



UNITED REPUBLIC OF TANZANIA

PUBLIC PROCUREMENT REGULATORY AUTHORITY

PARTICIPANT'S HANDBOOK

TRAINING MODULE N° FIVE

**CONTRACT CLOSURE, REVIEW AND EVALUATION
OF PERFORMANCE AND OUTPUTS
FOR LOCAL GOVERNMENT AUTHORITIES**

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FOREWORD

Decentralization has been one of the major policy initiatives of the Government of the United Republic of Tanzania. The most recent policy reform commenced two decades ago and was formulated in 1998 as Decentralisation-by-Devolution (D-by-D). The policy has the main objective to empower citizens, devolve fiscal resources, democratize state power and facilitate effective service delivery in our communities to improving people's welfare. It is also intended to improve transparency and accountability in Local governments, promote good governance and participatory democracy.

Under the decentralization policy, a range of powers, responsibilities and functions are transferred to Local Government Authorities at Council and sub-Council levels. Besides the responsibility of planning, mobilising, allocating and managing fiscal resources, the function of procurement and contract management was fully transferred to Local Governments as entrenched in the Public Procurement Act (PPA) of 2004 and subsequent revisions made under PPA 2011 and amended in 2016.

In the course of implementing public procurement reform, we have realized that many Local Government Authorities - which constitute around one-third of all Procuring Entities in Tanzania- do not have adequate capacity in several core areas of Procurement and Contract Management. This is partly related to the complex, multi-sectoral organisation and the wide range of services provided by the LGAs at various levels (Council, Ward, Village and Service Delivery Unit). Experience also shows that procurement capacity development is yet to receive the required priority and resources at operational and strategic levels of the LGAs. Hence, there is need to guide LGA staff and officials (i.e. job families) in the use and application of the procurement law, regulations, procedures, processes, roles, responsibilities, tools and systems by addressing required hard and soft competences at the individual level to improve their job performance. The aim is to improve compliance and performance of Departments, Units and Councils in the main procurement functions and processes, and ultimately attain Value-for-Money in LGA procurement.

Against this background, the Authority has developed five training modules to enhance the availability of quality, procurement training materials specifically targeting Local Government Authorities, to mention:

Module	Title
N ^o 1	Use and Application of Public Procurement Act and its Regulations for Local Government Authorities (available in both English and Swahili)

Module	Title
Nº 2	Procurement Planning for Local Government Authorities
Nº 3	Procurement Record Management and Reporting for Local Government Authorities
Nº 4	Contract Administration and Management for Local Government Authorities
Nº 5	Contract Closure, Review and Evaluation of Performance and Outputs

The modules were developed and introduced as part of Procurement Skills Development Planning in 28 selected LGAs in four regions (Dodoma, Kigoma, Pwani and Tanga) to guide and support LGA procurement capacity development. This training module No 5 provides detailed guidance on **Contract Closure, Review and Evaluation of Performance and Outputs for Local Government Authorities**. All Local Governments, stakeholders and training providers are enjoined to use this and other modules whenever they are conducting procurement training for LGAs.

The modules comprise Participants Handbook, Trainer’s Guide and additional training materials, which are available in printed version and on-line. The PPRA intends to make the modules available through its e-learning platform in the near future. The modules should, however, be used together with the Constitution, the Public Procurement Act and its Regulations, Local Government Finance Act, and any legislation relevant to a particular subject or topic.

Finally, we wish to express our deep appreciations and gratitude to our partners and collaborators in the invaluable assistance they gave the Authority in developing, roll-out and final production of the training modules. The modules are one of the main outputs of the Enhancement of Procurement Capacity of Local Government Authorities project (EPC-LGAP), which was jointly implemented from 2013 to 2017 by the PPRA and the Belgian Development Agency (BTC) in partnership with the President’s Office - Regional Government and Local Government (PO-RALG).

The Authority invites stakeholders to provide feedback on the use of this and other training module and undertakes to provide any clarification where required to support capacity building and improvement of procurement and contract management in the Local Governments.



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ABBREVIATIONS

APP	Annual Procurement Plan
AG	Attorney General
BAA	Budget Approving Authority
BTC	Belgian Development Agency
CPI	Compliance and Performance Indicator
CRB	Contractors Registration Board
D-by-D	Decentralisation by Devolution
EPC-LGAP	Enhancement of Procurement Capacity of Local Government Authorities Project
GN	Government Notice
GPN	General Procurement Notice
ICB	International Competition Bidding
IS	Individual Selection
KPI	Key Performance Indicator
LGA	Local Government Authority
LOGWS	List of Goods, Works and Services
MTEF	Medium Term Expenditure Framework
NCB	National Competitive Bidding
NCS	National Competitive Selection
PE	Procuring Entity
PPA	Public Procurement Act
PPR	Public Procurement Regulations
PPRA	Public Procurement Regulatory Authority
PO - RALG	President's Office Regional Administration and Local Government
QA	Quality Assurance
RS	Regional Secretariat
SPN	Specific Procurement Notice
SSS	Single Source Selection
SWOT	Strengths, Weaknesses, Opportunities and Threats
TB	Tender Board
VfM	Value for Money

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I. INTRODUCTION TO THE TRAINING MODULE

I.1 Module Descriptors

The procurement training module on Contract Closure, Review and Evaluation of Performance and Contract Outputs is intended to provide participants with general understanding on the link between decentralisation, the Local Government system in Tanzania and the importance of good procurement and contract management practices in Local Government Authorities. This module deals in particular with the last stage of the procurement cycle, which regards closure of contracts as well as review and evaluation of performance of contracts and procurement outputs.

Procurement is the process of buying goods, works and services to satisfy the identified needs. Procurement is an important function within a Local Government as it is to the Central Government and private entities as it enables all of them to acquire goods, services and construction works needed to fulfil their objectives. In order for Local Government Authorities to be able to improve service delivery, they have to acquire goods, services and works of the right quality, at the right time, in the right quantity, from the right source and at the right price.

The module is divided in four sessions. Session one provides the introduction to the module and common definitions for contract closure, review, evaluation, contract performance and procurement. Session two deals with legal requirements, best practices and tools for contract closure; the session also introduces the roles and responsibilities of actors in the close-out of contracts and the review and evaluation process. Session three deals with indicators and criteria for review and evaluation of contract performance as well as Key Performance Indicators (KPI) on Quality, Quantity, Price, Time, Relationship Management and Maintaining Contractor's Data and Information. Session four deals with KPIs for benchmarking of procurement outputs, evaluation of procurement outputs and the indicators and criteria of the Public Procurement Regulatory Authority (PPRA) for contract closure and quality of deliverables

I.2 Decentralisation and Public Procurement in Tanzania

Decentralisation refers to the transfer of national responsibilities or functions from central government to sub-national levels of government or from central agencies/offices to regional bodies or branch offices, or to non-governmental organisations or private concerns (Miller 2002). This transfer includes the authority to plan, make decisions and manage public affairs including financial resources by

agencies other than the central government. According to (Schneider 2003), decentralisation can take on any of the following forms:

- i) **Deconcentration:** the central government transfers responsibility for policy to its offices. At sub-national level. Under this arrangement, the central government retains authority over the field office and exercises that authority through the hierarchical channels of the central government bureaucracy. Deconcentration allows only moderately more autonomy than centralized systems.
- ii) **Delegation:** the central government transfers policy responsibility to local governments or semi-autonomous organisations that are not controlled by the central government, but remain accountable to it. Under this arrangement, the central government exercises its control through a contractual relation that enforces accountability of local government. Delegation represents a slightly higher level of administrative autonomy for local entities than under deconcentration.
- iii) **Devolution:** the central government allows quasi-autonomous local units of government to exercise power and control over the transferred policy. Compared to the other two types of decentralisation, devolution provides the greatest degree of autonomy for the local unit in terms of administrative powers and fiscal resources. The local unit is only accountable to the central government insofar as the central government can impose its will by threatening to withhold resources or responsibilities from the local unit.
- iv) **Privatisation:** refers to the cases in which decentralisation occurs to organisations outside the government sector.

The Tanzanian local government system is based on political devolution and decentralisation of functions and finances within the framework of a unitary state. The Local Government Reform Policy Paper (URT 1998) puts forward the overall objective of the Decentralisation by Devolution as to making local governments effective centres of self-governance, participation, local decision-making, planning and development. The Policy Paper sets out the policy on decentralisation by devolution (D-by-D), which is expected to contribute to the national drive to reduce poverty by improving service delivery in key areas such as health and education.

