular resolutions were 366. The meetings convened, deliberated and recommended the approval of the following:

- (i) Tender document for CUIS 2022/23;
- (ii) Annual Procurement Plan for the financial year 2022/23; and
- (iii) Receiving of Procurement Implementation Report for the financial year 2021/22.

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Table 16: Attendance of the Tender Board Members from 1st July 2021 to 30 June 2023

S/N	Name	Ordinary Meetings				Extra Ordinary Meetings	
		1 st	2 nd	3 rd	4 th	1 st	2 nd
		19/08/2022	1/11/2022	27/03/2023	28/06/2023	29/09/2022	22/11/2022
1	Mr. Salum Masenga	P	P	P	p	P	P
2	Ms. Etimba Musanga	p	p	P	p	P	P
3	Ms. Adela Mayenga	P	P	P	p	P	P
4	Mr. Benson Andy	P	P	P	p	A	P
5	Mr. Jimmy Abraham	P	P	P	A	P	P
6	Mr. Almachus Raphael	P	A	P	p	A	A
7	Mr. Presley Muro	p	P	P	p	A	A
8	Ms. Liipu N.Rweyemamu	p	A	P	p	P	P

KEY: P=Present; A=Absent with apology

11.3.3 Special Appointment Committee

The Special Appointment Committee advises the Chief Executive Officer on staff recruitment, promotion, re-categorization, and other policy and strategic matters related to human resource management at the Agency. The Committee is composed of 5 members and secretary.

The following members and secretary of the Special Appointment Committee served the Agency during the year under review: -

Table 17: Members and Secretary of the Special Appointment Committee as at 30 June, 2023

S/N	Name	Position	Nationality	Qualification	Appointment/Resignation
1.	Mr. Patrick Sanga	Chairman	Tanzanian	VI, ADPSM, MSc. PSM & CPSP	1/7/2022 - 30/6/2023
2.	Ms. Janeth Masiani	Member	Tanzanian	IV, DPL SM, CPSP	1/7/2022 - 30/6/2023
3.	Ms. Sara Ilomo	Member	Tanzanian	IV, ADV DIPL SM & CPSP	1/7/2022 - 30/06/2023
4.	Ms. Asia Lipambila	Member	Tanzanian	STD VII	1/7/2022 - 30/06/2023
5.	Ms. Muhochi Fredy	Secretary	Tanzanian	VI, BPA-HRM	1/7/2022 - 30/06/2023

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During the year under review, the Committee held a total of one (2) meeting in which it deliberated and recommended to the Agency for approval the following:

- (i) Confirmation and Promotion of staff and
- (ii) Staff re-categorization

Table 18: Attendance of the Special Appointment Committee Members and Secretary from 1st July 2022 to 30 June 2023

S/N	Name	Meetings	
		17/02/2023	29/04/2023
1.	Mr. Patrick Sanga	P	P
2.	Ms. Janeth Masiani	A	A
3.	Ms. Sara Ilomo	P	P
4.	Ms. Asia Lipambila	P	P
5.	Ms. Muhochi Fredy	P	P

KEY: P= Present; A=Absent with apology

11.4 Environmental scanning of GPSA

During the period under review, the Agency analysed its operating environment through existing documentations (literature review) and brainstorming sessions. In executing its statutory role, GPSA interacts with a number of stakeholders both internal and external. These stakeholders include Central and Local Government Authorities, Development Partners, Ministerial Advisory Board, GPSA employees etc.

In order to assess GPSA capabilities in delivering its services, a SWOT analysis is important. This strategic planning framework was used to determine/evaluate the enterprise environmental factors (EEF) that could impact the organization and its operations. Strengths and weaknesses were determined to assess/evaluate the internal factors which affect the Agency's ability to deliver mandated functions as an organization. Opportunities and threats which are external factors impact the organization indirectly. To that end, the Agency has conducted internal and external assessment of key factors that affect GPSA operating environment as follows:

i) Strength

GPSA possesses a number of internal capabilities. Such capabilities include; Good governance structure and systems; Strong five years Strategic Plan which provides strategic direction for the Agency; documented and standardized processes; availability of qualified and competent staff; existence of offices countrywide which provides assured services to stakeholders; and existence of automated systems and secured working environment.

ii) Challenges that influenced the Agency's service delivery

Despite the above-mentioned strengths, GPSA has internal weaknesses. During the period under review, the Agency experienced a series of obstacles and constraints which

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intensively affected the smooth implementation of its planned targets. Some of the recorded setbacks are as follows:

- (a) Non-payment of debts by some procuring entities affects activities;
- (b) Some of Public Institutions do not procure catalogue items available at GPSA. They procure from other suppliers hence affect the Agency revenue trend and ultimately decrease the Agency's ability to perform its function;
- (c) Inadequate working facilities and environment (old and obsolete building) hence affecting staff performance;
- (d) Insufficient transport facilities to make stock available on time in the Regional Offices; and
- (e) Outbreak of COVID 19, Ukraine and Russian Crisis which distorted supply chain of Motor vehicles and stock items.

GPSA shall make use of the strengths such as committed leadership to enforce control and monitor attainment of the Agency vision and strategic objectives. Explore the advancement of ICT services and support from Government leadership including technical support for capacity building in ICT services to ensure that GPSA has a robust integrated system and improved ICT services. However, the following interventions were taken for future improvements:

- i) To procure working facilities and undertake a comprehensive plan on ensuring new offices to replace old and obsolete buildings.
- ii) Public Procurement Regulatory Agency audits are required to address procuring entities not complying with Public Procurement Act and Regulations.
- iii) Agency has a plan to procure at least two vehicles of transporting stock items at every financial year.
- iv) To search new sources for supplying stock items and motor vehicles to cover the existing shortage

iii) Opportunities

GPSA enjoys undisputable support from government leadership, advancement of ICT Services and e-commerce and operationalization of the GPSA Integrated Management Information System (GIMIS). Implementation of all these measures will improve business environment and eventually lead into growth of business and investment that will contribute towards expansion of the Agency business operations.

iv) Threats

The threats that the Agency must mitigate to leverage its performance include collusion by suppliers to create shortage of supplies through hoarding and price shifting, existence of substandard goods and counterfeit goods in the market, evaporation loss, insufficient resources to undertake planned activities, and political interference.

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GPSA shall make use of the strengths such as availability of qualified and competent staff to deal with those issues. The existence of offices countrywide provides an avenue to reach out for the majority of stakeholders and increase revenue collection. Strong and committed leadership will fast-track development of robust integrated system and shaping of synergies among departments. Strong and committed leadership will assist GPSA in mobilization of adequate resources to undertake operations.

Building staff capacity and establishment of a well-defined process will systematically deal with change management dynamics within the Agency. Other ICT challenges will be addressed by enhancing early operationalization of the GPSA Integrated Management Information System (GIMIS), the system developed by e-Government Agency to manage core business function that are inventory and warehouse, bulk procurement of Government vehicles, and clearing and forwarding of consignment and billing of service fee for the Agency.

11.5 Employees welfare

11.5.1 Management and employee's relationship

The Agency workforce during the year 2022/23 stood at 354 employees where by 259 were on permanent and pensionable terms and 95 employees on contract and temporary terms. In year 2022/23, there has been continued good relationship between Employees and the Management for the year ended 30 June, 2023. GPSA has staff regulations, which elaborate procedures for solving grievances of employees. It clearly elaborates system of handling disciplinary cases and resolving grievances of employees through their immediate supervisors to highest level. An employee who is discontented is discussing the matter with his/her immediate supervisor first before going up the ladder. Also, a healthy relationship continues to exist between Management and Workers Trade Union in this respect TUGHE.

Table 19: Number of Staff by job type at GPSA as at 30 June, 2023

Job Type	Male	Female	Total
Permanent	150	109	259
Contract	68	27	95
Total	218	136	354

11.5.2 Employee benefit plan

All GPSA employees regardless of their terms of services are members of Public Services Social Security Fund (PSSSF) and the Agency contributes to this defined contribution plan and pays pension contributions to Public Service Social Security Fund (PSSSF).

11.5.3 Training

GPSA recognises that human capital is the most important resource and as such it is committed to the training, development and education of its workforce. This is achieved through cost effective programmes aiming at providing relevant skills, knowledge and

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attitude or behaviour necessary to reach their full potential. The Agency believes that in doing so it will be able to produce highly qualified, confident, professional, and competent staff working as an effective and productive team. Consequently, this will enhance effectiveness and efficiency in service delivery. The Agency has a Staff Development and Training Programme which ensures that in each year at least 30% of all employees attend either short-term or long-term training to build capacity and improve employee's performance. During the year under review, 385 staff attended short term training on various themes costing TZS 241,695,260 as shown on the table below. No staff attended long term training.

Table 20: Number of Staff Attended Various Courses as at 30 June, 2023

S/N	Course Theme	Number of staff attended
1.	Retirement Preparation	7
2.	Induction Course	24
3.	Customer Care	336
4.	Conference on Monitoring and Evaluation	2
5.	Annual General Meeting of Supplies Professional, 2022	6
6.	Accountants' Annual Conference, 2022	6
7.	Annual Conference for Personal Secretaries	2
8.	Safe Driving	2
	Total	385

11.5.4 Financial assistance to staff

Financial assistance is available to employees through various schemes such as credit society to members of the Bohari SACCOS, GPSA Housing Cooperative Society Ltd. Also, the Agency has signed agreements with financial institutions that provide loans to GPSA staff. Under these arrangements, the Agency guarantees to remit monthly staff salaries to the financial institutions where the staff maintain bank accounts or to recover the agreed instalment from staff salaries and remit the same to respective financial institution depending on the employee's ability to pay. However, in rare cases the Accounting Officer provides financial assistance to employees in short term credit bases.

11.5.5 Transport assistance

The Agency has developed a motor vehicle and cycle loan policy with the intention of extending loan to its eligible staff in order to solve transportation problems and minimize operating costs. Transport allowance has been paid to employees to subsidize transportation costs to and from working stations. At the same time all contract staff are provided with transport allowance at the start of every month.

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11.5.6 Persons with disability

It is the policy of the Agency not to discriminate persons with disability in recruitment. Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. Disabled employees have been considered and a friendly working environment and facilities have been provided to them. The Agency provides fuel allowance to one disabled employee by taking her to the office and returning her back after work.

In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Agency continues, and appropriate training is arranged. It is the policy of the Agency that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

11.5.7 Gender parity

The Agency is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability, that does not impair ability to discharge duties. Further to that the Agency has a Gender Policy to ensure that there is gender equity to employees with different needs.

As at 30 June 2023 and 2022, the Agency had the following distribution of employees by gender.

Gender	30.06.2023	%	30.06.2022	%
Male	218	62	213	63
Female	136	38	125	37
Total	354	100	338	100

Source: GPSA Human Resources and Administration Section

Further, out of 354 staff, 43 staff are in decision making position (From Chief Executive Officer to Managers), 27 staff equivalent to 63% are males and 16 staff (37%) are females. The number of staff in decision making position includes staff with substantive posts and those in acting capacity. The following table indicates staff distribution in managerial position by gender.

Table 21: Staff in Managerial Position by Gender as at 30 June 2023

S/N	Position	Female	Male	Total	%
1.	CEO	1	0	1	2
2.	Directors	2	1	3	7
3.	Heads of Units	1	4	5	12
4.	Managers	12	22	34	79

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S/N	Position	Female	Male	Total	%
	Total	16	27	43	100
	Percent	37	63	100	

Distribution of GPSA Management as at 30 June 2023 by age is as shown in the table below. The distribution indicates that more than 75% of managerial staff (including with substantive posts and those in acting capacity) are aged 50 years or younger. Thus, GPSA is implementing a comprehensive succession planning program. The program is focusing on identification and development of a talent pool from internal staff with potential to fill key managerial positions in the organization.

Table 22: Distribution of GPSA Staff by Age as at 30 June 2023

S/N	Position	Below 41 years	41 - 50 years	Above 50 years	Total	%
1.	CEO	0	0	1	1	2
2.	Directors	1	1	1	3	7
3.	Heads of Units	0	2	1	3	7
4.	Managers	0	29	7	36	84
	Total	1	32	10	43	100
	Percent	2	74	23	100	

11.5.8 Medical Assistance

The Agency staff are members of the National Health Insurance Fund (NHIF), and medical services are provided through the fund.

