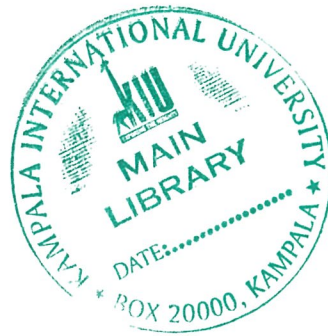


**MEANS OF ATTAINING TRANSPARENCY AND ACCOUNTABILITY  
IN PUBLIC PROCUREMENT PROCESS: A CASE STUDY OF  
MUKONO DISTRICT LOCAL GOVERNMENT**

**BY**

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**A THESIS SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES  
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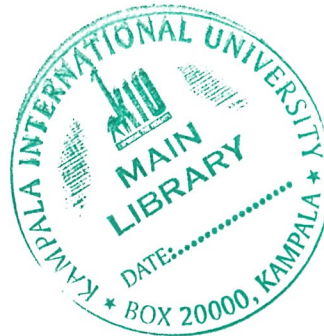
## DECLARATION

I, **STEPHEN WADUWA**, hereby declare that, this Dissertation is truly a result of my independent study and investigation and where it is intended to the work of others, due acknowledgement has been made. It has never been presented for any award in any institution.

Signed:.....

STEPHEN WADUWA

Date:.....12/10/09.....



## **APPROVAL**

This is to certify that this thesis has been presented for examination in partial fulfilment of the requirements for the award of the Degree of Masters of Business Administration with the approval of my supervisor;

**Signed:**.....

**Mr. MATOVU**

**Date:**.....

## **DEDICATION**

I dedicate this thesis to the Lord Almighty who has given me strength, wisdom, health and courage. To my Wife and Children who have supported me through it all.



## **ACKNOWLEDGEMENT**

I would like to express my sincere gratitude to all individuals and persons who have helped me throughout the course of this research. I am deeply indebted to various authors and practitioners in various fields of public procurement who provided useful literature which helped guide this research.

Special thanks go to my supervisor for his continued guidance and counsel through the research process. For all the time he has put to help finalise this research.

I would also like to thank my wife Flavia Waduwa and my children Moureen, Edward, Judith and Catherine for their support, moral encouragement, love and prayers during this time.

May God Almighty greatly reward you!

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## **ABSTRACT**

The research sought to address the effects of Public Procurement System in attaining Accountability and Transparency for Public Procurements in Selected Local governments a case of a Selected Local government-Mukono District. Three objectives were set for this research which involved identify the procedures and guidelines set for public procurement processes categorically to the factors affecting public procurements, Assess the public procurement system and determine how these factors interplay and affect the system resulting in lack of Accountability (monetary value) and Transparency in the public procurement sector. Organisation structure, internal and external control system, management involvement and management of public procurement processes and funding of Public Procurements were factors identified as hindering the effectiveness of Public Procurements thus limiting the effectiveness of the Public Procurement System. The inefficiencies of these factors lead to lack of Accountability and Transparency within public procurement processes.

The questionnaire and interview guide were the tools used to obtain findings to the research questions, the research findings were organised, coded and analysed descriptively and also the correlation coefficient used to verify the validity and reliability of the hypotheses of the research which were to the determine the dependability of the effectiveness of the public procurement system on the guidelines and procedures set for public procurement, the factors affecting public procurement leading to lack of transparency and accountability (value for money).

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

Public procurement is an ongoing process within all economies and it is not of late that it has been perceived as an independent entity. The district has procurement authorities (PPDA Act 2003 in Selected Local governments) laws and process, there are factors within the procurement system like Organisational structure, Internal and external control systems of public procurement, Management of procurement office, involvement and support in public procurements which leads to lack of transparency and accountability (value for money) that hinders the success of these processes. Local governments seem not to be committed to the task of value for procurement money (MTTI, Press Review April 2006).

#### **1.1 Background to the Study**

Public procurement generally is an important sector of the economy. In developed nations, it is said to contribute approximately 16.3% of the Gross Domestic Product (GDP) and in developing countries it is approximately 20% of the GDP. However it suffers several hindrances and has problems associated with the public procurement processes. To prevent fraud, waste, corruption or local protectionism, the law of most countries regulates public procurement more or less closely. It usually requires the procuring authority to issue public tenders if the value of the procurement exceeds a certain threshold. However several problems leading to lack of transparency and accountability (value for money) still accrue limiting the effectiveness of public procurement processes. In the case of developing countries, with Local governments as an example, initially the government used the Central Tender Board (CTB, 1977) which was centralised but still faced the problems of corruption, unethical code of conduct, mismanagement among others. With the aim of curbing these issues, the government set up the Public Procurement Disposal of Assets Act of 2003 (PPDA

Act, 2003). However, these problems though with some effort have not been eradicated. There is still need for a viable solution. This research therefore aims at identifying the loopholes in the current public procurement system with the use of the factors identified as affecting the effectiveness of public procurement processes and proposing a public procurement model for the public procurement system.

## **1.2 The Theoretical Background**

Almost all purchasing decisions include factors such as delivery and handling, marginal benefit, and price fluctuations. Procurement generally involves making buying decisions under conditions of scarcity. If good data is available, it is good practice to make use of economic analysis methods such as cost-benefit analysis or cost-utility analysis.

An important distinction is made between analysis without risk and those with risk. Where risk is involved, either in the costs or the benefits, the concept of expected value may be employed.

A study of the changes that were needed in the procurement system according to Task Force on Public Procurement Reform, 1999 included transparency, effectiveness, integration and great returns. The PPDA act of 2003 was later set up on the basis of ensuring transparency, effectiveness, time management and record keeping but still this has no control over the internal control system of organisations and it has still failed to solely curb issues resulting in lack of transparency and accountability in public procurement processes.

## **1.3 The Conceptual Background**

**Procurement** is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quality and quantity, at the right time, in the right place and from the right source for the direct benefit or use of corporations, individuals, or even

governments, generally via a contract, or it can be the same way selection for human resource. Simple procurement may involve nothing more than repeat purchasing. Complex procurement could involve finding long term partners or even 'co-destiny' suppliers that might fundamentally commit one organization to another.

While there is no substantive body of jurisprudence on the theory of public procurement, discussing some general theoretical propositions will provide the background against which the public procurement regimes will be examined. Public procurement contracts have been used, and are still being used by States to procure goods, services and construction in order to fulfil the material requirements of public administration (Held, 1990).

The importance of public procurement in terms of size related to world Gross Domestic Product and world trade was highlighted by an OECD report (OECD, 2001). The importance of this is self-evident, as the purchase of goods and services by public sector typically accounts for 10% to 15% or more of GDP in developing countries. In developing countries, public sector procurement accounts for 50% – 70% of imports (Odhiambo & Kamau, 2003).

#### **1.4 The Contextual Background**

In the public procurement sector, there is strife for accountability and transparency. While the governing bodies for the sector claim to advocate for these, there is continual indication and evidence that the struggle is a lost cause. In Selected Local governments, the Public Procurement and Disposal Assets Act of 2003 (PPDA) was set with the aim of providing guidelines and procedures of public procurement. The PPDA works with several organisations and initiatives with the aim of curbing and eradicating all loopholes that affect public procurement. Corruption and unethical code of conduct are sighted as the predominant factors affecting public procurement processes.

In public procurement, there are several factors that hinder the procurement process which affect the parties concerned. In Selected Local governments, public procurement initially was centralized under the Central Tender Board (CTB). In 2003, Public Procurement and Disposal Assets Act of 2003 abolished the Central Tender Board and established PPDA as the national regulatory body for public procurement. The PPDA published detailed procedural regulations and standard formats, guidelines and standard bidding documentation for all public procurement contracts.

However, despite the changes in public procurement, changes from the centralised system to a decentralised system, there are still factors like lack of accountability and transparency that affect the procurement processes. These are inherent and lead to other problems such as corruption, delayed execution of duties and unethical conduct within the procurement sector.

This research aims to identify the factors which hinder accountability and transparency within the public procurement.

## **1.5 Statement of the Problem**

Public procurement processes have been faced with several factors that limit the efficiency as well as the effectiveness of these processes. These factors that stem from organisation structure, internal and external control system, management involvement in public procurement and funding of public procurement processes have resulted into the lack of accountability (monetary value) and transparency within public procurement sector.

There is a need for a well developed public procurement system that incorporates the effectiveness of all factors that ensure value for money and a transparent procurement process. This study attempted to determine the extent to which these factors affect the

effectiveness of public procurement processes thus attributing to accountability and transparency within public organisations.

#### **1.6 Scope of the Study**

Mukono Town is bordered by Kalagi to the north, Kira Town to the west, Lake Victoria to the south and Lugazi to the east. It lies 14 miles (23 km) east of the central business district of Kampala, Uganda's capital and largest city. The town occupies 31.4 square kilometres (12.1 sq mi) of land area. The Content Scope was limited to assessing the effects of Procurement System in Attaining Accountability and Transparency in Public Procurements. The study was conducted between July 2008 and August 2009. This was because Mukono District Council had to implement the budgetary allocations for the Procurement of works and services for the financial year 2008/2009.

#### **1.7 Significance**

The research would be of benefit to policy makers in identifying the loopholes within the public procurement processes that may deter attainment of value for money within the public sector.

The research would also help the administration of Selected Local governments to identify factors which hinders accountability and transparency in procurement contracts at both local and National Levels.

The findings of this study would also act as a source of literature to enable further research in areas of corruption, political influence and their impact on Accountability and Transparency of Public Procurements.



The study would also help in sensitizing community members to actively participate and at the same time act as watchdogs for Public Procurement Contracts which are undertaken at community levels.

## **1.8 Purpose of the Study**

The study aimed at assessing Public Procurement Systems in attaining Accountability and Transparency for Public Procurements; the case of Selected Local governments.

### ***1.8.1 Specific Objectives:***

- (i) To investigate the procedures and guidelines set for public procurement in the selected local government – Mukono district.
- (ii) To assess the procurement systems and determine how the factors identified as affecting the system interplay in leading to lack of transparency and accountability in the procurement sector.
- (iii) To develop a model that can be used as a means to improve the public procurement processes in turn increasing transparency and accountability in public procurement.

## **1.9 Research Questions**

- (i) How effective are the procedures, guidelines set for public procurement in Mukono Local Government?
- (ii) How are the major factors identified, affecting Public Procurement Processes in Mukono Local Government?
- (iii) What are the models that can be used as a means to attain Transparency and Accountability in public procurement processes within the procurement sector?

## **1.10 Research Hypotheses**

- i) Effective procedures and guidelines set for public procurement in Mukono

Local Council can lead to transparency and accountability within public procurement processes

- ii) Factors affecting public procurement processes limit the attaining of transparency and accountability in public procurement processes within the procurement sector

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter, related literature was reviewed. It involved the systematic identification, location and analysis of documents containing information related to the research problem being investigated. In particular, the review focused on literature pertaining to public procurement, public procurement procedures and guidelines in Mukono district local government. Assess literature pertaining to the public procurement system in place and how the factors organisation structure, funding, management and external and internal system control interplay with transparency and accountability in public procurement processes.

A further review on the different bodies and or organisations that have been setup with the aim of fighting lack of accountability and transparency in public procurement processes was also done and how the current system in place favours lack of transparency and accountability.

#### **2.2 Review of Related Literature**

##### **2.2.1 Procurement and Public Procurement**

Procurement generally involves making buying decisions under conditions of scarcity. If good data is available, it is good practice to make use of economic analysis methods such as cost-benefit analysis or cost-utility analysis. An important distinction has to be made between analysis without risk and those with risk. Where risk is involved, either in the costs or the benefits, the concept of expected value may be employed (witting 1999).

Public procurement refers to the process(es) used by government, regional and local public authorities or bodies governed by public law (financed, supervised or managed for more than 50% by public authorities) to obtain goods and/or services, works using taxpayers' money.

Procurement is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place and from the right source for the direct benefit or use of corporations, or individuals, generally via a contract. Simple procurement may involve nothing more than repeat purchasing. CIPS, 2001) Complex procurement could involve finding long-term partners or even suppliers that might fundamentally commit one organization to another.

According to Lloyd (1996), the scope of government contracting is enormous and this all goes to the heart of a nation's form of government and economy. Lloyd (1996) further asserted that in a capitalist economy of representative democracy, States must engage in contracts with private firms if they are to meet their requirements for supplies and services. These cover a wide range of products from office pins to huge public infrastructural works such as dams and hydro electric projects. It is impossible for any government to effectively function without engaging in public procurement.

Procurement is now one of the top items that consume public money. Wittig (1999) asserted that procurement accounted for a total expenditure of 70% in Selected Local governments according to the Development Assistance Committee. It has been estimated that between US\$30 to US\$ 43 billion could be available in the procurement market place in Africa and by 2005, it was estimated that in developing countries,.

The increasing reliance by States on public policy as a tool of public administration is having an impact on the conception, formulation and execution of public procurement contracts (Bovis, 1997). According to Stover (1964), public policy choice is now a political issue. In a sense, this affects the way public procurement contracts are

formulated or executed. Public policy is to some extent whatever Local governments choose to do or not to do. Because of this, public policy has theoretical and practical effects on the formation and execution of public procurement contracts (Stover, 1964).

Globalisation and the opening up to international capital, donor aid scrutiny and the quest for greater transparency, now mean that policy makers and others involved with public procurement need to understand the relationship between the theory and practice of these contracts. Linarelli *et al* (2000), say regulating public procurement will help to educate government officials and others involved on how to deal with all aspects of such contracts. Commenting along similar lines, Craig, (1998) stated that the cost of preparing and submitting tenders is so enormous that no participant can afford to be ignorant of the law and practice of public procurement

At another level, public procurement is to be seen as an objective and efficient way of contracting between the State and private entities. Tender procedures enhance transparency in bidding processes. According to Schooner, (2002) a transparent public procurement system uses procedures. This helps to promote good governance. It is also a means by which good working partnerships can be developed between the public and private sectors of the economy (Allen, 2002).