Advantages of Decentralisation

There are many potential benefits of decentralisation. The majority of these advantages can be broadly captured as improved efficiency, governance, equality, development and poverty reduction (Smoke 2003).

- i) **Improved efficiency:** sub-national governments are said to be closer to the people, have good access to local information and understand the local context well. If so, they can better identify the mix and level of services that their constituents need than the higher-levels, thus improving allocative efficiency.
- ii) **Improved governance:** decentralised government are able to influence public affairs in ways that directly affect them and empowers people, giving them a sense of control and autonomy.
- iii) **Improved equity:** local governments are familiar with local circumstances, they are thus in a better position to more equitably distribute public resources and target poverty within their own jurisdictions.
- iv) **Improved development and poverty reduction:** local governments are expected to contribute to local economic development in a number of ways. First, they can provide services that serve as production and distribution inputs for local firms and entrepreneurs. Second, they can contribute to a legal and institutional environment that is conducive for development. Third, they can help to coordinate key local public, private and community actors in creating partnerships that promote development.

Disadvantages of Decentralisation

The following arguments may also be put forward against decentralization (Vries 2000):

- i) **Equality problems:** Threatens the principle of equality before the law in equal circumstances. For example, citizens in one community may be required to conform to different environmental standards or tax levels in the local community while not similarly restricted in a neighbouring community.
- ii) **Competition problems:** Puts cities, departments and regions against each other as they attempt to attract profitable business and affluent tax payers to their areas.
- iii) **Management capacity problems:** Small communities are unable and unequipped to handle such inherently complex problems associated with decentralisation and may not attract qualified and skilled staff.

- iv) *Challenge of coordination* between local governments and central government (sector) ministries, departments and agencies.

Implementation Challenges

Common implementation challenges of decentralization, in particular devolution, to which Tanzania is no exception, include:

- i) Problems of transition from a highly centralised system;
- ii) Problem of coordination between local governments and central government (sector ministries);
- iii) Revenue expenditure assignment problems, funding of mandates and functions;
- iv) Management capacity; and
- v) Democratic and social accountability.

Procurement in Local Government Authorities

Local government authorities in Tanzania have been established as key public service delivery centres. The reform under the Public Procurement Act of 2004 (URT 2004) and subsequent enactment of the Public Procurement Act 2011 (URT 2011) restructured procurement to decentralised Procuring Entities (PE) including the LGAs. Procurement enables LGAs to acquire the required goods, services and construction works needed to fulfil their objectives.

I.3 Target Participants

The Module is intended for use by Accounting Officers, selected staff of the main User Departments, Procurement Management Unit (PMU), Legal Officers and Internal Auditors of Local Government Authorities.

I.4 Module Objective and Training Outcomes

In this module participants will be equipped with skills and competence to effectively perform contract closure, review of contract performance and evaluate contract outputs in accordance with legal requirements and best practices in the Local Government Authorities.

Training Outcomes

Upon successful completion of this training module, the participants will be able to:

1. Explain various definitions used in this training module;
2. Apply legal requirements and best practices in contract closure;
3. Explain the importance of the closure and evaluation phase in the LGA Procurement Cycle;

4. Identify roles and responsibilities of key actors in contract closure, review of contract performance and evaluation of contract outputs;
5. Review the closure requirements for procurement of the Public Procurement Act (PPA) of 2011 as Amended 2016 and the Public Procurement Regulations;
6. Review closure requirements and best practices for contract completion;
7. Review and use tools for contract closure;
8. Review of client (LGA) and contractor performance;
9. Review of relationship management in accordance with contract provisions;
10. Apply criteria, systems and tools for evaluation of contract performance;
11. Identify sources of contractors and suppliers data and use in data base for future procurement contracts;
12. Use key indicators of contract performance for quality, pricing and quantity;
13. Use key indicators of contract performance for time and client-contractor relationship management;
14. Use Key Performance Indicators for benchmarking of procurement outputs;
15. Use criteria, systems and tools for review of contract performance and evaluate contract outputs;
16. Apply Compliance and Performance Indicators (CPI) and Value-for-Money indicators used by PPRA for procurement audits; and
17. Implement changes at the work place and sharing of learning with colleagues to enhance contract closure, review and evaluation of performance and outputs of procurement contracts.

I.5 Outline and Duration of the Module

The module is divided in four sessions with a total of 10 units followed by course evaluation at the end of the training. When all the units are taken consecutively, the module should be completed within three days. References are listed at the end of the module as well as an extensive list of annexes. Learners are advised to regularly check the PPRA website for any updates or new forms. Table 1 provides the outline of the Training Module.

Table 1. Outline of the Training Module

Session	Unit	Topics
Introduction to the Module		<ul style="list-style-type: none"> ▪ Participants' expectations; ▪ Organisation matters; and ▪ Module objectives.
1. Introduction	1.1 Common definitions for contract closure, review of contract performance and evaluation of contract outputs	<ul style="list-style-type: none"> ▪ Explain various definitions used in the training module; and ▪ Explain importance of contract closure, review of performance and evaluation contract outputs in Procurement Cycle.

Session	Unit	Topics
2. Contract Closure Requirements	2.1 Legal framework and best practices for contract closure	<ul style="list-style-type: none"> Review legal closure requirements for procurement as per PPA 2011 as amended 2016 and PPR 2013; and Review possible closure requirements and best practices for contract completion.
	2.2 Roles and responsibilities of key actors in contract closure	<ul style="list-style-type: none"> Describe the roles and responsibilities of key LGA actors in contract closure; and Describe roles and responsibilities of key actor in review contract performance and evaluation of contract outputs.
	2.3 Tools for contract closure	<ul style="list-style-type: none"> Use of tools for contract closure including checklists
3. Review and Evaluation of Contract Performance	3.1 Criteria for review and evaluation of contract performance	<ul style="list-style-type: none"> Review client performance (LGA); Review contractor performance; and Review relationship management in accordance with contract provisions
	3.2 Key performance indicators for review and evaluation of quality and quantity	<ul style="list-style-type: none"> Use of key indicators of contract performance in terms of quality Use of key indicators of contract performance in terms of quantity
	3.3 Key performance indicators for review and evaluation of price, time and relationship management	<ul style="list-style-type: none"> Use of key indicators of contract performance in terms of pricing Use of key indicators of contract performance in terms of time management Use of key indicators of client - contractor relationship management
	3.4 Contractor's data and information	<ul style="list-style-type: none"> Identify sources of contractor data and information Roles and Responsibilities of Contractor Registration Board
4. Review and Evaluation of Procurement Outputs	4.1 Key Performance Indicators for Procurement Outputs	<ul style="list-style-type: none"> Identify and use Key Performance Indicators for benchmarking of procurement outputs Use information from stakeholders and end-users for review and evaluation of procurement outputs
	4.2 Key Performance Indicators for closure and quality of deliverables	<ul style="list-style-type: none"> Apply PPRA Key Performance Indicators for review and evaluation of value for money in procurement contracts with emphasis on closure and quality of deliverables
5. Course Evaluation		<ul style="list-style-type: none"> Training evaluation Qualitative evaluation exercise

SESSION 1: INTRODUCTION

Session one provides a general introduction to the training module and contains one unit as follows:

Unit 1.1: Common definitions for contract closure, review and evaluation of contract performance and evaluation of contract outputs.

By the end of this session the participants will be able to:

1. Explain various definitions used in this training module; and
2. Explain the importance of the contract closure, review and evaluation of contract outputs in the Procurement Cycle.

Unit 1.1 Common Definitions

1.1.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Explain various definitions used in this training module; and
- Explain the importance of the contract closure, review of performance and evaluation contract outputs in the Procurement Cycle.

1.1.2 Definitions of Key Terms

The common definitions of key terms used in contract closure, review of contract performance and evaluation of contract outputs include the following:

“A contract” Section 3 of PPA, 2011 as amended 2016 interprets a contract as the agreement made between a Procuring Entity and a supplier or contractor or asset buyer as a result of procurement proceedings, supply of goods or for the execution of works or for sale of public asset.

“Contractor” means a firm, company, corporation, organisation, partnership or an individual person engaged in civil, electrical or mechanical engineering or in construction or building work of any kind including repairs and renovation, and who is, according to the context, a potential party or the part to a procurement contract with the Procuring Entity.

“Contract Management” Refers to the activities of a buyer during a contract period to ensure that all parties to the contract fulfil their contractual obligations (Baily,

2008). It cuts across the entire contracting process from planning the contract (pre-award) through contract administration and closure. Contract management activities can be grouped into different areas, which are not limited to delivery management, relationship management, dispute resolutions, contract administration and contract closure.