11.6 Cross-cutting issues -HIV & AIDS infection and non-communicable diseases

The Agency recognizes the seriousness of the HIV & AIDS epidemic and non-communicable diseases and their negative impact on the capacity to realize Agency's Vision and Mission. During the year under review, the Agency conducted awareness seminar on HIV&AIDS infections and preventive measures on non-communicable diseases including voluntary testing.

11.7 Health and safety

The Agency has to ensure that a strong culture of safety prevails at all times. A safe working environment for all employees is ensured and incidences are attended on case basis by the Agency. The Agency is registered by Occupational Safety and Health Agency (OSHA).

11.8 Related party disclosure

The related party reported in the Financial Statements is the remuneration of the Key Management Personnel. The key management personnel for the Agency (as defined in IPSAS 20 Related Party Disclosures) are MAB Members, Agency Top Management, Head of Sections and Regional Managers.

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Related party transactions and balances relating to Agency's normal operations during the period are provided in Note 38 to the Financial Statements for the period ended 30 June 2023. On the other hand, list of transactions with other government entities and balances relating to Agency's stewardship role of bulk procurement of motor vehicles and clearing and forwarding on behalf of the Government institutions during the period are disclosed in Note 50 to the Financial Statements for the period ended 30 June 2023.

The disclosure reported in the financial statements is in relation to those members. During the year ended 30 June, 2023 a total of TZS 2,569,650,406 was paid to Key Management Personnel.

11.9 The Residual Value of the Agency Assets

The estimated useful lives, impairment and residual values of Property, Plant and equipment are reviewed annually and are in line with the rates at which they are depreciated, pursuant to IPSAS 17.67. In the financial year 2022/23, the Management reviewed the residual value and useful life of the assets to establish if there is any economic benefit to remain or to held for condemnation. The Management agreed that the Agency assets are in good condition.

11.10 Accounting Policies

The accounting policies used in the preparation of these financial statements have been disclosed in Note 2 - 13 of the financial statements. The Agency financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) under Accrual basis as issued by International Public Sector Accounting Standards Board (IPSAB) and the requirements of the:

- (i) The provision of Section 30 (2) of the Public Finance Act, Cap 348 (R.E 2020);
- (ii) Public Procurement Act CAP.410 of 2022 and its Regulations;
- (iii) Treasury Circulars and Guidelines issued from time to time; and
- (iv) Tanzania Financial Reporting Standard No. 1 - The Report by Those Charged with Governance which became operative for financial statements covering accounting periods beginning on or after 1 January 2021.
- (v) All these policies are considered to be critical to an understanding of the performance and financial position of the Agency.

11.11 Treasury Circular and Objectives

The Agency has been applying all Treasury Circulars and Guidelines issued from time to time in the preparation of the financial statements for the year under review. The purpose of Treasury Circulars issued is to improve the understanding of the prepared financial statements to the users and to ensure the applicability of International Public Sector Accounting Standards under Accrual basis.

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11.12 Risk Management and internal financial control

The Management accepts final responsibility for the risk management and internal control systems of the Agency. It is the task of the Management to ensure that adequate internal financial and operational control systems are developed and maintained on a going concern basis in order to provide reasonable assurance regarding to: -

- (a) The effectiveness and efficiency of operations;
- (b) The safeguarding of the Agency's assets;
- (c) Compliance with applicable laws and regulations;
- (d) The reliability of accounting records;
- (e) Business sustainability under normal as well as adverse conditions; and
- (f) Responsible behaviour towards all stakeholders.

Members of the Management team are responsible for the Agency's system of internal financial controls. Whilst no system of internal control can provide absolute assurance against material misstatement or loss, the Agency's internal control system is designed to provide the Agency with reasonable assurance that the procedures in place are operating effectively. The key elements of the system of internal control include: -

(a) Delegation

The overall financial objectives of the Agency are approved by the Ministerial Advisory Board. The day-to-day operations of the Agency are executed by the Management. There is a clear organizational structure detailing different lines of Agency.

(b) Budgets

Detailed annual budgets are prepared by the Management and forwarded to the Ministry of Finance and Planning in accordance with the provisions governing the Medium-Term Expenditure Framework (MTEF) for review. GPSA uses Activity Based Budgeting approach with an extensive planning and governance process focused on the Strategic Plan to determine its operational and capital requirements. Detailed annual budgets are prepared by the Management for review and approval by the MAB. Quarterly budget performance reports are prepared and evaluated by Management and submitted to the MAB to monitor actual performance against budgets. The annual budget is derived from the Agency's Strategic Plan.

(c) Competence

Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies training needs. Also, necessary training, both in house and externally helps to consolidate existing staff skills and competences.

(d) Risk and internal control assessment

The Agency Management is obliged to establish and maintain an effective system of internal control. The Audit Committee continues to oversee these controls and reviews the effectiveness of the system as a whole. The performance of the Agency internal

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control system is being assessed through continuous monitoring activities done by the Internal Audit Unit. Risk assessment is being carried out for the purpose of determining how identified risks can be mitigated so that the Agency objectives can be achieved through the implementation of the Strategic Plan (2018/2019 - 2022/23).

(e) Safeguarding of the Agency's assets

The Chief Executive Officer is responsible for safeguarding the assets of the Agency. Safeguarding assets includes the methods of protecting and maintaining the Agency's daily operations. The Agency's Financial Regulations have provided for the methods of safeguarding the Agency's assets.

(f) Reliability of Accounting Records

The Agency has employed skilled and competent staff in the Business Support Service Division and Internal Audit Unit; and has in place, a computerized accounting system (MUSE). Accordingly, proper books of accounts have been maintained and the financial statements are prepared and presented in compliance with the International Public Sector Accounting Standards (IPSAS).

(g) Other Policies and Regulations

The Agency has in place various policies and regulations including Investment Policy, Financial Regulations, Procurement Manual, Accounting and Stores Manual, Clients' Staff Rules and Regulations and the Schemes of Service. These policies were prepared in order to strengthen the internal controls and hence, promote efficiency within the Agency's operations.

(h) Compliance with laws and regulations

The principal functions and operations of the Agency are governed by the Executive Agencies Act No. 30 of 1977 vide GN 235 of 7th December 2007 as amended as per GN 133 of 13th April 2012. The Chief Executive confirms that the activities and operations of the Agency were conducted in accordance with the laws and that there was no non-compliance with other applicable laws and regulations that would have material impact on the Agency's Financial Statements for the year ended 30 June 2023.

11.13 Ultimate owner/ shareholder of the Agency

Agency wholly (100%) owned by the Government of Tanzania through the Treasury Registrar.

11.14 Surplus and reserves

The surplus and reserves of the Agency are not available for distribution. Such surplus and reserves, whenever they are available, are exclusively and wholly used for financing future development and infrastructure of the Agency.

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11.15 Corporate social responsibility

The Agency upholds good corporate social responsibility practices. It identifies itself with the community that it works with and maintains good working harmony. The level of responsibility is dependent on the nature of operations within the vicinity.

The Agency is committed to fulfilling part of its Corporate Social Responsibility (CSR) through supporting national activities and other areas of interest to the Agency in the United Republic of Tanzania. In this endeavour, during the year, the Agency expected to contribute a total of TZS 3,977,417,390 to the Government Consolidated Fund being 15% current year collection. However, 3,061,768,892 was actual transfer during the year and a difference of TZS 915,648,108 was payable to Government Consolidated Fund. The Agency conducted several CSR activities such as funding TZS 500,000.00 to support blood donation campaign by students from more than 2,000 schools to enable blood donation whereby more than 700 bottles were collected in Dar es Salaam region. Also, the Agency funded TZS 1,500,000.00 to support the commemoration of two years success of her Excellency the President of the United Republic of Tanzania in Simiyu, Mbeya and Kigoma. Donation of prizes to best students taking procurement studies in Tanzania at PSPTB event, donation of special sticks for the blind, facilitated transport of Members of Deaf Association (TADEDEO) to attend World Deaf Day at Mtwara, facilitated National torch summit, National Youth day and Mwalimu Nyerere memorial day commemorations at Kagera region, and facilitated national AIDS day commemoration at Lindi. All of these were part of the Agency's CSR.

11.16 Fight Against Corruption

The Agency Management is committed to fighting corruption. Among measures instituted to curb corruption, recruitment of employees is done competitively by advertising in newspapers and in accordance with the provisions of the Public Service Act of 2002 and the Public Services Regulations of 2003. Procurement is done in accordance with the requirements of the Public Procurement Act, 2011 (as amended in 2016) and its Regulations of 2013 (as amended in 2016) and Public Finance Act, 2001 (revised 2020).

11.17 Environmental control programme

The Agency has statutory obligation to adhere to environmental management Act of 2004, where it has both legal and constructive obligations to make good on any environment clean. For the year under review no default claims were instituted against the Agency as a result of environmental destruction acts.

11.18 Serious prejudicial matters

During the year ended 30 June, 2023, there were no prejudicial issues to report as required by Tanzania Financial Reporting Standard No. 1 - The Report by Those Charged with Governance. (2021/22: None)

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11.19 Government contribution

As part of compliance with the Treasury Act Cap. 370 of 1959 as amended, GPSA is required to contribute 15% of the internally generated revenue. To that effect, the Agency contributed TZS 3,061.78 million for year 2022/23 compared to TZS 2,919.48 million paid in 2021/22.

11.20 Political and charitable donations

The Agency did not make any political donations during the year ended 30 June 2023. Donations were made to institutions and charitable organizations to acknowledge the Agency's responsibility to societal needs.

11.21 Critical accounting policies and judgements

Results of the Agency are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the Management's responsibility under the Executive Agencies Act No. 30 of 1997 as amended to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in Note 7 and Note 8 of these Financial Statements.

11.22 Capital management

Capital includes capital fund and accumulated surpluses, which stood at TZS 79,948,995,000 (2021/22: TZS 69,606,678,000). The primary objective of the Agency's capital management is to ensure that it maintains a strong asset base in order to support its objectives and optimize achievement of stakeholders' expectations.

No changes were made in the objectives, policies or processes during the years ended 30 June 2022 and 30 June 2023.

11.23 Statement of compliance

In performing the activities of the Agency, various laws and regulations having the impact on the Agency's operations were observed. Moreover, this report has been prepared in full compliance with the Tanzania Financial Reporting Standard No. 1 requirements - The Report by Those Charged with Governance.

GOVERNMENT PROCUREMENT SERVICES AGENCY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30
JUNE 2023

12. APPOINTMENT OF AUDITORS

Pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), Sections 30 - 33 of the Public Audit Act No. 11 of 2008 mandates the Controller and Auditor General (CAG) as the statutory auditor of the Agency.

In addition, Section 15(2) of the Executive Agencies Act No. 30 of 1997 and its subsequent amendments earmarked that the annual external audit of the Agency shall be performed by the Controller and Auditor General in accordance with International Public Sector Accounting and audit standards and in compliance with the Public Finance Act No. 6 of 2001 (revised 2020). In view of that, the GPSA auditor during the reporting period is Controller and Auditor General whose address is provided below:

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
Tel: +255 (026) 2321759,
Fax: +255(026) 2117527,
41104, Tambukareli,
Dodoma, Tanzania.
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz
TIN:104-962-444

13. RESPONSIBILITY OF THE AUDITOR

The responsibilities of CAG are stipulated in article 143 (2) of the Constitution of United Republic of Tanzania (Cap.2). In this regard, CAG has been assigned the responsibility of auditing and reporting on the accounts, financial statements and financial management of GPSA. This includes responsibility of providing assurance of the correctness and consistency of the information contained in the report by those charged with governance with the ones provided in the Financial Statements. Along with this, CAG has responsibility of satisfying himself on matters listed under Section 10 of the Public Audit Act, Cap 418. Further, Section 48(3) of the Public Procurement Act, 2011 requires CAG to state in his annual audit report whether or not the audited entity has complied with procedures prescribed in Procurement Act and its regulations.