The processes for awarding public procurement contracts guarantee and safeguard the rights and interests of the State on one hand and those of the contractors on the other. This is one way of achieving efficient use of resources. As Bovis (1994) stated, in a market economy, free trade and international market competition are considered to be the most efficient instruments for promoting optimal resource allocation and economic growth.



Public procurement contracts embody commercial as well as sovereign acts of States. Such contracts are governed by appropriation rules formulated by parliament. When contracting, States are bound by the normal rules of contract (Cibinic, 2000). These characteristics make public procurement contracts unique. Thus, such contracts are invested with the dual attributes of public and private laws. According to Atiyah (1981), when public bodies enter into ordinary contracts, they are to submit to the ordinary rules of contract and in fact are so governed, but the wider duties of such entities go beyond the obligations imposed by ordinary contracts.

It is generally perceived that while the structure of public procurement contracts is in favour of huge multinational corporations, it is nonetheless considered to be more in favour of the state when it comes to contracting with smaller domestic suppliers or contractors (Osode, 1997).

### **2.3 Public Procurement Guidelines and Procedures**

In Mukono district local government, public procurement processes follow the PPDA Act of 2003. The PPDA has rules, regulations and guidelines that the bidding or procuring company or organizations have to follow in order to execute public procurement processes. However, this is a practice that is followed in most developing countries as well as developed countries.

Consequently, developed and developing countries have need for a well-functioning public procurement system. This is particularly true for developing countries, where procurement usually accounts for a high proportion of total expenditure, 40% in Malawi and 70% in Selected Local governments, compared with a global average of 12-20% (Development Assistance Committee, 2005).

In most developed countries, public procurement takes place within a framework of international obligations, such as the World Trade Organisation's Agreement on Government Procurement or the Procurement Directives made under regional agreements such as the European Union or the North America Free Trade Agreement. Public procurement in most developing countries does not have to meet these international requirements. There are various ways of procuring goods and services; there is the time aspect, the product or service worth and one that incorporates all the three factors. When bidding for a public-sector contract the organization has to probably go through an official procurement process with a set timetable. The more the contract is worth; the more time-consuming the process is likely to be.

Complex projects are negotiated under the competitive dialogue procedure, which may take longer than the set timetable process. It's essential to give all the information required and to meet the relevant deadlines at each stage of the process. Upon identifying a potential contract, there is a need to assess whether the organization or business can carry it out - and whether it makes financial sense to do so. Some contracts involve a formal expression of interest - a pre-qualification stage used to identify realistic candidates for the contract. The organization may be asked for information about the financial position of its business and details of its experience and references.

In Mukono district local government, the Public Procurement and Disposal of Assets Authority Act (PPDA ,2003) and Regulations allow the pre-qualification of firms for the provision of highly complex or specialized procurements, followed by a limited competitive bidding procedure in which only those firms meeting specified pre-qualification criteria are invited to submit bids. The decision whether to carry out pre-qualification is a matter of professional judgment based upon a number of

considerations about the contract or contracts themselves, and about the actual processes of pre-qualification. Contract considerations include size of the firm, numbers to supply, complexity, limitations on completion time, the critical nature of the procurements, quality or registration requirements, special design or manufacturing requirements, financial status etc. The pre-qualification process weighs the potential benefits against the potential disadvantages, (Birungi, 2007).

## **2.4 Factors Affecting Public Procurement Processes and How Accountability and Transparency Interplay**

Recently, accountability has become an important focus in the discussion about the legitimacy of international institutions. Because there is no global democracy to which organizations must account, global administrative bodies are often criticized as having large accountability gaps. One paradigmatic problem arising in the global context is that of institutions such as the World Bank and the International Monetary Fund who are founded and supported by wealthy nations and provide aid in the form of grants and loans, to developing nations do not provide proper accountability for the grants and loan disbursed to such nations( IBRD Report 2004).

According to Holding (1976), public procurement is often plagued with corruption, unfair practices and price collusion in view of the sums of money involved. In commenting on the issue of corruption in international business transactions, Pierros (1998) observed that since 1993, corruption had been placed high on the international agenda and spread geographically and grown in intensity.

In many countries especially the developed economies, the accountability and transparency in public procurement is taken seriously. An example is the Canadian government which introduced the *Federal Accountability Act* (PWGSC, 2006) a



legislation helping to strengthen accountability, and increase transparency and oversight in government operations including among many public procurement.

Programme on Governance in the Arab Region (POGAR) has been adopted in the Arab Region as a measure of attaining transparency and accountability in public procurement. Most Arab states have made major commitments to economic reforms that are designed to liberate their markets from financial oppression and other inefficiencies, while preserving the industrial and social gains they made in the 1960s and 1970s, when foreign aid, oil revenues, and other sources of capital were more abundant. Some States have even encouraged or allowed elements of their civil societies to establish chapters in Transparency International, a transnational Non Government Organization (NGO) devoted to reducing financial mismanagement. The purchase of goods and services by Selected Local governments and their public sectors is a major source of corruption in many countries. A growing number of Arab countries are making their procedures of soliciting tenders and evaluating offers more public and transparent.

Corruption in public procurement is particularly important issue in Asia and the Pacific, where it is estimated that Selected Local governments pay from 20% to 100% more for goods and services because of corrupt procurement practices. However since the adoption and ratification of the United Nations Convention against Corruption (UNCAC, 2003), the international community has intensified its role in assisting countries in fighting corruption and improving public accountability systems. The UNCAC requires its member States to institute measures and checks against various facets of corruption including procurement processes. Clear and comprehensive regulations for the conduct of public procurement are the fundamental prerequisite for curbing corruption in public contracting which entail transparency.

Poor governance has been one of the major stumbling blocks to the economic development of Africa and it has been clear that a number of African countries have not paid adequate attention to the proper management of public resources. An efficient public procurement system is vital to the advancement of African countries and is a concrete expression of the national commitment to making the best possible use of public resources (Kabaj, 2003). The influence of New Public Management (NPM) philosophies in the functioning of the public sector has been embraced procedurally by government departments in a number of African Countries.

Developing countries have been awakened on the importance of effective management of the public procurement process at local government levels, and its subsequent contribution to improved governance of the public sector. Procurement as a function that was traditionally viewed as a clerical and reactive task has since positioned itself among core organizational functions and its management is becoming increasingly critical for the well functioning of any organization. Procurement is becoming important at the local level, in parallel with decentralization and the increasing range of functions performed by local Selected Local governments in most countries (Schiavo *et al*, 2000).

Local governments are usually perceived as providers of essential services, such as health, education, defence and infrastructure. To be able to meet the demand for these services, government purchases goods and services from the marketplace, effectively placing their demands alongside those of the private sector (Wittig, 1998). Public procurement systems are the bridge between public requirements (i.e. roads, hospitals etc) and private – sector providers. These items are obtained from either internal government organs (hospitals, public works department etc) or from external sources.

According to Kakuru (1998), internal management of resources in firms and organisations is very crucial, and firms/ organisations need to examine the deployment of their resources with the aim of achieving maximum efficiency. Procurement managers in the organisations use resources to purchase different items/goods and services, therefore items procured should be of good quality and benefit to the entire organisation.

The poor record keeping culture has resulted in lack of comprehensive statistics on the value of goods, services and works procured and on the key indicators under procurement process. This is exacerbated by the limited use of electronic commerce. There are a few problems of political interference with procurement processes, particularly at the local government level. The limited enforcement powers of PPDA and overlap of mandates with other bodies requires close collaboration in the implementation of capacity development strategies.

Mukono district local government has some measures that have been put in place to assist in accountability and transparency. For instance, PPDA is a member of the Accountability Sector Working Group and is also a member of the Inter -Agency Forum that implements the National Anti- Corruption Strategy. The key principle of decentralised system is the segregation of roles and independence of the powers of the procurement structures.

Under the PPDA, it is a legal requirement for bid notices to be published in at least one newspaper of wide circulation and displayed on the PDE's notice board. Statutory periods are fixed for procurement processes e.g. advertising, bidding, display of notices and handling of complaints

appropriate policy framework and reorientation government spending in crucial sectors (Odhiambo and Kamau, 2003). As part of the reforms, the government restructured the functions and roles of government agencies to foster more transparency, accountability and effectiveness in the procurement system.

The Public Procurement and Disposal of Assets authority Act (PPDA) and Regulations (2003), was setup with the aim of streamlining the means of handling public businesses. It has the functions of advisory which entails issuing the various tools for conducting public procurement and disposal and compliance with the law, data management function which entails developing a system of managing data on all public procurement and disposal, capacity building function which entails developing procurement and disposal capacity through training and line support and audit function which entails auditing the bid preparation process and the award and completion of contract.

It listed all the necessarily guidelines used by both public and private organizations. The laws established a Regulatory Authority and Contracts Committees and Procuring and Disposal Units in the Procuring and Disposal Entities. It was hoped that these initiatives would enhance regulation and accountability of the procurement procedures at local government levels. As of 2008, PPDA was working on a procurement performance measurement system which is an enabling institution to regularly monitor and track performance trends across public entities in Selected Local governments. It is also charged with compliance checks, performance audits and national assessment of public procurement system using OECD-DAC methodology to assess National Procurement system.

However, implementation of these regulations is being undermined by insufficient user skills and limited capacity. For instance, poorly-kept procurement records do not

allow adequate audits to evaluate the performance of the procurement system, while procurement and disposal of public assets outside the established procedures, including restricted bidding and non-transparent registration lists, remain key concerns.

According to the national integrity report 2006, losses due to Procurement Related Corruption are between 7.19 – 9.4% of total contract values at Local Government levels. Perception of corruption is approximately 75% according to the Integrity report which reported corruption was limited in Local governments, however, most prevalent in the higher levels of management. Causes of corruption were said to be cultural, lack of independent and effective judiciary, lack of effective incentive mechanism for public officials, such as lack of promotion on merit, economic policies, lack of effective reporting systems, lack of transparent and accountable procurement processes.

Effective anti-corruption measures as suggested by the Integrity report included, permanent prohibition of a person convicted of corruption from holding any public office, restitution order to seize assets, payment of informers/whistleblowers on conviction of offender, increase in salaries, change in legal burden of proof and taxation penalties.

According to the PPDA corporate plan (2004), there is sufficient evidence of improvement for the judgement to be made that the public procurement system in Selected Local governments is fairer, more transparent and accountable than it has been in the past. While there is currently insufficient evidence to contend that incidences of corruption in public procurement in Selected Local governments have reduced, an important survey into perceptions of corruption in public procurement has been carried out and this survey will serve as a baseline so that further studies can

assess the progress made in reducing it. Nor is there sufficient information available to assess whether better value for money in public procurement is being obtained. However, enforcement of the procurement rules and, in particular, of the preference that ought to be given to open competitive bidding, should enable better value for money to be obtained than under procurement methods that allowed contracts to be awarded to favoured bidders without going through a competitive process.

Improved human resource capacity in the PPDA and in the PDEs is raising the standard of procurement practice. Furthermore, sensitisation of providers is helping to improve private sector awareness and compliance to the procurement law and procedures.

However, the procurement and disposal system still poses significant challenges to the procurement sector though the PPDA is taking a number of steps to address the anomaly. Dora Eguny, the PPDA public relations officer says “Procurement and Disposal of Public Assets Act No.1 of 2003 is in the process of being amended, the Institute of Procurement Professionals Selected Local governments have been established to regulate the practice and conduct of procurement practitioners.”

In a report of the PPDA presenting the key findings and recommendations of a Compliance Check exercise between May and August 2008, a lot of loop holes were found in the process of executing public business in the Local Government Entities. From procurement structures, planning, solicitation and bidding to evaluation procedures, contract award and management and record keeping, are all flawed in one way or another.

The procurement processes are the areas where over 70% of government resources are spent and yet this is also the area that is most prone to corrupt tendencies. But with

the interventions put in place by the PPDA, this could change. If procurement corruption can be addressed then public service delivery could also fundamentally improve because the 70% of national resources would translate directly into service delivery. Perceived corruption as a serious offence which contradicted other assertions that Selected Local governments is tolerant to corruption, 70% of government contracts were not awarded according to established procedures, while half of the national budget is spent on procurement deal. (Global Integrity report, 2008)

The Anti corruption coalition states that the people of Selected Local governments as a whole contribute to the growing corruption tendencies and companies as well as organisations spend money on work not done or executed. Public procurement is one such sector prone to corruption. There is data and information obtained that can attest to work done yet these activities are not executed. According to Henry Mugizi – ACCU information officer, there are roads in Selected Local governments which are said to be completed yet they do not exist on the road maps of the country. Bureaucratic and administrative forms of corruption are widespread in the Selected Local governments administration, with practices of bribery, nepotism, and misuse of official positions and resources. Government bureaucracy, complex regulatory procedures and red tape provide numerous opportunities for corruption and rent seeking. According to the 2006 World Bank-IFC Enterprise Survey, there is an indication that more than half of firms expect to make informal payments to public officials to get things done. 80% of companies report paying bribes and make on average more than 30 unofficial payments per year.

Public procurement is one of the sectors most affected by corruption in governments. According to the 2007 African Peer Review Mechanism Report, a selected local

government loses US\$ 258.6 million annually through corruption and procurement malfeasance. The report further estimates that if the country could eliminate corruption in public procurement, it would save US\$ 15.2 million a year. In the assessment of the country's Auditor General, procurement accounts for 70% of public spending, of which an estimated 20% is lost via corruption. In June 2008, a senior World Bank official stated that high level corruption in procurement deals had been responsible for a loss of US\$ 300 million since 2005.