“Contract administration” Covers the formal governance of the contract and any permitted changes to documentation during the life of the contract; it involves change control, charges and cost monitoring, ordering procedures, receipt and payment.

“Contract close-out” Contract closeout refers to verification that all administrative matters are concluded on a contract that is otherwise physically complete (Bethmann, 1990). It includes, but is not limited to, final reporting, file close-out (including in electronic systems), evaluation of the Contractor’s performance, and evaluation of the government staff involved. Contract closeout may also be referred to as Contract Discharge.

“Contract closure” The contract closure is an administrative procedure, which is aimed at consolidating that both parties (Contractor and Council) have fulfilled their contractual obligations and there are no unexecuted tasks or other types of pending issues. The last stage of the project procurement cycle includes the payment of the bills and closing of procurement contracts. Suppliers provide commodities that should meet standards of quality. The project team must check the records of deliveries made and determine that they were acceptable quality. If any items were rejected for poor quality or not delivered, the final payment is adjusted accordingly.

Importance of Contract Closure, Review and Evaluation of Performance and Outputs

The aim of contract closure, review and evaluation of contract outputs is to consolidate and confirm that both parties (Contractor and Council/PE) have fulfilled their contractual obligations, there are no unexecuted tasks or other types of pending issues and that the contract is physically and administratively complete.

A contract is *physically complete* only after all deliverable items and services called for under the contract have been delivered and accepted by the grantee. The deliverable items include amongst others reports, spare parts, warranty documents, and proof of insurance (where required by the contract terms). These deliverable items may or may not have been priced as discrete pay items in the contract, but

they are required deliverables, and the contract is not physically complete until all deliverables are made.

A contract is *administratively complete* when all payments have been made and all administrative actions accomplished. The steps that must be completed to close out a contract will depend upon the type and/or nature of the contract.

SESSION 2: CONTRACT CLOSURE REQUIREMENTS

Session two introduces participants to the closure requirements of procurement contracts and is divided in two units as follows:

Unit 2.1: Legal framework and best practices for contract closure;

Unit 2.2: Roles and responsibilities of key LGA actors in contract closure cycle; and

Unit 2.3: Tools for contract closure.

By the end of this session the participants will be able to:

1. Apply legal requirements and best practices in contract closure;
2. Understand roles and responsibilities of key LGA Actors in contract closure, review and evaluation of contract performance and contract outputs; and
3. Use tools for contract closure.

Unit 2.1: Legal Requirement and Best Practices for Contract Closure

2.1.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Review and apply legal closure requirements for procurement as per PPA of 2011 as amended 2016 and PPR of 2013; and
- Review and apply possible closure requirements and best practices for contract completion.

2.1.2 Closure Requirements under Public Procurement Act

There are no clear sections which describe the procedures for contract closure, review of contract performance and evaluation of contract outputs. PPA 2011 as Amended 2016, section 36(1)(k) stipulates that the Accounting Officer shall have the overall responsibility for the execution of the procurement process in the Procuring Entity, and in particular, shall be responsible for ensuring that the implementation of the awarded contract is in accordance with the terms and conditions of the award.

Section 38(a) of PPA, 2011 requires the Procurement Management Unit to manage all procurement and disposal by tender activities of the Procuring Entity except adjudication and the award of contract.

Section 39(1)(k) of PPA, 2011 requires the User Department of a Procuring Entity to oversee contract implementation including reviewing and approving technical

reports, design or any outputs as per contract, and to liaise with the Procurement Management Unit.

2.1.3 Closure Requirements under Public Procurement Regulations

Regulation 61(1) requires that any amendment to the contract that may change the original terms and conditions of such contract shall be prepared by the Procurement Management Unit in consultation with the User Department before it is submitted to the tender board for approval.

Reg.61 (4) stipulates that a contract amendment shall not increase the total contract price by more than fifteen percent of the original contract price without the approval of budget approving authority.

Regulation 111(5) requires for purposes of avoiding invalidation of the Procuring Entity's right, to impose liquidated damages and claims for time extensions, that a tenderer shall not be requested to carry out further work on the contract where the contract completion certificate is issued. Regulation 111(6) states that a Procuring Entity shall ensure that any extra work required is arranged independently of the original contract after the contract is accepted and complete.

Regulation 113(1) requires where a successful tenderer fails to execute the contract or agreement within the specified time or fails to comply with the contract or agreement without a justifiable and acceptable reason which result into the termination of such contract or agreement, the Accounting Officer shall refer the matter to the Authority and to the Attorney General for information and appropriate action.

Regulation 114(1) stipulates that a Procuring Entity shall be responsible for the effective management of any procurement of goods, services or works for which it is undertaking to:

- Monitor the costs and timely delivery of goods and services in the correct quantities and to the quality specified in each contract;
- Monitor the progress and timely completion of works in accordance with the terms of each contract;
- Take or initiate steps to correct or discipline deviations from observance of contract condition; and
- Ensure that the responsibilities imposed on it by the contract are fully discharged.

Regulation 242 to 252 provides for management of contracts as detailed in Training Module No 4.

2.1.4 Best Practices for Contract Closure

Best Practices are defined in the context of this module as a technique that Councils may use to help detect and avoid problems in the acquisition, management, administration and closing of contracts. Best practices are practical techniques gained from common industry experience and standards that may be used to improve the procurement process.

The contract closure procedure is part of the closing process detailing all activities required by project team members, customers, and other stakeholders to settle and close any contract agreement established for the project, as well as define those associated activities supporting the project's official administrative closure. The contract closure procedure involves product verification and administrative closure. The contract terms and conditions can also appoint specifications for contract closure that must be included in this procedure.

2.1.5 Reviewing Contract Performance

Despite the fact that the execution of the contract and performance of the Contractor are evaluated throughout the implementation of the project, the contract closure comprises the right time to 1) assess the overall success of the project implemented and the contract management procedures, and 2) record systematically any weaknesses and/or deficiencies in the provisions of the contract. In order to review and evaluate whether the contract performance was successful, the Contract Supervisor or Manager may use the checklist as presented in table 2 below:

Table 2: Checklist for Evaluation of Contract Performance

S/n	Issues	Yes / No	Comments
1	Was the response in the communications with the Contractor prompt?		
2	Were all notices, approvals, decisions and consents given to the Contractor <u>in writing</u> ?		
3	Did the Council furnish the Contractor with any information or/ and documentation that were necessary for the execution of the contract?		
4	Was there a climate of cooperation between the Council and Contractor?		

S/n	Issues	Yes / No	Comments
5	Were there any violations of the Code of Ethics ascertained by the staff of the Council that participated in the contract management?		
6	Was any replacement of the staff of the Contractor implemented pursuant to what is set forth in the contract?		
7	In a case where one of the members of the Contractor's Project Team was replaced, did his replacement have at least equivalent qualifications and experience?		
8	Were the deadlines for the acceptance of deliverables observed on the part of the Council?		
9	Was there any modification of the contract made pursuant to what is provisioned in it and in the legislation regarding the execution of public contracts?		
10	Was there a check made before making any changes in the contract that these did not distort the competition substantially?		
11	Were the payments to the Contractor made pursuant to what is provisioned in the contract?		
12	Were there any delayed payments made to the Contractor resulting in the Council obligated to pay interest on these payments?		
13	Was there termination of the contract caused due to liability of the Council?		
14	Were there any disputes between the Council and Contractor?		
15	In case there were disputes between Council and Contractor, were these resolved by amicable settlement?		
16	In case the disputes were not resolved by amicable settlement, were the procedures provisioned in the contract enforced for their resolution?		
17	Were there any problems noticed during the execution of the contract for the resolution of which the contract lacked the relevant provision?		

Going through the questions of the aforementioned list, the Contract Supervisor/Manager (or Council Engineer) has the opportunity to clarify whether the problems that appeared during the management of the contract are due to:

- Weaknesses in the procedures, tools and/or techniques utilised;
- Lack of required experience and/or appropriate competencies of the staff participating in the contract management; or finally
- Inadequacy or ambiguity in the provisions of the contract.

The results from this critique are suggested to be recorded for future use as "lessons learned" in the drafting and management of similar contracts.

Unit 2.2: Roles and Responsibilities of Key Actors in Contract Closure

PPA of 2011 and PPR of 2013 define the roles and responsibilities of key actors (i.e. departments, units, bodies and committees) in each stage of the procurement process for all Procuring Entities required to implementing the Act.