GOVERNMENT PROCUREMENT SERVICES AGENCY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30
JUNE 2023

14. APPROVAL

This report was approved by the Management of the Agency on 30 August 2023 and signed on its behalf by:


.....
Prof. Geraldine A. Rasheli
Chief Executive Officer

Date: 26/03/2024


.....
Adela Mayenga
Director of Business Support Services

Date: 26/3/2024

STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

Pursuant to section 25(4) of the Public Finance Act 2001 (revised 2020) the Management is required to prepare financial statements which represent a true and fair view of financial and non-financial operations of the reporting entity as at the end of the financial year. Furthermore, the Act requires Management to ensure that the reporting entity keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity. The Management is also responsible for safeguarding the assets of the entity.

The Government Procurement Services Agency Management, accept responsibility for the Annual Financial Statements for the year ended 30 June 2023 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International Public Sector Accounting Standards (IPSASs) accrual basis; and in the manner required by Section 14 (1) of the Executive Agency Act, Cap 245 of 1997 (amended 2009) and the Agency's Accounting Manual.

The Agency Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Agency which enable them to ensure that the financial statements comply with the Public Finance Act, Cap 348 [R.E 2020]. It is also responsible for safeguarding the assets of the Agency and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

To the best of my knowledge, the system of internal control has operated adequately throughout the reporting period and that the financial statements and underlying records provide a reasonable basis for the preparation of the financial statements for the financial year ended 30 June 2023.

I accept responsibility for the integrity of the financial statements, the information they contain and their compliance with the Public Finance Act, Cap 348 [R.E 2020] and instructions issued by Treasury in respect of the year under review.


.....
Prof. Geraldine A. Rasheli
Chief Executive Officer

Date: 26/03/2024


.....
Adela Mayenga
Director of Business Support Services

Date: 26/3/2024

DECLARATION OF THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2023

The National Board of Accountants and Auditors (NBAA), according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Management to discharge their responsibility of preparing Financial Statements of the Agency showing true and fair view of the financial position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Agency's Management under the Chief Executives Officer as per the Statement of Responsibility By Those Charged With Governance.

I, **CPA Jensen Y. Mdoe**, being the Head of Finance of the Government Procurement Services Agency, hereby acknowledges my responsibility of ensuring that financial statements for the year ended 30 June 2023 have been prepared in compliance with IPSAS Accrual Basis, NBAA's Pronouncements and other statutory requirements.

I, thus, confirm that the financial statements for the year ended 30 June 2023 give a true and fair view of the Agency as on that date and that they have been prepared based on properly maintained financial records.

Signature: 

Position: **Ag. Finance and Accounts Manager**

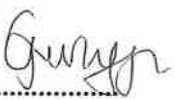
NBAA Membership No.: **ACPA 3566**

Date: **26 March 2024**

GOVERNMENT PROCUREMENT SERVICES AGENCY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2023

ASSETS	NOTE	2022/23 TZS	2021/22 TZS
Current assets		"000"	"000"
Cash and cash equivalents	14	148,719,137	236,578,896
Trade and other receivables	15	12,294,341	8,970,153
Inventories	16	13,636,060	8,408,073
Prepayment	17	190,396	415,520
		<u>174,839,934</u>	<u>254,372,642</u>
Non-current assets			
Property, plant, and equipment	18	45,266,853	45,286,809
Capital works in progress	19	2,043,180	298,979
Intangible assets (GIMIS)	20	356,796	159,695
		<u>47,666,830</u>	<u>45,745,483</u>
Total assets		<u>222,506,764</u>	<u>300,118,125</u>
LIABILITIES			
Current liabilities			
Payables and accruals	21	8,532,941	13,938,867
Customer's Deposit	22	134,024,828	216,572,580
Total liabilities		<u>142,557,769</u>	<u>230,511,447</u>
Net assets		<u>79,948,995</u>	<u>69,606,678</u>
NET ASSETS/EQUITY			
Capital contributed by			
Capital Fund		24,582	24,582
Accumulated surplus/ (deficit)		79,924,413	69,582,096
TOTAL EQUITY		<u>79,948,995</u>	<u>69,606,678</u>



Prof. Geraldine A. Rasheli
Chief Executive Officer

Date: 26/03/2024




Adela Mayenga
Director of Business Support Services

Date: 26/3/2024

GOVERNMENT PROCUREMENT SERVICES AGENCY


STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2023

	NOTE	2022/23 TZS	2021/22 TZS
Revenue			
Revenue from exchange transaction		"000"	"000"
Sales of stores	24	224,947,134	193,418,938
Cost of sales	24	(208,286,532)	(176,288,367)
Net operating Income		16,660,602	17,130,571
Own source collections	25	9,855,513	7,632,320
Gain on disposal of Assets	26	17,717	-
Sub Total Revenue from Exchange transaction		9,873,230	7,632,320
Total Revenue from exchange transactions		26,533,832	24,762,891
Revenue from non-exchange transaction			
Government Subvention (P.E.)	23	3,777,027	3,625,109
Total Non-exchange Transaction		3,777,027	3,625,109
Total revenue		30,310,859	28,388,000
Expenses			
Wages and salaries	27	4,253,125	3,846,743
Employment benefits	28	3,113,116	2,337,750
Motor vehicle running expenses	29	768,135	743,403
Maintenance and repair expenses	30	230,737	199,063
Staff welfare and development	31	251,244	204,826
Administration and office expenses	32	3,353,936	2,473,716
Travelling expenses	33	1,396,998	1,091,593
Distribution expenses	34	36,600	70,643
Depreciation and amortization expense	18	1,508,001	1,798,255
Impairment PPE	18	249,286	-
Impairment of Intangible assets (FMIS)	20	-	783,990
Allowance for inventory loss	16	532,894	282,197
Other expenses	35	-	492,838
Loss on foreign exchange transactions		297,052	294,352
Total expenses		15,991,125	14,619,370
Transfers			
Contribution to exchequer	37	3,977,417	2,919,476
Total expenses and transfer		19,968,542	17,538,846
Net surplus/(deficit) for the period		10,342,317	10,849,154



 Prof. Geraldine A. Rasheli
 Chief Executive Officer

Date: 26/03/2024



 Adela Mayenga
 Director of Business Support Services

Date: 26/03/2024

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 TZS"000"	2021/22 TZS"000"
Cash flow from operating activities			
RECEIPTS			
REVENUE FROM NON-EXCHANGE TRANSACTION			
Government Subvention	23	3,777,027	3,608,392
REVENUE FROM EXCHANGE TRANSACTION			
Cash receipts from customers	36	224,102,016	186,303,594
Collection from rent (warehousing)	42	705,940	612,778
Own source income	38	5,593,928	6,005,691
TOTAL RECEIPTS		234,178,911	196,530,455
PAYMENTS			
Consumable (purchases)	39	(219,453,339)	(176,026,221)
Wages and salaries	27	(4,253,125)	(3,936,025)
Employment benefits	28	(3,113,116)	(2,337,750)
Motor vehicles running expenses	29	(768,135)	(743,403)
Maintenance and repair expenses	30	(230,737)	(199,063)
Staff welfare and development	31	(251,244)	(204,826)
Administration and office expenses	32	(3,353,936)	(2,473,716)
Travelling expenses	33	(1,396,998)	(1,091,593)
Distribution expenses	34	(36,600)	(70,643)
Contribution to exchequer	42	(3,061,769)	(2,919,476)
TOTAL PAYMENT		(235,918,999)	(190,002,716)
Net cash flow from operating activities		(1,740,088)	6,527,739
Cash flow from investing activities			
Purchase of property, plant and equipment	18	(1,737,331)	(5,173,542)
Regional Office Construction	19	(1,557,844)	(298,979)
Proceeds from disposal of fixed assets	26	20,308	-
Net cash flow from investing activities		(3,274,867)	(5,472,520)
Cash flow from financing activities			
Closing balance customers' deposit		134,024,828	216,572,580
Opening balance customers' deposit		(216,572,579)	(115,508,964)
Net cash flow from financing activities		(82,547,751)	101,063,616
Net Increase/(decrease) in cash and cash equivalent		(87,562,708)	102,118,834
Cash and cash equivalent at the beginning		236,578,896	134,754,414
Effects of exchange rate changes		(297,052)	(294,352)
Cash and cash equivalent at the end	14	148,719,137	236,578,896

Prof. Geraldine A. Rasheli
Chief Executive Officer

Date: 26/03/2024

Adela Mayenga

Director of Business Support Services

Date: 26/03/2024

GOVERNMENT PROCUREMENT SERVICES AGENCY

STATEMENT OF CHANGE IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	Capital fund TZS"000"	Accumulated surplus/(deficit) TZS"000"	Total TZS "000"
		TZS	TZS	TZ
Opening Balance as of 1 July, 2022		24,582	69,582,096	69,606,678
Surplus/deficit for the year		-	10,342,317	10,342,317
Balance as of 30 June, 2023		<u>24,582</u>	<u>79,924,413</u>	<u>79,948,995</u>
Balance as of 1 July, 2021		24,582	58,444,905	58,469,487
Correction of Error	9(iii)		288,037	288,037
Balance restated as at 1 July, 2021		<u>24,582</u>	<u>58,732,942</u>	<u>58,757,524</u>
Surplus/deficit for the year		-	10,849,154	10,849,154
Balance as of 30 June, 2022		<u>24,582</u>	<u>69,582,096</u>	<u>69,606,678</u>



 Prof. Geraldine A. Rasheli
 Chief Executive Officer

Date: 26/03/2024



 Adela Mayenga
 Director of Business Support Services

Date: 26/3/2024

GOVERNMENT PROCUREMENT SERVICES AGENCY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	Original TZS "000"	Budget Amounts Final TZS "000"	Actual Amounts on Comparable Basis TZS "000"	Difference: Final Budget and Actual TZS "000"	% Perform ance
RECEIPTS:						
Government Subvention	23	3,957,928	3,957,928	3,777,027	(180,901)	95
Cash Receipts from Customers	36	13,910,204	13,910,204	224,102,017	210,191,813	1511
Own source income	42 & 38	6,501,589	6,501,589	6,299,868	(201,720)	32
Proceed from disposal of asset		-	-	20,308	20,308	0
Total Receipts		24,369,721	24,369,721	234,199,219	209,829,498	
PAYMENTS:						
Consumables (Purchases)	39	-	-	219,453,339	(219,453,339)	0
Wages and salaries	27	4,386,176	4,386,176	4,253,125	(33,051)	97
Employment benefits	28	3,260,929	3,260,929	3,113,116	147,812	95
Motor vehicle running expenses	29	785,568	785,568	768,135	17,433	98
Maintenance and repair expenses	30	417,317	417,317	230,737	186,580	55
Staff welfare and development	31	365,902	365,902	251,244	114,657	69
Administration and office expenses	32	3,388,304	3,338,304	3,353,936	(15,632)	107
Travelling expenses	33	1,566,244	1,566,244	1,396,998	169,246	89
Distribution expenses	34	104,213	104,213	36,600	67,612	35
Contribution to exchequer	42	3,061,769	3,061,769	3,061,769	-	0
Acquisition of Property, Plant and Equipment	18	7,033,300	7,033,300	3,295,176	3,738,124	47
Withdraw from Customers' Deposits		-	-	82,547,751	(82,547,751)	0
Total Payments		24,369,721	24,369,721	321,761,926	(297,442,204)	
Net Receipts/Payments		-	-	(87,562,707)	87,562,707	

Geraldine A. Rasheli

Prof. Geraldine A. Rasheli

Chief Executive Officer

Date: 26.06.2024

Adela Mayenga

Adela Mayenga

Director of Business Support Services

Date: 26.06.2024

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Statute and principal activities of the Agency

Establishment

The Government Procurement Services Agency (GPSA) is an Executive Agency established under the Executive Agency Act No. 30 of 1997 vide GN 235 of 7th December 2007 and amended as per GN 133 Of 13th April 2012. The Agency was officially inaugurated on the 16th June 2008.

The physical address of the Head Office of the Agency is:

*Government Procurement Services Agency [GPSA],
4 Bohari Kuu Road,
P.O. Box 9150,
15104 Keko Mwanga 'A', Temeke,
Dar es Salaam, TANZANIA.*

Principal activities

The Government Procurement Services Agency (GPSA) in July, 2008 took over the functions that were performed by the Supplies and Services Department under the then Ministry of Infrastructure Development.

2. Basis of preparation

The Agency financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis issued by the International Public Sector Accounting Standards Board. The Statements have been prepared on a historical cost basis. The cash flows statement is prepared using the direct method. Financial statements are prepared on an accrual basis.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

The financial statements are presented in Tanzania Shillings, which is the functional and reporting currency of the Agency, and all values are rounded to the nearest thousand (TZS 000).