The Local government procurement Act in Selected Local governments initiated procurement reforms which culminated into the enactment of the PPDA Act, 2003. Although the Act was set up to have national (Central and Local) coverage, when the Local Government Act, Cap 243 section 91 – 94 were amended to harmonise the higher local government (HLG) procurement institutional arrangement, regulations and procedures with those of the PPDA Act, 2003. This is currently the principle law governing Procurement and Disposal in both Selected Local governments. It prevails over all regulations and guidelines relating to procurement at all levels of the public sector in Selected Local governments. It has created a new procurement framework intended to achieve a number of objectives. Firstly, is to promote the economy and efficiency in procurement and disposal activities of the local Selected Local governments. Second is to ensure public procurement and disposal is conducted in a fair, transparent and non-discriminatory manner within a local government environment; and thirdly, to contribute towards the creation of a sound business climate in Selected Local governments. However fairness, transparency and non-discrimination are still not prevailing in the public procurement local government.

Freedom House report (2006) denounces widespread patronage and corruption in government, with the exception of the public, health and education service



commissions that are generally credited with making open, merit-based appointments. There have been recent cases of interference in the appointment of senior officials in the ministries of health and of education and sports.

A baseline survey of National Public Procurement Integrity conducted in 2006 by the Procurement and Disposal of Assets Authority (PPDA), the Inspectorate of Government (IGG) and USAID reports that illegal payments to secure government contracts at both the local and central levels are even higher, representing approximately 7 to 9% of the contract value. The survey further estimates that direct losses due to corruption in procurement - at the local levels – amounted to between USD 64-85 million between 2004-2005. The majority of respondents identified the secretary to the Tender Board and Tender Board members as being most corrupt.

The PPDA, IGG (Inspector General of Government) and USAID survey identifies the lack of effective reporting systems, poor record management by State organs, the weakness of the judiciary, the poor investigation of corruption cases, and the lack of effective systems to punish corrupt officials, as major factors contributing to the high prevalence of corruption in public procurement.

According to Transparency International (2006), the Local governments Parliament and the World Bank have criticised the privatisation programme in Local governments for insider dealing, non-transparency and corruption. Government procurement, particularly for defence items, is not transparent. The US Department of State Investment Climate Statement (2007) notes that in 2005 and 2006 several high-profile government tenders for infrastructure projects were suspended under allegations of corruption. According to Global Integrity (2008), nearly USD 257

million is lost in Selected Local governments each year through corruption and procurement malpractices.

The PPDA, IGG & USAID National Public Procurement Integrity Baseline Survey (2006) notes several explanations for the amount of corruption, including, amongst others, lack of effective reporting systems, poor investigation of corruption cases, poor management of records by state organs and the lack of an independent and effective judiciary.

Despite all these organisations and agencies teaming up to fight lack of transparency and accountability, it is still predominant in public procurement processes. The proposed public procurement model for public procurement systems aims at unifying all these organisations, pooling together a public database accessible by all, with a proper accountable system of activity execution so that transparency and accountability are attained.

Based on the literature review, there are several initiatives, organisations and government bodies that have been set up to aid in public procurement processes which could serve as measures in aiding accountability and transparency within public procurement processes. In addition the four factors identified and listed below need to be coordinated and facilitated sufficiently in the need to attain transparency and accountability:

- i. Organisational structure
- ii. Internal and external control systems of public procurement
- iii. Management of procurement office, involvement and support in public procurement process
- iv. Funding for public procurement

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter described the research design, area of study, study population, sample size, sampling methods, sample selection, sources of data, research instruments, data collection methods, validity, reliability of research instruments and data analysis.

#### **3.1 Research Design**

The researcher obtained a letter of introduction from the University (Appendix A) which enabled him to access inThe research design used for this research was questionnaire survey which involved observation and analysis of data collected from the various officials who answered the questionnaire.

The questionnaire and interview guide were the tools used to collect data including generic and also data on factors affecting public procurement in Mukono district local government. The researcher employed quantitative and qualitative methods of data collection and analysis. The aim was to find out what factors greatly affect public procurement processes and the measures which could be used to curb these problems with the aim of attaining transparency and accountability within public procurement.

#### **3.2 Study Area and Population**

The study was conducted at Mukono District Council located 23 km along Kampala Jinja Highway. This district was chosen because it procures a wide range of material from works, services and goods to satisfy varying requirements for their operational activities. The study comprised of 76 respondents drawn from; Contract committees, Procurement, Operations, and finance section/departments within these Local Council.

### 3.3 Research Population

The study was selectively based, targeting concerned individuals in Mukono local government who were charged with public procurement, the available literature, information and data on factors affecting public procurement was reviewed and these factors identified. The sample included both men and women, rural or urban both in Mukono District. A total number of 50 respondents out of the expected 76 respondents returned the survey instruments, making a response rate of 65.8%.

The study concentrated on the following categories of people:

Mukono District local government (Table 3.1)

Table 3.1: Categories of the Study Population and Number of Respondents.

Category of respondents	Study population	Key respondents
Mukono District Local Government	152	76
<b>Total</b>	<b>152</b>	<b>76</b>

### 3.4 Sample and Sampling Procedure

This approach aimed at obtaining a representative sample. Given that the Mukono District Local Government is involved in public procurement, a sample of 76 respondents from a study population of 152 participants was chosen for this study. This is because these respondents were believed to be knowledgeable in the area of public procurement and disposal of public assets.

### 3.5 Methods of data Collection

#### 3.5.1 Questionnaires

Questionnaires were administered to the sampled population and in this respect; the researcher solicited ideal information on the topic of study.

The questionnaires were made up of both structured and closed questions intended to collect data randomly. The questionnaire was the main data collection instrument used by the researcher and the questionnaire was designed with closed questions as shown in Appendix 2.

### **3.5.2 Interviews**

Another source of collection of primary data was through interviewing the selected key respondents. Interviews were held with the help of an interview guide with people who had an informed opinion on the topic. With interviews, the researcher had an opportunity to solicit for more answers on some particular sensitive issues.

## **3.6 Validity and Reliability**

Validity was tested according to Amin, (2005) where the use of questionnaires and interview guides in this context was pretested using small number of key respondents for appropriateness and comprehension. However, weaknesses earlier cited by respondents were adjusted or amended. The qualitative and quantitative data collected during the interviews was coded, categorized, assembled, conceptually organized, interpreted and presented thematically in accordance with the research questions in order to make descriptive and qualitative conclusions.

Reliability was also measured according to Amin, (2005) where the researcher's independent variable is categorical and the dependent one continuous, the researcher used a RELIABILITY ANALYSIS –SCALE (ALPHA) as a statistical method of analyzing data. Thereafter, data was subjected to the Statistical Programme for Social scientists (SPSS) the analysis aimed at establishing the reliability of these factors like organisation structure, Internal and external control systems of public procurement, Management of procurement office, involvement and support in public procurement

process and Funding for public procurement which are thought to have loopholes that lead to unethical code of code, poor record keeping, and bureaucracy thus limiting transparency and accountability leading to an insufficient system of public procurement.

According to Sekran (2003), the reliability of measure indicates the extent to which such a measure is without bias or error free. Thus ensures stability and consistence of measurement across time and various items in the instrument.

The analysis aimed to establish the reliability of the item groupings for variables including organisation structure, internal and external control systems of public procurement, management of procurement office, involvement and support and funding of public procurement.

**Table 3.2 Cronbach's Alpha Scores for Variable Reliability**

<b>Variable</b>	<b>Alpha</b>
Internal and external control systems of public procurement	0.751
Management of procurement office, involvement and support in public procurement process	0.775
Organisational structure	0.832
Funding for public procurement	0.791

The Cronbach's Alpha Score was greater than 0.8 for the variables of Organisational structure and the others were greater than 0.7 score for Internal and external control systems of public procurement, Management of procurement office, involvement and support in public procurement process and Funding for public procurement variables.

Sekaran (2003) state that scores less than 0.6 indicate poor reliabilities, those in the 0.7 range are acceptable while those in the 0.8 range are good. Since the scores of Cronbach's Alpha analysis for this study were all greater than 0.7 for all variables, the

internal consistency reliability of the questionnaires used in this study was good and acceptable.

The variables for this research were measured on an ordinal scale which ranks data than actual numerical values. Management involvement, support and office were measured by the opinions on the decision making approach used within public procurement processes, flow of information, record keeping, bureaucracy and level of interaction among management and procurement staff.

The organisational structure was measured by opinions by officials on commitment of staff, information flow and interaction with the entire public procurement sect. Internal and external control systems were measured by efficiency and effectiveness of public procurement processes with the consideration of time and value for money. Funding of public procurement system was measured by level of availability of resources, support, stock and money for public procurement.

### **3.7 Sources of Data**

Both primary and secondary data were collected during the study using different methods of data collection. During the process of collecting data, literature available on public procurement processes and the organizational structure within these bodies was considered while relating each role of the individuals and staff to the procurement process and procedure followed. Some staff within Mukono district local government directly linked to the procurement process while others were the people who originate the procurement. More data and information was obtaining on whether there are measures that have been undertaken to curb lack of transparency and accountability within public procurement processes and what they have discovered, their continued assessment and problems still accruing in public procurement processes.

### **3.8 Documentary Analysis**

Relevant documents like procurement records; periodicals, newspapers, personal documents, internet journals, articles and other research reports were reviewed for triangulation purposes. The data collected addressed the issues concerning the factors affecting public procurement and the available literature on these factors, the solutions that they have come up with to curb these factors and why they are not helping to curb the situation.

The questionnaires which were answered were numbered and data edited and cleaned to ensure that the required information was properly captured facilitating easy analysis. According to Sekaran (2003), the main objectives of data analysis include “getting a feel for the data”, “testing the goodness of data” and “testing hypotheses developed for the research”.

### **3.9 Measurement of Variables**

The variables organisation structure, internal and external control system, management of public procurement office, involvement and support and funding of public procurement were measured at ordinal scale and qualitative data analysis approach was used. Ordinal scale is based on the ranks of the data rather than the actual numerical values. Effectiveness of the public procurement system leading to transparency and accountability was measured by opinions on whether availability of information on procurement, streamlined guidelines and procedures of public procurement processes, time management and proper record keeping.

Organisation structure was measured by opinions on the level of commitment of officials, hierarchy and its relation to procurement procedures, communication level and team work. Management of the public procurement office, management involvement and support was measured on the opinion of officials in relation to



management of the office, the support of the management and decision making approach used. The internal and external control systems were measured on the level of involvement of officials and management in the public procurement processes, the hierarchy followed for public procurement, record management and keeping, involvement of all within internal operations and how the PPDA structure interplays with the internal controls. Funding of public procurement was measured by the level of financial support, availability of resources and money towards public procuring and financial controls, assets and the effectiveness of the funds.

### **3.10 Data Analysis**

The researcher used a qualitative analysis of the data that was collected with the help of a statistical Package for Social Scientists (SPSS) computer based software programme.

All returned questionnaires and interviews guides were numbered and the data was edited to ensure that the required information was captured properly and for the purpose of easy analysis. Modification of data was ensured through computation to allow combination of several measured attributes of the variables. Hypotheses were also tested using correlation coefficient.

Spearman correlation analysis was used based on Amin (2005) who stated that the correlation index between two variables is used to measure the degree and direction of the relationship between them upon ordinal scale measurement. Deductions were drawn from Spearman Rank Correlation for inferential statistics and simple linear regression for drawing deduction from the study which involved interpreting the meaning of the result of the data analysis. Magnitude was considered, negative or positive relation and level of significance of the correlation (ie significant at 0.5 or 0.1 level of significance)

Hypotheses were tested using linear regression so as to determine these factors together to predict effectiveness of public procurement system on attaining transparency and accountability. The R-square value, regression sum of squares, residual sum of square, F-statistic and its significance level were required to interpret results using SPSS. R squared illustrated the variation in the dependent variable as explained by the regression model. It ranged between 0 and 1. Regression sum of squares showed the variation accounted for by the model. Low variation explained the model relation better. F statistic significance explained the variation better if it was small (less than 0.05) that the independent variables explain the variation on the dependent better. For  $F > 0.05$ , then the independent variables explained the variation in the dependent variable insufficiently.

### **3.11 Ethical Consideration**

The researcher obtained an introductory letter from the Kampala International University which was presented to the concerned bodies for permission to conduct this study. During data collection, the rights of individuals were respected. For example the researcher had to get the consent of all the respondents and ensure confidentiality of their responses and all the necessary protocol observed.

For checking quality control, there was pre-testing of the research instruments, supervision and working with research assistants and continuous editing of questionnaires before leaving respondents as well as daily evaluation of field.

### **3.12 Limitations**

The questionnaire return rate was relatively low compared to the number administered. However, the researcher administered questionnaires to a large number of respondents to cater for situation where the return rate was low.

The research was limited to assessing Public Procurement systems in attaining accountability and transparency in procurement contracts therefore, some aspects within the procurement process were not handled to provide a wider view of Public Procurement to the researcher to the researcher.

Information asymmetry whereby most of the respondent's interview could not give satisfactory and reliable information relating to the topic under investigation, however, the researcher made use of relevant journals articles, and library search for relevant information to enrich the literature.

## CHAPTER FOUR

### PRESENTATION, INTERPRETATION AND ANALYSS OF FINDINGS

#### 4.0 Introduction

The purpose of this research was to develop a public procurement system as a means of attaining Accountability and Transparency in Public Procurements; the case of Mukono District Local Government. According to the study, there were factors that were found to limit accountability and transparency within public procurement and despite all these factors, there were organisations, bodies and government initiatives set up to curb these problems but still within minimal results. Thus the timely need for a public procurement system that is in position to encompass all these bodies and organisations in order to attain transparency and accountability within public procurement processes.

