

To What Extend Is Procurement Procedure Followed Under The Inter-Ministerial Procurement- (Case Study Vihiga County, Kenya)

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ABSTRACT: Governments across the globe appear to acknowledge that Public Procurement is a way of transforming the lives of its constituents. Public procurement is at the forefront of most reform efforts given that it plays a significant role in promoting accountability and transparency. This study relies on survey data of procurement professionals to delineate the current status of procurement procedure in Kenya. Findings suggest that procurement procedures as enshrined in the public procurement and disposal act has not yet led to significant transformative changes. Unethical practices, weak legislations and penalty and failure to educate the general public on the dangers of corruption were identified as the primary obstacles of effectively implementing procurement procedure. These findings suggest that in order to enhance quality service delivery, top leadership of the country, policymakers, procurement professionals and general public must take an active role in adoption of the processes across political, institutional and behavioral domains.

1.0 Introduction

Procurement refers to the process of contracting for the acquisition or supply of goods, works or services that an individual or organization need. Public Procurement and Disposal Act 2005 defines procurement as the “acquisition by purchase, rental, lease, hire, license, tenancy, franchise, or by any other contractual means of any type of works, assets, services or goods including livestock or any combination.” Procurement encompasses the whole process of acquiring property and/or services. It begins when an agency has identified a need and decided on its procurement requirement. It continues through the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of and payment for the property and/or services and, where relevant, the on going management of a contract and consideration of options related to the contract. Procurement also extends to the ultimate disposal of property at the end of its useful life (Waters 2004). Sound public procurement policies and practices are among the essential elements of good governance (KIPPRA, 2006). Otieno (2004) notes that the irregular procurement activities in public institutions provide the biggest loophole through which public resources are misappropriated. According to Thai (2001), the basic principles of good procurement practice include accountability, where effective mechanisms must be in place in order to enable procuring entities spend the limited resources carefully, knowing clearly that they are accountable to members of the public; competitive supply,

which requires the procurement be carried out by competition unless there are convincing reasons for single sourcing; and consistency, which emphasizes the equal treatment of all bidders irrespective of race, nationality or political affiliation. The process should also uphold integrity by ensuring that there are no malpractices; informed decision-making, which requires public bodies to base decisions on accurate information and ensure that requirements are being met. More still, the Procurement practice should be responsive to aspirations, expectations and needs of the target society. Finally, there is need for transparency to enhance openness and clarity on procurement policy and its delivery (World Bank, 2003).

Objectives of the Study

i) To establish if procurement procedure is followed under the inter-ministerial procurement?

Research Question

i) How is procurement procedures followed under the inter-ministerial procurement?