No adjustments have been made for other inflationary factors affecting the Financial Statements.

The annual budget is prepared on the Cash Basis IPSAS while Financial Reporting Framework is under the Accrual Basis of Accounting as issued by the International Public Sector Accounting Standards Board (IPSASB) and as stipulated by the Public Finance Act, 2001 (Revised 2020).

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The budget is approved on a cash basis by function classification. The approved budget covered the fiscal period from 1st July, 2022 to 30 June, 2023 and includes all activities within the Agency.

Statement of Compliance

The Agency's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis issued by the International Public Sector Accounting Standards Board (IPSASB).

Reporting period

The reporting period for these financial statements is for the year ended 30 June 2023.

Where necessary, the financial information for the Agency that have a balance date other than 30 June has been adjusted for any transactions or events that have occurred since their most recent balance date and that are significant for the Financial Statements of the Agency

Comparatives

When presentation or classification of items in the financial statements are amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so.

3. Changes in accounting policies

The accounting policies adopted by the Agency were consistent with those of the previous financial year.

New and changes to standards and interpretation that are effective

There were no new/amended standards and interpretations which affected the Agency during the year. Amendments resulted from IPSAS improvements to standards did not have any impact on the accounting policies, financial positions or performance.

4. New standards and interpretations issued but not yet effective and not early adopted by the Agency

New and changes to standards and interpretation that are effective

Changes resulting from the new or revised standards, interpretations, amendments to the existing standards, interpretations and improvements to the IPSASs that were effective for the current reporting from 1st July 2022 did not have any impact on the accounting policies, financial position or performance of the Agency.

New and amended standards and interpretation issued but not yet effective

The new and amended standards issued but not effective up to the date of issuance of the Agency's financial statements are not expected to have an impact on the financial statements of the Agency and have not been applied in preparing these financial

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

statements. Those which may be relevant to the Agency are set out below. The Agency does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated or where applicable.

Standard	Impact	Effective date
IPSAS 43: Leases	IPSASB approved IPSAS 43, Leases with an effective date of January 1, 2025. IPSAS 43 supersedes IPSAS 13, Leases and introduces the right-of-use model for lessees, aligning with IFRS 16, Leases. The IPSASB will continue consideration of public sector specific leasing issues, such as concessionary leases, in its Other Lease-Type Arrangements project.	1 st January, 2025
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	This standard is based on International Financial Reporting Standard (IFRS) 5, Non-current Assets Held for Sale and Discontinued Operations. The new IPSAS specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. IPSAS 44 includes additional public sector requirements, in particular, the disclosure of the fair value of assets held for sale that are measured at their carrying amounts, when the carrying amount is materially lower than their fair value. It requires assets that meet the criteria to be classified as held for sale to be: (a) Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and (b) Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.	1 st January, 2025
IPSAS 45: Property, Plant, and Equipment	IPSAS 45 is an International Public Sector Accounting Standard that replaces IPSAS 17, Property, Plant, and Equipment. It provides updated guidance on how to recognize and measure public sector assets, including heritage and infrastructure assets. The standard adds current operational value as a measurement basis in the updated current value model for assets within its scope 1. IPSAS 45 was approved by the IPSASB and published in May 2023. The effective date of the standard is January 1 st , 2025	1 st January, 2025
IPSAS 46: Measurement	The IPSASB approved IPSAS 46, Measurement. The IPSASB approved IPSAS 46, Measurement finalizing the underlying concepts and guidance that will underpin the	1 st January, 2025

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Standard	Impact	Effective date
	<p>IPSASB's approach to measurement for many years. The objectives include to:</p> <p>(a) <i>issue amended IPSASs with revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosure;</i></p> <p>(b) <i>provide more detailed guidance on the implementation of replacement cost and cost of fulfilment and the circumstances under which these measurement bases will be used; and</i></p> <p>(c) <i>address transaction costs, including the specific issue of the capitalizing or expensing of borrowing costs.</i></p>	
<p>IPSAS 47: Revenue</p>	<p>The IPSASB approved IPSAS 47, Revenue, which is a single standard to account for revenue transactions in the public sector. IPSAS 47 replaces the existing three revenue standards (IPSAS 9, Revenue from Exchange Transactions; IPSAS 11, Construction Contracts; and IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers) and presents accounting models which will improve financial reporting and support effective public sector financial management.</p> <p>The aim of the project is to develop IPSAS for revenue transactions.</p> <p>IPSAS 47 will be effective for periods beginning on or after January 1st, 2026.</p>	<p>1st January, 2026</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>The IPSASB approved IPSAS 48, Transfer Expenses, which provides guidance on a major area of expenditure for governments and other public sector entities. IPSAS 48 fills a gap which had previously led to ambiguity and inconsistency of accounting policies in the public sector.</p> <p>The effective date of the standard is January 1st, 2026</p>	<p>1st January, 2026</p>

5. International Public Sector Accounting Standards (IPSAS) not used by the Agency.

The following standards have not been adopted by the Agency as they are not applicable due to the nature of the activities the Agency is carrying out and none of these are expected to have a significant effect on the financial statements of the Agency.

IPSAS 10: Financial Reporting in Hyperinflationary Economies

IPSAS 11: Construction Contracts

IPSAS 18: Segment Reporting

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

IPSAS 27: Agriculture

IPSAS 32: Service Concession Agreements

IPSAS 37: Joint Arrangements

IPSAS 40: Public Sector Combination.

6. Statement of compliance and basis of preparation

The Agency financial statements have been prepared in accordance with the requirements of the Public Finance Act, Cap 348 (R.E. 2020), which include the requirement to comply with Accrual IPSASs, and Treasury Instructions (Circulars). Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) is applied.

7. Key Assumptions and Judgements

These financial statements reflect the Agency's financial position (service potential and financial capacity) as at 30 June 2023, and the financial results of operations and cash flows for the year ended on that date. Underpinning these financial statements are a number of judgements, estimations and assumptions. These include assumptions and judgements about the future, in particular, the service benefits and future cash flows in relation to existing assets and liabilities.

The assumptions in these financial statements are based on the best information available at the time of their preparation. Given the inherent uncertainty of predicting the future, actual events are likely to differ from these assumptions, which may have a material impact on the results reported in these financial statements.

8. Assumptions over future cash flows

The assumptions over future cash flows largely reflect the rights and obligations that exist at 30 June 2023 and the extent to which experience has shown that payments owing to the Agency will be honoured, and when and the extent that obligations owed by the Agency will come due. Judgements around the amount and duration of future cash flows are critical for valuations. These assumptions are largely based on extrapolating historical experience. As time goes on, better information becomes available, and estimates are updated to reflect more current information.

9. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have consistently been applied for all the years presented, except if mentioned otherwise. Key accounting policies are included in the specific notes to which they relate. However, significant accounting policies that do not relate to a specific note are outlined below:

Certain comparative amount in the statement of financial performance have been restated, reclassified or re-presented, as a result of a change in accounting policy, a

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

correction of prior period error, a change in classification of certain depreciation expenses during the current year.

(i) Revenue recognition

Non-exchange revenue

Government Subvention such as Personal Emoluments and Other Charges received from the Central Government are measured at the fair value as at the date of acquisition.

However, if an inflow of the resources has conditions attached (*for example Grants from donor and Development fund from Central Government*) a liability is recognized from non-exchange transaction. When the Agency is satisfied with the present obligation then revenue is recognized as an amount equal to the reduction of the carrying amount of the liability recognized.

Grant with No Conditions

Revenue from a non-exchange transaction is measured by the amount of the increase in net assets recognized by the Agency.

Other Government Grants

Other government grants are recognized as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Agency with no future related costs are recognized in statement of financial performance in the period in which they become receivables.

Exchange revenue

Surplus from sales of stores

Surplus from Sales of Stores is recognized after rendering the services to the procuring entity. It is determined by considering value of purchases, change in inventory at cost (*opening and closing*) and sales value for the period.

Agency fee from clearing and forward

Agency fee for clearing and forwarding is recognized after goods (*consignment*) are cleared and delivered to PE. The tariff applicable is based on the value of the consignment and the point of entry. Most consignments are charged from as low as TZS 300,000 per consignment with CIF value below TZS 37,500,000, otherwise the tariff ranges from 0.8% to 0.4% for any consignment with CIF value above TZS. 37,500,000 and below TZS 500,000,000. Any consignment with CIF value above TZS 500,000,000 gives room for negotiation.

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Procurement service fee

This inflow comprises of Agency fee from any procured vehicle/cycle, Third (3rd) party procurement and framework agreement service fee from suppliers and Service providers.

- (a) Agency fee from procurement of motor vehicles is charged at the rate of 1% of the total purchase price and is recognized after the motor vehicle is delivered to procuring entity (PE). Third (3rd) party procurement fee is charged based on fifth schedule (GN 333) of the Public Procurement Regulations, 2013 as amended. The same is recognized after the contract document is submitted to the procuring entity/ service rendered or goods delivered to PE.
- (b) Framework agreement service fee is charged at the rate of TZS 100,000 per contract document and is recognized immediately when the framework agreement is signed and issued to the supplier.

Sales of tender document

Inflow is recognized immediately when the supplier pays for the tender document and the rate is TZS 100,000 per document.

Rental income

Rental income arising from renting warehousing/godowns accounted for on a straight-line basis over the rental terms and included in revenue. The Agency recognizes rental income as the tenant signs the rental contract and occupies the space.

(ii) Property plant and equipment

The Agency property, plant and equipment comprises of Land, Buildings, Plant and Machinery, Motor Vehicles, Motorcycles, Furniture, Computers, Printers and other equipment and are measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Where an asset is acquired at no cost, or of nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired through a non-exchange transaction, its costs shall be measured at its fair value at the date of acquisition. Subsequently, after recognition as an asset, an item of property, plant and equipment shall be carried at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated because it has an infinity life.

The carrying values of property, plant and equipment are reviewed for impairment when events or circumstances indicate that the carrying values may not be recoverable. If any such indicators are present and where the recoverable amount of an asset is less

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than its carrying value, the carrying value of the asset is written down to its recoverable amount through the statement of financial performance.

Depreciation of Property, Plant and Equipment

The depreciation rates in use are shown below.

Assets Category	Rate (%)
Land	Over the lease term
Building	2
Plant and machinery	6.6
Motor vehicles heavy duty	10
Motor vehicles light duty	20
Motorcycles	14.3
Furniture and equipment	20
Computer equipment	25
UPS	14.3

No depreciation is charged to capital work-in-progress. Property, plant and equipment acquired during the year are depreciated from the month when they are available for use (depreciation is charged on prorata basis depending on the month such assets are available for use during the year) and cease to be depreciated at earlier of the month that the asset is classified as held for sale or the date that the assets are derecognised.

Property and equipment are derecognised when no economic benefits are expected from its use or disposal. The disposal methods applied include; sale, donation or scrapping. Gains or losses on disposal of property and equipment are determined by comparing net disposal proceeds if any with the carrying amount and are taken into account in determining gain or loss from disposal.

(iii) Correction of Errors

In the financial year 2022/23, the Agency reviewed useful life of its non-current assets. In view of that, depreciation charge for financial years 2016 to 2023 were re-computed basing on revised useful life in line with the guidance provided by Ministry of Finance through Accounting Circular No.2 of 2021/22 on estimating the remaining useful lives of assets and IPSAS 17. Thereafter, necessary changes were effected on accumulated depreciation as follows:

Details	Amount in TZS	
	DR	CR
Accumulated Depreciation - Office Furniture	104,233,571	
Accumulated Depreciation - Office Equipment	148,896,552	
Accumulated Depreciation - Computer	34,906,452	
Accumulated Surplus		288,036,575
Total	288,036,575	288,036,575

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In view of the aforementioned, the accumulated depreciation and Accumulated Surplus reported subsequent to 2016 were affected where the reported Accumulated Depreciation were reduced by TZS 288,036,575 and Accumulated Surplus were increased by TZS 288,036,575.

(iv) Intangible assets

Intangible assets consist of computer software (GPSA Integrated Management Information System).