2.2.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Describe the roles and responsibilities of key actors in contract closure; and
- Describe the roles and responsibilities of each key actor in review and evaluation of contract performance and contract outputs.

2.2.2 Establishing Roles and Responsibilities for Contract Closure

Table 3 below provides a checklist with responsibilities for contract closure actions. Participants will brainstorm on the correct assignment of responsibilities, which will be agreed upon during the training in view of applicable legal provisions.

Table 3: Roles and Responsibilities in Contract Closure Actions

S/n	Closure Action(s)	Who		
		Responsible	Approves	Consulted
1	Check that all works have been completed and accepted.			
2	Check that the interim and final Progress Reports for works contracts have been submitted and have been accepted.			
3	Check that all interim payments as well as the final payment have been effected and that the Performance Guarantee has been returned to the Contractor.			

S/n	Closure Action(s)	Who		
		Responsible	Approves	Consulted
4	Check that all of the data like charts, diagrams, drawings, specifications and plans by the Contractor during the execution of the contract have been submitted to the Council.			
5	Complete the filing of the material related with the execution of the contract.			
6	Notify all stakeholders that the contract has been completed.			
7	Release the resources like machinery, equipment, materials and infrastructures of the Council that were utilised in the execution of the contract.			
8	Provide the Contractor with a Good Performance Certificate as long as it is requested by him.			

Unit 2.3: Tools for Contract Closure

2.3.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Use tools and techniques for contract closure

2.3.2 Use of Contract Closure Checklists

It is the responsibility of each Council to ensure that the deliverables, goods or works under a contract have been completed and the contract is ready for close-out prior to final payment. It is a good practice to use a checklist as a tool to assist the Council during that process. However, each contract is unique and the Council should customize the checklist as required to meet its particular circumstance.

➤ The contract file should contain all necessary documentation at the time of closeouts as provided in training module 3.

➤ Final payment should never be made until all work is complete and all deliverables are received and accepted.

Table 4 (next page) presents a detailed, recommended checklist with tools for contract closure.

Table 4: Checklist and Tools for Contract Closure

Contractor Name	Contract Number	Project Completion Date	
Person Completing Checklist	Project Title/Name		
Task	Date Completed	NA	Task
ADMINISTRATIVE ISSUES			
Contract administration files are consolidated and turned over to Procurement Management Unit upon completion of the closeout process			
The central file is complete, organized and conforms to regulations governing contract administration as specified by the PPA of 2011 [Reference Formal Contract Administration File]			
The Contractor has notified the Council that all work required by the contract is complete			
The Contractor has complied with all contractual terms and Conditions			
All file documents have been signed with the original signatures. This include invoices, / vouchers, letters to contractor, memoranda, official correspondence etc.			
All final determination have been completed			
All optional provisions have expired			
All time extensions have expired			
All change orders, modifications, have been signed, defined and included in the central file			
Settlement of subcontract by the prime contractor completed			
MONITORING			
All monitoring issues have been resolved			
The monitoring plan updated and documentation of all monitoring requirements accurately reflects the status of all monitoring activities as outlined in the monitoring plan.			
The Risk Assessment is updated and completed to reflect the status of all monitoring activity			
All Council specific required approvals have been received			
The Contractor has complied with all contractual terms and conditions			
DELIVERABLES			
All Contract deliverables have been received, inspected, and accepted including All required reports			
FINAL PROPERTY CLOSE OUT			
The property inventory report has been received from the contractor			

Contractor Name	Contract Number	Project Completion Date	
Person Completing Checklist	Project Title/Name		
Task	Date Completed	NA	Task
All Council –owned property, real or person, either furnished by the government or acquired by the contractor for the account of the Government has been accounted for			
All property inventory and ownership issues are resolved including disposition of any equipment, licenses purchased, or warranty information under the contract			
FINAL SECURITY CLOSE OUT (IF APPLICABLE)			
There has been a Disposition of all Classified Material (Proprietary, Trade secrets, Sensitive, Confidential, Personal /Privacy) generated to or accessed by the contractor in the performance of the contract			
FINAL PATENTS CLOSEOUT (IF APPLICABLE)			
Final invention, patents, and copyright disclosure reports received			
Report affirming that no technology, inventions, patents or copyrights resulted from the contract			
FINAL ROYAL REPORT CLOSEOUT (IF APPLICABLE)			
Final Royalty Report has been received			
FINAL PAYMENTS AND INVOICES			
All disallowed payments, performance, deliverables, or suspended costs been resolved.			
All reconciliation has been completed in conjunction with a financial report to verify that all payments have been paid			
Refunds, rebates, and/or credits have been annotated in the file			
The contract file contains a record of all payments made to the contractor.			
All excess funds, such as un-liquidated obligations have been verified and the de-obligations of funds have been accomplished, if required?			
Final invoice has been received, reviewed, accepted and paid.			
CONTRACT COMPLETION STATEMENT			
After final acceptance and final payment has been made, a Contract Completion Statement is prepared and issued officially stating that the contract is complete in its entirety and may be closed and properly archived.			

Contractor Name	Contract Number	Project Completion Date	
Person Completing Checklist	Project Title/Name		
Task	Date Completed	NA	Task
CONTRACTORS PERFORMANCE REPORT			
A contractors Performance Report has been prepared			
CONTRACT ADMINISTRATION ANALYSIS OR POST CONTRACT EVALUATION			
The contractor and end-user has completed a contract analysis report card			

SESSION 3: REVIEW AND EVALUATION OF CONTRACT PERFORMANCE

Session three introduces participants to the concepts, tools and techniques for effective evaluation of contract performance. The session is divided in four units as follows:

Unit 3.1: Criteria for Review and Evaluation of Contract Performance;

Unit 3.2: Key Performance Indicators for Review and Evaluation of Quality and Quantity;

Unit 3.3: Key Performance Indicators for Review and Evaluation of Price, Time and Relationship Management; and

Unit 3.4: Contractors' Data and Information

By the end of this session the participants will be able to:

1. Review client (LGA) and contractor performance;
2. Review relationship management in accordance with contract provisions;
3. Apply criteria, systems and tools for evaluation of contract performance;
4. Use key indicators of contract performance in terms of Quality, Pricing and Quantity;
5. Use key indicators of contract performance in terms of Time and Client-Contractor Relationship Management; and
6. Describe sources of contractors and suppliers data for future procurement contracts.

Unit 3.1: Criteria for Review and Evaluation of Contract Performance

3.1.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Review client performance (LGA);
- Review contractor performance; and
- Review relationship management in accordance with contract provisions.

3.1.2 Review and Evaluation of Client Performance

Review of the performance of the Client (i.e. Council) is very important as non-compliance of Client's obligations in accordance with the terms and conditions in the contract will likely result in Suppliers, Contractors or Service Providers failing to

fulfil their work programs and delivery schedules. Table 5 presents a schedule with recommended measures to review and evaluate the performance of the Client (Council).

Table 5: Evaluation Measures for Client Performance

S/n	Evaluation Measure/ Criteria	Yes/No	Recommendations
1.	Council fulfilled all the required obligations as provided in the contract		
2.	Vetting of contracts by AG or Legal officers of the Council and Proper signing of contracts		
3.	Management of performance securities, insurances, advance payment guarantees (whichever is applicable)		
4.	Timely issuance of instructions and Management meetings held (records prepared and signed)		
5.	Timeliness of site possession/contract commencement and properly time extension issued		
6.	Appropriate quality of the project/service programme and appropriate application of remedies for delays		
7.	Appointment of Contract Supervisors/ supervisor or inspection and Acceptance committee		
8.	Payments made on time and Payment certificates are attached with inspection reports/measurement sheets		
9.	Council maintained a record copy of all Drawings, Specifications, Addenda, Change Orders, Change Directives, Field Orders and written interpretations and clarifications in good order and annotated to show all changes made during construction.		
10.	Justifications for variations, appropriate procedures followed in issuing variation orders/contract amendments		
11.	Contract close out, rectification of defects and payment of retention money		

3.1.3 Monitoring of Contractor Performance

Monitoring the performance of the contractor is a key function of proper contract administration. The purpose is to ensure that the contractor is performing all duties in accordance with the contract and for the Council to be aware of and address any developing problems or issues. Contract monitoring may be viewed as:

- A preventive function;
- An opportunity to determine the contractor's need for technical assistance; and
- A valuable source of information concerning the effectiveness and quality of services being provided.

Determining what to monitor

Consider the following questions when determining what to monitor:

- How will the Council know it is receiving what it paid for?
- How will the Council know that the contractor is complying with the terms of the contract?
- How will the Council know the contract is complete and determine closure?