It was established that streamlining of operations, liaison and proper record keeping and management within the system would curb the lack of accountability and transparency with public procurement processes in the selected Local government – Mukono District

This chapter sought to present, analyse and interpret the data collected. This included the response rate of the key respondents, their social characteristics, presentation, analysis and interpretation in line with the specific research objectives of Chapter one of this research which were as follows:

- (i) To investigate the procedures and guidelines set for public procurement in the selected Local government – Mukono District.
- (ii) To assess the procurement system and determine how the factors identified as affecting the system interplay in leading to lack of transparency and accountability in the procurement sector.

- (iii) To develop a model that can be used as a means to improve the public procurement processes in turn increasing transparency and accountability in public procurement

The research hypotheses too were tested in relation to the two testable objectives, however hypothesis two which related to testing the effectiveness of the public procurement system due the factors identified was further subjected to a test considering each factor as a sole testable variable against the effectiveness of public procurement systems. Below were the hypotheses to test;

- (i) Effective procedures and guidelines set for public procurement in Mukono District Local governments can lead to transparency and accountability within public procurement processes
- (ii) Factors affecting public procurement processes limit the attaining of transparency and accountability in public procurement processes within the procurement sector

#### 4.1 Response Rate

The sample included both men and women in Mukono District and the sampled population for this study was 76 key respondents in total of which 50 respondents out of the expected 76 respondents returned the survey instruments, a response rate of 65.8%. This is a higher response rate than the world standard of slightly above 22% (Ulungin & Uray, 1998).

**Table 1 : Questionnaires Returned by Key Respondents**

	Subgroup	Key respondents	Actual respondents	Response rate %
Local government	Mukono District Officials	76	50	65.8

The response rate of 65.8% was an indication that the majority of the key respondents were interested in the study. The level of interaction of the researcher with Mukono district officials explains the high rate of response in these areas showing a 65.8%. A letter stated the commencement and reason for the research was issued by the University as attached Appendix A.

However, the noted 35.2% non response was in part due to the business schedule of the respondents and the inability of respondents to return the questionnaires timely to the researcher.

## **4.2 Social Characteristics of the Respondents**

The researcher sought to obtain relevant information on sex, marital status, education level and their role in public procurement processes as a measure of attaining information their rate of understanding of public procurement, whether they are directly linked to the processes and how they interplay with the public procurement processes.

### **4.2.1 Sex of Respondents**

Respondents were asked to indicate the sex applicable to them (male or female) as stated on the self-administered questionnaire. These were analysed using the SPSS programmes. The findings are summarised in Table 4.2 below:

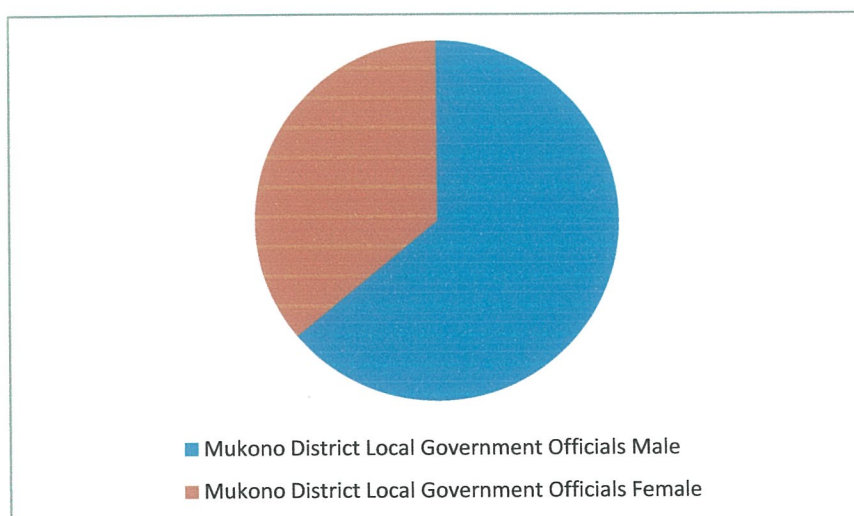
**Table 2: Sex of Respondents**

<b>Category of Respondents</b>	<b>No. of Actual Respondents</b>	<b>Sex</b>		<b>Total</b>
		<b>Male</b>	<b>Female</b>	
Mukono district officials	Number of respondents	32	18	50
	% response	64%	36%	100%

**Table 4.2** showed that out of the 50 actual respondents, 32 were male and 18 female, representing 64% and 36% respectively. According to the findings, 64% of the respondents were female and 36% were female. The Mukono district local government officials were male dominated and the officials who responded to the questionnaire showed the male dominance.

This information was further illustrated as below in Figure 4.1 showing the sex of respondents with the highest dominance of male reporting 64% response, however, male dominance has been observed as a trend within the formal employment sector. (Asiimwe, 2007). This shows those males are more involved and aware of the public procurement sector.

**Figure 4.1 Sex of Respondents**



#### **4.2.2 Marital Status**

Respondents were asked to indicate the marital status that was applicable to them (single, married, separated, divorce or widowed), as stated on the self-administered questionnaire. The findings are presented in Table 4.3 and Figure 4.2 as below:

**Table 3: Marital Status of Respondents**

Category of respondents		Marital Status					Total
		Single	Married	Separated	Divorced	Widowed	
Mukono district officials	Number of respondents	10	36	4	0	0	50
	% response	20%	72%	8%	0%	0%	100%

**Figure 4.2 Showing Marital Status for Respondents**

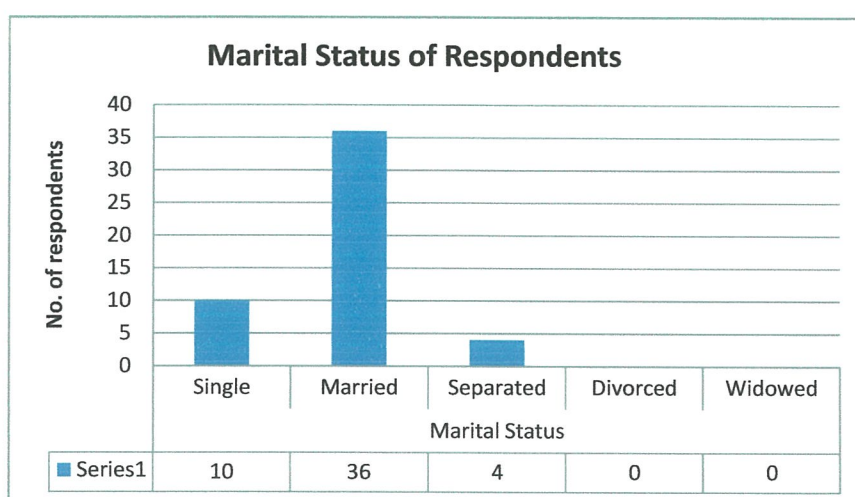


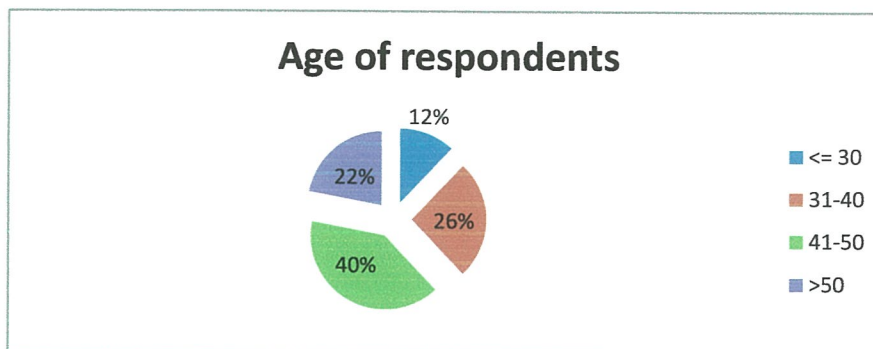
Table 3 and Figure 4.2 showed that of the 50 actual respondents, 72% were married, 20% were single and 8% were separated. There were no respondents under the other categories of divorced or widowed. The married officials had the highest response and are aware of public procurement processes.

#### **4.2.3 Age of Respondents**

The respondents were asked the age range in which their age in complete years fell and the results are presented in Figures 4.3 and 4.3.1 as below



**Figure 4.3     Age of Respondents**



Figures 4.3 showed that the majority of the respondents were 50 years and below giving a percentage of 78% in total. However, the majority were in the age bracket of 31 – 50 years of age which is considered to be the most economically productive age group in Mukono District Local government. Therefore, most local government officials who are in public procurement or involved in the procurement processes are within the age range of 31 – 50 years of age.

In addition, there are more people in local government above the age of 50 years than those who are 30 years and below. And this bracket was mainly with the senior staff, directors or District administrative staff.

#### **4.2.4 Education Qualification**

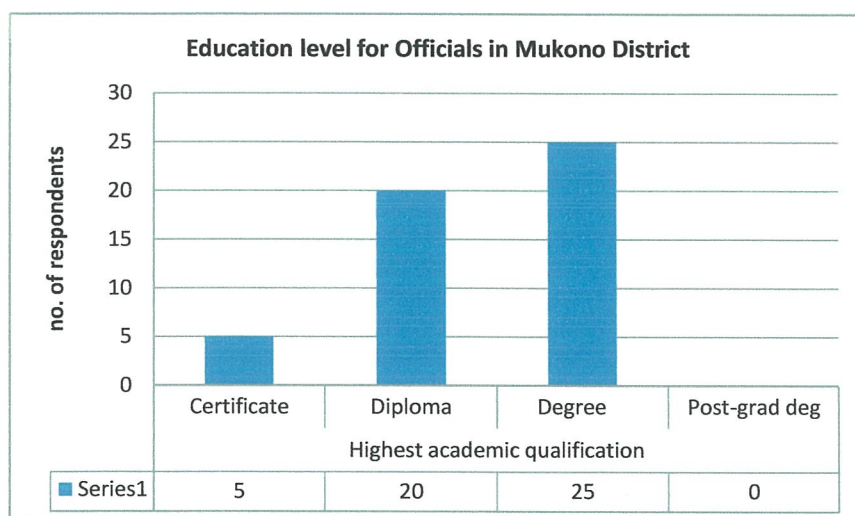
Respondents were asked to show their highest level of education which showed certificate level, diploma level, degree level or post graduate level of education. According to Table 4, the following information was obtained to that effect as below.

**Table 4: Highest Level of Education**

Category of Respondents		Highest academic qualification				Total
		Certificate	Diploma	Degree	Post-grad deg	
Mukono district officials	Number of respondents	5	20	25	0	50
	% response	10%	40%	50%	0%	100%

Table 4 shows that out of 50 actual respondents, 90% had at least a Diploma and above. The data showed that 50% of the officials had attained a university degree of education, 40% of the officials had diploma level of education and 10% had certificate level of education. However, there were no officials with post graduate degree level of education.

To further illustrate the findings, Figure 5 showed the education levels statistics data:

**Figure 5: Showing the Education Level of Mukono District Local Government Officials**

#### 4.2.5 Respondents' Period of Employment

Respondents were asked to select the range of period that they have worked with Mukono Local government. The following findings are illustrated in Table 4.5 below

**Table 5: Showing Employment duration with Mukono Local Government**

Category of Respondents		Duration of Employment				Total
		<3 yrs	3-5yrs	6-8yrs	>8 yrs	
Mukono district officials	Number of respondents	7	25	10	8	50
	% response	14%	50%	20%	16%	100%

From the response, the officials within Mukono Local Government were employed for mostly 3-5 years as these officials recorded a 50% however, 20% of the officials had been employed for 6-8 years and 16% having been employed for over 8 years.

#### **4.3 Findings on Objective one of the Research -Public Procurement Procedures and Guidelines**

The first objective was to investigate the procedures and guidelines set for public procurement in the Selected Local government. It was noted that public procurement in Mukono district followed the PPDA Act 2003, respondents were tested on their knowledge on Public procurement processes, whether these processes adhered to the PPDA guidelines and procedures, whether they were conversant with what the PPDA Act 2003, whether they knew about PPDA, had literature and information on it, how to access it and PPDA related information. The hypothesis One “Effective procedures and guidelines set for public procurement in Selected Local governments can lead to transparency and accountability within public procurement processes” was also tested.

Raw data was collected from the questions on relation to guidelines and procedures of public procurement in place, several attributes were considered in which information on these processes could be made available to the public procurement officials like information on the PPDA website, news papers, online journals, word of mouth, and public procurement officials from training among many.

The response from the respondents was tabulated and presented in percentage report, with 50 respondents; local government reported a 50 number of responses.

Below, Table 6 shows the results on findings on public procurement procedures and guidelines fulfilling research objective one

**Table 6:** Response on the Procedures and Guidelines set for Public Procurement

Description	N	Mukono District Local Government
		In agreement
There are procedures and guidelines set for public procurement processes.	50	39
		78%
News papers provide sufficient information on public procurement guidelines	50	12
		24%
Online journals and posts provide information on public procurement guidelines	50	10
		20%
PPDA adverts, online posts and websites provide information on public procurement guidelines	50	18
		36%
Word of mouth and general info provides sufficient information on public procurement guidelines	50	15
		30%
literature in form of brochures and leaflets provides sufficient information on public procurement guidelines	50	8
		16%

The literature available and information on public procurement in Mukono Local government reported a 48%, most of the respondents reported a above 50% agreement to the availability of information whether online, PPDA adverts, online posts and websites, this indicates that there is available information on public procurement processes guidelines and procedures however it is not sufficient enough for public procurement processes. Most of the respondents had knowledge on the guidelines and procedures however; the level of understanding and interpretation differed from one respondent to another.