An intangible asset is recognized when it is identifiable, the Agency has control over the asset, it is probable that economic benefits will flow to the Agency, and the cost of the asset can be measured reliably. Intangible assets that do not meet these criteria are recognized as an expense in the period in which the expense is incurred. The estimated useful life for intangible asset class is as follows:

Intangible Asset	Estimated Useful Life
Software acquired internally (GIMIS)	Infinite useful life (Developed internally)

(v) Major Renovation and rehabilitation

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

(vi) Related Parties

Related parties refer to entities, which are subject to common control with GPSA i.e. controlled by the Government of Tanzania. The Agency and the other entities are either in substance or in legal form relationship. These are Ministries, Departments, Agencies and Parastatals under the control of the Government. Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged or not. Basing on assessment done by the Agency only transactions relating to Treasury qualified as related party transactions. Other transactions with related parties occurred in the normal PEs- Agency relationship. Related party transactions for current reporting period and its respective preceded period are disclosed in **Note 40** to the Financial Statements.

(vii) Expenses and Prepayments

Expenses are decreases in economic benefit or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decrease in net assets/equity, other than those relating to distribution to owners. The Agency expenses includes employees' benefits, travelling expenses, fuel and lubricants, general expenses, depreciation and finance cost. Expenses are recognized in the period in which they are incurred.

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Prepayments are amounts paid for in advance of the goods or services being received later on. Prepayments are recognized initially as assets and thereafter as assets or expense after fulfilment of agreed conditions.

(viii) Inventories

The Agency maintains inventory in the form of Mechanical (Fuel) and General stores Items (goods) on behalf of Procuring Entity (PE). Agency Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimate of selling price in the ordinary course of business, less selling expenses. PE inventory are held at the lower of the cost and current replacement cost.

Where inventories are acquired through a non-exchange transaction, their cost shall be measured at fair value as at the date of acquisition. Cost is determined by using First in First out method basis after making due allowances for obsolete stock for Goods. For Mechanical inventory the Agency makes a provision for evaporation.

Any write-down from cost to net realizable value or for the loss of service potential or from cost to net realizable value is recognised in surplus or deficit in the year of the write-down.

(ix) Cash and cash equivalents

Cash and cash equivalents are short term highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

Cash and cash equivalents are carried in the Statement of Financial Position at face value. For the purpose of the Statement of Cash flow, cash and cash equivalents comprises of cash in hand and deposit on call/specific short time without any encumbrances.

(x) Employment benefit

Short Term Benefits - Salaries and Wages

Salaries and wages for current employees are recognised in the Statement of Financial Performance as the employees' services are rendered.

Post-Employment Benefits - Defined Contribution Plan

The employees of the Agency are members of the Public Service Social Security Fund (PSSSF). The Fund are State owned and is responsible for all staff pension benefits on retirement. The employees contribute 5% to 10% of their basic salaries on a monthly basis while the Agency contributes 10% to 15% of the employees' basic salaries to the Fund. The Agency's contributions are charged to the Statement of Financial Performance as an expense.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(xi) Financial instruments

Classification

The Agency Financial instruments include cash and bank balances, receivables and trade payables.

Financial assets

The Agency's principle financial Assets are cash at bank and cash on hand, trade receivables and other receivables excluding prepayment.

Financial liabilities

The Agency's principle financial liabilities are trade and other payables excluding accruals.

Initial recognition and measurement

Financial instruments are recognized on the statement of financial position when the entity becomes party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent to initial recognition these instruments are measured depending on their classification.

(a) Trade and other payables

Trade and other payables are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

(b) Cash and cash equivalents

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash at bank and cash on hand.

(c) Trade and other receivables

Trade and other receivables are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Trade and other Receivables from exchange transactions are disclosed separately from trade and other receivables from non-exchange transactions.

(d) Gains and losses

Gains and losses arising from a change in the fair value of financial instruments are included in net surplus or deficit in the period in which they arise.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(e) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the entity has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(f) Prepayments

Prepayments are recognized as assets when payment for goods or services has been made in advance of obtaining a right to access those goods or services.

(g) Provisions

Provisions are recognised when the Agency has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Agency expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in the statement of financial performance net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for legal liabilities

Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgements than other types of provisions. When cases are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists as a result of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through various stages of the cases, Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognized, and the estimated amounts of any such provisions, revising previous judgements and estimates as appropriate.

(i) Contingent liabilities

The Agency does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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(ii) Contingent assets

The Agency does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

(iii) Other uncertainties

In addition to those items in the statement of financial position there are a number of possible assets or liabilities that may arise in the future but are not currently recognised. This is because they are dependent on uncertain future events occurring or the asset/liability cannot be measured reliably at this point. If these contingencies crystallize, there will be an impact on the operating balance and net worth of these financial statements.

(iv) Foreign Currency Transactions and Balances

Functional and presentation currency

The Financial Statements items of the Agency are measured and presented using the currency of the primary economic environment which is Tanzanian Shillings (TZS). This is the Agency's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings (TZS) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Monetary assets and liabilities are translated into Tanzanian Shillings using the ruling rate at the Statement of Financial Position date. Each outflow in foreign exchange is revalued using the prevailing exchange rate and compared with the rate at which the outflow was recognised in the books of accounts. Where specific originating rate cannot be identified, the applicable is determined on First in First out (FIFO) basis. The difference between the two entries represents realized revaluation gains or losses. All balances in foreign currencies are revalued using prevailing exchange rates. The differences between the values at the time when the related instrument was recognised, and the current values represent unrealized losses or gains as the case may be.

(i) Comparative figures

Prior period comparative information has been presented in the current financial year, where necessary, comparative figures have been adjusted to conform changes in presentation in the current year.

(ii) Taxation

The Agency as a Government entity is exempt from taxation. However, the Agency withholds taxes on services offered by suppliers and remit to Tanzania Revenue Agency (TRA) within the stated time.

(iii) Related parties

The Agency regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Agency, or vice versa. Members of the Ministerial Advisory Board (MAB) and the key management personnel are regarded as related parties. All transactions with related parties are disclosed in accordance with IPSAS 20 "Related Party Disclosures".

(iv) Impairment of non-financial assets

Assets are reviewed for impairment losses in accordance with IPSAS 21 whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount. Impairment losses are recognised in the Statement of Financial Performance in the period in which they are incurred.

If any indication exists, or when annual impairment testing for an asset is required, the Agency estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Agency estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Financial Performance. In this regard, Management is considering the following indicators:

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- (a) Significant long-term adverse changes in the technological, legal or Government policy environment
- (b) Cessation or near cessation of demand for services provided by asset.
- (c) Asset's market value has declined significantly more than would be expected with the normal passage of time or normal use
- (d) A significant long term decline in demand for services provided by asset.
- (e) Evidence of physical damage or obsolescence of an asset.
- (f) Becoming idle, plans to discontinue or restructure the operation to which an asset belongs,
- (g) Plans to dispose of an asset before the previously expected date

(v) Impairment of assets (trade and other receivables)

The Agency assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy, death or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

In determining whether an impairment loss should be recorded in the statement of financial performance, the Agency makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in trade receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of clients, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in Agency's trade receivables when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Evidence of impairment may include the following indicators:

- (a) Debtors or a group of debtors are experiencing significant financial difficulty.
- (b) Default of payments and failure to recover by using other measures.
- (c) Observable data indicates a measurable decrease in estimated future cash flows
- (d) Upon death, termination and resignation of debtors.
- (e) Transfer of debtors to another institution.

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Provision for Impairment of trade and other receivables

Provision for impairment of receivables is established when there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of the specific receivables. The loss is recognized through statement of Financial Performance as per Note 4 to the financial statements.

(vi) Deposit

The Agency maintain Procuring Entities deposits for procurement of clearing and forward, motor vehicles and stores items. On the receipt of the PE deposit the Agency recognized a liability, and the Agency fee is recognized as revenue after the services is performed and the risk and reward is transferred to the PE.

(vii) Budget information

The annual budget of GPSA is prepared based on Activity Based Budgeting (ABB) approach. Under the ABB all planned activities for the realization of Agency's Strategic Themes are costed and summed up in order to arrive at the annual expenditure budget. The annual budget presented in these Financial Statements is a consolidated budget for the entire Agency and is under cash basis.

(viii) Comparative figures

Figures for the previous financial statements have been regrouped whenever necessary in order to make them comparable with current year's figures. Certain comparative amount in the statement of financial position have been restated, reclassified or re-presented, as a result of a change in accounting policy, a correction of prior period error, a change in classification of certain expenses during the current year.

10. Significant accounting judgment and estimate

These financial statements reflect the Agency's financial position (service potential and financial capacity), as at 30 June 2023, and the financial results of operations and cash flows for the year ended on that date. Underpinning these financial statements are a number of judgements, estimations and assumptions. These include assumptions about the future, in particular, the service benefits and future cash flows in relation to existing assets and liabilities and judgements in the application of accounting policies. Individual note disclosures show the sensitivity of the values reported in respect of relevant assumptions.

The preparation of the Agency's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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The Agency makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next year are disclosed.

The useful lives of assets are estimated having regard to such factors as asset maintenance, rate of technical and commercial obsolescence, and asset usage. The useful lives of key assets are reviewed annually.

Significant accounting policies, which have been consistently applied, are disclosed below. Details of any changes in accounting policies are explained in the relevant policy.

	Assumption
Foreign exchange rates	That foreign currency denominated financial assets and liabilities will be able to be translated to TZS at the exchange rate prevailing at balance date.
Depreciation rates	That the economic useful life of assets (used to determine depreciation rates) will approximate the life of the asset which is determined using a combination of engineering and historical evidence.
Asset Purpose	Assets that are held for commercial purposes are subject to a commercially recoverable amount test (the higher of the income that can be generated from the asset, or the proceeds from its sale). Assets that are held for public benefit purposes are generally valued at optimized depreciated replacement cost. Optimization means that surplus assets are identified and assumed not to be replaced. Otherwise, it can be assumed the asset will be replaced, and therefore the asset value is not reduced below its optimized depreciated replacement cost. If surplus, the asset will be valued at its net selling price.

Assumptions over future cash flows

The assumptions over future cash flows largely reflect the rights and obligations that exist at 30 June 2023 and the extent to which experience has shown that payments owing to the Agency will be honoured, and when and the extent that obligations owed by the Agency will come due.

Judgements around the amount and duration of future cash flows are critical for valuations. These assumptions are largely based on extrapolating historical experience. As time goes on, better information becomes available, and estimates are updated to reflect more current information.

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Other uncertainties

In addition to those items in the statement of financial position there are a number of possible assets or liabilities that may arise in the future but are not currently recognised. This is because they are dependent on uncertain future events occurring or the asset/liability cannot be measured reliably at this point. If these contingencies crystallize, there will be an impact on the operating balance and net worth of these financial statements.

Reclassifications

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on the previously reported amounts for the year.

Changes in accounting policies and estimates

The Agency recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

11. Financial instruments-financial risk management

The Agency's principal financial instruments comprise available-for-sale financial assets, accounts receivables, cash and short-term deposits; accounts payables and accrued liabilities. The Agency manages a substantial portfolio of financial assets with a long-term view to growing the portfolio in order to maintain financial stability and support for new initiatives and strategic choices.

The main purpose of the available-for-sale financial assets is to raise finance for the Agency's infrastructure. The Agency has various other financial assets and liabilities such as account receivables and accounts payables, which arise directly from operations. The main risks arising from Agency's financial instruments are credit risk, interest risk, currency risk, and liquidity risk.

The Agency, through its Audit Committee, reviews and agrees policies for managing each of these risks and they are summarized below.

(a) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Agency is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions. Trade receivables are presented net of allowance for impairment. Accordingly, the Agency has no significant credit risk which has not been adequately provided for.

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(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Agency is not exposed to fair value interest rate risk as none of their interest-bearing financial assets or financial liabilities are carried at fair value. The Agency is exposed to cash flow interest rate risk through the impact of changes in interest rates on interest bearing financial assets and financial liabilities, carrying interest at variable rates. The interest rate risk arises from cash at bank balances and bank overdraft.

The Agency manages its cash flow interest rate risk by regularly monitoring market interest rates and maintaining adequate reserves, banking facilities.

(c) Currency risk

The Agency operates wholly within Tanzania and its assets and liabilities are reported in local currency. Foreign currency risk is managed by closely monitoring its bank balances denominated in foreign currency which so far is considered not significant. Exposure to losses from foreign liabilities is managed through prompt payment of outstanding foreign liabilities.