Review the statement of work and other contract terms, including contractor compliance requirements. All of these requirements are deliverables that the contractor agreed to when the contract was signed or the purchase order was issued. Design of the monitoring programme of a particular contract should focus on the items that are most important, which means on the outcome that result from the contract.

- **Consider if the Council would be concerned in monitoring performance regarding the following issues, which have been raised by stakeholders:**
 - a) Money is spent on non-allowable costs (i.e. gifts, etc.);
 - b) Taxpayers do not receive less services than for which they are eligible;
 - c) Taxpayers receive the wrong services;
 - d) The contractor inaccurately reports progress;
 - e) The contractor does not make corrections to goods and/or services identified as not meeting requirements;
 - f) Services cost more than they should;
 - g) The contractor wastes money or does not protect the assets purchased; and
 - h) Service priorities for eligible taxpayers are inappropriate;

The Council must review the contract based on the monitoring data and information to see how the costs are reimbursed. Many contracts require that all costs must be included in the original budget provided by the contractor and approved by the Council. In some cases, the contract may specify that certain costs such as the purchase of a vehicle or use of a sub-contractor require prior approval by the Council.

3.1.4 Review and Evaluation of Contractor Performance

Typically the reviews by the Council are based on monitoring and analysis of progress reports submitted by the contractor. Table 6 below presents a possible grid of criteria and evaluation measures to review and evaluate the performance of the Contractor for a works contract.

Table 6: Evaluation Measures of Contractor Performance

S/n	Evaluation Measure / Criteria	Yes / No	Recommendation
1	The Contractor performed and completed the work in a good and workmanship manner in accordance with the contract documents		
2	Changes in work were performed under applicable provisions of the Contract Documents		
3	Contractor maintained a record copy of all Drawings, Specifications, Addenda, Change Orders, Change Directives, Field Orders and written interpretations and clarifications in good order and annotated to show all changes made during construction.		
4	The Contractor successfully completed the Work within the Contract Time and by the Contract completion date		
5	Contractor successfully coordinated the preparation and processing of submittals with performance of construction activities		
6	The Contractor paid workers no less than the wage rates established by the Government and maintained payroll reports		
7	The Contractor complied with PPA/PPR requirements: including, but not limited to utilization of subcontractors identified to perform work and adherence to requirements associated with post-award changes and terminations		

S/n	Evaluation Measure / Criteria	Yes / No	Recommendation
8	The Contractor took all necessary precautions for the safety of and provided the necessary protection to prevent damage, injury or loss		
9	The Contractor initiated, maintained and supervised all safety precautions and programs in connection with the Work in accordance with Tanzania legal framework		
10	Contractor complied with all applicable laws and regulations of any public body having jurisdiction for safety of persons or property or to protect them from damage, injury or loss: and erected and maintained all necessary safeguards for such safety and protection including HIV/Aids awareness		

The review of contract performance can be enhanced by including the following criteria:

- *Compare the actual performance against the contract requirements:* is the contractor performing in accordance with the contract requirements?
- *Compare actual expenditures to the approved budget:* is the contractor following their approved budget plan?
- *Compare the current period to prior periods:* are there any unexplained trends? Is the contractor performance significantly different from the last period or the last year?
- *Compare what the current contractor is doing* in comparison with other contractors performing similar work.
- *Compare the relationships between key components of the report* such as:
 - The cost per unit of service or the percentage of the fees charged to the program;
 - The change in variable costs compared to the units of service provided; and
 - Reported salaries match staffing plan.
- Compare the report with what is known about the *contractor's operating environment:* did a weather emergency in the area recently increase the cost of construction supplies or is the cause of a temporary reduction in services provided?

3.1.5 Review of Relationship Management

Open and continuous communication is a must for joint project success in which the Contract Supervisor and Council Team worked together closely to ensure the maintenance of adequate communication between 1) Client and Contractor and 2) Actors within the LGA responsible for contract management, supervision and reporting.

The role of leader is critical in a project. Leaders and Contract Supervisors ensure an alliance and harmonious environment in the project team, maintain relationships and direction in the project, and communicate with the project team and the higher management level. Constant facilitation and project team work allow the development of more open and frank communication, focus the team on the project direction, and allow early identification of problems. On-site team members need to be introduced to the true meaning and values of alliancing.

Customer Satisfaction

Relationships with the client are reviewed and decisions about including the client in project decisions and alignment meetings are discussed. The client is given the opportunity to express satisfaction and identify areas in which to improve. Often a senior manager from the organization interviews the client to develop feedback on the project team performance. A general report that provides an overview of the project is created to provide LGA stakeholders with a summary of the project. The report includes the original goals and objectives and statements that show how the project met those goals and objectives.

Performance on the schedule and budget are summarized and an assessment of client satisfaction is provided. A version of this report can be provided to the client as a stakeholder and as another means for deriving feedback.

Unit 3.2: Key Performance Indicators for Review and Evaluation of Quality and Quantity

3.2.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Use key indicators of contract performance in terms of Quality; and
- Use key indicators of contract performance in terms of Quantity.

Reviewing contract performance is a key function of proper contract administration; the focus is on obtaining supplies and services, of requisite quality, on time, and

within the budget. The purpose is to ensure that the Key Performance Indicators (KPIs) set in the contract are achieved in accordance with the contract requirements and for the Council to allow payments to the Contractor, Supplier or Service Provider.

3.2.2 Review of Contract Performance: Quality

When reviewing performance of the contract in terms of quality, the following aspects have to be included:

- a) Vetting of contracts by Attorney General (AG) or Legal officer of the LGA;
- b) Appointment of Project Managers/supervisors;
- c) Confirmation of appropriate qualifications of Contract Supervisors;
- d) Availability and quality of implementation reports (service delivery reports);
- e) Appointment of inspection and acceptance committees;
- f) Appropriate qualifications of inspection committees;
- g) Availability of inspection reports; and
- h) Availability and adherence of quality assurance plan.

3.2.3 Review of Contract Performance: Quantity

When reviewing performance in terms of quantity, the following aspects have to be included:

- a) The quantity requested by user and the actual quantity in the contract;
- b) Compliance of quantity provided in the schedule of requirements or bill of quantities and the actual quantities authorised and accepted by the Council;
- c) Are there justifications for variations; and
- d) If appropriate procedures were followed in issuing variation orders/contract amendments.

Unit 3.3: Key Performance Indicators for Review and Evaluation of Price, Time and Relationship Management

3.3.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Use key indicators of contract performance in terms of pricing;
- Use key indicators of contract performance in terms of time management; and
- Use key indicators the client-contractor relationship management.

3.3.2 Review of Contract Performance: Pricing

When reviewing performance in terms of pricing or cost, the following aspects have to be included:

- a) Actual contract price versus the final paid amount?
- b) Was the item billed really purchased by the contractor?
- c) Was the item billed used for the purpose of the contract?
- d) Was the item necessary and reasonable for the purpose of the contract?
- e) Was the item listed in the contractor's budget and approved by the Council?
- f) Were there variations to the contract in terms of cost and/or scope and if granted, viable and do they follow appropriate procedures as required by Regulation 110 (1-9) of GN No. 446 of 2013 and contract provisions?
- g) Certification of payments: whether Payment certificates were attached with inspection reports/measurement sheets?
- h) If Payments were made on time; and
- i) Contract close out, rectification of defects and payment of retention money was done.

3.3.3 Review of Contract Performance: Time

When reviewing performance in terms of time, the following aspects have to be included:

- a) Timely site possession in accordance to the terms and conditions of the contract?
- b) Is the time extension order granted viable and does it follows appropriate procedures as required by Sec. 77(3) of PPA, 2011 and Reg. 111 of GN No. 446 of 2013 and contract provisions?
- c) Appropriate application of remedies for delays?
- d) Existence and adherence of project programme in accordance to the requirement in the contract? and
- e) If there were project progress reports prepared by the Contract Supervisor or supervisor as required by Regulation 243 (1&3) of GN No. 446 of 2013?

3.3.4 Review of Contract Performance: Client-Contractor Relationship Management

The *client* refers to the Procuring Entity, which has defined the need, project objective, schedule and budget. The expected result of the project is the creation of a product (often called works). The client is in charge of the basic idea of the project

and, in this regard, represents the intended end-users of the work. Thus, the client is responsible for the functional expression of the needs, but does not necessarily have the technical competency related to the implementation of the work.