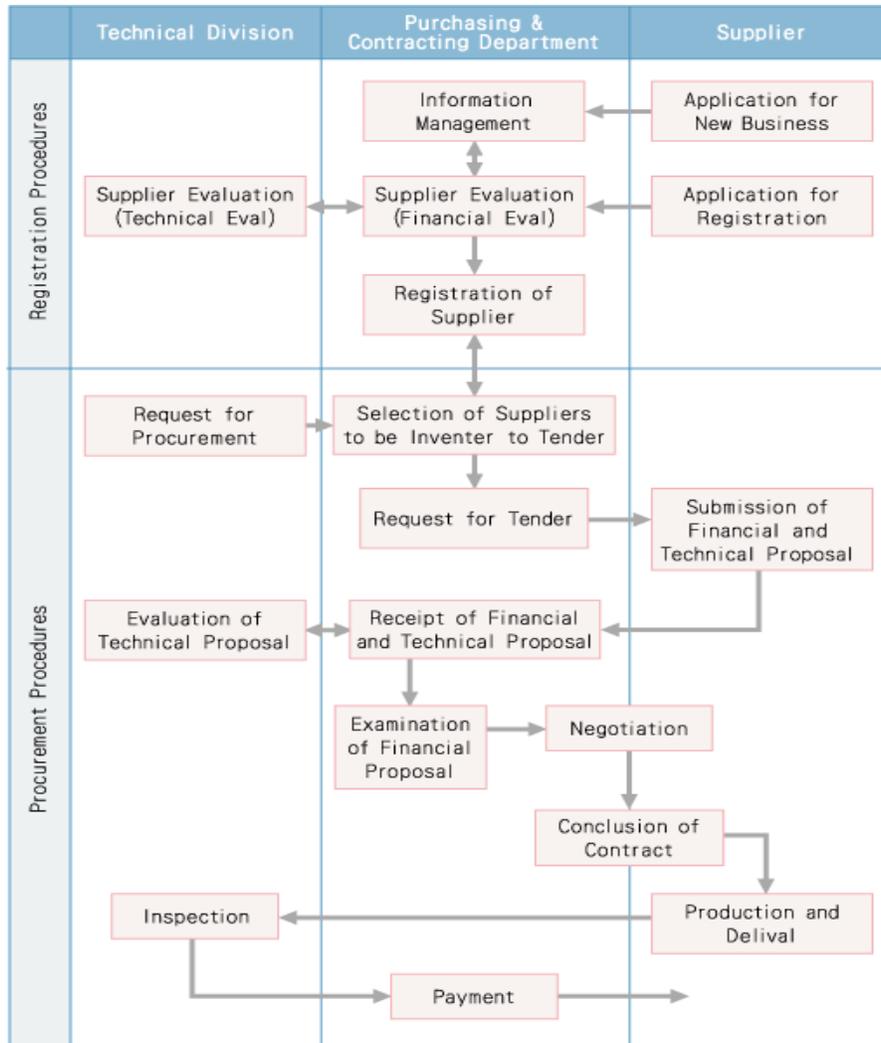
Literature Review

2.5 Procurement Processes

Public procurement is a powerful instrument for the transformation and realization of social and economic goals since its financed from taxation, grants, public debts and fees for services. The main goal of public procurement is effective and efficient provision of public service. It is aimed at satisfaction of customers in terms of cost, quality, and timeliness of the delivered product or service, minimizing administrative operating costs, conducting business with integrity, fairness and openness. (GoK, 2005). As such, open and competitive public procurement begins with the government description of its requirements and initiation of suppliers to indicate their interest in the contract and there professional capacity to fulfill it (Sigma policy brief 2000).

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Flow Chart Of Standard Procurement Procedures figure 2.0



The procurement function identifies potential suppliers and invites them to submit bids. The process must ensure that supplier meets the specification of product quality, delivery dates and continuity. After the bidding phase, most procurement system require a public declaration of competitors names and bid price of the successful bidder (Sigma policy brief 2000). Since procurement cycle is often a complex process, there is a series of closely interrelated activities between the initial identification of needs and the final delivery of quality product and services which requires coordination and quality control to achieve the best value. However this can be undermined by unethical practices by the officers in the procuring entity (Westing and jadoun 1996). Effective procurement is considered to be a key strategic management tool in driving down cost and improving operational efficiency while ineffective procurement wastes time and money resources. Successful and efficient procurement practices are those that meet the needs of a customer, achieve optimum condition and value in regard to allocation of scarce tax payers resources (J.M Ntayi 2009). The practice needs a labor force with effective management skills that develop clear and professional specifications with full knowledge of a competitive process, negotiation and monitoring skill. (Hunja Steane et al 2003)

continues to say that procurement system implemented with sound management practices in place ensure successful quality and service delivery to stakeholders. The sound practices demand that those responsible for implementing procurement should ensure that the objectives are clear and that quality is sustained. (Walker and Sidwell 1996) continues to say performance quality should not be a measure on the basis of time and cost only but should provide a measure to quality of product and services as well as other relevant measures. The procurement procedures outline in detail the specific actions to be taken so as to accomplish a purchase task within the guidelines of the company. The procedure provides the framework and direction for achieving the most economical supply of materials with the maximum efficiency. It also provides the means of processing information and communicating from the time of need until the materials are delivered (Kenneth, 2003). According to Gary (2002), procurement procedure entails the following major processes; Procurement Planning, Solicitation Planning, Solicitation, Source Selection, Contract Administration and Contract Closeout. Procurement planning is the process of identifying which project needs can be best met by procuring products or services outside

the project organization and should be accomplished during the scope definition effort. It involves consideration of whether to procure, how to procure, what to procure, how much to procure, and when to procure. Procurement planning should also include consideration of potential sellers, particularly if the buyer wishes to exercise some degree of influence or control.

