

**PROCUREMENT LEGISLATION AND PERFORMANCE OF  
CONSTITUENCY DEVELOPMENT FUND COMMITTEES IN  
KENYA**

**BY;  
ERIC MUANGE  
D61/60846/2011**

**A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT  
OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF  
BUSINESS ADMINISTRATION OF THE UNIVERSITY OF  
NAIROBI**

**OCTOBER 2013**

## DECLARATION

This research project is my original work and has not been presented for examination in any other University.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Eric Muange**

**D61/60846/2011**

This research project has been forwarded for examination with my approval as the University Supervisor.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Mr. Michael Chirchir**

## **LIST OF ABBREVIATIONS**

CDF	Constituency Development Fund
CDFC	Constituent Development Fund Committee
FY	Financial Year
GOK	Government of Kenya
IA	Internal Auditor
IFMS	Integrated Financial Management Information Systems
IPR	Independent Procurement Review
KACC	Kenya Anti Corruption Commission
LPO	Local Purchase Order
LSO	Local Service Order
LVP	Low value Procurement
MPC	Ministerial Procurement Committee
NND	Narok North District
OIT	Open International Tender
ONT	Open National Tender
PE	Procuring Entity
PIN	Personal Identification Number
PPDA	Public Procurement and Disposal Act
PPDR	Public Procurement and Disposal Regulations
PPOA	Public Procurement Oversight Authority
PR	Procurement Review
PU	Procurement Unit
RFP	Request for Proposal
RFQ	Request for Quotations
RT	Restricted Tender
SP	Satisfactory Performance
SPP	Specially Permitted Procurement

# TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>LIST OF ABBREVIATIONS .....</b>	<b>iii</b>
<b>LIST OF FIGURES .....</b>	<b>vi</b>
<b>LIST OF TABLES .....</b>	<b>vii</b>
<b>ABSTRACT.....</b>	<b>viii</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 Background .....	1
1.2 Statement of the Problem.....	6
1.3 Objectives.....	8
1.4 Value of the Study.....	8
<b>CHAPTER TWO .....</b>	<b>9</b>
<b>LITERATURE REVIEW .....</b>	<b>9</b>
2.1 Introduction .....	9
2.2 Theoretical Review .....	9
2.3 Empirical Review.....	10
2.4 Summary and Research Gaps.....	12
2.5 Conceptual Framework .....	13
<b>CHAPTER THREE.....</b>	<b>14</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>14</b>
3.1 Introduction .....	14
3.2 Research Design.....	14
3.3 Population.....	14
3.4 Data Collection.....	14
3.5 Data Analysis .....	15

<b>CHAPTER FOUR.....</b>	<b>16</b>
<b>DATA ANALYSIS, FINDINGS AND DISCUSSION .....</b>	<b>16</b>
4.1 Introduction .....	16
4.2 Response Rate .....	16
4.3 Sample Characteristics .....	16
4.4 Procurement Performance Measurement .....	21
4.5 Procurement Planning Legislation .....	22
4.6 Procurement Management cycle, Record management and Compliance issues	24
4.7 Regression Analysis .....	25
4.8 Discussion .....	27
<b>CHAPTER FIVE .....</b>	<b>28</b>
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>28</b>
5.1 Introduction .....	28
5.2 Summary of Findings .....	28
5.3 Conclusions .....	29
5.4 Recommendations .....	29
5.5 Areas of Further Research.....	30
<b>REFERENCES.....</b>	<b>31</b>
<b>APPENDIX I: QUESTIONNAIRE .....</b>	<b>34</b>

## LIST OF FIGURES

Figure 4.1: Gender .....	17
Figure 4.2: Level of Education .....	18
Figure 4.3: Work Experience .....	19
Figure 4.4: CDF Commencement .....	20

## LIST OF TABLES

Table 4.1 Response Rate.....	16
Table 4. 2 Gender.....	17
Table 4. 3 Level of Education.....	18
Table 4. 3 Work Experience .....	19
Table 4. 4 CDF Commencement .....	20
Table 4.5 Procurement Performance Measurement.....	21
Table 4.6 Procurement Planning Legislation.....	22
Table 4.7 Procurement management cycle, record management and compliance issues.	24
Table 4.8: Significance of the Regression Coefficients.....	25
Table 4.9: Significance of the full model.....	26
Table 4.10: Analysis of Variance (ANOVA) .....	26

## **ABSTRACT**

The purpose of the study was to determine the procurement legislation on performance of constituency development fund committees in Kenya. The research questions therefore were; to establish the effect of procurement legislation implementation on procurement performance in CDF Committees in Kenya; to determine the challenges facing the implementation of procurement legislation in CDF Committees in Kenya. The study employed descriptive survey design. The population of the study was all the 290 constituencies and a census was conducted in the study. The study used primary data which was collected through use of a questionnaire. A five point likert scale questionnaire was used. Also a Yes or No structured questionnaire was also administered. The data collected was analyzed using descriptive statistics inferential statistics. The descriptive technique was used to generate frequencies, mean and percentages while inferential statistics were generated the fitness of the model and regression of coefficients. The findings concluded that the procurement performance affected procurement legislation and procurement performance of constituency development fund (CDF) committees in Kenya. Effects of Procurement Legislation on procurement performance were found to be statistically significant with a positive impact on the importance of procurement performance. Results also indicate that Procurement management had positive and significant effect on procurement performance. The study recommends that a summarized regulatory framework for CDF procurement management be prepared by policy makers. Through legislation, the government should enact comprehensive laws to regulate procurement functions and outline clear policy and procedures to be followed by procurement entities as this will enhance accountability and transparency. The study also recommends that the government should employ professional auditors to undertake public procurement audit and facilitate their continuous training to ensure they are well equipped with necessary technical skills. These will ensure effectiveness of public procurement audit. The study also recommends that more public auditors be trained on public procurement audit and the CDF managers be exposed to audit as a positive management tool.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background

Public Procurement has become an increasingly important factor in economic and business circles globally. This is evidenced by the growing interest of donors, governments, civil society, professional organizations, the private sector and the general public. After decades of messy Public Procurement systems, a majority of developing countries, Kenya being no exception, are now reforming the legal, organizational and institutional frameworks for public procurement. Through public procurement, 12 to 20% of developing countries' GDP is spent annually (and as much as 70% of GDP in post conflict countries such as Uganda and Sierra-Leone). Even marginal improvements in procurement systems, therefore can yield enormous benefits (Basheka, 2010).

Procurement refers to the acquisition of goods, services and works by a procuring entity using public funds. Public bodies have always been big purchasers, dealing with huge budgets. Public procurement represents 18.42% of the world GDP. In developing countries, public procurement is increasingly recognized as essential in service delivery (Basheka, 2010). It accounts for a high proportion of total expenditure. For example, public procurement accounts for 60% in Kenya (Bhatt, 2000), 58% in Angola, 40% in Malawi and 70% of Uganda's public spending (Wittig, 1999). This is very high when compared with a global average of 12-20 % (Froystad et al., 2010). Due to the colossal amount of money involved in government procurement and the fact that such money comes from the public, there is need for accountability and transparency. Consequently, various countries both in developed and least developed countries (LDC's) have instituted procurement reforms involving laws and regulations.

The complexities of public procurement performance require more than just a mere policy framework in every nation. There is need to have direct interventions that would undo the complexities that bedevil the efforts of the government and international organization for supporting the public procurement performance initiatives. In this era of

quickly changing corporate environment, purchasing managers are encouraged to be proactive. Purchasing managers need to develop a more proactive strategic approach and encouraged a proactive approach to purchasing planning (Rajagopal and Bernard, 1993).