The *contractor* is the entity hired by the client to carry out the work, under the terms and subject to the deadlines, and quality and cost provisions determined by the latter pursuant to a contract. The contractor is therefore responsible for the technical choices inherent in the performance of the work in accordance with the client's requirements

Supplier relationship management (SRM) is the discipline of strategically planning for, and managing, all interactions with third party organizations that supply goods and/or services to an organization in order to maximize the value of those interactions. In practice, SRM entails creating closer, more collaborative relationships with key suppliers in order to uncover and realize new value and reduce risk of failure.

Relationships with the client are reviewed and decisions about including the client in project decisions and alignment meetings are discussed. The client is given the opportunity to express satisfaction and identify areas in which to improve. Often a senior manager from the contractor/service provider interviews the client to develop feedback on the project team performance.

A general report that provides an overview of the project is created to provide stakeholders with a summary of the project. The report includes the original goals and objectives and statements that show how the project met those goals and objectives. Performance on the schedule and budget are summarized and an assessment of client satisfaction is provided. A version of this report can be provided to the client as a stakeholder and as another means for deriving feedback.

When reviewing performance in terms of client-contractor relationship management the following aspects have to be included:

- a) Contract Schedule and Budget Management;
- b) Timely communications and responses;
- c) End users comments and satisfaction level;
- d) contract execution duration in comparison to the set time;
- e) Achievement of expected level of tangible and intangible outputs;
- f) 'Effectiveness' that is broadly about meeting needs of customers;
- g) 'Efficiency' that is broadly about saving money and time, which is mostly about meeting needs of stakeholders; and

- h) Employees' perception and enjoyability of the project.

Unit 3.4: Contractors' Data and Information

3.4.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Identify information sources and key data of Contractor data base;
- Indicate requirements of a simple Contractor database;
- Explain record management (electronic and archives) through the contractor's data base; and
- Describe the role of the Contractor Registration Board (CRB).

Contractor's data or information can come from various sources including media, blogs, personal experiences, books, journals, magazine articles, expert opinions, and web pages. Generally, most of LGA do not consistently maintain contractor data. A data can be used to record and access the contractor data within a contractor management program. The data needs to be updated regularly, to ensure that all stakeholders are kept informed of any changes, particularly if the contractor management program is being used to eliminate subpar performers.

3.4.2 Role of Contractors Registration Board

The Contractors Registration Board (CRB) is a regulatory body established by the Act of Parliament No.17 of 1997. The Board is charged with the responsibility for registration, regulation and development of Contractors. The corporate functions of CRB can be summarised as follows:

- a) To register Local and Foreign contractors working in the construction industry;
- b) To regulate the activities and conduct of contractors in the construction industry;
- c) To set criteria for registration of contractors in different classes and review these criteria from time to time;
- d) To verify and ensure that all works are undertaken by registered contractors;
- e) To ensure that all construction works comply with the governing laws and regulation;
- f) To review the performance of registered contractors from time to time;
- g) To develop the skills and capacity of Local contractors;

- h) To liaise and interact with Local and Foreign professional Boards and Associations related to the construction industry; and
- i) To publish and disseminate information related to the construction industry.

Best Practices for Maintaining Contractors' Data and Information

The participants will be required to brainstorm and discuss the way they maintain the Contractors' Data and Information by expanding on:

- Current practice in the Local Government Authorities for tracking and monitoring contractors' performance, data and information;
- Problems encountered; and
- Best way to improve the maintenance of contractors' data and information.

SESSION 4: REVIEW AND EVALUATION OF PROCUREMENT OUTPUTS

Session four introduces participants to criteria, systems and tools for review and evaluate procurement (contract) outputs. The session is divided in two units as follows:

Unit 4.1: Key Performance Indicators for procurement outputs; and

Unit 4.2: Key Performance indicators for closure and quality of deliverables.

By the end of this session the participants will be able to:

- Use Key Performance Indicators for benchmarking and evaluation of procurement outputs;
- Use information from stakeholders and end-users to evaluate procurement outputs; and
- Apply Key Performance Indicators used by PPRA for value for money procurement audits.

Unit 4.1: Key Performance Indicators for Procurement Outputs

4.1.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Use Key Performance Indicators for benchmarking and evaluation of procurement outputs

4.1.2 Defining (Key) Performance Indicators

A **Performance Indicator** or **Key Performance Indicator (KPI)** is a specific type of performance measurement. KPIs evaluate the success of the project or of a particular activity in which it engages. Often success is simply the repeated, periodic achievement of some levels of operational goal (e.g. zero defects, full customer satisfaction, etc.), and sometimes success is defined in terms of making progress toward strategic goals of the Council.

Accordingly, choosing the right KPIs relies upon a good understanding of what is important to the Council. What is considered as important often depends on the department measuring the performance, e.g. the KPIs useful to finance will really differ from the KPIs assigned to Human Resources. Since there is a need to understand well what is important, various techniques to assess the present state of

the Council, and its key activities, are associated with the selection of performance indicators. These assessments often lead to the identification of potential improvements, so performance indicators are routinely associated with '**performance improvement**' initiatives.

- **Outputs** are the tangible and intangible products that result from project activities as the optimal use of resources to achieve intended outcomes.
- **Outcomes** are the benefits that a project or intervention is designed to deliver to achieve.

LGAs needs to ensure that they review the expected tangible and intangible outputs of the project as set in their action plans, measure the overall achievement of the expected procurement outputs (i.e. outcome) with stakeholders and end-users and set strategies for improvements in future projects.

Unit 4.2: Key Performance Indicators for Closure and Quality of Deliverables

4.2.1 Unit Objectives

By the end of the unit, the participants will be able to:

- Use PPRA Key Performance Indicators for Value for Money of Procurement; and
- Review adherence to the Quality Assurance Plan.

4.2.2 PPRA's Indicators and Criteria for Value for Money in Procurement Contracts

The PPRA indicators and criteria for Value for Money in audit are structured in the four main stages of the Procurement Cycle and the final procurement outcome, which is quality of works, goods or services delivered:

- 1) Planning, Design and Tender Documentation;
- 2) Procurement process;
- 3) Contract Administration;
- 4) Project Completion; and
- 5) Quality of Works (Goods or Services).

Review of the indicators and criteria for Value for Money by the Council Team requires availability of the required documents and reports at all stages of the procurement and contract management cycle, see table 7 below:

Table 7: PPRA Indicators/Criteria for Value for Money of Procurement Contracts

Stage	Criteria	Sources of Information
<i>Planning, Design and Tender Documentation</i>	<ol style="list-style-type: none"> 1) Existence of the project in the approved budget 2) Existence of the project in the procurement plan 3) Compliance of project planning, particularly with respect to: assessment of competing alternatives based on feasibility studies carried out; analysis of feasibility based on appropriate architectural and structural design software; timely appointment of independent design professional or Contract Supervisor; and availability of both Architectural and Structural Design Reports. 4) Accuracy and completeness of architectural and structural designs and reports 5) Accuracy, appropriateness and completeness of technical specifications 6) Overall appropriateness of the design in terms of economy and function (fitness for purpose) 7) Accuracy and completeness of BOQs for the works and their consistency with the drawings and technical specifications 8) Accuracy and completeness of bidding documents 9) Accuracy of the Engineer's estimates 	<ul style="list-style-type: none"> ▪ Approved Budget ▪ Annual Procurement Plan(s) ▪ General Procurement Notice ▪ Minutes of Tender Board meetings ▪ Designs Reports for the sampled contracts ▪ Design Calculations, Engineer's estimates, Specifications and Drawings for the sampled contracts, Materials Reports, Hydrological and Hydraulics Reports, etc. ▪ Bidding Documents for the sampled contracts
<i>Procurement Process</i>	<ol style="list-style-type: none"> 1) Use of standard tender documents [Sec. 70 of PPA, 2011 and Reg. 184 (3, 4 & 5) and 287 (4) of GN No, 446 of 2013 2) The tender notice sent to PPRA [Sec. 68(2) of PPA, 2011 and Reg. 19 of GN. No. 446 of 2013 	<ul style="list-style-type: none"> ▪ Approved Budgets for respective financial years ▪ Annual Procurement Plans for respective financial years ▪ General Procurement