2.5.2 Procurement Plan at the Inter-ministerial committee

It is mandatory for each department to prepare its departmental procurement plan per financial year. Once the departmental procurement plans have been done, they are all forwarded by the respective Departmental Heads to the Central Planning and Monitoring Unit, which then prioritizes the items and services to be procured after considering the finances availed by the Treasury. The prioritized list is then forwarded to the Procurement Section that carries out the procurement procedures, to ensure that all departments are supplied with the required items for effective service delivery.

2.5.3 Procurement Methods

There is consensus that open tendering as a procurement method is in some sense 'better' than all others procurement methods, but no one procurement method is likely to be better than others for any project (Love et al., 1998). Gordon (1994) suggested that selecting an appropriate procurement method could reduce construction project costs by an average of 5%. However, while an appropriate procurement system may enhance the probability of project success (Naoum, 1994; Luu et al., 2005), some decision-makers may encounter difficulties in ascertaining the suitability of various procurement approaches (RICS, 2000). This is because it is virtually impossible for them to capture a diverse continuum of procurement options, client characteristics and needs, project characteristics and external conditions through their own experiences of prior projects (Kumaraswamy, and Dissanayaka, 2001). According to the section 29 (1) of Rev (2010) PPDA, for each procurement, the procuring entity shall use open tendering unless otherwise justified. For the same to be effective, accessible publication with clear time limits for competitive procurement is mandatory. Section 54 (2) stipulates that procuring entity shall advertise at least twice in a newspaper of general nationwide circulation which has been regularly published for at least two years before the date of issue of the advertisement, and on its website in instances where the procuring entity has a website, and the advertisement shall also be posted at any conspicuous place reserved for this purpose in the premises of the procuring entity as certified by the head of the procurement unit. As such, this is to be done in both the Daily Nation Newspaper and the Standard Newspaper since they have a wide coverage or circulation and are therefore capable of reaching a large number of people. The rules on participation are based on qualitative selection whereby fairness and defined rules that rely on qualifications and ability to perform the requirement are considered. As regards tender documentation and technical specifications, the minimum content of tender documentation is specified, adhering to neutral technical specification with reference to international standards

where possible. When tenders are advertised, all interested bidders are expected to purchase the tender documents from the Inter-ministerial Office, fill them and drop the duly completed documents at a designated place; which is mostly at the entrance on a specified date and before a certain time frame; which is usually before the close of business at 5.00pm. To enhance transparency and accountability in the entire procurement process, section 60 (1) states that the accounting officer shall appoint a tender opening committee specifically for the procurement. The TOC comprises of representation from each department. This committee ensures that the bidders are present at the opening stage. There is then the Ministerial Tender Committee (MTC) which has representation of senior people from each department so as to go about the evaluation and award criteria. The evaluation and award criteria are normally objective and fair because of a large and neutral representation. The tendering process is made easy by ensuring that bidders make use of standard or model tender documents so as to give the entire public an equal opportunity to bid. The methodology for evaluation of tenders is based on the price and other fully disclosed factors for instance financial and technical capacity to perform the contract; which then leads to award of contracts. Confidentiality during the evaluation process is maintained. In very limited and justified occasions, other methods of procurement other than the most preferred open tendering come into play. These alternative methods of procurement namely, the restricted tendering method, direct procurement, request for proposals and request for quotations, are applied. Section 73(1) of PPDA, Rev (2010) states that, a procuring entity may engage in procurement by means of restricted tendering in such manner as may be prescribed. This method is used when competition for contract is limited because of the complex or specialized nature of the goods, works or services and that the time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured. Another consideration is where there are only a few known suppliers of the goods, works or services as may be prescribed in the regulations. Section 74 of the Rev (2010) Act states that direct procurement may be used under the circumstances where there is only one person who can supply the goods, works or services being procured; and, there is no reasonable alternative or substitute for the goods, works or services. It is also used when there is an urgent need for the goods, works or services being procured. Because of the urgency, the other available methods of procurement then would be impractical; and the circumstances that gave rise to the urgency were not foreseeable and were not the result of dilatory conduct on the part of the procuring entity. The procurement section is mandated to ensure that direct procurement is not used in a discriminatory manner. In other instances, a request for proposals for procurement is applied if the procurement is for services or a combination of goods and services; and the services to be procured are advisory or otherwise of a predominately intellectual nature. Section 88 (a) and (b) of the Act further permits the use of Request for quotations for procurement in limited or special instances. For instance, if the procurement is for goods that are readily available and for which there is an established market; and the estimated value of the goods being