(d) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Agency's operating activities may not be available and thus the Agency being unable to fulfil its existing and future cash flow obligations. The Management believes that, the Agency does not face liquidity risk as there are arrangements with the Government to continuously inject funds for the Agency working capital needs. The table below summarizes the maturity profile of the Agency's financial assets and liabilities as at 30 June 2022 based on contractual undiscounted payments.

<u>30 June 2023</u>	Carrying amount	Fair value
Financial assets	TZS	TZS
	"000"	"000"
Cash and cash equivalent	148,719,237	148,719,237
Receivables	12,294,341	12,294,341
	<u>161,013,578</u>	<u>161,013,578</u>
 <u>30 June 2022</u>	 Carrying amount	 Fair value
Financial assets	TZS	TZS
	"000"	"000"
Cash and cash equivalent	236,578,896	236,578,896
Receivables	8,970,153	8,970,153
	<u>245,549,049</u>	<u>245,549,049</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

<u>30 June 2023</u>	Carrying amount	Fair value
Financial liabilities	TZS	TZS
	"000"	"000"
Trade Payables and accruals	8,532,941	8, 532,941
Customers' Deposit	134,024,828	134,024,828
	<u>142,557,769</u>	<u>142,557,769</u>

<u>30 June 2022</u>	Carrying amount	Fair value
Financial liabilities	TZS	TZS
	"000"	"000"
Trade Payables and accruals	13,938,867	13,938,867
Customers' Deposit	216,572,580	216,572,580
	<u>230,511,447</u>	<u>230,511,447</u>

12. Fair Value of Assets and Liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Agency's assets and liabilities that are carried in the financial statements.

<u>30 June 2023</u>	Carrying Value		Fair Value
	TZS '000'	Level I TZS '000'	TZS '000'
Assets			
Cash and Cash Equivalents	148,719,237	-	148,719,237
Trade and other receivables	12,294,341	-	12,294,341
Property, Plant and Equipment	47,310,033	-	47,310,033
Financial Liabilities			
Accounts Payables and accruals	142,557,769	-	142,557,769

<u>30 June 2022</u>	Carrying Value		Fair Value
	TZS '000'	Level I TZS '000'	TZS '000'
Assets			
Cash and Cash Equivalents	236,578,896	-	236,578,896
Trade and other receivables	8,970,153	-	8,970,153
Property, Plant and Equipment	45,585,788	-	45,585,788
Financial Liabilities			
Accounts Payables and accruals	230,511,447	-	230,511,447

Fair value of the assets and liabilities are included at price that would be received to sell an asset or paid to transfer a liability in an orderly transaction by market

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

participants at measurement date. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, receivables and accounts payables and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The Agency uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

13. Categories of Financial Instruments

The categorization of financial instruments as per IPSAS 41, Financial Instruments is as shown below:

Financial Assets

30 June 2023

	Carrying Value TZS '000'	Held to Maturity TZS '000'	Receivables TZS '000'
Financial Assets			
Cash and Cash Equivalents	148,719,237	148,719,237	
Trade and other receivables	12,294,341	-	12,294,341
	161,013,578	148,719,237	12,294,341

30 June 2022

	Carrying Value TZS '000'	Held to Maturity TZS '000'	Receivables TZS '000'
Financial Assets			
Cash and Cash Equivalents	236,578,896	236,578,896	
Trade and other receivables	8,970,153	-	8,970,153
	245,549,049	236,578,896	8,970,153

Financial Liabilities

30 June 2023

	Carrying Value TZS '000'	Other Financial Liabilities TZS '000'
Financial Liabilities		
Accounts Payables and other Payables	142,557,769	142,557,769
	142,557,769	142,557,769

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<u>30 June 2022</u>	Carrying Value	Other Financial Liabilities
	TZS '000'	TZS '000'
Financial Liabilities		
Accounts Payables and other Payables	230,511,447	230,511,447
	<u>230,511,447</u>	<u>230,511,447</u>

14. Cash and cash equivalent

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Bank Account BOT Collection TZS	18,561,057	11,790,969
Bank Account BOT Magari TZS	88,393,842	179,938,779
GPSA Commercial Expenditure NMB Acc. TZS	13,030,823	12,512,513
Bank Account CRDB Revenue TZS	1,756,757	280,870
Bank Account NBC Revenue TZS	73,457	279,122
Bank Account NMB Revenue TZS	189,924	135,271
Bank Account BOT Magari USD	22,535,426	26,262,959
Bank Account BOT Clearing USD	783,206	4,126
Bank Account CRDB Magari USD	246	577,102
Bank Account Azania USD	2,725,976	3,218,786
GPSA Commercial Expenditure NMB Acc. - USD	25	-
Bank Account CRDB Expenditure TZS	-	302,482
GPSA Admin. Expenditure NMB Account TZS	668,398	1,275,919
Total	<u>148,719,137</u>	<u>236,578,896</u>

15. Trade and other receivables

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Rental charges	2,902,904	2,963,912
Clearing and forwarding	816,861	816,861
Sales of stores	9,722,874	8,789,491
Staff imprest and advances	19,532	21,774
Motor vehicles staff loan	58,020	83,035
Sub-total	<u>13,520,191</u>	<u>12,675,073</u>

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Movement in impairment provision		
Balance as of 01 July 2021	3,704,920	3,212,082
Additions provision during the year	-	492,838
Amount written off	-	-
Amount recovered during the period	2,479,070	-
Balance as of 30 June 2023	1,225,850	3,704,920
Total trade and other receivables	12,294,341	8,970,153

Ageing of receivables past due but not impaired is as shown below:

Details	Total	3 Months	3 - 6 Months	6 - 12 Months	1 - 2 years	Over 2 years
Rental Charges	2,902,904			79,013		2,823,891
Clearing and forwarding	816,861					816,861
Sales of stores	9,722,874			7,489,436		2,233,438
Staff imprest and advances	19,531	19,531				
Motor Vehicle Staff Loan	58,020				58,020	
Sub total	13,520,191	19,531	-	7,568,449	58,020	5,874,190

Movement in impairment provision

Balance as of 01 July 2022	3,704,920
Additions provision during the year	-
Amount written off/recovery during the period	(2,479,070)
Amount recovered during the period	1,225,850
Balance as of 30 June 2023	12,294,341

There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the receivables' impairment provision.

16. Inventory

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
General stores	13,164,184	6,813,303
Mechanical stores	1,655,310	2,245,310
Sub-total	14,819,494	9,058,613

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Movement in impairment provision

Balance as of 1 st July 2022 of impairment	650,540	368,342
Allowance for inventory loss	532,894	282,197
Balance as of 30 June 2023	1,183,434	650,540
Total inventory	13,636,060	8,408,073

Inventories are disclosed pursuant to IPSAS 12 para 47

- (a) Inventories are measured at the lower of cost and net realizable value (NRV);
- (b) The TZS 14,168,954,407 of inventories were carried at fair value;
- (c) The Agency made an allowance on inventory losses of TZS 532,894,000 of which provision for obsolete inventories were TZS 274,440,000 and TZS 258,454,000 were Evaporation losses respectively;
- (d) No amount of write-down of inventories were recognized as an expense in the year to 30 June 2023 as per the requirements of IPSAS 12 Para 42;
- (e) No any number of inventories were pledged as security for liabilities;
- (f) No amount of any reversal of any write down that is recognized in the statement of financial Performance for the year ended 30 June 2023.

17. Prepayment

This represents amount paid in advance in respect of rent, insurance of the Agency's motor vehicles and construction of regional office buildings.

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Rent in advance	-	7,920
Insurance of motor vehicles	40,755	71,600
Construction/Rehabilitation of regional offices	149,642	336,000
Total prepayment	190,397	415,520

The reported prepayment for the year ended 30 June 2023 comprises of:

Period	Financial year ended 30 June 2023		Remarks
	Amount (TZS "000")	%	
Within 12 Months	190,397	100	This balance entails amount paid in advance for construction/ rehabilitation of regional office buildings and insurance.
Total prepayment	190,397	100	

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

18. Property, plant & equipment as at 30 June, 2023

30-Jun-23	Cost/Revaluation					Accumulated Depreciation and Impairment								
	At 01 July	Additions (monetary)	Additions (non-monetary)	Transfer	Disposal	At 30 June	At 01 July Acc. depreciation	Adjustment on Acc. Depreciation	Re-stated Acc. Depreciation as at 01 July	Charge for the Year- Depreciation	Impairment/ Disposal	Acc. depreciation 30 June	Acc. Depreciation & impairment t 30 June	Carrying value 30 June
	TZS '000'	TZS '000'	TZS '000'	TZS '000	TZS 000'	TZS '000'	TZS '000'		TZS '000'	TZS '000'	TZS 000'	TZS '000'	TZS '000'	TZS '000'
Land	25,403,776	16,883	-	-	-	25,420,659	-		-	-	-	-	-	25,420,659
Building	15,671,509	1,000,521	-	-	-	16,672,029	1,113,409		1,113,409	321,514	249,286	1,434,923	1,684,208	14,987,821
Plant and Machinery	1,691,575	161,595	-	-	-	1,853,170	552,542		552,542	67,373	-	619,916	619,916	1,233,254
Motor Vehicles	5,820,791	240,000	-	-	(32,000)	6,028,791	2,760,726		2,760,726	691,726	(32,000)	3,452,452	3,420,452	2,608,339
Motorcycle	16,050	-	-	-	(300)	15,750	7,055		7,055	1,314	(300)	8,369	8,069	7,681
Furniture and Equipment	2,060,235	312,607	-	-	(10,397)	2,362,445	1,076,608		1,076,608	312,607	(10,397)	1,389,215	1,378,818	983,627
Computer Equipment	700,986	5,725	-	-	(1,416)	705,295	567,773		567,773	113,467	(1,416)	681,240	679,824	25,471
Sub-total	51,364,921	1,737,331	-	-	(44,113)	53,058,140	6,078,113		6,078,113	1,508,001	205,173	7,586,114	7,791,287	45,266,853
Works-in-Progress	298,979	1,557,844	186,358	-	-	2,043,180	-		-	-	-	-	-	2,043,180
Total	51,663,900	3,295,176	186,358	-	(44,113)	55,101,320	6,078,113		6,078,113	1,508,001	205,173	7,586,114	7,791,287	47,310,034

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

18. Property, plant & equipment as at 30 June, 2023 (continued)

	Cost/Revaluation				Accumulated Depreciation and Impairment								
30-Jun-22	At 01 July	Additions (monetary)	Additions (non-monetary)	Transfer	Disposal	At 30 June	At 01 July Acc. depreciation	Re-stated Acc. Depreciation as at 01 July	Charge for the Year- Depreciation	Impairment/ Disposal	Acc. depreciation 30 June	Acc. Depreciation & impairment 30 June	Carrying value 30 June
	TZS '000'	TZS '000'	TZS '000'	TZS '000	TZS 000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS 000'	TZS '000'	TZS '000'	TZS '000'
Land	25,255,527	42,249	106,000	-	-	25,403,776	-	-	-	-	-	-	25,403,776
Building	14,355,041	1,316,467	-	-	-	15,671,509	819,028	819,028	294,381	-	1,113,409	1,113,409	14,558,100
Plant and Machinery	1,070,729	620,846	-	-	-	1,691,575	443,867	443,867	108,675	-	552,542	552,542	1,139,032
Motor Vehicles	3,487,237	2,333,554	-	-	-	5,820,791	1,988,210	1,988,210	772,516	-	2,760,726	2,760,726	3,060,065
Motorcycle	16,050	-	-	-	-	16,050	4,760	4,760	2,295	-	7,055	7,055	8,995
Furniture and Equipment	1,339,884	720,351	-	-	-	2,060,235	875,314	622,184	454,424	(10,397)	1,076,608	1,076,608	983,627
Computer Equipment	560,912	140,074	-	-	-	700,986	436,714	401,808	165,965	(1,416)	567,773	567,773	133,213
Sub-total	46,085,380	5,173,542	106,000	-	-	51,364,921	4,567,894	4,279,857	1,798,255	(11,813)	6,078,113	6,078,113	45,286,809
Work-in-Progress	-	298,979	-	-	-	298,979	-	-	-	-	-	-	298,979
Total	46,085,380	5,472,520	106,000	-	-	51,663,900	4,567,894	4,279,857	1,798,255	(11,813)	6,078,113	6,078,113	45,585,787

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

18. Property, plant & equipment as at 30 June, 2023 (continued)

The category of Property, Plant and Equipment consists of Land, buildings plant and machinery, motor vehicles, office equipment as well as furniture and fittings. Net acquisitions (after disposals, depreciation and amortization) for the year ended 30 June 2023 was TZS 47,310,034,000 (2021/22: TZS 45,585,787,000). Additions or reductions in fixed assets reported in the statement of financial position, while depreciation expense for the period is reported in the statement of financial performance. Buildings plant and machinery, motor vehicles, office equipment as well as furniture and fittings are capitalized if their cost is greater than or equal to the threshold limit set as per the Government Assets Management Guideline, 2019. They are depreciated over the asset's estimated useful life using straight line method.