Government procurement is one of the four economic activities of government (Thai, 2001). The others are: redistributing income through taxation and spending, provision of public goods and services, and lastly providing the legal framework for economic activities to flourish. Ordinarily, government procurement includes “buying, purchasing, renting, leasing or otherwise acquiring any supplies, services or construction;” and “all functions that pertain to the obtaining of any supply, service or construction, including description of requirements, selection, and solicitation of sources, preparation and award of contract and all phases of contract administration” (American Bar Association, 2000). Although, government procurement is still young as an academic discipline, recent nature of public procurement suggests that public procurement practice has undergone major changes particularly in the area of legal reforms.

For LDCs, reforms in public procurement have been seen as one of the ways to integrate them into the emerging world economy (OECD Development Centre, 2002). In order to develop a uniform government procurement practice that can be compared across various public organizations, it has become necessary develop formal government procurement codes that contain formal procurement rules and regulations across a number of countries both developed and developing. For the poor developing countries, government procurement regulations and procedures have been one of the reform areas (Thai, 2001; OECD, 2007) since early 2000. By 2003 for instance, all East African Countries, Uganda, Kenya, and Tanzania had enacted government procurement codes as Acts of Parliament and have been implemented since (OECD Development Centre, 2003).

### **1.1.1 Procurement Legislation**

The Public Procurement System in Kenya has evolved from a crude system with no regulations to an orderly legally regulated procurement system governed by the Public

Procurement and Disposal Act, 2005. Prior to this, in Central Government it was governed by Treasury Circulars from 1969, then the Supplies Manual of 1978, before the promulgation of the Exchequer and Audit (Public Procurement) Regulations, 2001. All the aforesaid reform initiatives were geared towards improving the public procurement system by enhancing accountability and transparency with the aim of achieving value for money, and attracting investments by creating a sound business climate. These reforms have ensured fairness and competition among suppliers of goods, works and services, thereby restoring the confidence of Kenyans in the public procurement process while at the same time ensuring that the Government gets the best value for its money. It is imperative to note that the total value of Public Procurement in Central Government is currently estimated at 10% of the GDP.

In 2008, Kenya's GDP was estimated at Kshs. 2,099.79 billion putting the total expenditure on procurement by the Government at around Kshs. 209.9 billion annually. It can therefore be argued that even a 10% savings due to improvements in procurement practices and controls would mean a yearly gain to the exchequer of about Kshs. 21 billion. The gains expected to accrue from a streamlined procurement system will allow the Government to invest more resources in other needy areas such as health and education and improve the quality of life of the citizens of this country, a venture that has the potential of greatly improving productivity and service delivery by public entities. It is in that premise that the current legal dispensation created the Public Procurement Oversight Authority (PPOA) to oversee public procurement system with its principal functions of ensuring that the public procurement law is complied with and capacity of the function among stakeholders is enhanced.

According to PPDA (2005) an appropriate regulatory system is required to enhance transparency and non-discriminatory tendencies in order to achieve value for money. The law establishes the procurement methods to be applied, advertising rules and time limits, the content of tender documents and technical specifications, tender evaluation and award criteria, procedures for submission, receipt and opening of tenders, and the complaints system structure and sequence (PPOA, 2007). Ongoya (2005) points out that regulations

lays the foundation for separation of powers between institutions managing public procurement and those checking on compliance. According to Manasseh (2007), auditors examine procurement transactions and documents, pursuant to the appointment terms and in compliance with relevant statutory requirements. Availability of sound legal framework offers boundaries and benchmarks against which audit is conducted objectively.

The PPDA Act, 2005 stipulates that effective legal framework in itself prevents fraud (GOK, 2005). The supplies and management Practitioners Act, 2007 provides for professionalization of procurement practice which facilitates good record keeping. This facilitates timely audit and enhance cost efficiency in auditing. Sound procurement regulations are critical to effectiveness of public procurement audit. Before the PPDA (2005), there were big discrepancies and differences between the procurement practices applied in different public entities (PPOA, 2007). The main laws applied in the conduct of public audits in Kenya include the Public Audit Act (effective 2003), Public Internal Audit Act (effective 2003), the CDF Act (effective 2003), Public Procurement and Disposal Act (2005). Other laws applicable include CDF Act (effective 2003 and amended in 2007 and 2013), Supplies Management Practitioners Act (effective 2007), Accountants Act (effective 2008) and Public Financial Management Act (effective 2004 and amended in 2012) and ethics and officers Act of 2003.

In spite of the legal and institutional reforms carried out in the public procurement sector in Kenya, Public Procurement Law has failed to eradicate corruption in the sector. KACC Perception Survey 2010 indicates that over 80 percent of corrupt practices in Kenya still occur in public procurement. Recent scams such as the Anglo-Leasing Security Contracts, maize importation, mismanagement of Free Primary Education (FPE) funds, sale of Grand Regency Hotel to Libyan investors, Triton Oil scam, sale of Kenya's Embassy in Japan and many other irregular deals in Government all relate to corruption and impunity in public procurement. The Mars Group (2011) estimates that the recent grand corruption scandals have cost the country over KSh.700 billion (USD 8.24 bn).

### **1.1.2 Procurement performance**

Since the 1930s, procurement performance has been attracting great attention from practitioners, academicians and researchers. In 1931, the National Association of Purchasing Agents (NAPA) in the United States of America (USA) organised a contest on the topic. In 1945, a committee was set up by NAPA to draft guidelines on procurement performance. In 1962, the American Management Association (AMA) funded a survey to assess performance of the procurement function (Lardenoije, Raaij & Weele, 2005). In the 1970s and 1980s, scholars conducted independently studies in American and Dutch companies on purchasing performance in which they established scores of performance.

On 2nd March, 2004, the European Institute of Purchasing Management (EIPM) organized a conference “Measuring Purchasing Performance” and the issues that were tackled in the conference included: measurements of intangibles as opposed to tangibles, financial measurements as opposed to other indicators, how to link measurements with everyday actions and strategy implementation, what you should know for developing a measurement system, the scope of measurement systems, limits of measurement systems, process and results measurements, measurements for driving actions towards measurements for reporting, links of purchasing measurements systems with business systems and individual performance, and tactical and strategic measures indicating that institutions and academic bodies acknowledge the importance of measuring purchasing performance (The European Institute of Purchasing Management, 2004).

Apparently the issue is still not solved in developed countries. There is still a knowledge gap on how the procurement process can contribute to improved performance of the procurement function in developing countries. Chief Executive Officers (CEOs) of organizations are often heard saying “the procurement function is not performing well”. The issue of generalizing that the procurement function is not performing without indicating the criteria used to reach that conclusion or just basing it on financial statements is not reasonable. Only when the procurement function is well planned, it is

easy to identify areas where it is performing well, and where there is need for improvement (Department of Public Works, Queensland Government, 2007).

### **1.1.3 Constituencies Development Fund (CDF)**

The constituencies' development fund was created through an Act of parliament in 2003 then subsequent amendments CDF (amendment) Act in 2007 and 2013. The fund was established by the government to devolve resources meant for development through public participation to the constituencies. The CDF board which runs the fund receives at least 2.5% of the government annual budgetary allocation revenue in every financial year which is disbursed to the constituencies for development of public projects. Such amount is enormous to the economy and needs proper financial management to achieve the intended objectives. Therefore, sound procurement will play a critical role to achieve these objectives. Key operating principle of the legal and regulatory framework is the promotion of value for money practices in public procurement and the maximization of economy, effectiveness, efficiency and compliance with regulations. According to Kimenyi (2005) the Constituency Development Fund (CDF), which was established through the Constituency Development Fund Act of 2003, is one of the ingenious innovations of the National Rainbow Coalition (NARC) Government of Kenya.

## **1.2 Statement of the Problem**

According to PPDA (2005) an appropriate regulatory system is required to enhance economy, efficiency, effectiveness, transparency, compliance with the relevant legislation and non-discriminatory practices in order to achieve value for money. The law establishes the procurement methods to be applied, advertising rules and time limits, the content of tender documents and technical specifications, tender evaluation and award criteria, procedures for submission, receipt and opening of tenders, and the complaints system structure and sequence (PPOA, 2007). Ongoya (2005) points out that regulations lays the foundation for separation of powers between institutions managing public procurement and those checking on compliance. According to Manasseh (2007), auditors

examine procurement transactions and documents, pursuant to the appointment terms and in compliance with relevant statutory requirements. Availability of sound legal framework offers boundaries and benchmarks against which audit is conducted objectively.

CDFs in Kenya are an important tool for devolution and also for meeting the Millennium Development goals. However, the effective running of CDFs depends on the procurement performance as CDFs are entitled to procure for the needs of the constituency. The regulation on procurement was to enhance the procurement performance. Specifically, it was supposed to improve efficiency, transparency and economy. The problem is that adherence to the regulation may be inadequate in CDFs which may further lead to defeating the mandate of the CDFs.

Local studies on the area of procurement performance have focused on the effect of procurement process in companies. Ngugi and Mugo (2007) analyzed the effect of procurement activities on the operation and effectiveness of public sectors in Kenya. Chipiro (2009) examined the impact of E-procurement on strategic sourcing in limited banks in Zimbabwe while Heng (2008) examined the factors influencing the design and use of performance measurement systems (PMSs) in Malaysia. Abdifatah (2012) on supply chain management practices and their impact on performance among humanitarian organizations in Kenya, using a population of twenty eight humanitarian organizations concluded that they should come up with mechanisms that will enable them to overcome various challenges in their supply chains such as use of technology to speed up work, effective and efficient internal operations inter-organizational integration and continuous improvement in the organization. Abdi (2012) examined procurement practices of public state corporations in Kenya. A procurement review by PPOA (2010) of the Narok North District on compliance with the law, regulations, internal controls, generally accepted principles and institutional framework found out that there were deviations in general and specific areas of procurement stages.

However, these studies reviewed failed to address the effect of procurement legislation on procurement performance among CDF's in Kenya. This forms the research gap. It is for this research gap that this study wishes to establish: what is the effect of procurement legislation on procurement performance among CDF's in Kenya?

### **1.3 Objectives**

- i. To establish the effect of procurement legislation implementation on procurement performance in CDF Committees in Kenya
- ii. To determine the challenges facing the implementation of procurement legislation in CDF Committees in Kenya

### **1.4 Value of the Study**

The study fostered creation of new knowledge and awareness in the area of procurement management in all industry sectors both in the private and public sectors. The findings would be used by the policy makers as a blue print for the improvement of allocation and participation of managers in CDF. The study would provide concrete evidence on the effect of procurement legislation on procurement performance on CDFs and would be valuable to institutions such as the CDF Board, Public procurement oversight authority (PPOA), the National Treasury, the National Assembly, civil groups, academic institutions and the general public.

The researcher anticipated that the findings and policy recommendations generated from the study would be of invaluable input to the stakeholders. Findings were anticipated by the researcher to add more knowledge on the existing body of Knowledge in the subject area. Findings and recommendations of the study would guide the government in policy formulation. They would use the findings to draw procurement strategies and blue prints.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter comprises theories relevant to the study. Literature related to the study is also reviewed with the aim of identifying literature gaps. The literature review will also guide the relevance of the study findings.

#### **2.2 Theoretical Review**

The section contained review of theories relevant to the study.

##### **2.2.1 Theory of Internal Control**

A system of effective internal control is a critical component of an organization's management and a foundation for its safe and sound operation. A system of strong internal control can help to ensure that the goals and objectives of an organization will be met, that it will achieve long-term targets and maintain reliable financial and managerial reporting. Such a system can also help to ensure that the organization will comply with laws and regulations as well as policies, plans, internal rules and procedures, and reduce the risk of unexpected losses and damage to the organization's reputation.

In USA, the Committee of Sponsoring Organizations of the Tread way Commission (COSO) issued Internal Control – Integrated Frame working 1992, which defined internal control as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations; Reliability of financial reporting; Compliance with applicable laws and regulations. The Rutteman Report (1994) in UK defined internal control as the whole system of controls, financial and otherwise, established in order to provide reasonable assurance of Effective and efficient operations; Internal financial control and Compliance with laws and regulations.

### **2.2.2 Public Interest Theories of Regulation**

The first group of regulation theories account for regulation from the point of view of aiming for public interest. This public interest can be further described as the best possible allocation of scarce resources for individual and collective goods. In western economies, the allocation of scarce resources is to a significant extent coordinated by the market mechanism. In theory, it can even be demonstrated that, under certain circumstances, the allocation of resources by means of the market mechanism is optimal (Arrow, 1985). Because these conditions are frequently not adhered to in practice, the allocation of resources is not optimal and a demand for methods for improving the allocation arises (Bator, 1958). One of the methods of achieving efficiency in the allocation of resources is government regulation (Arrow, 1970; Shubik, 1970). According to public interest theory, government regulation is the instrument for overcoming the disadvantages of imperfect competition, unbalanced market operation, missing markets and undesirable market results.

In the first place, regulation can improve the allocation by facilitating, maintaining, or imitating market operation. The exchange of goods and production factors in markets assumes the definition, allocation and assertion of individual property rights and freedom to contract (Pejovich, 1979). The guarantee of property rights and any necessary enforcement of contract compliance can be more efficiently organized collectively than individually. Furthermore, the costs of market transactions are reduced by property and contract law.

### **2.3 Empirical Review**

Thai (2004) explained that, as many countries have moved to a regional and or global economy, Public procurement practitioners face another challenge that is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements. For example, how to comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements and/or the World

Trade Organization (WTO) agreements is not easy, which requires a careful study of trade agreements in order to take advantages of special provisions.

Achuora, Arasa and Ochriri (2010) examined the factors that affect effectiveness of public procurement audits for constituency development funds (CDF) in Kenya. Specifically they investigated the effect of the legal framework, auditor's specific professional qualities, technical audit factors and client-related factors on effectiveness of public procurement audits, descriptive research design was employed, using a stratified random sampling to ensure representativeness. Both quantitative and qualitative methods of data analysis were used. Descriptive statistics as well as regression analysis were used to facilitate examination of the relationship between the variables of interest. The study findings indicate that technical audit factors have greatest influence on effectiveness of public procurement audit, followed by regulatory framework, client related factors and auditor's professional qualities respectively. The study recommends that a summarized regulatory framework for CDF procurement management be prepared by policy makers, more public auditors be trained on public procurement audit and the CDF managers be exposed to audit as a positive management tool.

According to Kim, Chan and Yoon (2003), the traditional performance system inhibits the improvement of critical dimensions such as quality, flexibility and delivery. For a performance measurement system to be regarded as a useful management process it should act as a mechanism that enables assessment to be made, provides useful information and detects problems, allows judgment against certain pre-determined criteria to be performed and more importantly, the systems should be reviewed and updated as an ongoing process.

According to Math (2013) different tools measure different projects and people. To use a broad example, you cannot judge the progress of a marketing campaign based on the number of employee injuries any more than you can judge the cost effectiveness of a copy machine based on quarterly sales, many businesses make the mistake of using the same metrics and goals to measure all company management. This is a mistake because different areas of the business may have different strategic goals and must be measured

accordingly. Therefore, it is essential to develop individual measurement tools for each area of performance measurement.

Comptroller (2001) noted that monitoring is an organization's own oversight of the control systems performance and therefore monitoring should be on going and part of the normal course of daily operations and activities. Internal and external audits, as part of monitoring systems, may provide independent assessment of the quality and effectiveness of a control system's design and performance.

In a developed or developing country, public procurement practitioners have and will always face many challenges. Each country has its own economic, social, cultural and political environment, and each country's public procurement practitioners face different types of challenges, or the same types of challenges but at different levels from their counterparts in other countries. Corruption is disastrous to the sound functioning of any government department. Corruption has been an intractable problem in many developing countries; especially where it has become systematic to the point, where many in government have a stake. It diverts decision-making and the provision of services from those, who need them to those, who can afford them (Schapper and Paul, 2006).

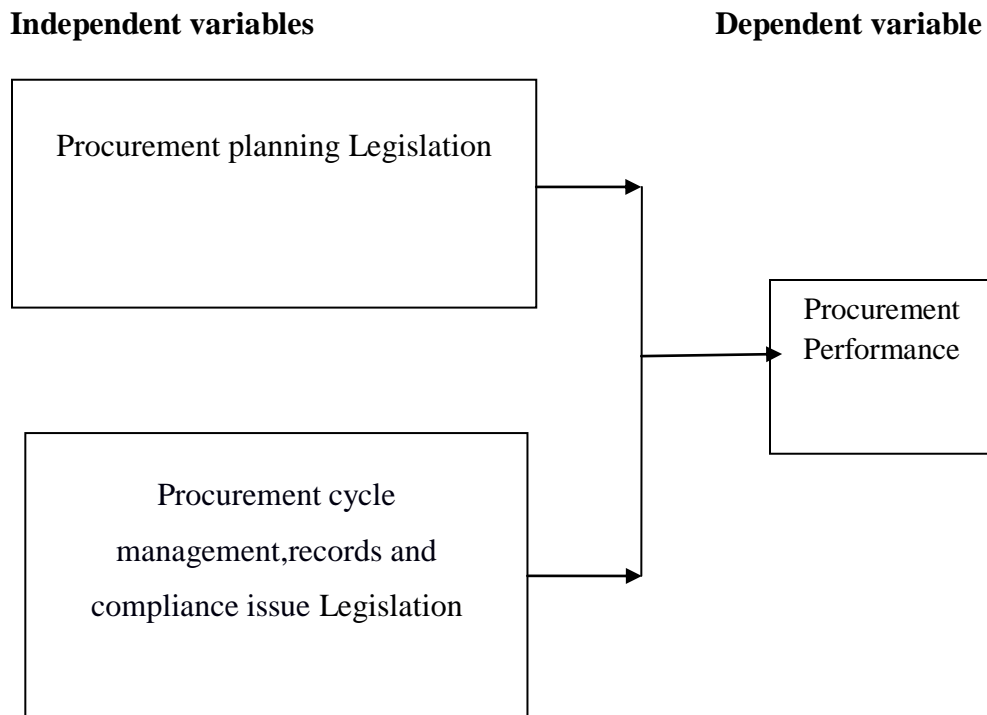
#### **2.4 Summary and Research Gaps**

The above chapter reviews the various theories that inform the independent and dependent variables. The chapter explores the conceptualization of the independent and the dependent variables by analyzing the relationships between the variables. In addition, empirical literature in a wide range of studies have considered procurement performance measurement as being the most basic concept used to determine the income and performance of economic entities, industries and even whole economies. Most of the studies however, have concentrated in the developed economies with emerging economies attracting only a minority share of the studies conducted. The above review of empirical literature has however determined that there are several factors that affect the performance measurement such as technology, people, infrastructure and culture. This forms the research gap as it does not the effectiveness, efficiency and compliance of procurement legislation on CDFs in Kenya. It is for this research gap that this study

wishes to establish the effect of procurement legislation on procurement performance among CDF's in Kenya

## 2.5 Conceptual Framework

The conceptual framework explains the relationship between independent and dependent variables in the study. In this study, the independent variables are; 1) Procurement planning Legislation 2) Procurement management cycle, records and Procurement compliance issues. The dependent variable is procurement performance ( efficiency, effectiness and compliance with the regulation).



**Figure 2.1: Conceptual Framework**

*Source (2013)*

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter discussed the type of research design, population, target population, sampling frame, sample, sample size, sampling technique, instruments used, pilot test and data analysis.

#### **3.2 Research Design**

The study employed descriptive survey design. Descriptive survey is conducted to describe the present situation, what people currently believe, what people are doing at the moment and so forth (Baumgartner, Strong and Hensley 2002). According to Kothari (2004), descriptive survey design includes surveys and fact finding enquiries of different kinds. The major purpose of descriptive research design is description of the state of affairs as it exists at present (Kothari 2004).

#### **3.3 Population**

Burns and Grove (2003) and Mugenda and Mugenda (2003) describe population as all the elements that meet the criteria for inclusion in a study. Population is therefore the entire group of individuals, events or objects having a common observable characteristic. The population of the study would be all 290 constituencies and a census would be conducted in the study.

#### **3.4 Data Collection**

The study used primary data which was collected through use of a questionnaire. A five point likert scale questionnaire was used. The likert measures the level of agreement or disagreement. Likert scales are good in measuring perception, attitude, values and behaviour. The likert scale has scales that assist in converting the qualitative responses into quantitative values (Mugenda & Mugenda, 2003, Upagade & Shende, 2012, Zikmund, Babin, Carr & Griffin, 2010). Also a Yes or No structured questionnaire was also administered.

The respondents were the CDF committee in those 290 constituencies therefore, 1 CDF committee officer per entity was chosen.

The questionnaire was administered through email, post and follow up with telephone calls. The questionnaires were sent to the respondents under a questionnaire forwarding letter from the University. The researcher made follow ups and the fully completed questionnaires were sent back by the respondents.

### **3.5 Data Analysis**

Data Analysis is the processing of data to make meaningful information (Sounders, Lewis & Thornbill, 2009). Burns and Grove (2003) define data analysis as a mechanism for reducing and organizing data to produce findings that require interpretation by the researcher. According to Hyndman (2008) data processing involves translating the answers on a questionnaire into a form that can be manipulated to produce statistics and the process involves coding, editing, data entry, and monitoring the whole data processing procedure.

The data collected was analyzed using descriptive statistics inferential statistics. The descriptive technique was used to generate frequencies, mean and percentages while inferential statistics will generated the fitness of the model and regression of coefficients. The data was presented using tables and charts. A multivariate regression model that was used to link the independent variables to the dependent variable was as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \mu$$

Where; Y = Procurement performance

X<sub>1</sub> = Procurement Planning Legislation

X<sub>2</sub> = Procurement Cycle Management Legislation, Procurement Records Legislation and Procurement Compliance Issues Legislation

In the model,  $\beta_0$  = the constant term while the coefficient  $\beta_i$  = 1...2 will be used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables.  $\mu$  represented the error term which captures the unexplained variations in the model.

## CHAPTER FOUR

### DATA ANALYSIS, FINDINGS AND DISCUSSION

#### 4.1 Introduction

The chapter comprises data analysis which has been derived from responses from questionnaires. Results are presented in tables and diagrams. The findings of the study are organized based on the specific objectives.

#### 4.2 Response Rate

**Table 4.1 Response Rate**

	<b>Response</b>	<b>% Response</b>
Successful	150	52%
Unsuccessful	140	48%
Total	290	100%

A successful response rate of 52 % (150 respondents out of possible 290) was obtained. The high response rate was achieved because of the follow up calls that were made in an effort to enhance the successful response rate. This represents a response rate of 52%. According to Borg, Gall and Gall (2004) and Creswell (2009) a response rate of 50% is adequate for a survey study. Arising from this recommendation from renowned research scholar, it can therefore be concluded that 52% responses rate is adequate for this current study. The response rate is presented on Table 4.1.