procured is less than or equal to the prescribed maximum value for using requests for quotations. Section 76 (1) of PPDA Rev (2010) permits a procuring entity to use a request for proposals for a procurement if the procurement is of services or a combination of goods and services; and the services to be procured are advisory or otherwise of a predominately intellectual nature.

3.2 Research Design

The design was mainly descriptive survey and involved a systematic collection of data concerning opinion of Procurement Personnel, Suppliers on the approved List and Professionals from user departments on the relationships between ethics and quality of procurements. The question asked aimed at testing the main premise while keeping in focus the purpose, objectives and the research questions relating to this study. Survey design was the basis for the formulation of empirical research instruments. According to Mugenda & Mugenda (2003), a survey is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. According to Kothari (2004), surveys are only concerned with conditions or relationships that exist, opinions that are held, processes that are going on, effects that are evident or trends that are developing. The method of data collection happens to be either observation or interviews or questionnaire (Kothari 2004). A cross-sectional survey research involves the use of structured questionnaires and/or statistical surveys to gather data about people and their thoughts and behavior (Cooper 2001). Survey research is suitable for this research because it helps to explain and explore the existing status of two or more variables at a given point in time. Surveys are also used in collecting data from large populations that are not easy to observe directly. The study employed quantitative approach. Quantitative study design using questionnaires and data analysis was deemed appropriate for this study because it facilitated the gathering of opinions from the procurement personnel, user departments and contractors on issues of ethics and their perceived influence on quality of procurements.

3.2 Methods of Data collection

Due to the geographical spread of the sample, data was collected through self-administered questionnaires to the respondents and document content analysis. Follow up was done to ensure that response rate was enhanced. Since the information required involved daily operational issues encountered by the respondents, the data collected gave an insight the study sought to achieve.

3.3 Survey Population

The survey population included the employees of the purchasing function, contractors on approved suppliers' list and professionals from user Departments. The survey population was 300 people. The study targeted 56 % of the sample population totaling to 170 respondents. Kothari (2002) infers that a sample is a representative of total population nominated for analysis. However, 170 questionnaires were issued to cater for any eventuality and increase the degree of confidence for the final results. Kothari (2004) argues for at least 10% of the target population as representative while Ogachi (2011) says that

use of a reasonable sample is appropriate because it is quick, inexpensive, efficient and accurate means of assessing information about the population. Kothari (2002) says that a sample size should neither be excessively large nor too small but optimal and representative. Systematic stratified random sampling procedure was employed in determination of respondents. Aiyabei (2013) says that this method is appropriate when getting a sample from heterogeneous population. This aimed to eliminate skewedness. In order to mitigate bias, the departments were the basic units for sample determination in which they were considered strata while the sections under the departments constituted sub-strata. Random number tables were utilized to select the sample.