- (a) Assets are reviewed annually to determine whether there is any impairment in their value pursuant to IPSAS 17.67;
- (b) All Property, Plant and Equipment have been reported at cost;
- (c) No item of Property, Plant and Equipment was temporarily idle or not in use as at 30 June 2023 except those impaired and held for condemnation;
- (d) At the date of acquisition, the fair values of assets were considered to be equal to their carrying amount;
- (e) There is no existence of the number of contractual commitments for the acquisition of Property, Plant and Equipment of the Agency;
- (f) The Agency procured assets amounting to TZS 3,481,534,000 (2021/22: TZS 5,578,520,403) as shown in the PPE movement schedule;
- (g) The Agency disposed of its assets costing TZS 44,113,075 in the financial year 2022/23 resulting to proceeds of TZS 20,308,363. The Agency is still waiting for the condemnation approval of other undisposed assets from the Ministry responsible for Finance pursuant to section 43 (1) of the Public Finance Act, 2001 R.E. 2020);
- (h) A TZS 249,285,684 in impairment losses was recognized in surplus or deficit pursuant to IPSAS 21 or IPSAS 26 and neither impairment losses reversed in surplus or deficit in accordance with IPSAS 21 and IPSAS 26 in the year under review;
- (i) Part of the Agency Property, Plant and Equipment was impaired following a fire accident at the Agency Godown at Kilimanjaro regional office; and
- (j) During the year under review depreciation expense totalling TZS 1,508,001,308 were charged on Property, Plant and Equipment.

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

19. Capital Works in Progress

Description	Rehabilitation and construction	Total
	TZS	TZS
Opening Balance 1 st July 2021	-	-
Additions for the year	298,979	298,979
Closing balance 30 June 2022	298,979	298,979
Restated opening balance 1 st July 2022	298,979	298,979
Additions for the year	1,744,202	1,744,202
Closing balance 30 June 2023	2,043,180	2,043,180

The disclosed works in progress at the closure of the period includes costs for:

- (a) Construction of GPSA regional offices and fuel Station - Coast, Songwe, Dodoma, Simiyu, Kahama, Njombe, Arusha and Kigoma;
- (b) Rehabilitation of GPSA regional offices - GPSA Kilimanjaro, Singida, Kurasini, Tabora and Manyara;
- (c) Construction of off-loading areas at GPSA Lindi, Morogoro and Shinyanga.

GOVERNMENT PROCUREMENT SERVICES AGENCY

20. INTANGIBLE ASSETS AS AT 30 JUNE 2023

	Cost/Revaluation						Accumulated Amortization and Impairment			
	At 01 July	Additions (monetary)	Additions (non-monetary)	Transfer	At 30 June		At 01 July Amortization & impairment	Amortization	Impairment	Total Amortisation & impairment
30 June 2023	TZS ‘000’	TZS ‘000’	TZS ‘000’	TZS ‘000’	TZS ‘000’		TZS ‘000’	TZS ‘000’	TZS ‘000’	TZS ‘000’
Computer Software (GIMIS)	159,695	197,101	-	-	356,796		-	-	-	356,796
Sub-total	159,695	197,101	-	-	356,796		-	-	-	356,796
Work-in-Progress	783,990	-	-	-	783,990		783,990	-	-	-
Total	943,685	197,101	-	-	1,140,786		783,990	-	-	783,990

	Cost/Revaluation					Accumulated Amortization and Impairment				
	At 01 July	Additions (monetary)	Additions (non-monetary)	Transfer	At 30 June	At 01 July Amortization & impairment	Amortization	Impairment	Total Amortisation & impairment	Carrying value 30 June
30 June 2022										
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Computer Software (GIMIS)	-	-	-	159,695	159,695	-	-	-	-	159,695
Sub-total	-	-	-	159,695	159,695	-	-	-	-	159,695
Work-in-Progress	943,685	-	-	(159,695)	783,990	-	-	783,990	783,990	-
Total	943,685	-	-	-	943,685	-	-	783,990	783,990	159,695

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. INTANGIBLE ASSETS AS AT 30 JUNE 2023 (continued)

The category of Intangible Assets consists of computer software, the GPSA Integrated Management Information System (GIMIS). Net acquisitions (after disposals, impairment and amortization) for the year ended 30 June 2023 was TZS 356,796,000 (TZS 159,695,000: 2022).

- (a) All Intangible Assets have been reported at cost;
- (b) Intangible Assets are reviewed annually to determine whether there is any impairment in their value pursuant to IPSAS 31.108 and IPSAS 31.109;
- (c) In the financial year 2022/23, impairment test was done and no impairment were recognized in the surplus or deficit pursuant to IPSAS 21 or IPSAS 26 and neither impairment losses reversed in surplus or deficit in accordance with IPSAS 21 and IPSAS 26 in the year under review;
- (d) No item of Intangible Asset was temporarily idle or not in use as at 30 June 2023 except those that were impaired;
- (e) At the date of acquisition, the fair values of Intangible Assets were considered to be equal to their carrying amount;
- (f) The Agency Intangible Assets were not impaired in the year 2022/23 except in the financial year 2021/22, impairment test was done which resulted to impairment of Fuel Management Information System (FMIS) and the respective impairment amount of TZS 783,990,000 were recognized in the surplus or deficit pursuant to IPSAS 21 or IPSAS 26 and neither impairment losses reversed in surplus or deficit in accordance with IPSAS 21 and IPSAS 26 in the year under review;
- (g) During the year under review, no amortization expense was charged on Intangible Asset since the same was internally developed.

21. Payables and Accruals

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Trade payables for stores item	6,949,556	13,265,346
Other trade payables	332,305	506,190
Accrued charges	1,251,079	167,330
Total trade payables	8,532,941	13,938,867

Aging analysis of trade and other payables is as shown below:

Details	Total	3 Months	3 - 6 Months	6 - 12 Months	1 - 2 years	Over 2 years
Trade payables for Stores item	6,949,556	6,949,556	-	-	-	-
Other Trade payables	332,305	328,481	-	3,824	-	-
Accrued charges	1,251,079	983,829	267,250	-	-	-
Total payables	8,532,941	8,261,866	267,250	3,824	-	-

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

22. Customers' deposits

These are deposits received from procurement entities before rendering of services. For the case of motor vehicles and clearing and forwarding services, the Agency recognizes Agency fee as income after rendering of services and the rest of the money received remains as deposit.

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Deposit relating to sales of stores	18,062,877	14,113,129
Deposit Relating to motor vehicle	113,537,344	200,054,785
Deposit Relating to clearing and forward	2,424,607	2,404,666
Total	134,024,828	216,572,580

Aging analysis of Customers' deposits is as shown below:

Details	Total	3 - 6 Months	6 - 12 Months	1 - 2 years	Over 2 years
Sales of stores	18,062,877	18,062,876	-	-	-
Procurement of Motor Vehicle	113,537,344	103,471,604	10,065,740	-	-
Clearing and forwarding	2,424,607	2,424,607	-	-	-
Total customers' deposit	134,024,828	123,959,087	10,065,740	-	-

Unapplied deposits

As at 30 June 2023, the Agency has an unapplied deposit amounting to TZS 2,028,329,530 compared to unapplied deposit TZS 1,473,046,230 as at 30 June 2022 which is included in trade payables.

23. Government subvention

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Government Subvention - PE	3,777,027	3,608,391
Non-Monetary Revenue - Current	-	106,000
Total	3,777,027	3,714,391

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

24. Net operating Income

	30/6/2023 TZS "000"	30/6/2022 TZS "000"
Sales of Stores		
• General stores	12,320,368	11,780,103
• Mechanical stores	212,626,766	181,638,835
Less: Return inwards	-	-
Total sales of stores	<u><u>224,947,134</u></u>	<u><u>193,418,939</u></u>
Cost of sales		
Opening stock		
• General stores	6,813,303	9,467,819
• Mechanical stores	1,594,769	1,101,513
	<u><u>8,408,072</u></u>	<u><u>10,569,332</u></u>
Purchases		
• General stores	17,044,505	13,917,469
• Mechanical stores	197,002,909	160,860,180
	<u><u>214,047,414</u></u>	<u><u>174,777,649</u></u>
Goods available for sale	222,455,486	185,346,981
Closing stock		
• General stores	(12,513,644)	(6,813,303)
• Mechanical stores	(1,655,310)	(2,245,310)
Total cost of sales	<u><u>208,286,532</u></u>	<u><u>176,288,368</u></u>
Sales	<u><u>224,947,134</u></u>	<u><u>193,418,939</u></u>
Less: Cost of sales	<u><u>(208,286,954)</u></u>	<u><u>(176,288,368)</u></u>
Net operating Income	<u><u>16,660,180</u></u>	<u><u>17,130,571</u></u>

General and mechanical stores include a list of all items stored by the Agency that are available for distribution to all PEs. These items are organized in classes for ease of identification and ordering as follows:

S/N	Category	Class	Class Description	Such items include
1.	General Stores	Class 2	Clothing items	Soft and hard broom, hand flags, National Flag and Portrait - Father of the Nation Framed, etc.
		Class 5	Liquid Detergents	Liquid detergents soap, mop complete, etc.
		Class 6	Office stationery	Kadi ya Maendeleo - Life Education, Calendar, Counter Books, Envelopes, Photocopy Papers, Legal Papers, Flip Chart sheets, Ball Pens, Punch Machine, Stapling Machines, Staple Pins, Lesson Plans, etc.
		Class 6A	Print Cartridges	Toners, Stamp liquid Inks
2.	Mechanical Stores	Class 50	Mechanical Stores	Diesel, Petrol

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

These items are found in the Agency Store Catalogue which also includes a Supplementary list of four (4) store items that are available for distribution at some of Agency's Regional Offices. These items include basket waste, Portrait - President Unframed, office paper tray and brass lapel pins of a National Flag. Also, opening and closing stocks, as well as purchases entails the classification of items into classes as detailed above.