Some officials were conversant of the PPDA Act and the website information available with a percentage of 30, which shows that they have tried in advertising and the website is accessible but they complained of the navigation of the website being tedious. However,

there is still need for improvement; they acknowledged seeing the advertisements of the PPDA especially on the New Vision website and Google search engine.

In addition, the respondents were aware of the guidelines and procedures set for public procurement but the ability to comprehend them was limited especially “laymen” on procurement processes, they claimed to understand public procurement but not the guidelines set by PPDA.

Respondents presented lack of knowledge on PPDA guidelines or procedures despite having high levels of education (Degree academic achievement), which is a large percentage and greatly has negative effects on public procurement processes.

There was a need for improvement in literature printed out, leaflets, word of mouth which was a good form of advertisement and education of respondents on how to use the online journals.

The Figure 5 below shows the percentage number of respondents and how they were inclined towards the findings that the public procurement procedures and guidelines were available in favour of the public procurement processes.

The response by respondents on the available of guidelines and procedures for public procurement processes reported a 78% rate and a 22% response on the guidelines not being clear.

However, the responses on guidelines on Public Procurement were subjected to analysis with the aim of attaining other information on the various attributes like information availability, mode of communicating public procurement information and the PPDA roles in this.

Considering the hypothesis which was tested against the effectiveness of public procurement processes leading to accountability and transparency, responses were tested, their opinions on effectiveness of public procurement processes, the attributes that lead to transparency and

accountability in public procurement processes. The raw data collected on the effectiveness of the public procurement system in place was tabulated showing in number and percentage those respondents in agreement or in disagreement to the effectiveness of the public procurement system. Table 4.7 illustrated the findings and Figure 4.5.1 showed the percentage response on the effectiveness of the public procurement system in place

Table 7 below showed findings on the attributes that are aligned with public procurement processes like funding, management, system control, knowledge and education of the public procurement staff, training availed to the staff with the public procurement departments.

Different attributes to the effectiveness of public procurement system in place were used in the questionnaire as well as interview guide and this information showed the percentage in agreement or disagreement with the attributes listed.

**Table 7: Effectiveness of Public Procurement System in Place**

Description	N	Mukono District Local government
		In Agreement
The public procurement system in place is very effective in public procurement processes	50	24
		48%
Resources for procurement are readily available for public procurement processes	50	18
		36%
The PPDA is effective in execution of public procurement processes	50	20
		40%
Unethical code of conduct and mismanagement accrue from public procurement processes	50	16
		32%
The funds for public procurement processes are readily available for public procurement	50	18
		36%
Management of public procurement is highly effective within public procurement processes	50	20
		40%
There is no bureaucracy within public procurement processes	50	38
		76%
The officials of public procurement are well educated and have sufficient public procurement knowledge	50	40
		80%
There is sufficient information available for public procurement process procedures and guidelines	50	24
		48%
There are poor record keeping and lack of time management in public procurement processes	50	32
		64%

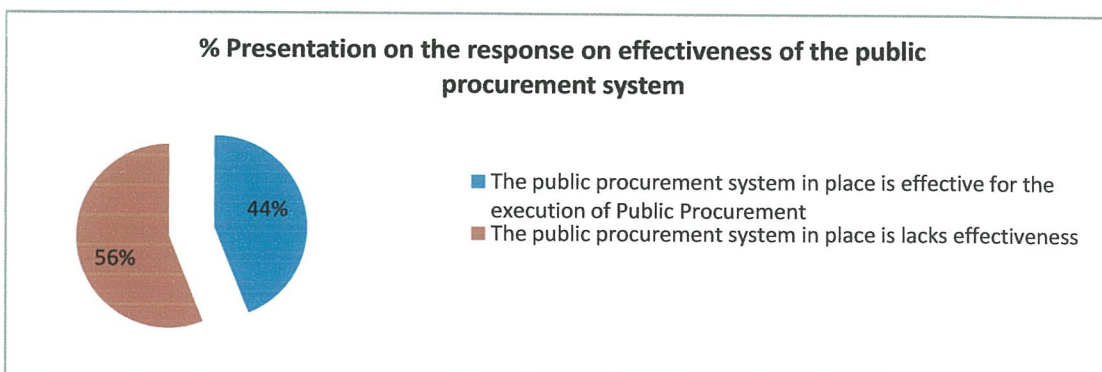
Table 7 showed that 80% of the officials in public procurement were knowledgeable and educated in public procurement processes. And 56% of the Mukono district local government respondents agreed that there is an effective public procurement system in place which was slightly above average. The Mukono district local government reported over 50% in the management of public procurement processes, availability of information for public procurement processes and limited bureaucracy within public procurement processes, however, the local government reported a below 50% report on bureaucracy in public

procurement processes, unethical code of conduct, management of public procurement processes and resource availability for public procurement. However, Mukono district local government showed high levels on unethical code of conduct which reported 68%, and the guidelines set for public procurement also reported below 50%.

All the attributes which reported a score below 50% illustrated a need for improvement, change or rethinking solutions to these issues raised. There was a need to improve effectiveness in public procurement processes with the improvement and availability of guidelines and procedures set for public procurement.

It was noted that there is information flow as well as education levels of respondents which were over 80%, therefore the researcher established that the effectiveness of the public procurement processes was influenced by level of education and understanding of officials who work in procurement as well as the availability of information, procedures and guidelines on public procurement processes.

**Figure 4.5.1 Response on the Effectiveness of the Public Procurement System**



According to the figure 4.5.1, it reported that the effectiveness of the public procurement system was 44% which is below average but as subjected to favour analysis as illustrated in Table 7, there were other factors which led to the ineffectiveness of the system like resource availability, PPDA ineffectiveness, mismanagement and others.



### ***Correlation Coefficient between Effectiveness of Public Procurement System and Procedures and Guidelines for Public Procurement Processes***

A correlation coefficient was used to establish whether there was a relationship between Procedures and guidelines for public procurement process leading to an effective public procurement system or not, measure of its magnitude and direction of the relationship. Since both used ordinal scale measurement and were based on the ranks of the data rather than actual numerical values, spearman's correlation coefficient was best applicable and used. Table 7 provided the summary of the analysis and relationship between effective public procurement system and procurement procedures and guidelines for public procurement processes.

**Table 8:** Spearman's Correlation Coefficients of Procedures and Guidelines Findings

<b>Correlations</b>			Effective public procurement processes	Effective public procurement processes
Spearman's rho	Effective public Procurement Processes	Correlation Coefficient	1.000	.442*
		Sig. (2-tailed)	.	.001
		N	50	50
	Effective public procurement processes	Correlation Coefficient	.442*	1.000
		Sig. (2-tailed)	.001	.
		N	50	50

\*\*Correlation is significant at the 0.01 level (2-tailed).

Table 8 showed that the correlation coefficient for effectiveness of public procurement processes for the system and procedures and guidelines for public procurement processes is 0.442 and that this correlation is significant at the 0.01 level of significance. This is a positive linear relationship between the two and the acceptable limits of significance are given by  $p \leq 0.05$  where by the level of significance in this case is 0.01 which implies that there is a less than 1% chance that the relationship is not true.

Due to the absolute coefficient being 0.442 which is far from +1, it implied an imperfect linearity however it is still weak a reason

**4.3.1 Testing the Research Hypothesis One: “Effective Procedures and Guidelines set for Public Procurement in Selected Local governments can lead to Transparency and Accountability within Public Procurement Processes”**

Simple linear regression was applied to predict the outcome of public procurement system effectiveness using public procurement procedures and guidelines as the Predictor. The regression model with the value of R ranging from -1 to +1 indicating negative or positive relationship and the absolute value of R indicates the strength thus the larger, the stronger the relationship.

The coefficient of determination (R-Squared) is the proportion of variation in the effectiveness of public procurement system explained by the regression model and R – squared ranges from 0 to 1. In addition, the ANOVA summary is also obtained indicating regression and residual sum of squares, the F-value and significance level.

Below is the illustration for the regression and variance for guidelines and procedures for public procurement processes.

**Table 9: Regression Model for Guidelines and Procedures for Public Procurement Processes**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.469 <sup>a</sup>	.220	.203	.67467

a. Predictors: (Constant), public procurement procedures and guidelines

**Table 10: Variance of Guidelines and Procedures for Public Procurement Processes**

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.151	1	6.151	13.514	.001 <sup>a</sup>
	Residual	21.849	48	.455		
	Total	28.000	49			

a. Predictors: (Constant), public procurement procedures and guidelines

b. Dependent Variable: Effective Public Procurement Processes

Table 10 indicated a correlation between the observed and predicted values of effectiveness of public procurement processes (system)  $R = 0.469$ ,  $R\text{-squared} = 0.220$ . The analysis of the variance in Table 4.10 illustrated a regression sum of squares = 6.151, residual sum of squares = 21.849 and F value = 13.514 at a significant level of 0.001

The model indicated a 22% change in effectiveness of public procurement processes (system) and that there is a linear relationship between effectiveness of public procurement processes and guidelines and procedures of public procurement given that the level of significance  $P < 0.05$ . Thus the hypothesis One **“Effective procedures and guidelines set for public procurement in Selected Local governments can lead to transparency and accountability within public procurement processes”** is statistically significant and substantial.

In addition, the regression sum of squares 6.151 is smaller than the residual sum of squares 21.849 and the variation was recorded at 22% which fairly explains the variation in effectiveness of public procurement processes.

#### ***4.4 Findings on Objective Two -Factors affecting Public Procurement in Mukono district local government***

The second objective for the research was on identifying the factors affecting public procurement processes. Accruing from the Literature Review in Chapter 2 and the Chapter 3 factors affecting Public Procurement Processes were identified in Chapter 1, categorical as

detailed in Chapter 3 – Methodology as variables which were tested with the Cronbach's Alpha Scores for variable reliability. These four categories were cited as the factors affecting the public procurement processes and respondents reported a positive agreement to these factors as affecting public procurement processes in Selected Local governments. Later testing the second hypothesis "Factors affecting public procurement processes limit effectiveness of public procurement processes thus limiting the attaining of transparency and accountability in public procurement processes within the procurement sector"

Table 11 illustrated the number of respondents in favour of the four factors that affect the effectiveness of public procurement system processes. Most of the respondents over 90% showed that the four factors affected the effectiveness of public procurement processes. All the four factors attribute to the effectiveness of public procurement processes. It was noted that they were all available in local government; however there were insufficiencies or limited exploitation, involvement and use of these factors.

**Table 11:** Respondents Response on the Four Factors that Affect Public Procurement Processes

Description	N	Mukono Local Government
		In Agreement
Internal and external control system of public procurement affect the processes	50	34 68%
Management of the Public Procurement and involvement affect the processes	50	42 84%
Organisation structure affects the processes	50	42 84%
Availability of Funding for public procurement affects the processes	50	48 96%

According to Table 11, the respondents showed a 68% agreement in local government on the effect of internal and external control systems on public procurement processes. The management of public procurement and involvement reported an 84% agreement Mukono local government. The organisation structure was reported at an 84% agreement in Mukono

local government. Respondents reported high percentages on funding as a factor which affects public procurement processes with a 96% rate for local government. All the factors reported high percentages in favour of their effect on public procurement processes. Over 50% results showed that the factors attribute greatly to public procurement processes.

In order to further analyse the findings from respondents, each factor was tested independently on how it affects public procurement system in place and public procurement processes. This provided a full understanding and testing of the hypothesis that “The Effectiveness of the Public Procurement System Depends on the Effectiveness of the Factors Affecting Public Procurement Processes”, each factor that affected the effectiveness of public procurement was tested solely by obtaining descriptive statistical data on the factor, correlation coefficient to test the validity and reliability.

#### **4.4.1 Effect of Internal and external control system of public procurement on the effectiveness of public procurement Processes (System)**

With the aim of answering objective two of the research, internal and external control system was sighted as one of the factors affecting public procurement processes. Four attributes were sighted and the Table 4.11 below illustrated the findings of the research on the effect of internal and external control system on the effectiveness of the public procurement system.

**Table 12:** Effectiveness of Internal and External Control System on Public Procurement Process

Description	N	Mukono Local Government
		In Agreement
The staff in charge of public procurement are educated & knowledgeable in public procurement processes	50	44 88%
There is all round involvement of staff in public procurement processes	50	32 64%
There is a proper internal and external control system involving staff training in public procurement processes	50	32 64%
Internal and external control system affects the	50	44

effectiveness of public procurement processes		88%
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Table 12 showed that the respondents indicated at a 88% rate for Mukono local government that there were internal and external control systems for public procurement processes which showed a strong agreement among the respondents. However the staff involvement, knowledge on public procurement processes and understanding of the staff were average for Mukono local government indicating that there were some discrepancies within the internal and external control systems.

This further indicates a weakness in the system which affects the effectiveness of the public procurement system. There is a need for improvement on staff training and overall involvement in public procurement.

#### 4.4.1.2 Correlation between Internal and external control system of public procurement and the effectiveness of Public Procurement Processes (System)

**Table 13:** The summary of spearman's analysis of the relationship between Internal and external control system of public procurement and the effectiveness of public procurement Processes (System)

Correlations				
			Effectiveness of Public Procurement Processes	Internal and External Control System
Spearman's rho	Effectiveness of Public Procurement Processes	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.	
		N	50	
	Internal and External Control System	Correlation Coefficient	.129	1.000
		Sig. (2-tailed)	.373	.
		N	50	50

**\*\*Correlation is significant at the 0.01 level (2-tailed).**

Table 13 showed that the correlation coefficient for internal and external control system was 0.129 and the absolute value indicated a positive linear relationship between internal and

external control systems and effectiveness of public procurement processes – system but is not statistically significant since correlation coefficient is 0.373 at level of significance  $p > 0.05$ . The 0.129 absolute value however indicates that the relationship is not perfectly linear though it's considered weak.