#### 4.3 Sample Characteristics

This section contains descriptions of the respondents in terms of their gender, level in the organization, education and experience.

##### 4.3.1 Gender

The study attempted to establish the gender composition of the respondents in the CDF. Results in table 4.2 revealed that majority (95%) were male while (5%) of the

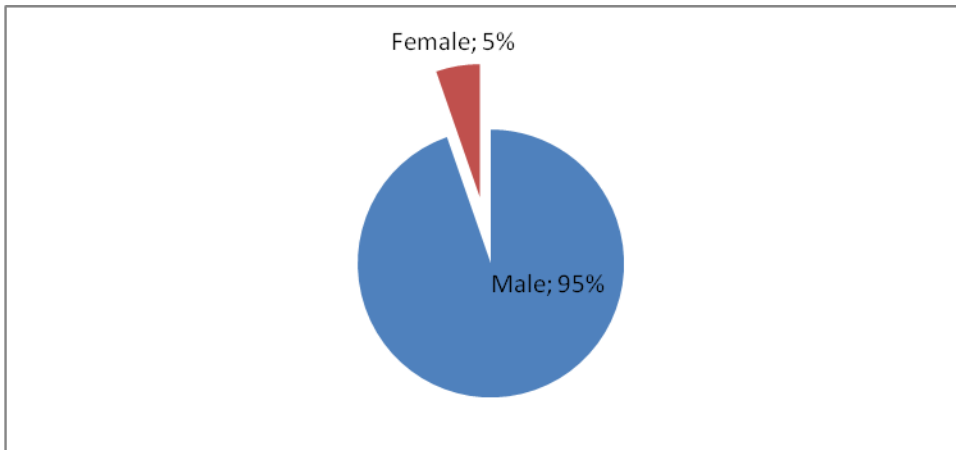
respondents were female. The findings indicate that the gender compositions of respondents in this sector were more skewed to males. The results are in Figure 4.1.

**Table 4. 2 Gender**

	Frequency	Count	Percent
Gender	Male	142	94.7%
	Female	8	5.3%
	Total	150	100.00%

**Source; Research Data (2013)**

**Figure 4.1: Gender**



**Source; Research Data (2013)**

#### **4.3.2 Level of Education**

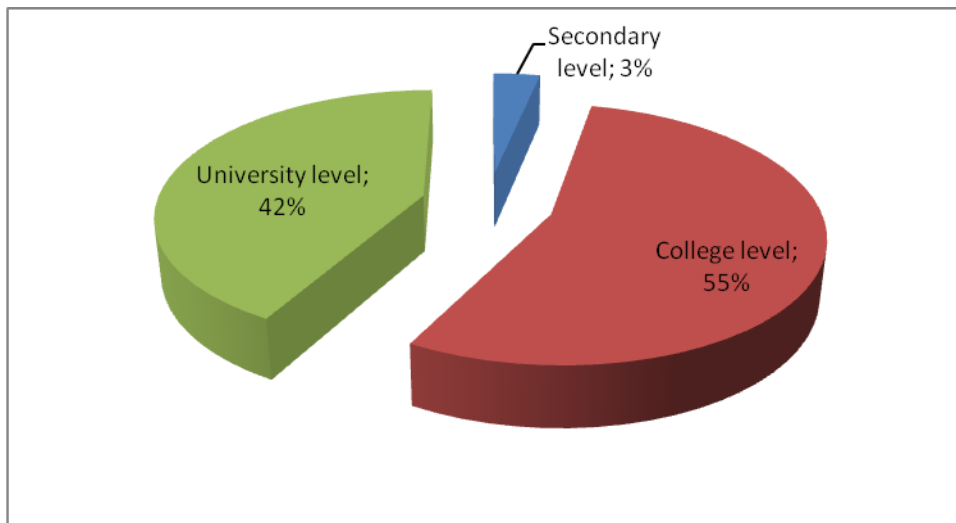
Majority (55%) of the respondents had attained college level education and another (42%) who had university level education. This implied that most people running the CDFs were educated.

**Table 4. 3 Level of Education**

	Frequency	Count	Percent
Education	Secondary level	5	3.30%
	College level	82	54.70%
	University level	63	42.00%
	Post graduate level	0	0.00%
	Total	150	100.00%

**Source; Research Data (2013)**

**Figure 4.2: Level of Education**



**Source; Research Data (2013)**

### **4.3.3 Work Experience**

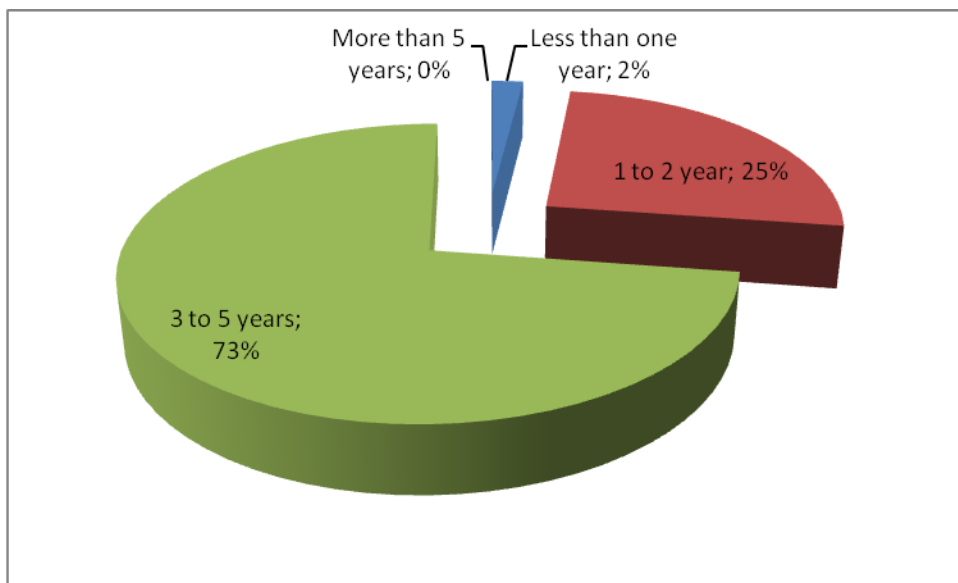
Figure 4.3 shows that 72.7% of the respondents had worked in this sector for a period of between 3 to 5 years followed by 25.3% who had worked for a period of 1 to 2 years. There were 2% respondents who had worked for less than one year. This implies that the respondents were more experienced and knowledgeable to the questionnaires

**Table 4. 3 Work Experience**

	Frequency	Count	Percent
Experience	Less than one year	3	2.0%
	1 to 2 year	38	25.3%
	3 to 5 years	109	72.7%
	More than 5 years	0	0.0%
	Total	150	100.0%

**Source; Research Data (2013)**

**Figure 4.3: Work Experience**



**Source; Research Data (2013)**

#### **4.3.4 CDF Commencement**

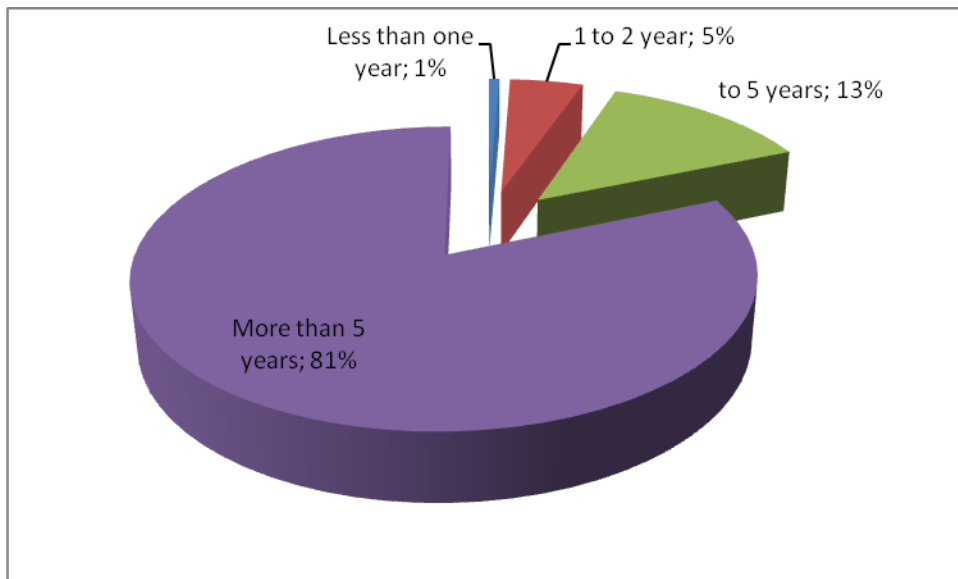
Figure 4.4 show that majority 81% of the respondents indicated that the CDFs have been running project for more than 5 years another 13% indicated to 5 years while another 5 % indicated 1 to 2 years and the least 1 % indicated less than one year. This indicates that the CDF project has been a running project.

**Table 4. 4 CDF Commencement**

	Frequency	Count	Percent
Cdf commencement	Less than one year	1	0.70%
	1 to 2 year	7	4.70%
	to 5 years	20	13.30%
	More than 5 years	122	81.30%
	Total	150	100.00%

**Source; Research Data (2013)**

**Figure 4.4: CDF Commencement**



**Source; Research Data (2013)**

#### 4.4 Procurement Performance Measurement

**Table 4.5 Procurement Performance Measurement**

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std
The CDF procurement systems are effective at detecting fraud and enhancing transparency	80.70%	14.00%	2.70%	2.70%	0.00%	1.27	0.64
The CDF procurement systems have brought about economy	78.00%	18.00%	1.30%	2.00%	0.70%	1.29	0.66
The CDF procurement systems have brought about efficiency	22.00%	76.00%	0.00%	0.00%	2.00%	1.84	0.61
The CDF has appropriate and sufficient internal controls in place	31.30%	66.70%	0.00%	0.00%	2.00%	1.75	0.66
<b>Average</b>	<b>53.0%</b>	<b>43.7%</b>	<b>1.0%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.54</b>	<b>0.64</b>

Eighty point seven percent (80.7%) of the study participants said that the CDF procurement systems were not effective at detecting fraud and enhancing transparency while 78% felt that the CDF procurement systems had not brought about economy. The respondents who amounted to 76 % disagreed that the CDF procurement systems had brought about efficiency. Sixty six point seven (66.7%) percent disagreed that the CDF had appropriate and sufficient internal controls in place.

The findings agree with those of Math (2013) who asserted that different tools measure different projects and people. To use a broad example, you cannot judge the progress of a marketing campaign based on the number of employee injuries any more than you can judge the cost effectiveness of a copy machine based on quarterly sales, many businesses make the mistake of using the same metrics and goals to measure all company management. This is a mistake because different areas of the business may have different strategic goals and must be measured accordingly. Therefore, it is essential to develop individual measurement tools for each area of performance measurement.

#### 4.5 Procurement Planning Legislation

**Table 4.6 Procurement Planning Legislation**

<b>Statement</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std</b>
The regulations concerning tendering process for CDF projects is inadequate	9.30%	86.00%	0.00%	2.70%	2.00%	2.02	0.62
The regulations on tender evaluation and award criteria for CDF projects is inadequate	38.00%	62.00%	0.00%	0.00%	0.00%	1.62	0.49
The regulation on submission, receipt and opening of tenders for CDF projects is inadequate	12.70%	85.30%	0.00%	1.30%	0.70%	1.92	0.48
The regulation concerning the complaints system structure for CDF projects is inadequate	27.30%	66.00%	0.00%	3.30%	3.30%	1.89	0.84
The regulation on communication of awards for CDF projects is inadequate	24.00%	70.70%	0.00%	1.30%	4.00%	1.91	0.81
The regulation on monitoring and evaluation for CDF projects is inadequate	9.30%	86.70%	0.00%	2.70%	1.30%	2	0.57
<b>Average</b>	<b>20.1%</b>	<b>76.1%</b>	<b>0.0%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.89</b>	<b>0.64</b>

The study also sought to establish the extent to which Procurement Legislation affects on procurement performance. Results on Table 4.6 show that 86% disagreed and 9.3% strongly disagreed bringing a total of (95.3%) of those who disagreed that the regulations concerning tendering process for CDF projects was inadequate. 62% also observed that the regulation on tender evaluation and award criteria for CDF projects was inadequate.

Another 85.3% disagreed that the regulation on submission, receipt and opening of tenders for CDF projects was inadequate. 66% disagreed with the statement that the regulation concerning the complaints system structure for CDF projects was inadequate. A majority 70.7% disagreed with the statement that the regulation on communication of awards for CDF projects was inadequate while another 86.7% felt that the regulation on monitoring and evaluation for CDF projects was inadequate. This was supported by a mean score of 1.89 and standard deviation of 0.64. This implies that the legislation was poorly implemented hence affecting the procurement performance.

The findings agree with those of Thai (2004) who explained that, as many countries have moved to a regional and or global economy, Public procurement practitioners face another challenge that is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements. For example, how to comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements and/or the World Trade Organization (WTO) agreements is not easy, which requires a careful study of trade agreements in order to take advantages of special provisions.

#### 4.6 Procurement Management cycle, Record management and Compliance issues

**Table 4.7 Procurement management cycle, record management and compliance issues**

<b>Statement</b>	<b>No</b>	<b>Yes</b>	<b>Mean</b>	<b>Std</b>	<b>Rank</b>
Tender committee has been established	6.70%	93.30%	0.93	0.25	1
Tender committee consists not less than five members	46.00%	54.00%	0.54	0.5	2
Tender Committee has at least a one member who is a procurement professional	61.30%	38.70%	0.39	0.49	3
Tender committee is at least trained Once on procurement Legislation	68.00%	32.00%	0.32	0.47	5
Procurement work plans are always done and approved	66.00%	34.00%	0.34	0.48	4
Procurement plans are strictly adhered to	81.30%	18.70%	0.19	0.39	7
There is adequate Institutional Structures and Capacity	80.00%	20.00%	0.2	0.4	6
The committee has an accounting officer	81.30%	18.70%	0.19	0.39	8
<b>Average</b>	<b>61.33%</b>	<b>38.68%</b>	<b>38.75%</b>	<b>42.13%</b>	

Table 4.7 presents results of responses that addressed the second objective of the study. Results indicate that 93.3% of the respondents agreed that tender committee had been established. Fifty four percent (54%) agreed that the tender committee consisted not less than five members, 61.3 % disagreed that tender Committee had at least one member who was a procurement professional. 68% felt that tender committee was at least trained once on procurement Legislation, 66% disagreed that procurement work plans were always done and approved while eighty one point three (81.3%) disagreed with the statement that procurement plans were strictly adhered to. Eighty percent (80%) disagreed that the

There was adequate Institutional Structures and Capacity, 81.3 % disagreed that the committee had an accounting officer. The findings show that most of the respondents disagreed with most of the statements as support by a mean score of 0.39 and standard deviation of 0.42.

The findings are consistent with those of Comptroller (2001) who noted that monitoring is an organization's own oversight of the control systems performance and therefore monitoring should be on going and part of the normal course of daily operations and activities. Internal and external audits, as part of monitoring systems, may provide independent assessment of the quality and effectiveness of a control system's design and performance.

The means of the Procurement management cycle, record management and compliance issues were ranked in order to establish their order of importance. The results indicate that the most important procurement management are Tender committee had been established, followed by Tender committee consisted not less than five members, Tender Committee had at least a one member who was a procurement professional, Tender committee was at least trained Once on procurement Legislation, Procurement work plans were always done and approved, There was adequate Institutional Structures and Capacity, Procurement plans were strictly adhered to. The committee had an accounting officer was least ranked.

#### 4.7 Regression Analysis

This section presents the results of the regression model.

**Table 4.8: Significance of the Regression Coefficients**

<b>Variable</b>	<b>Beta</b>	<b>Std. Error</b>	<b>t</b>	<b>Sig.</b>
Constant	1.601	0.128	8.984	0.000
Legislation (X <sub>1</sub> )	0.105	0.029	11.93182	0.000
Procurement management cycle, record management and compliance issues Legislation (X <sub>2</sub> )	0.349	0.044	2.637	0.009

Table 4.8 displays the regression co-efficients. The regression equation is:

$$Y = 1.601 + 0.105X_1 + 0.349X_2 + \mu$$

At  $\alpha=5\%$ , both  $X_1$  and  $X_2$  are statistically significant since their p values (sig) are both less than 5%. ( $X_1= 0\%$ ,  $X_2=0.09\%$ ). The beta coefficient indicates the direction and degree of influence of the predictor variable on the dependent variable. For example, a beta coefficient of 0.105 of legislation means that a unit change in legislation causes or leads to a 0.105 positive unit change in procurement performance measurement. Based on the regression results, the substituted model is as follows.

**Table 4.9: Significance of the Full Model**

<b>Indicator</b>	<b>Coefficient</b>
R	0.779
R Square	0.606
Std. Error of the Estimate	0.29129

Table 4.9 displays the results of coefficient of determination,  $R^2$  and standard error of estimate.  $R^2 = 60.6\%$  means that the predictor variable explains 60.6% of the variation in procurement performance by constituency development fund committees in Kenya. Only 39.4% of the variance is unexplained.

Using the rule of thumb that  $R^2$  from 60%-69% represents a good model, this model fits this description.

**Table 4.10: Analysis of Variance (ANOVA)**

<b>Indicator</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig. (p value)</b>
Regression	1.626	2	0.813	4.254	0.016
Residual	28.091	147	0.191		
Total	29.717	149			

Table 4.10 shows the results of analysis of variance which indicate that the combined effect of the predictor variables is significant in explaining procurement performance measurement with an F statistic of 4.254 and a p value of 1.6% which is less than  $\alpha=5\%$ .

#### **4.8 Discussion**

This section provides a summarized comparison of the findings in this chapter with other studies in the area.

The findings agree with those of Achuora, Arasa and Ochriri (2010) who examined the factors that affect effectiveness of public procurement audits for constituency development funds (CDF) in Kenya. Specifically they investigated the effect of the legal framework, auditor's specific professional qualities, technical audit factors and client-related factors on effectiveness of public procurement audits. The study findings indicate that technical audit factors have greatest influence on effectiveness of public procurement audit, followed by regulatory framework, client related factors and auditor's professional qualities respectively. The study recommends that a summarized regulatory framework for CDF procurement management be prepared by policy makers, more public auditors be trained on public procurement audit and the CDF managers be exposed to audit as a positive management tool.

The findings are also consistent with those of Thai (2004) who explained that, as many countries have moved to a regional and or global economy, Public procurement practitioners face another challenge that is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements. For example, how to comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements and/or the World Trade Organization (WTO) agreements is not easy, which requires a careful study of trade agreements in order to take advantages of special provisions.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter comprises of summary key findings of the study based on results from data analysis and the objectives of the study. Conclusions and recommendations are also included and they are aligned to the findings.

#### **5.2 Summary of Findings**

The general objective of the study was to establish the effect of procurement legislation on procurement performance among CDF's in Kenya. A population of one hundred and fifty (150) constituencies was drawn out of 290 constituencies. For purposes of collecting primary data, the researcher developed and administered a questionnaire and the results obtained were analyzed using Microsoft Excel and Statistical Package for Social Sciences (SPSS).

The result displays results of responses regarding the dependent variable which was procurement performance measurement. This finding was supported by an overall responses mean of 1.54 which means that more respondents were disagreeing with the statements on this objective in the questionnaire. The responses were also spread from the mean at a 0.64 standard deviation.

The first objective was to establish the extent to which Procurement Legislation affects procurement performance. Majority of the respondents disagreed with the statements and this was supported by an overall response mean of 1.89 and a standard deviation of 0.64 which means more respondents were disagreeing with the statements.

The second objective was to establish the extent to which Procurement management cycle management, record management and compliance issues affects procurement performance. The findings show that most of the respondents disagreed with most of the statements as support by a mean score of 0.39 and standard deviation of 0.42.

Effects of Procurement Legislation on procurement performance were found to be statistically significant. Data analysis revealed that Procurement Legislation was important in explaining procurement performance. This is supported by a p value of 0.000 and a beta coefficient of 0.105 which means that Legislation is a statistically significant predictor of procurement performance.

Effects of Procurement management cycle, record management and compliance issues on procurement performance were found to be statistically significant. Data analysis revealed that Procurement management was important in explaining procurement performance. This is supported by a p value of 0.009 and a beta coefficient of 0.349 which means that Procurement management is a statistically significant predictor of procurement performance.

### **5.3 Conclusions**

Based on the findings of the study, the following conclusions are arrived at. Legislation is a key determinant of procurement performance. The legal framework is not reinforced and hence the poor procurement performance. The CDFs has a challenge in complying with the government regulation.

Based on findings it is also possible to conclude that Procurement management has an effect on procurement performance. To meet the goals there is need to take strategic measures this includes competency, training and high level of leadership. Therefore, it can be concluded that the CDFs are lacking the strategic measures hence the poor performance.

### **5.4 Recommendations**

The study recommends that a summarized regulatory framework for CDF procurement management be prepared by policy makers. Through legislation, the government should enact comprehensive laws to regulate procurement functions and outline clear policy and procedures to be followed by procurement entities as this will enhance accountability and transparency.

The study also recommends that the government should employ professional auditors to undertake public procurement audit and facilitate their continuous training to ensure they are well equipped with necessary technical skills. These will ensure effectiveness of public procurement audit.

The study also recommends that more public auditors be trained on public procurement audit and the CDF managers be exposed to audit as a positive management tool.

The study also recommends that the constituencies development committee members especially the CDF tender subcommittee should be well trained on procurement legislation affecting the procurement performance.

The study also recommends that the CDF board should employ procurement specialist in every constituency so as to improve the procurement performance to ensure legal compliance and necessary reporting to public procurement oversight authority (PPOA).

## **5.5 Areas of Further Research**

This study was not exhaustive by any means and therefore it is recommended that another study be conducted in public procurement sector and focus on variables like procurement performance measurement. The same study can be conducted in another sector to test whether the findings of this study will hold true in a different context.

## REFERENCES

- Achuora, J., Arasa, R., & Ochiri, G. (2005). Precursors to effectiveness of public procurement, *European Scientific Journal* November edition vol. 8, No.25
- Arrow, Kenneth J. (1985), 'The Potentials and Limits of the Market in Resource Allocation', in Feiwel, G.R. (ed.), *Issues in Contemporary Microeconomics and Welfare*, London, The Macmillan Press, 107-124.
- Basheka, B. C. (2008). Procurement planning and accountability of local government procurement systems in Developing countries: Evidence from Uganda, *Journal of Public Procurement*, Vol.8, No. 3, pp. 379-406
- Bertalanffy, V. L. (1968). *General systems theory*. New York: Braziller.
- Bhatt (2000). Supplier involvement in integrated product development', *International Journal of Physical Distribution and Logistics Management*, Vol. 24, No. 5, pp.4
- Borg, D., & Gall, R. (2007). *Educational research: An introduction*. Boston: Pearson Education
- Bruijn, H.D. (2007). *Managing Performance in the Public Sector*, 2<sup>nd</sup> ed. London: Routledge
- Burns, A. & Groove, B. (2003). *The Practice of Nursing Research: Conduct, critique & utilization*. 4<sup>th</sup> edition. W. B. Saunders Company
- Chandran, E. (2004). *Research Methods: A Quantitative Approach with Illustrations from Christian Ministries*. Nairobi: Daystar University.
- Cooper, D.R and Schindler, P.S (2006). "Business Research Methods", 9<sup>th</sup>, edition. McGraw-Hill Publishing, Co. Ltd. New Delhi-India
- Daft, R.L. (1998). *Organisation Theory and Design*, South-Western College Publishing, International Thompson.
- Donaldson, L. (2001). *The Contingency Theory of Organizations*. Thousand Oaks, CA: Sage Publications.
- Froystad. M (2010). The dissemination of information amongst supply chain partners: A New Zealand wine industry perspective. *Supply Chain Forum: Int. J.*, 11(1): 56-63

- Government of Kenya. (2006). *Public Procurement and Disposal Regulations 2006*. Nairobi: Government Printer.
- Hyndman, R.J.(2008). Encouraging Replication and Reproducible Research. *International Journal of Forecasting*. 26(1): 2-3
- Kalakota, K. and Robinson, M. (2001). *e-Business: Roadmap for Success'*, Addison – Wesley, Canada
- Kimenyi, S. (2005).*Efficiency and Efficacy of Kenya's Constituency Development Fund: Theory and Evidence*. Working Paper 45 University of Connecticut, USA.
- Kothari C.R. (2004). *Quantitative Techniques*. New Delhi New Age International publishers
- Lawrence, P.R. and Lorsch, J.W. (2004). *Organisation and Environment*, Harvard University Press. London.
- Mahmood, S. A. I. (2010) Public procurement and corruption in Bangladesh confronting the challenges and opportunities. *Journal of public administration and policy research*. Vol. 2(6) pp. 103-111
- Manasseh, P.N. (2007). *A text Book of Principles of Auditing*. Nairobi: McMore Accounting Books.
- Mugenda, Olive M. and Mugenda, Abel G. (2003).*Research Methods: Quantitative and Qualitative Approaches*, Acts Press, Nairobi-Kenya
- Neely, A., (2005). The evolution of performance measurement research. *International Journal of Operations and Production Management*, 1: 1264-1277.
- Newing, H. (2011). *Conducting Research in Conservation: Social Science Methods and Practice*. New York: Routledge
- OECD (2010).*The impact of institutional investors on OECD financial markets*, Financial Market trends, 68
- Ohemeng, K. L.F. (2009). Constraints in the Implementation of Performance Management Systems in Developing Countries The Ghanaian Case, *International Journal of Cross Cultural Management* 9(1), pp. 109-132
- Ong, T.S. (2005). *Performance Measurement Systems and Their Influences in High Technology Manufacturing Firms of a Developing Country*. Leeds University Business School, Leeds University, Leeds, Vol. PhD.

- Ongoya, Z.E. & Lumalla, E. (2005). *A critical appraisal of Constituency Development Fund Act*. Concept paper by Ongoya, Z.E. & Lumalla, E. November 2005, Nairobi.
- Osbourne, D. and Gaebler, T. (1992). *Reinventing Government*, Lexington MA, Addison-Wesley
- Pejovich, Svetozar (1979), *Fundamentals of Economics: a Property Rights Approach*, Dallas, Fisher Institute
- Polit, D. F. and Beck, C.T. (2003). *In Nursing Research: Principles and Methods*. (7th Edition) (413-444). Philadelphia: Lippincott Williams & Wilkins
- PPOA, (2010). *The Kenya Procurement Journal*, Issue No. 5, March , 2010
- PPOA. (2007). *Assessment of the Procurement System in Kenya Report*. A report by Public Procurement Oversight Authority, Nairobi.
- Public Procurement and Disposal Act (2005), Government Printer, Nairobi Kenya
- Saunders, M., Lewis, P. and Thornhill, A. (2009). *Research methods for business students*.(5th Edition). London: Prentice Hall
- Schapper, Paul R (2006). An Analytical Framework for the Management and Reform of Public Procurement. *Journal of Public Procurement* - Vol. 6 Nbr. 1/2. Pr Academics Press.
- Teelken, C. and Smeenk, S. (2003) ‘Toward a Single Quality Assessment System in Higher Education? Composing an Outline for International Comparative Quality Assessment, European Conference on Educational Research, University of Hamburg, 17–20 September, Education online: <http://www.leeds.ac.uk/educol/documents/00003538.htm>
- Thai K.V (2010). Towards New Horizons in Public Procurement. *Towards New Horizons in Public Procurement Pr Academics Press*.
- Upagade, V. and Shende, A. (2012). *Research methodology*. 2<sup>nd</sup> edition. S. Chad & Company Ltd. Ram Nagar, New Delhi
- Zikmund, G.W., Babin, B.J., Carr, C.J. and Griffin, M. (2010). *Business Research Methods* . 8<sup>th</sup> ed. South-Western, Cengage Learning

## APPENDIX I: QUESTIONNAIRE

### Introduction

This questionnaire intends to gather information your views regarding the effect of procurement legislation on procurement performance; A case study of CDFS in Kenya. Your participation in this study is highly welcome and your responses and statements will be handled confidentially and ethically and your identity will be concealed in the final research report.

### SECTION 1: BASIC INFORMATION

1. Gender

a) Male

b) Female

2. Highest level of education

a) Secondary level

b) College level

c) University level

d) Post graduate level

3. Number of years in current position

a) Less than one year

b) 1 to 2 year

c) 3 to 5 years

d) More than 5 years

4. When did your CDF project commence its operation?

a) less than one year

b) 1 to 2 year

c) to 5 years

d) More than 5 years

**Section B: Procurement Performance Measurement**

To what extent do you agree with this statement? Please indicate your agreement or otherwise with the following statements using the following likert scale.

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
The CDF procurement systems are effective at detecting fraud and enhancing transparency					
The CDF procurement systems have brought about economy					
The CDF procurement systems have brought about efficiency					
The CDF has appropriate and sufficient internal controls in place					

**Section C: Legislation affects procurement performance**

This section aims at determining whether Procurement Legislation affects on procurement performance. Please indicate your agreement or otherwise with the following statements using the following likert scale.

*Strongly Agree=5, Agree=4, Neither Agree nor Disagree=3, Disagree=2, Strongly disagree=1*

Statement	1	2	3	4	5
The regulations concerning tendering process for CDF projects is inadequate					
The regulations on tender evaluation and award criteria for CDF projects is inadequate					
The regulation on submission, receipt and opening of tenders for CDF projects is inadequate					
The regulation concerning the complaints system structure for CDF projects is inadequate					
The regulation on communication of awards for CDF projects is inadequate					
The regulation on monitoring and evaluation for CDF projects is inadequate					

**Section D: Procurement management cycle management, record management and compliance issues**

No.	Indicator	Yes	No
1	Tender committee has been established		
2	Tender committee consists not less than five members		
3	Tender Committee has atleast a one member who is a procurement professional		
4	Tender committee is atleast trained Once on procurement Legislation		
5	Procurement work plans are always done and approved		
6	Procurement plans are strictly adhered to		
7	There is adequate Institutional Structures and Capacity		
8	The committee has an accounting officer		