25. Own Source Collections

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Rent from warehouses	705,940	612,778
Receipt from supervision and agency fees	8,007,988	5,985,450
Receipts from contracts/ procurement services fees	1,118,956	1,013,155
Other Income	22,630	20,936
Total	9,855,514	7,632,320

26. Gain/ (Loss) on Disposal of Assets

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Cost of the asset	44,113	-
Accumulated Depreciation	(41,522)	-
Carrying Amount of Assets	2,592	-
Proceeds from Disposal of PPE	20,308	-
Total	17,717	-

27. Wages and salaries

	30/6/2023	30/6/2022
	TZS "000"	TZS "000"
Basic salaries for pensionable posts	3,777,027	3,519,109
Wages for casual laborers	476,098	327,634
Total	4,253,125	3,846,743

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

28. Employment benefits

	30/6/2023	30/6/2022
	TZS "000"	TZS "000"
Leave travel domestic	94,054	33,347
Sitting allowances	392,923	291,798
Extra duty allowance	1,095,316	956,275
Housing allowance	641,592	226,450
Utilities	161,140	198,273
Transport allowance	631,911	478,376
Furniture allowance	96,180	153,232
Total	3,113,116	2,337,750

29. Motor vehicle running expenses

	30/6/2023	30/6/2022
	TZS "000"	TZS "000"
Diesel/petrol	665,445	645,275
Lubricants	1,528	33,760
Tyres and battery	11,701	11,970
Insurance expenses	89,461	52,397
Total	768,135	743,403

30. Maintenance and repair expenses

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Service and repair M/V	170,134	183,696
Service and repair equipment	54,347	9,407
Firefighting equipment	6,256	5,960
Total	230,737	199,063

31. Staff welfare and development

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Uniforms	52,005	32,033
Entertainments	50,226	72,390
Training fees domestic	101,205	63,462
Burial expenses	6,545	21,530
Training allowance	26,053	10,292
Printing material	15,185	4,820
Training Material	25	300
Total	251,244	204,826

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

32. Administration and office expenses

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Audit Fee	150,000	120,000
Cleaning supplies	8,261	8,891
Computer supplies & accessories	23,487	43,134
Conference facilities	49,357	67,730
Consultancy fees	172,850	93,813
Direct labour (contracted or casual hire)	6,064	6,560
Electricity	115,284	73,306
Finance cost (bank charge)	-	16
Food & refreshment	690,372	206,995
Freight Forwarding and Clearing Charges	100	-
Fumigation	1,340	3,976
Furniture and Appliances	5,076	29,502
Gift and prices	50,671	26,450
Honorarium	663,629	496,327
Internet charges	33,516	201,736
Legal fees	2,370	-
Lodging/accommodation	20,627	6,188
Newspapers & magazine	7,888	12,537
Office consumables	160,976	179,456
Office sundry	144,712	160,938
Outsourcing costs	722,414	509,383
Postage charges	15,495	10,679
Printing & photocopy cost	58,287	36,605
Programs transmission fees	16,324	9,970
Protective clothing, footwear, and gears	-	-
Remuneration of Instructors	-	400
Rent	-	19,441
Specialized Equipment and Supplies	30,104	-
Technical service fees	24,023	55,036
Telephone charges	8,746	16,550
Tents and Camp Equipment	7,120	14,000
Water	17,660	18,295
Weights and measures charges	147,183	45,818
Total	3,353,936	2,473,716

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

33. Travelling expenses

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Moving expenses	106,331	196,196
Per diem domestic	888,994	705,774
Outfit allowance	5,600	300
Per diem foreign	92,572	-
Travel ticket domestics	57,200	44,632
Ground travel	246,301	144,691
Total	1,396,998	1,091,593

34. Distribution expenses

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Advertisement & publications	36,600	70,643
Total	36,600	70,643

35. Other expenses

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Receivables' impairment expense	-	492,838
Total	-	492,838

36. Collection from customers

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Beginning debtors	8,970,153	1,854,809
Add: Sales during the year	224,947,134	193,418,939
Ending debtors	(12,294,341)	(8,970,153)
Debtors' recovery	2,479,070	-
Total	224,102,016	186,303,594

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

37. Contribution to Exchequer

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Contribution to Exchequer	3,061,769	2,919,476
Payable to Consolidated Fund	915,648	-
Total	3,977,417	2,919,476

The TZS 915,648,497.50 is amount outstanding not yet paid to Government Consolidated Fund.

38. Own source collections

	30/6/2023	30/6/2022
	TZS "000"	TZS "000"
Total collection	6,282,151	6,618,469
Gain on disposal of Asset	17,717	
Income from rent (warehousing)	(705,940)	(612,778)
Total	5,593,928	6,005,691

39. Payment to supplier (purchases)

	30/6/2023	30/6/2022
	TZS "000"	TZS "000"
Opening creditors sales of stores	13,265,346	15,012,030
Opening other creditors	673,521	175,409
Add: Purchases	214,047,414	174,777,649
Closing creditors sales of stores	(8,153,589)	(13,265,346)
Closing other creditors	(379,353)	(673,521)
Total	219,453,339	176,026,221

40. Related party transactions

Key management personnel of the Agency comprise members of both the Ministerial Advisory Board and the Agency management team.

The following table represents the disclosure required in terms of IPSAS 20 in respect to key management personnel. Key management includes the Chief Executive Officer of the Agency, three (3) Directors, five (5) Heads of Units who are supported by eight (8) Section Managers and twenty-six (26) Regional Managers.

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

During the year under review, GPSA incurred expenditure amounting to TZS 2,569,650,406 in respect of related party transactions as detailed below.

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Director fees and board expenses	-	-
Key Management Employees		
Salaries	1,277,815	1,326,000
Utility allowances	161,140	198,273
House allowances	641,592	226,450
Furniture allowance	96,180	153,232
Sitting allowances	392,923	471,253
Total	2,569,650	2,375,208
Number of Key Management Personnel Remunerated	43	42

Related party disclosures have not been made for transactions with related parties that are within a normal supplier of client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Agency would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and public institutions) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

41. Reconciliation of cash and deposit

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Cash and cash equivalent	148,719,136	236,578,896
Customer's deposit	(134,024,828)	(216,144,409)
Agency Fund	14,694,308	20,434,487

42. Contribution to exchequer

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Contribution to exchequer	3,061,769	2,919,476
Total	3,061,769	2,919,476

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

43. Reconciliation of rent collected

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Income from Rent	831,940	841,918
Accrued rent	(390,101)	(229,140)
Cash collected	441,839	612,778

44. Reconciliation of operating activities on cash flow

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	30.6.2023	30.6.2022
	TZS	TZS
	"000"	"000"
Cash on hand and balances with banks	148,719,137	236,578,896
Total	148,719,137	236,578,896

(b) Property, plant and equipment, intangible and works in progress

During the period, the Agency acquired property, plant, and equipment with an aggregate cost of TZS 3,481,534,000. Net cash payments of TZS 3,295,176,000 were made to purchase property, plant, and equipment.

(c) Reconciliation of net cash flows from operating activities to net surplus/(deficit) from ordinary activities

	2022/23	2021/22
	TZS	TZS
	"000"	"000"
Surplus/(deficit) for the year	10,342,317	10,849,154
Add/(less) non-cash items		
Depreciation expense	1,508,001	1,798,255
Impairment PPE	249,286	-
Impairment of Intangible asset (FIMS)	-	783,990
Allowance for inventory loss	532,894	282,197
Gain on disposal	(17,717)	-
Total non-cash items	2,272,464	2,864,442
Add/(less) movements in statement of financial position items		
(Increase)/decrease in prepayments	38,765	(408,905)
(Increase)/Decrease in receivables	(3,324,187)	(3,789,494)
(Increase)/Decrease in inventories	(5,227,987)	1,510,718
Increase/(Decrease) in payables	5,405,925	(1,151,460)
Reconciliation of Deposit and uncollectable fee	(11,247,386)	(3,466,220)

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2022/23	2021/22
	TZS	TZS
	"000"	"000"
Increase in provision	-	3,707,920
Total net movement in statement of financial position items	(14,390,303)	(1,200,408)
Net cash flows from operating activities	(1,740,087)	12,513,189

45. Explanations of variances between budget and actual

The Agency's budget is prepared on a cash basis and covers the same period (1st July 2022 to 30 June 2023) as the Financial Statements.

Agency budget is prepared on a different basis from the actual income and expenditure disclosed in the Financial Statements. The Financial Statements are prepared on accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the Statement of Comparison of Budget and Actual Amounts.

Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for the Agency.

Entity differences occur when the budget omits program/activity or an entity that is part of the entity for which the financial statements are prepared. Agency has no other entities associated with it; hence there are no entity differences for Agency.

46. Social security costs for the year 2022/23

GPSA makes compulsory payments to Pension Funds. Such payments are usually earmarked to finance employees' social benefits and are often paid to those Pension Funds that provide such benefits. These benefits are narrated hereunder:

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
PSSSF - Employer's contribution	189,139	218,947
Total	189,139	218,947

47. Deferred Tax

GPSA is exempted from paying income tax and therefore computation of potential deferred tax is not necessary.

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

48. Government Subvention Received

GPSA being a Government Institution received recurrent revenue subvention from the Government amounting to TZS 3,777,027,232 to cater for employees' emoluments compared to TZS 3,957,928,778 for the same that was approved by the Parliament. The amount received amounted to 95% of the total amount approved by the Parliament for the financial year 2022/23.

49. Stock Balance Certificate for the Year Ended 30 June, 2023

The value of unallocated stores held at Head Quarters at Dar es Salaam and Regional Depots as at 30 June 2022 was TZS 14,071,023,427.

50. Statement of losses for the year ended 30 June, 2023

Loss finalization report was prepared and submitted to the Treasury to seek for write off approval. Recovery of the cash loss is done through monthly salary deduction from the employee concerned. As for the financial year 30 June 2023, TZS 29,058,780 compared to TZS 23,136,174 recovered in 2021/22 has been recovered. Balances of loss as at 30 June 2023 are shown below:

	30/6/2023	30/6/2022
	TZS '000'	TZS '000'
Value of the Loss	215,544	244,603
Total Loss	215,544	244,603

51. Asset Held for Sale or Distribution

When PPE cease to be depreciated at earlier of the date, the asset is classified as held for sale. Property and equipment are derecognized when no economic benefits are expected from its use or disposal. The disposal methods applied include sale, donation, or scrapping.

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in surplus or deficit.

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale.

30 June 2023

Class of Asset	Cost	Accumulated Depreciation	NBV
	TZS	TZS	TZS
	'000'	'000'	'000'
Computer equipment	6,575	6,575	-
Furniture and equipment	2,281	2,281	-
Plant and machinery	46,480	46,480	-

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Class of Asset	Cost	Accumulated Depreciation	NBV
	TZS	TZS	TZS
	'000'	'000'	'000'
UPS	4,345	4,345	-
Total	59,681	59,681	-

30 June 2022

Class of Asset	Cost	Accumulated Depreciation	NBV
	TZS	TZS	TZS
	'000'	'000'	'000'
Computer equipment	7,865	7,865	-
Furniture and equipment	12,678	12,678	-
Plant and machinery	46,480	46,480	-
UPS	4,345	4,345	-
Total	71,368	71,368	-

52. List of transactions with other government entities for the year ended 30 June, 2023

According to Accounting Circular No. 6 of 2019/2020 on the preparation of Financial Statements, an entity is required to disclose obligations, transfers and transactions between public sectors entities. The following schedule shows intra entities elimination in terms of services rendered:

Services type	Amount received	
	30/6/2023	30/6/2022
	TZS '000'	TZS '000'
Fuel	17,293,324	13,661,876
Clearing and forwarding	2,424,607	2,404,666
Stationery	769,553	451,253
Procuring of motor vehicle	113,537,344	200,054,785
Total	134,024,828	216,572,580

53. Events After the Reporting Date

According to IPSAS 14 Events after the reporting date are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).
- (c) The Agency financial statements were authorised for issue in accordance with Article 143 (4) of the Constitution of the United Republic of Tanzania, 1997 (Revised in 2000). The present financial statements were submitted to the Controller and Auditor General for

GOVERNMENT PROCUREMENT SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

certification and tabled to the President before tabled to the Parliament and become public that will become date for authorization.

(d) No any another body has the power to amend the Agency financial statements after issuance, but if there is retrospective and prospective adjustment the Agency will adjust the financial statements.

(e) There were no other events after the reporting period which require adjustment or disclosure in the financial statements.

54. Contractual Commitments

As at 30 June 2023, the Agency had contractual commitments amounting to TZS 4,425,499,613 as compared to TZS 4,818,140,415 as at 30 June, 2022. The commitments were relating to proposed design and construction of GPSA regional office building at Mtumba, proposed renovation and fabrication of fuel tanks and dispensing pipes, supply of office equipment and acquisition of pulling tractors and trailers. Status of capital commitments is as indicated below:

	2021/2023	2021/22
	TZS	TZS
	'000'	'000'
Approved and contracted for	4,425,500	4,818,140
Total	4,425,500	4,818,140

55. Assets pledged as security for liabilities

For the financial year 2022/23, no asset was pledged as security for liabilities.

56. Operating lease commitments - Agency as lessee

The Agency has entered into commercial leases on certain buildings. These leases have an average life of one year with a renewal option included in the contracts. There are no restrictions placed upon the Agency by entering into these leases. Future minimum rentals payables under non-cancellable operating leases as at 30 June 2023 are as follows:

	30/6/2023	30/6/2022
	TZS	TZS
	"000"	"000"
Rental charges from warehouses	2,902,904	2,963,912
Total	2,902,904	2,963,912

57. Comparative figures

Previous year's figures have been re-grouped whenever considered necessary to make them comparable with current year's figures.