***Testing Part of Hypothesis Two that “Effectiveness of Public Procurement System is dependent on Internal and External Control System”***

The responses on internal and external control systems were subjected to analysis by way of regression to determine the extent to which this factor varies in effectiveness of public procurement system processes. Simple linear regression was applied to test the hypothesis.

The results were presented as below

**Table 14: Regression Model Summary Internal and External control system**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.139 <sup>a</sup>	.019	.001	.74981

a. Predictors: (Constant), Internal & External Control System

**Table 15: Analysis of Variance**

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.533	1	.533	.949	.335 <sup>a</sup>
	Residual	26.987	48	.562		
	Total	27.520	49			

a. Predictors: (Constant), Internal & External Control System

b. Dependent Variable: Effective Public procurement system

The regression Model in Table 15 showed  $R = 0.139$ ,  $R\text{ Square} = 0.19$  while the analysis of Variance in Table 14 showed that the regression sum of squares = 0.533 which was less than the residual sum of squares = 26.987 and  $F\text{ value} = 0.949$

The model summary indicated that 19% of the changes in effective public procurement system are significantly explained by the regression model (level of significance  $p < 0.01$ ).

The results show that there is a linear relationship between internal-external control system and effectiveness of public procurement processes – system. Therefore, the hypothesis “internal and external control systems affect the effectiveness of public procurement system” is statistically significant. The implication is that there is a need to improve on them so as to effectively cater to public procurement processes – system.

However the residual sum of squares is much higher than the regression sum of squares.

#### **4.4.3 Findings on Research Objective Two – Factor Two -Effect of Management of the Public Procurement and involvement on the effectiveness of public procurement Processes (System)**

This illustrated the further analysis of information for objective two. Five attributes decision making, information flow from management to other staff, level of cooperation and office style management. In addition, the second factor was tested on the hypothesis that “Effectiveness of the public procurement processes depends on the management involvement and management of the public procurement” The following section presented analyses, interpretations from respondents, correlation coefficient between management involvement, and management of public procurement and effectiveness of public procurement processes – system. And finally testing the hypothesis

#### ***Respondents' Perception of Management Involvement in Public Procurement***



The respondents provided the following information on management involvement. Table 16 below illustrated the findings

**Table 16:** Response on Management involvement

Description	N	Mukono Local Government
		In Agreement
Decisions on public procurement are made by management	50	46 92%
There is sufficient information flow, social harmony and team work from management to the rest of the staff	50	32 64%
There is cooperation between management and the rest of the employees of the organisation	50	30 60%
Management within the organisation ensure rules in place are followed and adhered to	50	46 92%
Management style and involvement affect the effectiveness of public procurement system	50	50 100%

Decision making by management, management ensuring of the rules in place and management style reported 92% in agreement to the effectiveness of public procurement system. It was also noted that the information flowed from management to the staff as well as cooperation amongst the employees at 70% for local government. However the cooperation between the staff and management cooperation and information flow reported averagely at 60% in Mukono local government.

The effect of the management involvement was also reflected at the level of information flow which indicated a majority of respondents in agreement and rules followed and plans set up by management.

#### **4.4.2.1      *Correlation Coefficient between Management involvement and Effectiveness of the Public Procurement System***

A correlation coefficient was used to establish whether there was a relationship between management involvement and effectiveness of the public procurement system. To measure the magnitude and direction of the relationship, spearman correlation used for analysis. Table 17 provided a summary of the spearman's analysis of the relationship between management involvement and effectiveness of public procurement system.

**Table 17: Spearman's Correlation Coefficients of Management Involvement**

Correlations				
			Effectiveness of Public Procurement Processes	Management involvement and style
Spearman's rho	Effectiveness of Public Procurement Processes	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.	
		N	50	
	Management involvement and style	Correlation Coefficient	.217	1.000
		Sig. (2-tailed)	.013	.
		N	50	50

Table 17 showed that the correlation coefficient for management of public procurement and involvement and effectiveness of public procurement system processes at 0.217 and that this correlation is significant at a 0.01 level of significance.

The correlation coefficient described the relationship between the two and since the absolute value is was at 0.13 level, it indicated a positive relationship between the two also indicating a 1.3% chance for this relationship not holding true.

However, the 0.217 value was far from +1 which indicated that there were other factors to consider most probably most the staff cooperation, information flow and level of involvement.

#### 4.4.2.2 *Testing Part of Hypothesis Two that "Effectiveness of the public procurement system depended on management of public procurement and involvement"*

The simple linear regression was used and the R value and analysis of variance information was obtained as illustrated in Table 18 and 19 respectively

**Table 18: Regression Model for Management Involvement**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.227 <sup>a</sup>	.052	.032	.83486

a. Predictors: (Constant), Management of public procurement and involvement

**Table 19: Analysis of Variance for Management Involvement**

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.824	1	1.824	2.617	.112 <sup>a</sup>
	Residual	33.456	48	.697		
	Total	35.280	49			

a. Predictors: (Constant), Management of public procurement and involvement

b. Dependent Variable: Effectiveness of public procurement system processes

According to the Regression Model summary in Table 18, the correlation  $R = 0.227$  while the coefficient of determination  $R\text{-square} = 0.052$ . The analysis of Variance in Table 19 illustrated the regression sum of squares = 1.824, residual sum of squares = 33.456 and the F value = 2.617 at a 0.112 significance level.

The model summary indicated that 5.2% of the changes in effectiveness of public procurement system are significantly explained by the regression model. The results showed that there was a linear relationship between the two and thus the hypothesis “Effectiveness of public procurement system depended on the management of public procurement and involvement of management”.

There was a variation of 5.2% in the effectiveness of public procurement system processes. The residual sum of squares was also higher than the regression sum (1.824) of squares (33.456).

#### **4.4.3 Findings on Research Objective Two – Factor Two; Effect of Organisation**

##### ***Structure on the Effectiveness of Public Procurement System– Processes***

The third factor affecting public procurement was the organisation structure, three attributes commitment level of employees, teamwork in execution of public procurement duties and hierarchical procedures and involvement were identified. In addition, the third factor was tested on the hypothesis that “Effectiveness of the public procurement processes depends on the organisation structure”

The following section presented analyses, interpretations from respondents, correlation coefficient between organisation structure and effectiveness of public procurement processes – system. And finally testing the hypothesis

##### **4.4.3.1 Respondents Perception of Organisation Structure**

The respondents provided the following information on management involvement. Table 20 below illustrated the findings

**Table 20:** Response on Organisation Structure

Description	N	Mukono Local Government
		In Agreement
Employees are committed to their duties and all activities in public procurement	50	34
		68%
There is team work and great concern to public procurement processes	50	44
		88%
There is organisation and involvement in the execution of public procurement processes	50	44
		88%
Procedures set are followed effectively in the execution of public procurement processes in and orderly and timely manner	50	32
		64%

Team work and cooperation amongst the employees reported an 88% agreement to effectiveness of public procurement processes for Mukono district local government. It was

also noted that the information flow on public procurement amongst the staff as well as cooperation amongst the employees at an 88% agreement for local government respectively and the procedures set for public procurement noted a 64% agreement for local government. A 68% agreement was reported for the commitment level of staff on public procurement system processes within local government.

The effect of the teamwork, level of commitment and involvement was also reflected as a hindrance on the effectiveness since time lag and bureaucracy seemed to hinder effectiveness in public procurement processes.

#### 4.4.3.2 Correlation Coefficient between Organisation structure and Effectiveness of the Public Procurement System

A correlation coefficient was used to establish whether there was a relationship between organisation structure and effectiveness of the public procurement system. To measure the magnitude and direction of the relationship, spearman correlation used for analysis. Table 21 provided a summary of the spearman's analysis of the relationship between organisation structure and effectiveness of public procurement system.

**Table 21: Spearman's Correlation Coefficients of Organisation Structure**

Correlations			Effectiveness of Public Procurement System	Organisation culture
Spearman's rho	Effectiveness of Public Procurement System	Correlation Coefficient	1.000	.521
		Sig. (2-tailed)	.	.000
		N	50	50
	Organisation culture	Correlation Coefficient	.521	1.000
		Sig. (2-tailed)	.000	.
		N	50	50

Table 21 showed that the correlation coefficient for organisation structure and effectiveness of public procurement system processes at 0.521 and that this correlation is significant at a 0.01 level of significance.

The correlation coefficient described the relationship between the two and the absolute value indicated a positive relationship between the two.

However, the 0.521 value was far from +1 which indicated that there were other factors to consider most probably most the staff involvement, information flow and the time component.

#### 4.4.3.3 Testing Part of Hypothesis Two that “Effectiveness of the public procurement system depended on Organisation structure”

The simple linear regression was used and the R value and analysis of variance information was obtained as illustrated in table 22 and 23 respectively

**Table 22:** Regression Model for Organisation Structure

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.467 <sup>a</sup>	.218	.202	.77188

a. Predictors: (Constant), Organisation Culture

**Table 23:** Analysis of Variance for Organisation Structure

##### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.982	1	7.982	13.397	.001 <sup>a</sup>
	Residual	28.598	48	.596		
	Total	36.580	49			

a. Predictors: (Constant), Organisation Culture

b. Dependent Variable: Effectiveness of Public Procurement System

According to the Regression Model summary in Table 22, the correlation  $R = 0.467$  while the coefficient of determination  $R\text{-square} = 0.218$ . The analysis of Variance in Table 23 illustrated the regression sum of squares = 7.982, residual sum of squares = 28.598 and the  $F$  value = 13.397 at a 0.01 significance level.

The model summary indicated that 21.8% of the changes in effectiveness of public procurement system are significantly explained by the regression model. The results showed that there was a linear relationship between the two and thus the hypothesis “Effectiveness of public procurement system depended on the organisation structure of public procurement”.

There was a variation of 21.8% in the effectiveness of public procurement system processes. The residual sum of squares was also higher than the regression sum (7.982) of squares (28.598).

#### **4.4.4 Findings on Research Objective Two - Effect of Funding for Public Procurement on the Effectiveness of Public Procurement System – Processes**

The fourth factor of funding for public procurement processes had four attributes to availability of funds for public procurement, timely attaining of funds for public procurement, sufficiency of the funds availed for public procurement and sustainability of the process and funds towards public procurement. In addition, the fourth factor was tested on the hypothesis that “Effectiveness of the public procurement processes depends on the funds availability”

The following section presented analyses, interpretations from respondents, correlation coefficient between funds availability and effectiveness of public procurement processes – system. And finally testing the hypothesis

##### **4.4.4.1 Respondents Perception of Funding**

The respondents provided the following information on funding for Public Procurement. Table 24 below illustrated the findings

**Table 24: Response on Funding for Public Procurement**

Description	N	Mukono Local Government
		In Agreement
Funding for public procurement are readily available for the processes	50	24
		48%
Funds available are sufficient and enough for public procurement processes	50	22
		44%
There is sustainability of the process and funds for public procurement processes	50	24
		48%
Funding for public procurement processes are timely availed upon need for procurement	50	24
		48%
Funding towards public procurement affects the effectiveness of public procurement system in place	50	32
		64%

In general the respondents perceived the funding for public procurement to affect the effectiveness of the public procurement with a 72% report for local government. This created a need for awareness of the concerned individuals when it came to availability of funds towards public procurement. In addition, funds for public procurement were availed at a 23% and 24% for local government. Sustainability of the funds reported slightly above average for Mukono district local government.

According to the Findings, funds were availed however not timely availed; other factors were thought to hinder the effectiveness or timely use of these funds.

The effect of sustainability was also reflected as a hindrance on the effectiveness since time lag and bureaucracy seemed to hinder effectiveness in public procurement processes.

#### **4.4.4.2      *Correlation Coefficient between Funding for Public Procurement and Effectiveness of the Public Procurement System***

A correlation coefficient was used to establish whether there was a relationship between funding for Public Procurement and effectiveness of the public procurement system. To



measure the magnitude and direction of the relationship, spearman correlation used for analysis. Table 25 provided a summary of the spearman's analysis of the relationship between organisation structure and effectiveness of public procurement system.

**Table 25: Spearman's Correlation Coefficients of Funding for Public Procurement**

Correlations			Effectiveness of Public Procurement System	Funding for Public Procurement
Spearman's rho	Effectiveness of Public Procurement System	Correlation Coefficient	1.000	**
		Sig. (2-tailed)	.	
		N	50	
	Funding for Public Procurement	Correlation Coefficient	.521**	1.000
		Sig. (2-tailed)	.000	.
		N	50	50

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 25 showed that the correlation coefficient for management of public procurement and involvement and effectiveness of public procurement system processes at 0.521 and that this correlation is significant at a 0.01 level of significance.

The correlation coefficient described the relationship between the two and it indicated a positive relationship between the two

However, the 0.521 value was far from +1 which indicated that there were other factors to consider most probably most the staff cooperation, information flow and level of involvement.

#### **4.4.4.3      *Testing Part of Hypothesis Two that “Effectiveness of the public procurement system depended on funding for Public Procurement”***

The simple linear regression was used and the R value and analysis of variance information was obtained as illustrated in table 26 and 27 respectively

**Table 26: Regression Model for funding for Public Procurement****Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.637(a)	.406	.393	.67294

a. Predictors: (Constant), Funding

**Table 27: Analysis of Variance for funding for Public Procurement****ANOVA (b)**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.843	1	14.843	32.777	.000(a)
	Residual	21.737	48	.453		
	Total	36.580	49			

a. Predictors: (Constant), Funding

b. Dependent Variable: Effectiveness of Public Procurement

According to the Regression Model summary in Table 26, the correlation  $R = 0.637$  while the coefficient of determination  $R\text{-square} = 0.406$ . The analysis of Variance in Table 27 illustrated the regression sum of squares = 17.843, residual sum of squares = 21.737 and the F value = 32.617 at a 0.01 significance level.