Stage	Criteria	Sources of Information
	3) The selection method (as prescribed in Part VI of PPA, 2011 and Part V, Seventh schedule, part IX and Eleventh schedule of GN No. 446 of 2013) 4) Prequalification and shortlisting (Reg 119, 122(4) and 281 of GN No. 446 of 2013) 5) Time for submitting bids 6) Communication of clarification to bidders 7) Evaluation process and award of contract 8) Composition of tender evaluation committee (Section 40 of PPA, 2011 and Regulation 202 (1 & 2) and 297(1 & 2) of GN No. 446 of 2013) 9) Members of evaluation team signing code of ethics [Sec. 40(6) of PPA, 2011] 10) Evaluation done as per the evaluation criteria contained in the tender dossier or Request for Proposals 11) Notification of evaluation results to unsuccessful bidders [Sec. 60(12&14) of PPA, 2011 and Reg. 235 of GN. No. 446 of 2013] 12) Publication of awards [Sec. 60(12) and Reg. 20, 236 and 309(4) of GN No; 446 of 2013] 13) Quality and comprehensiveness of the tender evaluation report 14) Competitiveness of rates quoted for major items of construction compared with prevailing market prices 15) Overall competitiveness of the most economic tender when compared with prevailing market prices in both private and public sectors 16) Capacity and competence of the selected contractor in relation to project size and complexity	Notices for respective financial years <ul style="list-style-type: none"> ▪ Minutes of Tender Board meetings for respective financial years ▪ Bidding Documents for the sampled contracts ▪ Designs Reports for the sampled contracts ▪ Design Calculations, Engineer's estimates, Specifications and Drawings for the sampled contracts, Materials Reports, Hydrological and Hydraulics Reports, etc. ▪ Tender Adverts for the sampled contracts ▪ Tender Evaluation Reports for the sampled contracts ▪ Contract Documents for the sampled contracts ▪ Advance Payment Guarantees (where applicable) for the sampled contracts ▪ Performance Guarantees (where applicable) for the sampled contracts ▪ Insurance Covers (where applicable) for the sampled contracts ▪ Approved Work Programme for the sampled contracts ▪ Records of site possession.

Stage	Criteria	Sources of Information
<i>Execution and Contract Administration</i>	<ol style="list-style-type: none"> 1) Timeliness of site possession 2) Quality of project programme (schedule of work) 3) Adherence to project programme 4) Quality of contractor's site organization and staff 5) Quality of supervising engineer's site staff 6) Quality of quality assurance programme 7) Adherence to quality assurance programme 8) Quality of Hoardings and other temporary structures 9) Management of contractual documents, including surety and insurances bonds 10) Quality and management of project documentation with respect to: general correspondence, site instructions, minutes of site meetings, progress reports, works measurement and inspection, records, material testing records, interim and final payment certificates, variation orders, claims 11) Assessment (including validity of) variations 12) Assessment (including validity of) claims and related cost overruns 13) Assessment (including validity of) project delays and extensions of time 	<ul style="list-style-type: none"> ▪ Contract Documents for the sampled contracts ▪ Advance Payment Guarantees (where applicable) for the sampled contracts ▪ Performance Guarantees (where applicable) for the sampled contracts ▪ Insurance Covers (where applicable) for the sampled contracts ▪ Approved Work Programme for the sampled contracts ▪ Progress Reports for the sampled projects / contracts ▪ Payment Records / Certificates for the sampled projects / contracts ▪ Site instructions for the sampled projects / contracts ▪ Variation Orders (VO's) for sampled projects / contracts ▪ Quality Control Regime (Test results and checking their consistencies) ▪ Minutes of Site Meetings for the sampled projects / contracts ▪ Project (Correspondence) Files for the sampled projects / contracts ▪ List of Claims for the sampled projects / contracts ▪ Final Certificate (where applicable) for the sampled

Stage	Criteria	Sources of Information
		projects / contracts ▪ Previous Audit Reports
<i>Project Completion and Closure</i>	<ol style="list-style-type: none"> 1) Quality and completeness of as-built-drawings 2) Compilation and Management of snag list 3) Timely issuance of Substantial Completion Certificate, Final Certificate and settlement of Final Account 4) Management of the defects liability period 5) Quality and adequacy of the final project report 6) Compliance of final quantities paid for with those reflected by the actual investment as per as-built-drawings 7) Compliance of project cost as per final account with accepted tender price 8) Compliance of actual project completion time with the contract period 	<ul style="list-style-type: none"> ▪ Quality and completeness of as-built drawing ▪ Compilation and Management of snag list ▪ Timely issuance of substantial completion certificate, final certificate and settlement of final account, and as-built drawings preparation and submission ▪ Management of the defects liability period ▪ Quality and adequacy of the final project report ▪ Compliance of actual project completion time with the contract period
<i>Quality of Executed Works</i>	<ol style="list-style-type: none"> 1) Based on visual assessment, determine whether the completed works are satisfactory in terms of: Overall quality of workmanship; Overall quality of materials used; Overall quality of walls, columns, beams; Overall quality of plaster and painting or any other type of finishes; Overall quality of roof structure and covering; Overall quality of ceiling; Overall quality of External works; Absence of defects, such as cracks, bends, failures, etc; Functional requirements (assess whether floors, lifts, fittings, doors, windows, etc are functioning properly) 2) Based on physical site measurements, determine whether dimensions of the following major items of construction of the completed works comply with the drawings and technical 	

Stage	Criteria	Sources of Information
	<p>specifications: Correctness of setting out (designed/specified versus actual/verified); Compliance on scope (Quantum of work done versus specified/paid for); Correctness of plinth levels; Correctness of functional requirements (verification of rooms dimensions); Dimensions of windows, doors, etc; Compliance on materials utilization (specifications, warranties, dimensions, make or source, etc); Visual assessment of quality of materials used and works done;</p> <p>3) Based on site measurements, determine whether dimensions of rooms and other functions comply with the technical drawings and specifications</p> <p>4) Based on sample field tests determine whether the quality of materials used in concrete structure comply with the technical specifications;</p> <p>5) Based on sample field tests determine whether the quality of materials used in finishing works comply with the technical specifications;</p> <p>6) Assess compliance of site clean-up and restoration of disturbed and/or damaged areas with Environmental Management</p> <p>7) For uncompleted projects, assess compliance of on-going construction activities with safety and Environmental Management Plan (EMP) requirements</p>	

4.2.3 Procurement Outcome: Quality of Works

Based on physical site measurements, the reviewer or review team will determine whether dimensions of the following major items of construction of the completed works comply with the drawings and technical specifications. Measurements will be

taken to ascertain whether dimensions shown on the drawings, paid for or reported done were correct and complying with standards, specifications and best practices.

Visual assessment is done in order to determine whether the completed works are satisfactory in terms of:

- Overall quality of workmanship;
- Overall quality of materials used;
- Overall quality of riding surface; and
- Absence of defects, such as cracks, ruts and localized potholes.

➤ The same approach can be used to review and evaluate the quality of goods delivered and services performed.

4.2.4 Review of Adherence to Quality Assurance Plan

Quality Assurance is defined as the maintenance of a desired level of quality in a service or product, especially by means of attention to every stage of the process of delivery or production.

During the contract closure, review and evaluation the Council team will review implementation and adherence to the quality assurance plan. The QA plan describes the strategy, methods and tools deployed to ensure two things:

- (a) That the project has being managed, developed, and deployed in a sound and reasonable way; and
- (b) That the project's deliverables (procurement outputs) were of acceptable quality before they were accepted by the Council.

Importance of the Quality Assurance Plan

Quality does not happen by accident. It must be planned so there is agreement about how quality is measured, when quality checks occur and how corrective actions are determined and implemented. The Quality Assurance Plan is a tool that can help the project to deliver the highest possible quality result within committed resources, schedule and budget.

Scale of the Quality Assurance Plan

Each project should have some form of a quality assurance plan. Staff responsible for Quality Assurance should report to others than the Contract Supervisor. The larger the project, the more formal and comprehensive the plan should be. For large

projects, quality assurance must be obtained from external sources. For medium or small projects, quality assurance may be performed internally as long as it is performed by independent staff.

Outline of the Quality Assurance Plan

Review of the quality assurance plan entails review of adherence to key features of the QA plan and how to make improvements for future contracts:

- Description of key project processes;
- Description of project deliverables;
- Clear criteria used for specifically defining quality at each key checkpoint or for each deliverable;
- Roles and responsibilities outlined for the key quality assurance evaluators;
- Agreement on the points in time that quality reviews will occur;
- How and to whom findings will be reported; and
- Description and availability of required documents and records.

➤ The details of preparing and managing the quality assurance plan are part of training module No. 4 on contract administration and management.