3.4 Sampling Design

Sampling refers to the procedure a researcher uses to gather people, places or things to study (Kombo et al, 2006). The study employed probability sampling technique. This owed to the randomized approach of the study as it was a descriptive research design study. The study gave each subject in the target population an equal chance of being selected as it aimed to draw conclusions affecting the population as a whole indiscriminately. Kombo et al (2006) argue that if the purpose of the research is to draw conclusions or make predictions affecting the whole population, probability sampling is appropriate.

3.5 Data Collection Methods

The study carried out data collection through a systematic sequence of events. The sequence began by first seeking permission from the Accounting Officer in order to avoid any possible hitch that might have arisen from lack of permission to conduct the research. This was followed by sample selection based on the departments as explained in the sampling technique above. For effective approach of the respondents, the researcher made a self-introduction and requested for consent of the respondents in taking part in the exercise. The study utilized questionnaires and unstructured observation as instruments for data collection. This was because use of questionnaire has capacity to collect enormous amount of information over a large sample within reasonably little time. Besides questionnaires, unstructured observation technique was used to gather data in order to give an intuitive understanding of what is happening in the culture under study. Unstructured observation approach was premised on the strength that the researcher was unfamiliar with the organization and had limited time in the establishment. Data from observation was collected during the normal visits by the researcher. Both descriptive and inferential statistics were used to analyze the large amounts of data collected. Kothari (2002) says that inferential statistics also known as sampling statistics is concerned with the process of generalization of the sample results to the population. It addresses the problem of the estimation of population parameters and the testing of statistical hypothesis. Descriptive statistics dealt with development of indices from the raw data for the purpose of developing the inferential statistical analysis. In order to sufficiently and critically analyze the significance of each independent variable in the study and based on large data expected, stepwise regression model was utilized. This based on building

model by adding and/or removing the independent variables based on t-statistics of their estimated coefficients. Multivariate linear regression model was applied in the analysis of data. Pearson's coefficient correlation was used to determine the degree of significance between the independent and dependent variables at 95% confidence level and 5% degree of significance.

Findings and Interpretation

The study presented data using a combination of narrations, statistical and graphical approaches. Statistical tools such frequency distributions, measures of central

tendency and measures of dispersion were used alongside graphical and tabular presentations. Narrations were used to explain and interpret the findings from the other tools. From the data collected, the study was able to receive a total of 160 questionnaires out of 170 given out to the sample population. This was approximately 94% of the sample. The response rate of 79% is significant and representative. This enabled the study to have factual reporting on the problem under consideration. Mugenda et al (2003) state that a 50% response rate is adequate, 60% good and above while 94% rated very good to enable the study to make informed findings, conclusions and recommendations.

Table Showing whether PPDA procedure is followed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	11	6.4	6.9	6.9
	Disagree	20	11.7	12.5	19.4
	not sure	17	9.9	10.6	30.0
	Agree	103	60.2	64.4	94.4
	strongly agree	9	5.3	5.6	100.0
	Total	160	93.6	100.0	
Missing	System	11	6.4		
Total		171	100.0		

Source primary data

From the table above 60.2% agree that PPDA procedure is followed, 5.3% strongly agree that PPDA procedures are followed, 9.9% not sure, 11.7% disagreeing and 6.4% strongly disagreeing with the statement. This implies therefore that PPDA procedure are followed.

Table Showing whether procedures followed helps in procuring quality products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not sure	21	12.3	13.1	13.1
	Agree	119	69.6	74.4	87.5
	strongly agree	20	11.7	12.5	100.0
	Total	160	93.6	100.0	
Missing	System	11	6.4		
Total		171	100.0		

Source: primary data

According to the table above, 69.6% of the respondents agree that procurement procedure followed result in procuring of quality goods, 11.7% strongly agree while 12.3% representing the respondents not sure. This implies that the procedure followed results in procuring quality products.

Conclusion

From the study, it's evident that procurement processes and procedure enhances quality service delivery and value for money. As such, the Oversight Authorities, top leadership of the country, policy makers, procurement professionals and general public should be educated on the dangers of violating prescribed procurement processes and therefore take an active role in adoption of the procurement act across political, institutional and behavioral domains.

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