The model summary indicated that 40.1% of the changes in effectiveness of public procurement system are significantly explained by the regression model. The results showed that there was a linear relationship between the two and thus the hypothesis “Effectiveness of public procurement system depended on the Funding”.

There was a variation of 40.7% in the effectiveness of public procurement system processes. The residual sum of squares was also higher than the regression sum (17.843) of squares (21.737).

**4.4.4.4 Findings on Research Objective Two -Public Procurement System in place  
and its effectiveness in relation to the Factors Affecting the Public  
Procurement Processes**

In order to fulfil objective two, the effectiveness of the public procurement system in place was tested; data was obtained on information pertaining to the respondents' response. According to the research findings, under the PPDA Act, it is assumed a decentralised system which was dined better than the later Central Tender Board. Respondents from local government reported a 69% response to using PPDA Act guidelines in their public procurement system but noted a 52% report to still having the same or similar issues that they had under the CTB like bureaucracy, unethical code of conduct. Thus these problems were noted to still have a negative effect on public procurement processes in local government.

60% reported that these effects on public procurement processes in the system stemmed from internal problems like low salaries, inadequate knowledge and information on public procurement guidelines under PPDA, poor record keeping and limited resources on public procurement. Some noted that the PPDA was not in position to overcome some of the challenges they faced in public procurement like unethical conduct of conduct which result in lack of transparency, poor record keeping, and mismanagement which result in lack of accountability within public procurement processes.

Following the Table 28 which illustrated the percentage mark on response of respondents to the four factors identified as having an effect on the public procurement system, a correlation was established in order to ascertain the relationship of these factors with the effectiveness of the public procurement system. Table 4.25 sought to show the relation as below

**Table 28:** Correlation coefficient for Effectiveness of Public Procurement System

Correlation						
			Internal & external control system	Management & involvement	Organisation structure	Funding
Spearman's rho	Effectiveness of Public Procurement System	Correlation coefficient	0.156	0.219	0.182	0.047
		Sig (2-tailed)	0.1	0.21	0.12	0.598
		N	50	50	50	50
**Correlation is significant at the 0.01 level (2-tailed)						

Table 28 showed that the correlation coefficient between internal and external control system and effectiveness of public procurement system as 0.156 at a significance level of 0.1. This reported a positive relationship between the two but this was greater than  $P = 0.05$ . the correlation between management involvement was also reported at a 0.219 at a significance level of 0.21 which reported a positive correlation between the two however it was also greater than  $p = 0.05$ .

Similarly, organisation structure and funding reported correlations of 0.182 and 0.047 at a significance of 0.12 and 0.598 respectively. These too showed a positive correlation however still had their  $p > \text{than } p = 0.05$ .

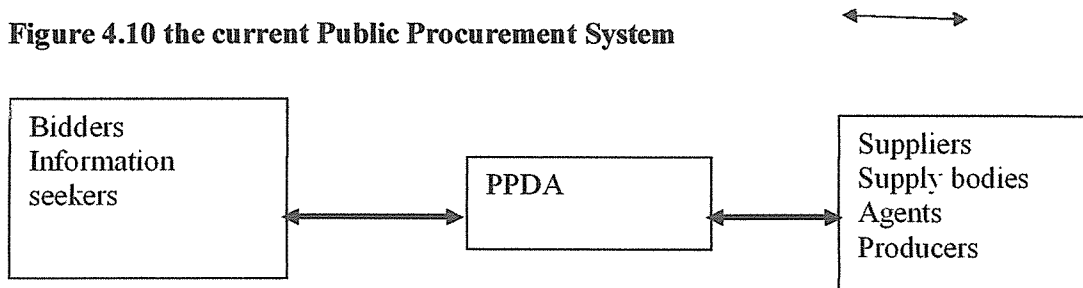
#### 4.5 Findings on the current public procurement model

The current public procurement model is dependent on the PPDA and all public procurement processes are governed by the PPDA and bidding is central on PPDA guidelines and procedures, however, this kind of system is easily manipulated as the system processes have to adhere to the PPDA guidelines. However, as a body it has tried but still with less effort to curb corruption as well as lack of transparency within public procurement. Some officials within the PPDA, have been known to be a part of the insider trading within public

procurement. There is a need for a new model which is central and accessible by all individuals so as to limit these malpractices within the public procurement sector.

Below is an illustration of the current public procurement system in place

**Figure 4.10 the current Public Procurement System**



The proposed model was attained at bring about transparency and accountability with a proper coded, analysed and accessible database of information about the bidders and suppliers, price regimes and tariff. With the proposed model, the information is wholly made available to the users and interested people who would access the information

Insider trading would be totally eliminated and there would be limited interaction with individuals of PPDA except for the system, this limited human interaction would limit or eliminate insider trading.

#### ***4.6 Proposed Public Procurement System***

Upon review of all literature and information gathered on public procurement processes, a public procurement systems that is expected to help with the streamlining of operations within public procurement sector, codify information and relay it the users so as to curb the lack of accountability and transparency which stem from the insufficiencies in the public procurement processes.

The proposed Public Procurement System is expected to achieve the following:

- i) Capture all the information on Public procurement processes, related information on policies, limitations and general public procurement processes.

- ii) Analyse and sieve this information for relevant information pertaining to public procurement processes within the public procurement sector thus streamlining operations.
- iii) Generate an information base for users, the general public and public procurement players so that all stakeholders have the relevant information for them to execute their public procurement.

The system is aimed at streamlining operations and making work easier for those within the public procurement sector. With a general information base, there is assumed transparency, accountability. Thus several problems like poor record keeping and unethical code of conduct are limited if not eradicated because paper work is minimal, every transaction is stored in the information base, the general availability of information to all brings about knowledge for all. Besides there is no need for one to sermon another to help which would otherwise lead to the unethical code of conduct like corruption. Information is made available to all.

Steps for developing this Public Procurement System involve use of a Public Procurement Model, a technical team of individuals who know public procurement procedures, other measures or bodies that are interlinked to public procurement like the IGG, Anti corruption coalition, Integrity International, PPDA among many. Key policy makers, important players like local government officials involved in Public Procurement. Are all relevant for the development of the Information base ?

Upon gathering all relevant data, it is captured, analysed, categorised and made available via information base or web based for all interested parties to access as and when procuring.

### ***The Public Procurement Model for the Public Procurement System***

According to the literature available, the PPDA Act was set up to aid and guide on public procurement processes in Selected Local governments and it is doing its job, however there

are some factors that affect public procurement processes that it has not addressed. The PPDA officials are said to be working to address these issues but according to the findings in this research, there are some issues that it will not be able to address and overcome in the short while thus the need for other already existing bodies who are already working to curb some of the issues affecting public procurement like unethical code of conduct. If the PPDA worked closely with these organisations to fight the inefficiencies in public procurement processes in order to streamline operations and aid transparency and accountability.

With the proposed Public Procurement Model for Public Procurement System were all organisations, bodies and initiatives which are thought to play an important part in public procurement are interlinked on public procurement to create a fully function public procurement process.

**Figure 4.8 Public Procurement Model for Public Procurement System**

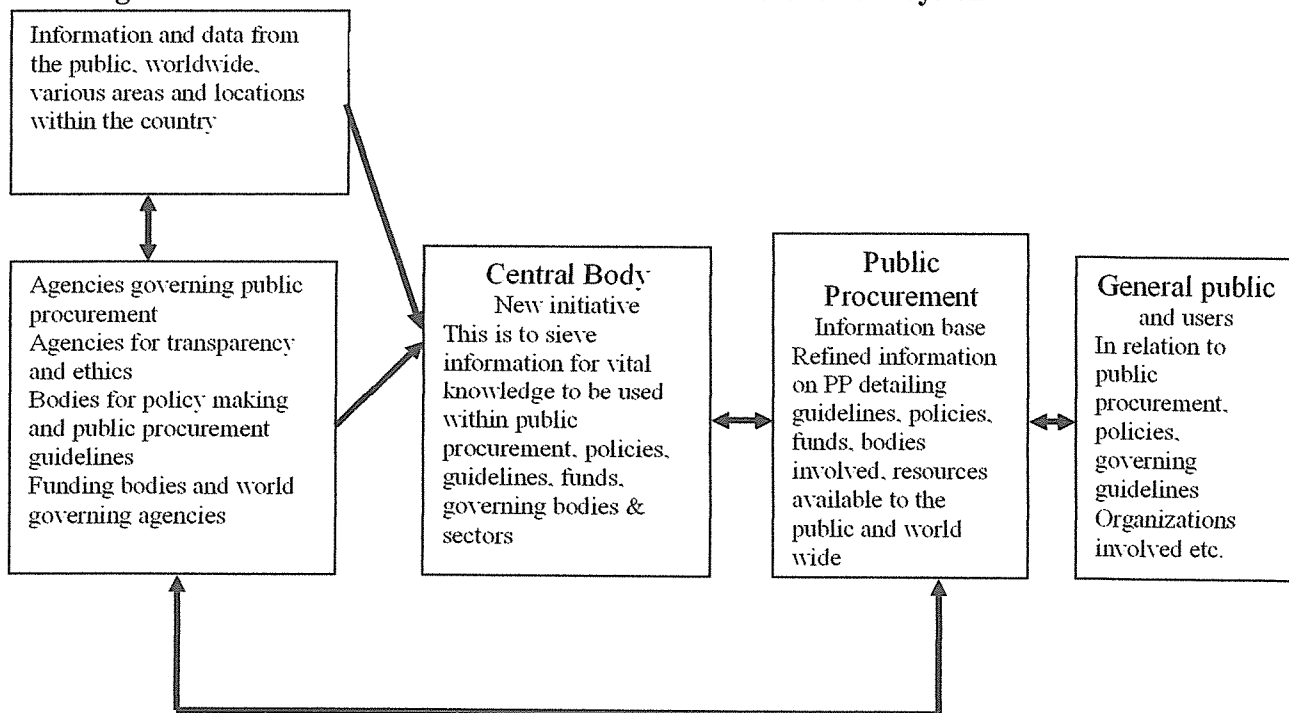


Figure 4.8 demonstrates that all bodies that have a function in public procurement whether directly – PPDA, Suppliers, Service Providers, Policy makers or those that could be used to solve the ineffectiveness of public procurement processes like unethical code of conduct

related issues – IGG, Anti corruption Coalition Unit, Integrity International, Public Procurement Institute or small stakeholders plus information from the general public all have information to contribute towards public procurement or guidelines and measures to curb ineffectiveness in public procurement. If all this information, guidelines or measures are gathered, organised by experts in public procurement, categorised and a public procurement base is generated so as to avail the entire public with this information, then transparency and accountability would be attained.

This Model aims at streamlining operations, improving record management, increasing public procurement process information and limiting bureaucracy thus catering to transparency and knowledge is dined power thus transparency within public procurement processes.

The information base would be database and web based as well so that those who seek to find the information online can access it as well as those who visit the premises can attain hardcopy data on public procurement. With the Information base, constant review according to political, economic and social situations or policy amendment can be made easily.

Public Procurement Model can be expressed linearly

$$PPP = \sum I_i + \beta P_i \text{ -----(A)}$$

Where

PPP – Public Procurement Processes

$I_i$  – Information obtained from key players and public

$P_i$  – contributions from concerned organisations within public procurement and aiding agencies



## **CHAPTER FIVE**

### **5.0 DISCUSSION, SUMMARY, AND RECOMMENDATIONS**

#### ***Introduction***

The researcher sought to identify the factors affecting public procurement processes resulting into lack of accountability and transparency. This chapter sought to discuss literature on public procurement guidelines and procedures reviewed and how it related to the actual findings on the guidelines and procedures from the questionnaire and interview guide. In addition, literature and findings on the Mukono district local government factors that affect transparency and accountability in local government were also discussed.

#### ***5.1 Discussion***

##### **5.1.1 Discussion on Public Procurement Guidelines and Procedures**

According to the 50 respondents, there was a 87% response on procedures and guidelines followed in public procurement processes, however 13% showed that the guidelines and procedures followed did not solve most of the problems faced in public procurement processes as some did not result directly from the guidelines but rather related to the processes. Thus there was noted inefficiency in the public procurement process due some factors like low salaries, poor record keeping, information scarcity on public procurement and delayed funding.

It was noted that Mukono district local government follow the procedures and guidelines under the PPDA Act 2003. However, there are some loopholes that limit or lead to ineffectiveness in public procurement processes. A critical assessment of factors affecting the public procurement processes were identified during this research and these were seen to

affect the entire public procurement system. Four major factors were cited as the main factors affecting public procurement processes, these presented both internal and external issues in public procurement. The main problems were poor record keeping, low salaries amongst the employees, unethical code of conduct and the major one noted were “kickbacks or chai” which officials asked and sought from suppliers in order for their tenders or products or services to be used. This was the main issue that lead to lengthy processes, time lag in public procurement. There was a great need to streamline operations and make better the process of public procurement.

### **5.1.2 Discussions on the Public Procurement System in Place and Factors affecting Public Procurement**

According to the research findings, there is a public procurement system in place but, it is does not effectively fight the public procurement loopholes in the system. During the execution of the research, the respondents from Mukono district local government Claimed that public procurement processes are affected by several factors which lead to lack of accountability and transparency.

There was a significant positive relationship between factors affecting public procurement and public procurement processes limitation. Several attributes were considered which led to the ineffectiveness of the public procurement processes, unethical code of conduct and mismanagement of resources were cited predominant and these breed lack of accountability and transparency within public procurement processes.

Funding appeared to serve the public procurement processes limitedly in local government and according to the interview guide, this was due to the organisation and system.

One of the principal respondents with Mukono district local government added that the problems within public procurement processes were not organisation based but individualistic where suppliers negotiated with probable staff on kick backs thus reflecting unethical code of

conduct. However this corruption is not organisation based rather than individual based whereby it is accrued from value for money and in the time constraint from the staff or officials in the local government

The practical implication of these findings is that improvement and streamlining of public procurement processes and factors that can mitigate transparency and accountability be catered to so as to have favourable public procurement processes in local government.

Never the less, some shortages in the over whole management of the procurement process were been identified. Managerial intrigue, sometimes characterised by selfish interests, corruption and lack of openness in some instances continue to dent local government especially during the procurement process. It was noted that since the procurement process involved a lot of finances, it normally attracts a lot of interest from many people, sometimes including the managerial personnel.

These challenges however remain very minimal given the higher level efficiency of the over whole system of public procurement. If worked upon, these bodies will exhibit a very efficient procurement system.

Since local government bodies subscribe to the Public Procurement and Disposal of Public Assets Guidelines of 2003 which emphasises keeping of records and papers relevant to all procurement and disposal activities, the weakness in the records department needs to be worked upon pretty fast in order not to compromise its future engagement.

The budget set for procurement at the beginning of each financial year in local government is not normally insufficient to sustain the year's purchases, services and products hence compromising the process in several instances.

PPDA to ensure good governance, accountability and transparency. This was illustrated as the new proposed model for public procurement.

### **5.3 Conclusion**

The main purpose of this study was to assess the means of attaining transparency and accountability in public procurement process in Mukono Local Council. The results of this study were astonishing in that they yielded an overwhelming positive response towards transparency and Accountability in public procurement processes from respondents. The majority of respondents revealed that they were satisfied with the public procurement processes and that they had achieved enormous transparency and accountability as a result of implementing these processes within the local government.

In their response to the study, respondents indicated their desire to uphold strong emphasis on quality in each of their organisational activities. From this, one can conclude that quality is viewed as being a critical success factor by the organisation. This perspective is imperative in the modern business environment. Developments in technology and information media have raised the levels of customer awareness of products and services. Quality has become one of the foremost factors influencing consumer decisions. Failure to reflect quality in their daily activities is a weakness which organisation must avoid if it is to succeed in their chosen markets.

### **5.4 Recommendations**

1. Organisations can develop an effective quality strategy built on the strengths and core competencies whilst minimizing any mishaps that may be experienced to proposed changes. Mukono District Local Council should attempt to develop her own individual procurement procedure which can be developed in tandem with that set by the government. By focusing on what it does best, Mukono District Local Council can differentiate itself from other districts and drive home her guarantee of transparency and accountability to customers at the same time.
2. Government constant Facilitation of public procurement departments in local government financially, an effective public procurement system can be assumed and attained internally.

3. Human resource departments should at least address some of the immediate concerns of the staff so that elements of corruption, selfishness and personal intrigue can be overcome.
4. Mukono local government should possibly consider an effective supply management policy which can be the key to managing the supply function effectively emphasizing the formation of strategic alliances to achieve the lowest total acquisition cost.
5. In addition to sole sourcing, the local government public procurement offices should also employ a supplier performance monitoring, continuous evaluation, and competitive bidding when a new product, or source, is needed.
6. It is therefore important that Mukono Local Government develops a comprehensive procurement system which embraces all areas of the organisation. The adoption of a comprehensive approach to quality should establish the concept of quality as the foundation stone on which the culture and structure of the organisation is built. A comprehensive approach to procurement will ensure that quality becomes identical with each activity the local government undertakes. This sends a clear message to customers, competitors and employees alike that accountability and transparency are the lifeblood of the organisation and is reflected in everything the organisation does..
7. Mukono district local government public procurement departments would be encouraged to voice their opinions and contribute to the policies on public procurement.
8. There is a need to screen effectively the people being offered employment in local government bodies; they should be on merit and not other factors like relation, Effective coordination of agencies on corruption issues and is comprised of Local governments' major anti-corruption institutions, including the judiciary and police among others.

#### ***5.4 Areas for Further Research***

Further research could address the underlying factors for an effective Public Procurement System and possible solutions.

It could be in alignment to address the PPDA regulations and rules amendment in order to lessen the time spent on the procurement process and the unnecessary procedures that are followed.

Testing and implementation of the proposed Public Procurement Model for Public procurement system leading to effectiveness, accountability and transparency within Public Procurement processes

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## APPENDICES

### Appendix A: Introductory Letter from Kampala International University



Kampala International University  
PO Box 20000  
Kampala

**Institute of Open and Distance Learning**  
**kulewarren@gmail.com**

**1.06.2009**

#### **TO WHOM IT MAY CONCERN**

Dear Sir/Madam,

**RE : STEPHEN WADUWA (MBA/17958/71/DU)**

This is to introduce to you the above named who is a student in the Institute of Open and Distance Learning, pursuing a Master of Business Administration (Supplies and Procurement).

He would like to carry out research in your organization entitled: **Means of Attaining Transparency and Accountability in Public Procurement Process.**  
**Case Study: Mukono District Local Government.**

Any assistance rendered to him regarding his research will be highly appreciated

Yours truly,

  
Kule Julius Warren

**Deputy Director,**

**Institute of Open and Distance Learning**

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## Appendix B: Questionnaire

**Dear Respondent (s),**

This study aims to assess the factors that affect public procurement processes that lead to lack of accountability and transparency in the public procurement sector of Selected Local governments. It is in partial fulfilment of a Masters Degree in Business Administration and hence the information collected is largely for academic purpose. All information shall be treated with maximum confidentiality. Your name is not required, for the purpose of remaining anonymous.

Please answer all the questions. All your valuable effort and sacrificed time is highly appreciated while answering this questionnaire.

### SECTION A: SOCIO-ECONOMIC INFORMATION

**Fill in a, b, c, d or e where appropriate**

**1. Sex**

a. Male

b. Female

**2. Marital Status**

a. Single

b. Married

c. Separated

d. Divorced

e. Widowed

**3. Age**

a. Below 30

b. 30 – 39

c. 40 – 49

- d. 50 -59
- e. 60 and above
4. Highest academic qualification
- a. Certificate
- b. Diploma
- c. Degree
- d. Post-graduate degree
- e. Others (specify .....)

5. How long have you worked under Mukono Local government

- a. Less than 3 years
- b. 3 – 5 years
- c. 6 – 8 years
- d. Above 8 years

**In the subsequent sections, use the scale provided to tick or circle a number that describes your opinion. 5= strongly agree, 4 Agree, 3 Undecided 2 Disagree and 1 strongly Disagree**

**SECTION B: Procedures and Guidelines set for Public Procurement in Selected Local governments**

7. There are procedures and guidelines set for public procurement processes.
8. News papers provide sufficient information on public procurement guidelines
9. Online journals and posts provide information on public procurement guidelines
10. PPDA adverts, online posts and websites provide information on public procurement guidelines
11. Word of mouth and general info provides sufficient information on public

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

25. Value for money is ensured while executing public procurement processes
26. Resources availed for public procurement are fully utilised and used for public procurement processes

5	4	3	2	1

### **Factor 2: Internal and External Control System**

27. The staff in charge of public procurement are educated and knowledgeable in all information pertaining to public procurement
28. There is a high level of understanding of the rules and regulations set for public procurement processes set by the PPDA
29. The staff are all involved in public procurement processes
30. The staff charged with public procurement are well trained and knowledgeable in public procurement
31. The system in place effectively caters to the public procurement processes
32. The internal and external control system in place effectively caters to public procurement processes
33. Operational policies and procedures regarding public procurement processes affects the effectiveness of the system

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

### **Factor 3: Management Involvement and Support of Public Procurement**

34. Decisions on public procurement are made by management and orders are passed down to the staff for implementation
35. Innovation and creativity of staff is encouraged for the effectiveness of the public procurement processes
36. There is sufficient information flow from management to the staff concerning public procurement processes
37. There is effective feedback of information concerning public procurement from staff to management

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

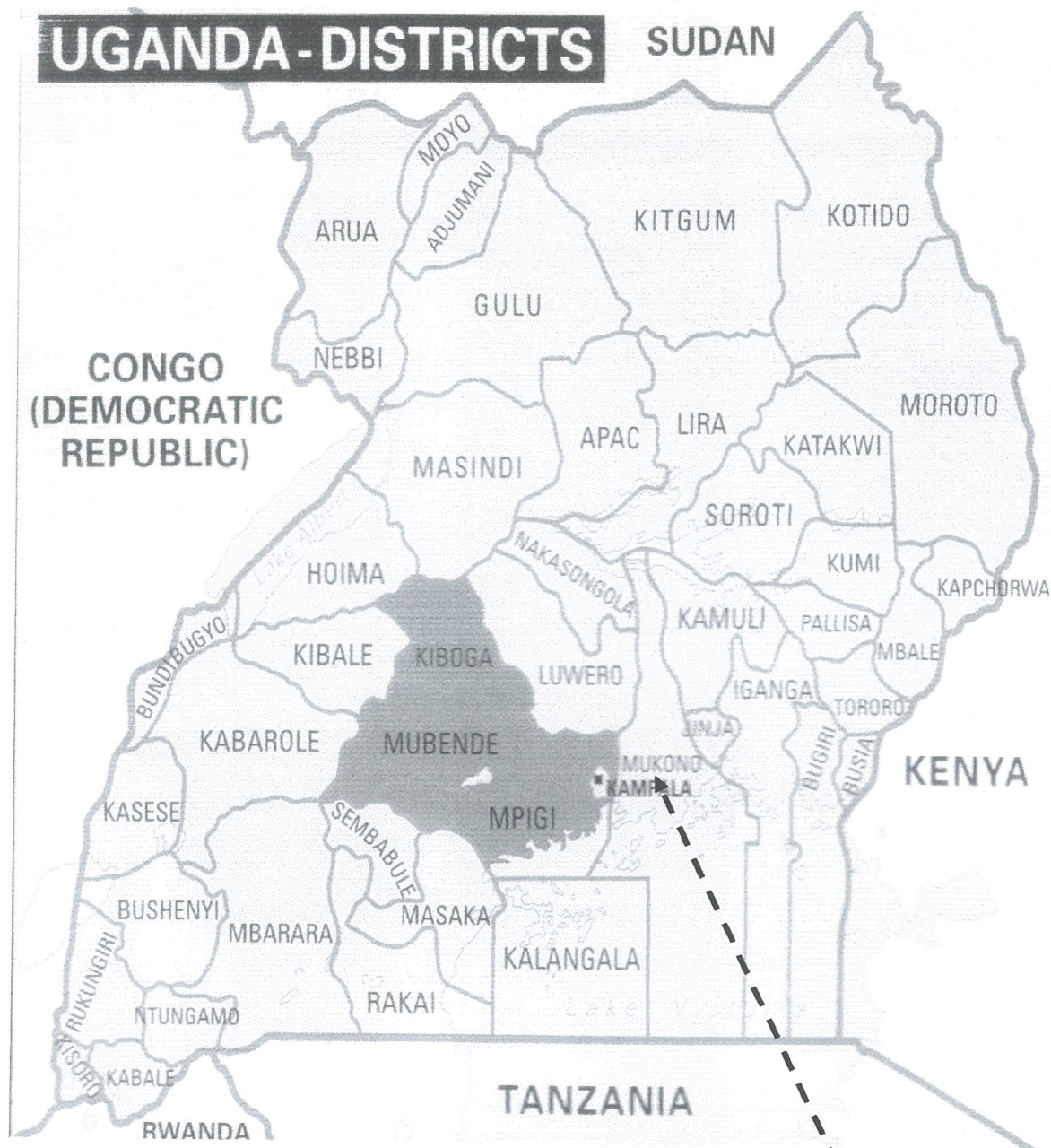
38. There is cooperation of employees and management staff on public procurement processes	5	4	3	2	1
39. The management involvement in public procurement processes effectively affects the public procurement system	5	4	3	2	1
40. There is discipline, commitment and sufficient involvement of staff and management in public procurement processes	5	4	3	2	1
41. Rules and regulations set on public procurement are effectively set by the organisation are followed by both management and other staff	5	4	3	2	1
42. The management involvement in public procurement is effective for public procurement processes	5	4	3	2	1
43. Management works with the other employees to ensure effectiveness of public procurement processes	5	4	3	2	1

#### **Factor 4: Funding of Public Procurement**

44. Funds for public procurement are readily available for the procurement	5	4	3	2	1
45. There are sufficient funds for public procurement processes	5	4	3	2	1
46. There is sustainability of funds for public procurement processes	5	4	3	2	1
47. The funds towards public procurement are timely provided for their purpose	5	4	3	2	1
48. The funds towards public procurement are sufficiently used for their purpose	5	4	3	2	1
49. Funding towards public procurement affect the effectiveness of public procurement processes	5	4	3	2	1
50. There is full utilisation of funds for public procurement by individuals responsible for these processes	5	4	3	2	1
52. There is full attainment of value for money from public procurement processes	5	4	3	2	1
53. Unethical code of conduct affects public procurement processes	5	4	3	2	1
54. There is increased corruption in public procurement	5	4	3	2	1



Appendix C: A Map of Uganda Showing Area of Study (Mukono District)



Key  
Station A -----> Location of Mukono District  
Local Government

ILNS 850-AG7  
W 1199  
2009