ANNEXES

Annex 1: Case Study

Kidia District Council had a project for Construction of 200m³ water storage tanks for irrigation. The project had the following details;

The Project Information

- **Project name:** Construction of 200m³ water storage tank for irrigation at Masaeni.
- **Contract No. :** LGA/LDC.442/2013-2014/W/02
- **Supervising Engineer:** District Water Engineer KDC
- **Contract Price:** Tsh. 37, 954,000.00
- **Contract period:** 90 days
- **Site possession date:**
- **Start date:** 05/11/2014
- **Completion date:** 02/02/2015
- **Revised completion date:** N/A

During review of contract at the closure the following information was obtained.

Planning, Design and Tender Documentation Stage

The whole process of planning designing and tender documentation was properly managed. The only thing that could be seen as short fall is an evidence that they did not approve the tender documents before issuance to Bidders.

During the review of Procurement Stage the following short falls were observed:

- a) Special Conditions of Contract lack important details such as programme of work, performance securities were not clearly requested;
- b) Members of evaluation committee signed the code of conduct form after completion of evaluation process and tender board members did not sign the code of conduct form before adjudication;
- c) The time for request clarifications by bidders was not clearly stipulated; and
- d) Tender award was not communicated to PPRA as required.

During the review of Construction Stage the following short falls were observed:

- a) No evidence that update programme of work was submitted;

- b) No evidence that quality assurance plan was prepared by the Council;
- c) Performance security was not demanded by the Council so there was no submitted security to cover/mitigate the risks; and
- d) The project had variation made from the original contract costs and time; however there was no evidence of approval by tender board and Budget Approving Authority (BAA). The variation changes the contract costs to Tsh 55, 500,000.00 which was above the set budget of 42,000,000 and completion date to 10/07/2015.

During the review of Project completion and Closure Stage the following short falls were observed:

- a) No evidence that final inspection was carried out;
- b) Neither site hand over, nor snag list were prepared;
- c) There were no inspection/progress reports provided at different stages to verify compliance of specified materials for the construction;
- d) The project hand over did not involve end users who could have provided their views and comments/complaints of the completed project in comparison with the design requirements; and
- e) The time used to complete the project was far longer than estimated time.

During the review of Quality of Executed works the following short falls:

Visually the quality of the finished work was good as measured without referring to the inspection and tests. However restoration of disturbed/or damaged areas was not taken care of. Stone pitching was supposed to be fixed in all disturbed slopes to avoid possible soil erosion.

- *Discuss experiences and similar weaknesses back to your LGAs as compared to the provided case study and suggest how to avoid them in future*

Annex 2: Sample Contract Completion Statement

The following close-out information is provided:

1. Contract Administration Office* (* only if different from the contracting office, below)	Complete Name & Address
2. Contracting Office	Complete Name & Address
3. Contract Number	
4. Last Modification Number	
5. Last Call or Order Number	
6. Contractor Name and Address	Complete Name & Address TIN:
7. Dollar Amount of Excess Funds	
8. Voucher No. & Date (Cost Re-imbusement Contract)	
9. a. Final Invoice Number (Fixed Price Contract)	
9. b. Final Invoice Date	
10. All contract administration functions have been fully and satisfactorily completed.	
<p>As a result of a final review of the contract file, it is determined that, to the best of my knowledge, all terms and conditions of the subject contract have been met and the file so documented. The checklist has been completed indicating that all requested deliverables, as modified, have been received and are acceptable, and all services have been satisfactorily performed. Actions relating to the settlement and to the disposition of the Government property have been documented. The final invoice has been received and processed, giving consideration for any adjustments, which may be necessary as a result of the above. Consequently, all necessary actions required to close the subject contract are hereby considered complete as evidenced by the closeout checklist contained in this file.</p>	

Signature

Date

Contracting Officer

Type or Print Name

Email Address

Annex 3: References

- Miller, Keith. 2002. "Advantages and Disadvantages of Local Government Decentralization." In *Caribbean Conference on "Local Government and Decentralization,"* Georgetown Guyana, 25–28.
- PPRA PO-RALG BTC. 2016. *Module 4: Contract Administration and Management for Local Government Authorities.*
- Schneider, Aaron. 2003. "Decentralization : Conceptualization and Measurement." *Studies in Comparative International Development* 38(3): 32–56.
- Smoke, Paul. 2003. "Decentralisation in Africa : Goals, Dimensions, Myths and Challenges." *public administration and development* 23(February 2003): 7–16.
- URT. 1982. *Local Government Finance Act (Cap 290) of 1982.*
- — — . 1998. *Policy Paper on Local Government Reform.*
- — — . 2009. *Local Government Financial Memorandum, 2009.*
- — — . 2011. *Public Procurement Act 2011.*
- — — . 2013. *Public Procurement Regulations 2013.*
- — — . 2014b. *Local Government Authorities' Tender Boards (Establishment and Proceedings) Regulations 2014.*
- — — . 2016. *Public Procurement (Amendment) Act, 2016.*
- PPTA. Operational Procurement Manuals for Local Government Authorities.

Annex 4: Course Evaluation Form

Title of Training Module:	
Venue of Training:	
Dates of Training	From To
Trainer(s):	1. 2.
Name of LGA:	
Name (Optional):	
Position:	

Indicate your answer by putting a circle around the number (i), (ii), (iii), (iv) or (v).

PART ONE: OVERALL RELEVANCE OF THE COURSE

- 1. The objectives of the course were relevant to my training needs:**
 - (i) Completely agree; means that all the objectives were relevant
 - (ii) Mostly agree; means that most of the objectives were relevant
 - (iii) Agree; shows approximately half of the objectives were relevant
 - (iv) Slightly agree; indicates that a few objectives were relevant
 - (v) Completely disagree; to the extent that all objectives were irrelevant

- 2. The outputs of the course were relevant to my work:**
 - (i) Completely agree; means that all output were relevant
 - (ii) Mostly agree; implies that most output were relevant
 - (iii) Agree; shows approximately half of the output were relevant
 - (iv) Slightly agree; indicates that a few output relevant
 - (v) Completely disagree; to the extent that all output were irrelevant

PART TWO: COURSE CONTENT

- 3. The content of the course was the same as I expected:**
 - (i) Completely agree; all the parts of the course were covered as I expected
 - (ii) Mostly agree; means that most of the parts of the course were covered as I expected but a few were omitted
 - (iii) Agree; indicates that approximately one half of what I expected to cover in the course were actually covered while most of them were omitted
 - (iv) Slightly agree; indicates that most of the parts of the course I expected to cover were omitted
 - (v) Completely disagree; to the extent that all parts I expected to cover in the course were omitted.

4. I found the following topics particularly useful (list in order of usefulness):

1.
2.
3.

5. I found the following topics particularly not useful (list in order of non-usefulness):

1.
2.
3.

6. I found the overall content of the course very easy to understand:

- (i) Completely agree; that the course content was easy to understand
- (ii) Mostly agree; means that the course content was quite easy to understand
- (iii) Agree; shows that I found my level of understanding fairly acceptable
- (iv) Slightly agree; implies that I found the course content somewhat difficult to understand
- (v) Completely disagree; indicates that found the content very difficult to understand

7. I intend to more effectively perform the following tasks upon return to my duty station (list in order of priority)

1.
2.
3.

PART THREE: COURSE DELIVERY AND ORGANISATION

8. The overall presentation of the facilitators was:

- (i) Excellent
- (ii) Very good
- (iii) Good
- (iv) Fair
- (v) Poor

9. The training methods are:

- (i) Very good
- (ii) Good
- (iii) Poor

Suggestions:

10. I found theory and practice well-balanced in course delivery:

- (i) Completely agree
- (ii) Mostly agree
- (iii) Agree
- (iv) Slightly agree
- (v) Completely disagree

Suggestions:

11. The duration of the course is:

- (i) Too long
- (ii) Adequate
- (iii) Too short

Suggestion:

12. The workload of the course is:

- (i) Too little
- (ii) Just right
- (iii) Too heavy

Suggestion:

13. The training aids and materials are:

- (i) Very adequate
- (ii) Adequate
- (iii) Inadequate

Suggestion:

14. The training venue was:

- (i) Very convenient
- (ii) Convenient
- (iii) Not convenient

Suggestion:

15. The meals and services were:

- (i) Very adequate
- (ii) Adequate
- (iii) Inadequate

Suggestion:

PART FOUR: SUGGESTIONS FOR FUTURE IMPROVEMENTS

11. Give up to three suggestions for future improvement of similar short-term course:

1.
2.
3.

12. What other training would improve your performance on the job?

1.
2.
3.

13. Provide any other comments as you deem necessary

.....
.....
.....

We thank you for your response.

Date: